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German politics

Bail-outs? Nein, danke

Some Free Democrats want to scupper Angela Merkel's euro policy

Sep 24th 2011 | BERLIN | from the print edition

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BABY-FACED and bespectacled, Frank Schäffler does not look like a bomb-thrower. But the 42-year-old legislator from North Rhine-Westphalia is threatening to blow up Germany's strategy for the euro, and thus the government itself. He wants the 65,000 members of his Free Democratic Party (FDP), part of Angela Merkel's coalition, to vote on whether to endorse the European Stability Mechanism (ESM), a permanent bail-out fund due to begin operating in 2013. The result will be binding on the FDP if one-third of members participate. If, as Mr Schäffler hopes, the party's members say no, Mrs Merkel will face a choice: accept the decision, which would mean pulling out of a European agreement to save the euro, or defy it, which could break up the coalition.

The liberal FDP is in the dumps. In the federal election in 2009, it won a record 14.6% of the vote and joined the government as junior partner to Mrs Merkel's Christian Democratic Union (CDU) and its Bavarian sibling, the Christian Social Union (CSU). But Guido Westerwelle, then the party leader (and still the foreign minister), blew its political capital. Germans found his personality grating and his obsession with tax cuts off-putting.

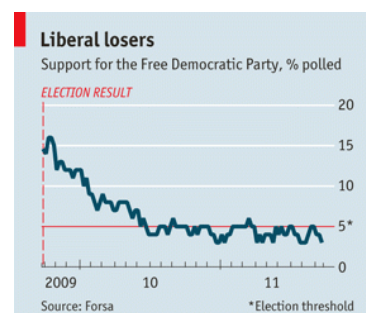
The FDP has fared little better since Philipp Rösler became leader in May; it often polls less than the 5% needed to enter parliament (see chart). In a state election in Berlin on September 18th it won a miserable 1.8% of the vote. The upstart Pirate Party, champions of internet freedom and privacy, got nearly five times that and will take the FDP's place in the city legislature. This, said Dr Rösler, is "perhaps the most difficult situation for the FDP in its history."

Combine the party's desperation with Mr Schäffler's rebellion and you could have the makings of something new in Germany: serious political opposition to Europe's plan to rescue the euro. Berlin's FDP put up campaign posters vowing "no euro bill for Berlin". Mr Schäffler says he wants to save the euro, but he expects a political payoff. Most Germans agree, he thinks. Only the FDP is systematically polling its members. Even Dr Rösler has mused that Greece could default.

Mr Schäffler has sympathisers among CDU and CSU deputies. How many will become clearer on September 29th, when the Bundestag is due to vote on expanding the powers of the European Financial Stability Facility (EFSF), the forerunner of the ESM. Later the lower house will weigh in on the next tranche of aid to Greece, plus a second Greek rescue package.

But the FDP's shellacking in Berlin is a setback for the anti-bail-out camp. "We are pro-European," declared Dr Rösler this week. Party chiefs plan to counter Mr Schäffler's petition with their own proposal to members, endorsing the ESM and an "economic and financial constitution" for euro-zone countries.

The government's majority will hold for the EFSF vote, predicts Klaus-Peter Flosbach, a CDU



deputy, and probably for the second Greek rescue. Mr Schäffler's initiative adds unpredictability. Sadly, it may be as close to a referendum on the euro as Germany will ever come.

FDP leaders are confident of defeating the motion, in part because no one wants to risk early elections. But they cannot be sure. In 1995 party members endorsed eavesdropping in criminal investigations, prompting the justice minister, Sabine Leutheusser-Schnarrenberger, to resign (she is back in the job). If Mr Schäffler wins, the body count will be higher.

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