

## Report from Bonn by Rainer Apel

### Attacks on the European Monetary Union

*Opposition to the "Maastricht Union" project now includes state governors and the governor of the Bundesbank.*

**K**urt Biedenkopf, the Christian Democrat and state governor of Saxony, made national headlines with attacks on the Maastricht Treaty for European Monetary Union, which Chancellor Helmut Kohl has tied his political future to, in a July 28 interview with the weekly *Der Spiegel*. Biedenkopf's central point was that something has gone wrong with the EMU project, because neither France nor Germany will be able to meet the budget criteria set by Maastricht, and what is lacking is an "economic government" institution beside the monetary bodies, that would coordinate policies in the European Union (EU).

Because of that, "the risk is that in five years, we may stand there and it does not work," Biedenkopf said. Sticking to the EMU timetable, introducing the euro as the new EU-wide currency in January 1999, would pose immense risks, and provoke tensions in all 15 member states.

Moreover, the Constitutional Court of Germany could rule that the euro were incompatible with the German Constitution, Biedenkopf warned. He did not rule out that the upper house of parliament, the chamber of the 16 states (Bundesrat), might veto the EMU treaty. This warning enraged many in Kohl's inner circle (Kohl is also the Christian Democratic Union party chairman), and within a few days, they made sure that Biedenkopf was faced with a united front of prominent CDU party members.

Biedenkopf did get support, though, from two Christian Democrats: Edmund Stoiber, state governor of Bavaria, and Friedhelm Ost, chairman of the economic policy commis-

sion of the German parliament.

The same constellation has now re-emerged, while the CDU mid-October national party convention in Leipzig is designed to signal that all of the CDU allegedly is firmly behind Kohl. This time, Stoiber is leading the charge, with support from Biedenkopf and Ost, and also, from Hans Tietmeyer, governor of the Bundesbank (central bank). In its Oct. 13 issue, *Der Spiegel* portrayed a powerful alliance which is being built among these four leaders, and four senior economists and experts in public law, who met in Frankfurt to discuss a well-prepared legal action before the Constitutional Court against the EMU. One of the four economists is Wilhelm Noelling, a former member of the Bundesbank council.

While the four professors have threatened such legal action before, the hint that an active governor of the Bundesbank is supporting action against the EMU 1999 timetable, is new. *Der Spiegel* revealed, in an article headlined "The Stoiber System," that Tietmeyer's role is rather prominent. He is on the phone with, or meets with Stoiber rather often. And, in a speech to the traditional January strategy session of the Bavarian Christian Social Union (CSU) party executive in Bad Kreuth, Tietmeyer hinted that being a member of the council of the European Monetary Institute (EMI, the precursor to the planned European Central Bank), he has the right to vote against the 1999 timetable for full monetary union, if the stability criteria are not met.

In this context, *Der Spiegel* recalled that when Kohl asked Tietmeyer last year, to take part in a government-sponsored ad campaign for

the EMU, Tietmeyer flatly refused. This was shortly before Tietmeyer's appearance before CSU leaders in Bad Kreuth.

Now, scenarios are already being churned out that would imply such a vote by Tietmeyer at the EMI during the planned "grand review" session, in the spring of 1998, which would then be followed by his resignation as governor of the Bundesbank. That would expose Kohl and his government, at the beginning of a national election campaign which Kohl is not at all certain to win: Social turmoil caused by the government's desperate attempts to save the EMU timetable by manipulating the economic data, at the expense of social and economic stability in Germany, will ruin Kohl's chances among voters.

Now, Noelling and the three other professors who want to take the government to court—Wilhelm Hankel, Joachim Starbatty, and Karl Schachtschneider—may file their case before the spring of 1998, when the 15 EU governments want to give the final go-ahead for the EMU. The four plaintiffs see a good chance for a court ruling in favor of their argument, that the government's intent to sacrifice savings of millions of Germans for a weak euro, violates Article 14 of the German Constitution (protecting individual property) and Article 20 (protecting the principle of the social welfare state). The supranational bodies of the planned EMU would also violate Article 38, which protects democracy in Germany, they charge.

The only reasonable ruling which the court could make, would be against the EMU project, they argue. Then, simply renegotiating the monetary union treaties, would not suffice: The project would have to be negotiated from the start. A horrible prospect for politicians like Kohl, who have tied their fate to the EMU.