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Germans Turn Against the EU as Eurozone Meltdown Heaps Misery on Angela Merkel

By Andrew Gilligan
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German fury at paying for Greek extravagence is turning into anger against the European Union, the euro, and Angela Merkel, writes Andrew Gilligan in Westphalia.

Bielefeld, Westphalia — Unlike the lily-livered British red-tops, the main German tabloid, Bild Zeitung, puts nipples on the front page. Day after day for the past week, it has been metaphorically stripping naked the same victim, then pouring cold baked beans over her head. Once-divorced mother-of-none Angela Merkel, 55, from Berlin, a chancellor of Germany, has had probably the worst seven days of her life.

To imagine the full scale of Mrs Merkel's disaster, think of it as a bit like that moment in 2008 when Britain suddenly had to find £46 billion of public money to bail out the banks, overnight storing up years of spending cuts, tax rises and general misery for everyone else. Then multiply the amount of money potentially required, and the amount of pain which could be inflicted, by three.

Mix in the fact that the people the German government has had to rescue aren't even Germans, but Greeks. Add that the deal was done only after the repeated prodding by Mrs Merkel's great European rival, French President Nicolas Sarkozy, who reportedly threatened to pull out of the euro. Then there was the problem that as all this was unfolding, Mrs Merkel had to face a vital election.

And top off with the slowly-dawning, horrified realisation by the taxpayers of Germany that late last Sunday night, their Chancellor signed them up for potentially even bigger, indeed unlimited, bailouts of everyone else in the single currency, too.

"We are again the idiots of Europe!" shrieked Bild, which has the power of the Daily Mail, The Sun, and the Daily Mirror added together, and whose official slogan can be broadly translated as "We think up your opinions so you don't have to." Even before Sunday night, things had been going downhill for the world's most powerful woman. Last Saturday, Mrs Merkel held an open-air rally in the industrial city of Bielefeld. Intended to rouse her party supporters on the eve of the crucial poll, it turned into something of a rout.

"Opposition supporters had water pistols and sirens," said Rolf August, a local resident who went along out of curiosity. "They started screaming at Merkel and at times she could hardly get a word in edgeways."

At another event, in Wuppertal, Mrs Merkel was reduced to shouting: "You people have no

idea what I am talking about!" as opposition loudhailers drowned her words.

The next day Bielefeld, and the rest of the state of North Rhine-Westphalia, duly gave her a kicking, with both Mrs Merkel's Christian Democrats and their coalition ally the FDP suffering heavy losses. By losing the state, Germany's most important, she also lost control of the upper house of parliament in Berlin.

Bielefeld is twinned with Rochdale, home of another celebrated recent face-to-face encounter between a European political leader and a disgruntled core vote – and speaking to them last week, the people of Bielefeld came across as more prosperous, German versions of Gillian Duffy.

"Greece is only the first state that is going down, the next one will follow very soon and Germany will end up paying for them all," says Hendrick Böhmig, standing in the town's attractive old square. "People don't realise what's coming. When their kindergarten closes to pay for Greece, people will go on to the streets." Mr Böhmig sells BMWs. When the luxury car salesmen start talking about taking to the streets, you know you have a problem.

"We have punished the FDP and Merkel," said Volker Kienast, a small businessman. "The last half-year, we have all been very angry about them. We will get more inflation, worse streets, we'll lose our swimming pools, have to pay more for healthcare."

Bielefeld is very much the kind of place which has already suffered from Germans' own decision to make cuts and tighten their own belts to deal with the recession. The country, though still prosperous in its very bones, feels slightly less shiny than it did. The trains are often late these days.

Vasilis Christodoulou, owner of Kreta, Bielefeld's oldest Greek restaurant, says the town is "kaput – no money." He hasn't had any difficulties from his customers because of his nationality, he says. "Ordinary people are OK about Greece. It's the newspapers that are ****."

"Most Germans have a hard time accepting [the bailout], not only because it's always unattractive to give away one's money but because Germany started labour market reforms and wage moderation while other European countries had a party," says Kai Carstensen, professor of economics at the University of Munich.

> "Now, they ask for assistance and show us the bill."

The actual bill is still to be calculated – the full extent is not clear – but even Germany's share of the deal done on Sunday could mean the biggest spending cuts since 1945, according to economists, and cost £2,000 for every taxpayer in the country.

It is seen by increasing numbers of Germans as a heavy price for an institution, the EU, with which they are fast falling out of love.

For all its pretensions of unity, there have always been at least two Europes – the thrifty, hard-working, northern one, made up quintessentially of countries like Germany and towns like Bielefeld; and the corrupt, extravagant, southern one, of which the Greeks are only the most extreme example. Such different countries were never really ready to share a single

currency at all – and the Germans signed up only on the express condition that they would not have to make large-scale transfers of their own wealth to their black-sheep partners.

In only a few late-night hours last week, that condition was torn up. With the market in meltdown, speculators targeting countries beyond Greece, EU leaders agreed to create a £600 billion bailout package, of which a large part was in bonds raised by member states and managed by the European Commission. The EU, in the eyes of many critics, transformed itself from a currency union into a debt union – with Germany as principal paymaster.

Mrs Merkel's agreement was seen as a huge defeat for her and Germany – but also a self-inflicted one. Worried about those state elections, the Chancellor had dithered for weeks over approving a Greek bailout. By Sunday, her indecision had produced such a crisis that Mrs Merkel had to agree to a bailout hugely bigger than the one she'd been worried about.

Even her own colleagues have started to turn on her.

"The governing coalition has given the impression that it lacks determination and urgency," says the deputy leader of her own party, Roland Koch, cricising her government's "unsatisfying" performance.

"There is a danger that [Merkel's coalition] is, after only seven months in power, facing its political end," says Josef Schlarmann, a member of the CDU's leadership committee. The government's growth and reform projects are, he says, "as good as dead."

With the Germans turning against the euro, is there any chance that it, too, could be as good as dead? Will Germany, in the end, lose patience with writing the cheques? The government is rumoured to be printing deutschmarks.

But Charles Grant, of the Centre for European Reform, says the German political class's deep-seated commitment to Europe has not changed.

"Germany is becoming a more unilateralist, nationalist partner," he says. "But ultimately the German political elite will do whatever is necessary to save the EU, and although the parties are pretending to be nationalistic they will go along. There is no chance that the popular will can break through – the German system is much more elite-driven."

Professor Carstensen is less sure. "The current [bailout] programme is for three years only, but the ghost is out of the bottle," he says. "There could be follow-up programmes and then it would be open how Germany would react.

Remember that Mrs Merkel hesitated for months just because we had elections in one state. No-one should take approval for granted."

In a bizarre way, though, the spread of the Mediterranean crisis and the single currency's weakness has actually bound Germany more tightly into the fate of its southern partners. If they go down, the whole economy of Europe could go down. Nor is Britain exempt. A widespread crisis in the rest of the EU would end any hopes of a recovery here.

That is why Alistair Darling's agreement to a potential £14 billion British liability is likely to survive under George Osborne, however the Tories may fume about it.

And for all the German fury, last weekend's events also witnessed what Mr Sarkozy claimed was the birth of a European "economic government," with the EU granted new opportunities to impose economic restraint on its members centrally from Brussels. Many commentators saw that as a decisive step towards a single European state.

"Let's be clear," said the European Commission president, Jose Manuel Barroso, last week. "You can't have a monetary union without having an economic union. Member states should have the courage to say whether they want an economic union or not. And if they don't, it's better to forget monetary union altogether."

The European leaders' strenuous and costly efforts to save monetary union last weekend suggest that they do not want to forget it. Sunday's deal will only buy time, not addressing the euro's underlying weaknesses. The currency could still collapse – and indeed, at the end of last week it reached its lowest point against the diollar for 18 months.

But for the moment, the supreme irony is that just as Germans, and many other Europeans, are becoming more Eurosceptical, the EU nations are yoking themselves closer together.

Articles by: Andrew Gilligan