

## [Wolfgang Schauble: A man worth knowing](#) [1]

Written by [Jan Boucek](#) [2] | Monday 15 March 2010



Assuming George Osborne will, indeed, be the next Chancellor after the election, he's going to need all the friends he can get if he's to seriously cut the budget deficit. Within weeks, if not days, of taking office he will be beset by trade unions, civil servants, the "quangocracy", the BBC. The list goes on of all those with a vested interest in high government spending.

Mr Osborne, though, might consider making friends with one person who could stave off problems from at least one direction, Europe and that person is Wolfgang Schauble, Germany's finance minister. To be sure, Mr Schauble is a devoted believer in the euro and in greater integration within the eurozone but, last Friday, his proposal for a European Monetary Fund published in *The Financial Times* suggested a no-nonsense tough cookie who understands the scale of the solutions required to get government spending under control.

An early clue to Mr Schauble's instincts comes with this statement: "I have the impression that global financial markets seem to be speaking far more plainly than many of the voices from the political sphere". When's the last time you heard a politician give due credit to financial markets?

Other gems crop up throughout his article:

*From now on, a member state with an excessive deficit should not receive EU cohesion funds if it is not making sufficient savings.*

*Strict conditions and a prohibitive price tag must be attached so that aid is only drawn in the case of emergencies that present a threat to the financial stability of the whole euro area. This effect should be further reinforced by excluding the country concerned from the decision-making process ? aid must be the last resort.*

*A country whose finances are in disarray must not be allowed to participate in decisions regarding the finances of another euro member. Should a eurozone member ultimately find itself unable to consolidate its budgets or restore its competitiveness, this country should, as a last resort, exit the monetary union while being able to remain a member of the EU.*

Of course, this isn't the kind of heavy-handed federalism that's in Britain's interest nor is it likely the eurozone would implement such drastic proposals. However, Mr Schauble is unlikely to give up on such strictures without a fight and if that keeps the EU bogged down from other mischief-making for the next couple of years, so much the better. He clearly understands the need for fiscal discipline and, in these tough times, that's a soul mate Mr Osborne could find useful.

For a new Conservative government, a Polish ally is all well and good but a hard-nosed realist at the heart of the German government is something else. Mr Osborne should make a flying visit to the German hospital where Mr Schauble is recuperating from an operation while still running his huge department. This is a relationship worth cultivating.

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