

A crisis is coming and the right wing is not going to g...

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As the [FT has reported](#):

A bombshell ruling by Germany's constitutional court questioning the legality of European monetary policy impinges on central bank independence and imperils the EU legal system, former policymakers and legal experts have warned.

The court on Tuesday ordered the German government to ensure the European Central Bank carried out a "proportionality assessment" of its vast purchases of government bonds to ensure their "economic and fiscal policy effects" did not outweigh other policy objectives. It threatened to prevent the Bundesbank, Germany's central bank, from making further asset purchases if the ECB failed to comply within three months.

I am not, of course, an expert on the German constitution. I have no idea if this court ruling is technically right, or wrong. But I do know this decision is dangerous.

I have not been a big fan of the European Central Bank (ECB). Nor have I ever been a fan of the Euro, which was a deeply misconceived idea from its outset. It was always a case of politics getting in the way of necessary economics in a way that was eventually bound to cause stress for all involved.

But what I do know is that, whatever the rights or wrongs, the Euro exists, and so, by necessity as a result, does the ECB. And in that case it has a duty to behave like a central bank. By necessity that now means it must do one of two things. The first is quantitative easing (QE) and the second is direct monetary funding (DMF) of government spending by central banks. Since DMF is very hard indeed in the ECB's case, QE it has to be. There is no monetary policy otherwise. That it looks like fiscal policy is beside the point: it's all the Eurozone has.

And this matters: the livelihoods and economies of many countries across Europe do now, whether German courts like it or not, depend upon the intervention of the ECB in this way. Pragmatically, and with nose pegs applied, the ECB's role is essential at present.

But what is happening is that a group of hard right politicians and economists (and for these purposes, they can be presumed to be the same) are seeking to prevent Germany playing a part in the necessary process of saving the community of which it has chosen to be a part. This is blatant nationalist intervention. It is intended to create hardship. The object is international division. The weapon used is the integration of neoliberal thinking into legal structures that was always intended to be used for this purpose. Even as a pro-European I recognise all the flaw in its institutions that have been created to permit this.

This legal action is entirely malign. Its sole aim is to create havoc. I suspect that the courts knew that. I wonder if the ambiguity of the ruling is intended to avoid it.

Real leadership will be required to address this issue. And we can be sure that such claims will be replicated elsewhere: right wing interests are not going to give up the claims that they have established over society without a fight, including in courts, with which they are, of course, so familiar.

I have no idea how the situation will resolve in Germany. What I do know is that this is a warning signal: a crisis is coming, and upon its outcome depends the well-being of people for decades to come.