

FT: After an initial burst of enthusiasm from Europe's leaders that a just-signed fiscal discipline treaty would be the first step towards a eurozone economic union, the pact has hit political headwinds, raising concerns that support is thin and ratification could fail in several countries.

The most recent complication came on Wednesday in the Netherlands, where both frontrunners for the pro-European Labour party said they would vote against the pact if the government capitulated to a Brussels-mandated deficit target of 3 per cent of economic output in 2012, which would require new cuts.

Labour is the swing vote in the Dutch parliament on eurozone issues, with the minority government of premier Mark Rutte reliant on its support to ratify the treaty, which Mr Rutte and his German counterpart, Angela Merkel, championed.

The potential Dutch rejection follows Ireland's decision to put the treaty to an uncertain referendum, Germany's difficulty in getting a requisite two-thirds majority for the pact in the Bundestag, and French presidential frontrunner Francois Hollande insisting he will force a rewrite if elected in May.

"I think there's a good chance it passes, but I wouldn't underestimate the difficulties," said Shahin Vallée, a visiting fellow at Brussels think-tank Bruegel, who wrote a report suggesting it might never be ratified. "I am surprised how acrimonious the debate has been."

EU officials insist that rejection in any one country would not be significant, since the treaty can go into effect even if as few as 12 eurozone members ratify. But analysts note that a rejection, particularly by several members, would undermine European efforts to shore up confidence in the single currency.

"You don't need all 17, but every one you lose sends a signal," said Janis Emmanouilidis, a senior analyst at the European Policy Centre. "Imagine what would happen if it doesn't enter into force. In terms of content, it is not such a big deal. Politically, however, it would be critical."

Analysts said that much of the rethink had been triggered by last month's Irish decision, which has led political leaders in other countries to reconsider rubber stamping the treaty.

The most recent Irish opinion poll, published last week by the Sunday Business Post, showed 44 per cent supported the treaty with 29 per cent opposed and the remainder undecided. Analysts said sentiment could turn against the treaty after Olli Rehn, the EU's top economic official, rebuked Dublin on Tuesday for attempting to delay a €3.1bn payment it owes at the end of the month on a rescue loan to Irish banks – a delay several government officials believed was key to winning public support.

Shane Ross, an independent member of parliament, on Wednesday accused Mr Rehn of being "patronising" and Enda Kenny, Ireland's prime minister, of being "the most compliant leader in Europe".

Mr Hollande's repeated criticism appears to have energised Europe's left, where much of the anti-pact rhetoric has originated. Mr Hollande said he would reopen the treaty to deepen "solidarity" – or mutual support – between eurozone members and to stimulate growth

"If you want to be credible in the markets today you have to have a perspective of growth," Michel Sapin, a former finance minister in charge of Mr Hollande's policy plans, said yesterday. "The only realm with the capacity to finance a policy of growth is the European realm."

Mr Hollande's camp has also signalled concern about the perceived lack of democratic legitimacy attached to the strict rules and semi-automatic sanctions for enforcing budgetary discipline in the treaty.

The German government is also reliant on the centre-left Social Democrats to get the two-thirds Bundestag majority needed for ratification and, like Mr Hollande, the party is threatening to hold out if it does not get concessions on its policy priorities.

Both German Social Democrats and Greens have demanded that Ms Merkel get agreement on a tax on financial transactions within the EU or eurozone as the price of their vote – though it remains unclear whether they will want to stick to the condition.

Officials in Ms Merkel's Christian Democratic party doubt whether the opposition will vote against the pact when it is included in a legislative package to establish a new €500bn eurozone bailout fund. Both parties have been highly critical of Ms Merkel for not showing more unity with struggling eurozone countries.