

Angela Merkel, Teflon No Longer

Europe's populist wave is still building—and it could claim the German chancellor next.

Doug Bandow

June 21, 2018

German Chancellor Angela Merkel could be out of a job and her country headed towards elections barely 100 days after the formation of her new government, which took six months to form. It would be a performance worthy of, well, *Italy*, and all because the stolid, reliable Bavarian conservatives who spent years acting as a doormat for her chancellorship turned into raging populists. They now demand that Berlin bar entry of foreign migrants from other European Union states. A majority of Germans are in agreement.

That makes even less realistic French President Emmanuel Macron's proposed "reforms" that would shift even more power to Brussels. Berlin had already largely demurred from Macron's plan, offering a basket of half-measures in response. "Solidarity must never lead to a debt union," Merkel explained. Now Macron, who vanquished the National Front's Marine Le Pen in last year's presidential race, will have to adapt to a Europe that is moving sharply away from him.

For instance, the United Kingdom continues to stagger towards Brexit, under Theresa May's desultory premiership. The EU remains a populist foil in Greece, which, under the left-wing Syriza government, is imposing another round of pension cuts to satisfy EU creditors. Hungary's populist Viktor Orbán, a former liberal, was reelected two months ago with an overwhelming parliamentary majority.

The Czech Republic's Andrej Babis finally forged a coalition with the Social Democrats. A billionaire businessman sometimes compared to Donald Trump, Babis publicly curbed his Euroskepticism, but he is obviously no friend to the EU. His government will receive tacit backing from the small Communist Party, which is favorable toward Russia (as is President Milos Zeman). Poland's Law and Justice Party, meanwhile, continues to battle the EU, which scheduled a formal hearing on whether the traditionalist/nationalist government is violating the rule of law. Konrad Szymanski, Poland's Minister for European Affairs, has denounced this as a "massive power grab."

Austria's young, telegenic Sebastian Kurz, a critic of the established order, completed his transformation from liberal minister to populist chancellor by allying with the more extreme

Freedom Party. Kurz spoke of creating “an axis of the willing” to combat illegal immigration, looking to both Italy and Germany (and evoking unfortunate historical memories). He hosted Russian President Vladimir Putin last month. In July, the Austrian government will take over the EU’s rotating presidency. Kurz says his agenda will be “a Europe that protects.”

Slovenia held elections in early June, and the Slovenian Democratic Party, headed by another former liberal, took clear first place. Known as the SDS, the party combines liberal economic views with antagonism towards immigration. The SDS will struggle to form a coalition, but worth noting is that the former ruling Modern Centre Party collapsed, coming in only fourth. Hungary’s Viktor Orbán offered his support at an SDS campaign rally.

What most threatens Eurocratic dominance in Brussels, however, is not the rise of a Central and Eastern European right, but the transformation of “Old Europe’s” governments. For instance, Italy just inaugurated a populist left-right coalition hostile to the continuing shift of authority to Brussels and open to leaving the Euro. Indeed, the new administration is “peppered with figures who” threaten “the EU order,” according to David Charter of *The Times* of London.

In Italy, Interior Minister Matteo Salvini, head of the right-leaning League, dramatically turned away a rescue ship with 629 North Africans last week, saying “The nice life is over for illegal migrants.” Rome also indicated that it will try to block an EU trade deal with Canada. The coalition opposes sanctions on Russia and Prime Minister Giuseppe Conte has backed President Trump’s call for Russia’s inclusion in the G-7.

Germany’s politics is shifting in a similar direction. The political center continues to shrink dramatically. Merkel’s Christian Democratic Union and Horst Seehofer’s Christian Social Union (the latter runs only in Bavaria and aligns with the CDU) along with the Social Democratic Party hemorrhaged votes in last fall’s election. The Alternative for Germany (AfD), created in 2013 to oppose immigration and the European Union, made its Bundestag debut last fall as the largest opposition party. The historically liberal Free Democrats also campaigned against Merkel’s migration policy and reentered parliament last year.

The CSU blames Merkel for its decline. Most of the refugees, 1.6 million since 2015, entered through Bavaria, and the CSU faces a difficult provincial election in October. Seehofer, both CSU leader and interior minister, is desperate to prevent even more losses in Bavaria to the AfD. In March he declared that “Islam does not belong to Germany.” In the midst of the immigration dispute, he skipped a meeting with Merkel to huddle with Austria’s Chancellor Kurz.

If the CSU withdrew or was forced from her coalition, Merkel might turn to another party. But the Free Democrats are no less hostile to migration (and to Merkel herself), and including the Greens would trigger a sharp leftward lurch in government. If Merkel’s chancellorship collapsed, those hostile to the three-member ruling party likely would continue to move to more radical parties. To avoid a political apocalypse, Seehofer plans to hold off imposing new border rules until Merkel can try to strike a deal at the EU summit at the end of the month. But agreement will not come easily. Said Bavaria’s CSU Minister-President Martin Soeder Soeder: “Of course it would be good if there were European solutions, but in three years a European solution hasn’t

been achieved.” Bilateral pacts would be equally difficult politically. Yet neither Seehofer nor Merkel can afford to retreat.

The populist right does not have a common program other than opposing the status quo, yet that’s proving to be enough. Italy’s coalition, made up of Salvini’s right-leaning League and the leftish Five Stars movement, and headed by Luigi Di Maio who serves as labor and industry minister, is badly divided. However, the two parties dislike immigration, like Russia, and have accepted each other’s most expansive fiscal demands.

Italy has a largely stagnant economy, a huge debt of nearly \$2.7 trillion (132 percent of GDP), and expansive social benefits and rigid economic controls. The populist government in place now will exacerbate all these problems. The coalition’s official promises, a moderate version of the two parties’ electoral programs, could cost as much as \$146 billion annually, or 6 percent of GDP. Rome is almost certain to fall out of compliance with EU fiscal rules. Economists Olivier Blanchard, Silvia Merler, and Jeromin Zettelmeyer call the government’s agenda “a recipe for a debt crisis.” Coalition members talk hopefully but futilely about changing EU rules and getting money from Europe. With the Eurozone’s third largest economy, Italy is too big to fail or bail out, which could make leaving the Euro an economic necessity.

However, criticism does not scare the coalition. When Italy’s establishment president sought to block the new government, Salvini said the resulting election “will be a referendum between Italy and those on the outside who want us to be a servile, enslaved nation on our knees.” Many Italians believe that in 2011 the French and German governments conspired to trigger a financial crisis in order to oust Prime Minister Silvio Berlusconi. Said Five Stars Minister of Infrastructure and Transports Danilo Toninelli: a “government that wants an ethical state, an ethical economy, and equality between citizens is obviously frightening.” Notable are the parties’ slogans: “Thieving Rome” for the League and “F*ck Off!” for Five Stars.

Like Italy’s coalition, most of the populist governments are big spenders and comfortable intervening in the economy. Some are fans of authoritarian democracy; several want better relations with Russia. Most are comfortable with EU membership but not with further transfers of authority to Brussels; several are critical of the Euro. They unite more in what they are against than what they are for.

There are three major areas of agreement between them. The first is hostility to the political elites who have long dominated governments across the continent. This has resulted in the mass slaughter of traditional center-right and center-left ruling parties. Voters are punishing politicians who fail to represent their concerns and finding other candidates who at least claim to do so.

Second, the so-called European Project is kaput. Eurocrats, well-represented by the indefatigable Macron, continue to campaign for a centralized continental super-state. However, there never was much grassroots support for handing more control over people’s lives to a supranational organization noted for its “democratic deficit.” This idea is even less popular now even among once-pliable member governments.

Finally, public opposition to mass immigration is overwhelming. The concern isn't new, but the 2015 human tsunami that hit Europe convinced many voters that their governments could not be trusted. Populists have taken the lead in demanding that borders be shut, with even the governments of Denmark and the Netherlands trending against accepting foreign migrants. Proposals for the free movement of people, however attractive in theory, are dead in Europe.

Creation of a more cooperative and united Europe over the last six decades was an exceptional good, helping to repair a devastated continent, generating widespread prosperity, and making another continental war unthinkable. But the campaign for a United States of Europe without borders ignored not just history, culture, and tradition, but human nature. Macron overstates the threat when he worries about a "civil war" within the EU, but political hubris across the continent has generated a brutal populist response, which only continues to grow. That wave now threatens even the most redoubtable of European leaders: Germany's Angela Merkel.

Doug Bandow is a senior fellow at the Cato Institute. A former special assistant to President Ronald Reagan, he is author of Foreign Follies: America's New Global Empire.