

European politics

Can Friedrich Merz save Germany—and Europe?

He is on track to win the election, but to fix Europe he will have to fix his country first

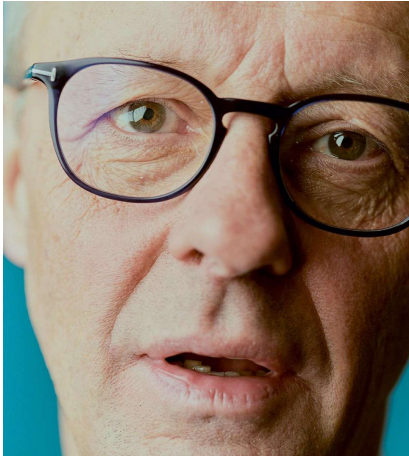


image: Anna Ziegler

Leaders

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GERMANY IS THE hole at the heart of Europe. It accounts for a quarter of the European Union's output but it has been in recession for the past two years—and this year risks being the third. The perception that irregular migration is out of control has led to a surge in support for the xenophobic right, fragmenting German politics and causing paralysis in government and inaction in the EU. Its business model relied on manufacturing exports, especially to China, cheap gas from Russia and security provided by America. But that lies in ruins. The election on February 23rd is the most significant in Europe for years. There is a [likely winner](#); but what happens next is both hard to discern and critically important.

That winner-in-waiting is Friedrich Merz, the 69-year-old leader of the Christian Democratic Union (CDU). Together with its Bavarian sister party, the CDU is predicted to win some 30% of the vote, far more than any party but not nearly enough for a majority. Coalition-forming will take months, and it is not clear whether Mr Merz will go for an alliance with the Social Democrats or the Greens. He may even need a second partner, which would be bad news: the unwieldy three-party coalition led by today's chancellor, Olaf Scholz, condemned Germany to three years of drift and, when it collapsed, an early election.

But the biggest mystery surrounds Mr Merz himself. As his detractors gleefully point out, he has never been a minister, and indeed has never run anything larger than the CDU's parliamentary caucus. His career in business was of the advisory and convening sort. Assuming he gets the top job, how will he transform a broken Germany? And since Europe functions best when it has strong Franco-German leadership, how will Mr Merz lead Europe when his French counterpart, Emmanuel Macron, is a busted flush?

In an [interview](#), we try to shed light on the man. There is a lot to approve of. He is confident, intelligent and remarkably calm considering the stakes. His instincts lie in the right direction. He understands the concerns of business and promises a crusade against red tape, whether generated by Brussels or Berlin. He bluntly declares that Germany's business model "is gone". He believes in free markets, free trade and the Atlantic alliance, and his pledge to restore Germany to the heart of Europe is welcome. He knows that fixing immigration is crucial to weakening the appeal of Germany's hard-right party, the Alternative for Germany (AfD), warning that "This could be one of our last opportunities to resolve the problems before the populists [win] a majority."

All that is reassuring. But there are also reasons for doubt. Mr Merz seems, if not complacent, a little too relaxed, too prone to favour what sounds like incremental change over the radical shake-up that Germany and

Europe need. Consider one example: he supports the completion of an EU-wide banking union, which is essential if Europe's single market is to match America's and China's. Yet in almost the same breath he objects to the proposed takeover of Germany's Commerzbank by UniCredit, an Italian lender, because the bid is "hostile". Such takeovers are precisely how a single market should work.

Or take something bigger: public spending and the "debt brake", a constitutional provision that bars the government from running more than tiny deficits. Hobbled by this, Germany has not been able to invest adequately in its roads, railways, digital infrastructure or defence; spending on education and other social services also suffers. Pressed on whether he will seek to change it, Mr Merz will say only that "I'm open to discuss that, but it is not our first approach."

Insiders say that work on the debt brake is under way, but that Mr Merz does not want to say so openly because German voters are a frugal lot. Anything more than a minor tweak will be contentious and difficult. It would be better for Mr Merz to signal now that he wants to be bold. Ideally he would seek to scrap the debt brake altogether, and say so. Being clear today would also strengthen his hand in coalition talks, which may otherwise land in the mushy middle ground.

This same incrementalism runs through much of what Mr Merz says. Even if talks between Donald Trump and Vladimir Putin lead to a ceasefire in Ukraine, Russia will remain an existential threat to Europe. Mr Merz and his fellow European leaders should be especially concerned that Mr Trump looks as if he means to negotiate over their heads.

NATO members have a target to spend 2% of GDP on defence each year. Germany was always a laggard, but after Russia's full-scale invasion in 2022, Mr Scholz established a special fund to top up spending to the mark, which Germany now (just) meets. That fund will run out in the next couple of years. Given the threat from Russia, 2% is no longer enough. After a ceasefire, Mr Trump is likely to want to reduce America's commitment to NATO. The experts' consensus is that 3.5% of GDP needs to be the new benchmark. Mr Merz declines to commit to this, and firmly discourages talk of a joint European bond to pay for more defence spending. But if the EU's biggest and richest member is not leading on rearmament, no one except the brave Poles and Balts on the front lines of the next war will be ambitious either.

The other crisis confronting Mr Merz and the wider EU is immigration. The toxic perception that Europe's borders are not secure has driven voters in many countries to support extreme parties, making it far harder to form stable moderate governments. Mr Merz has been bold here, but in a ham-fisted way. By introducing a non-binding motion into the Bundestag calling for a breach of Germany's commitments to passport-free travel in Europe, he achieved nothing. The vote passed with the support of the AfD, breaking a taboo against co-operation, galvanising his opponents, disquieting supporters and demonstrating a worryingly poor sense of what it is to lead.

Too often, Mr Merz behaves as if the hard part will be to get elected. Yet governing will be much harder. To command his coalition and to carry through difficult reforms in a time of turmoil, he will need a mandate for sweeping change. So far, he has been too timid to ask for one. ■