

The Coronavirus Crisis Highlights Germany's “Reluctant Leader” Problem

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The coronavirus pandemic will determine the fate of the European Union. It will change economies, health-care, the media, and international relations. Earlier pandemics and the end of the Cold War, the 9/11 terrorist attacks, and the 2008 financial crisis reordered society. This one will test trust in government, social cohesion, inequality in an economic recession, and renewed hope for global climate change. It poses one of the most significant threats to humankind.

In Europe, the coronavirus has already shattered lives, disrupted markets, and exposed the competence (or lack thereof) of governments, and it will lead to permanent shifts in political and economic power in ways that test solidarity and give rise to authoritarianism. The EU can rightfully expect Germany to drive it in solidarity with other member states. The pandemic will determine whether Germany will see leadership in the EU as being in its interest. We will see if Chancellor Angela Merkel can take the steps necessary to convince the German public that the collapse of the European market for its exports will return Germany to the role of the economic “sick man of Europe,” which the eurozone has so far prevented. The “German problem” is one of a reluctant leader caught between its national interest and its constitutional commitment to Europe.

EU Solidarity

European solidarity is at risk from a virus that respects no boundaries. No country is guilty of creating it. Those who act will shape the new normal. Italy's Prime Minister Conte called for solidarity in the spirit of Robert Schuman, Konrad Adenauer, and Alcide de Gasperi in this crisis. He and other leaders have asked the EU to issue “coronabonds” to deal with the crisis and to improve economic conditions after the pandemic. France's President Emmanuel Macron has warned of the collapse of the EU as a “political project” unless it supports stricken economies such as Italy and helps them recover. The pandemic is an existential threat to the EU; it is also a humanitarian crisis. Pope Francis called for finding the courage to create spaces where everyone can recognize that they are called to act, and to allow new forms of hospitality, fraternity, and solidarity.

An impressive half-trillion euros financial support program contributes to EU economic solidarity. But the aid is a patchwork of traditional responses—European Stabilization Fund loans, the European Commission's short-term fund related to reduced-working-hours measures, European Investment Bank investments, and the bond-buying program of the European Central Bank as well as disaster aid. That program deploys significant financial fixes but is not the strategic answer to restructuring eurozone finances.

Ivan Krastev argues the coronavirus has shown that the EU cannot continue in its current structure, which has shown the EU is irrelevant to solving the public-health crisis. He predicts that the EU will become either more centralized with more powers, or else it will continue to exist, as the Roman Empire did, with states and cities making decisions.

Growing Authoritarianism

Europe's resurgent nationalism and greater vulnerability to a rising China are two trends to add to the pandemic's threat that undermines democracy and EU solidarity. Authoritarian governments around the world are instrumentalizing the crisis, and resurgent nationalist leaders pose a significant danger to democracy. The pandemic is an opportunity for illiberal governments in and around Europe to test the limits of civil rights and democratic checks and balances. Russia's Vladimir Putin, Turkey's Recep Tayyip Erdoğan, and Poland's Jarosław Kaczyński have used the public-health crisis to increase their powers. They will resist reducing them when it is over. Most notably in Europe, Hungary's Prime Minister Viktor Orbán moved quickly to disenfranchise parliament and give his government the power to rule by decree indefinitely.

At the same time, China, a systemic competitor to the EU, has made significant progress in influencing EU politics with the Belt Road Initiative and the 17+1 cooperation with Central and Eastern European countries to promote business and investment relations. China has used these ties to block EU human-rights criticism against it. It has already shown its interest in exploiting European need in the pandemic crisis by sending medical equipment and expert assistance. Kishore Mahbubani suggests that the pandemic will accelerate the move away from U.S.-centric globalization to a more China-centric one. In the leadership vacuum left by the current U.S. administration, if followed by a disintegrating EU, the world will find Chinese, not European leadership in demand.

The German Problem

Germany's leadership will be needed for Europe to establish the "new normal" after the coronavirus. The pandemic—which Merkel described as Germany's worst crisis since the Second World War—needs European solidarity. Its national response to the pandemic has been effective, and it has shown solidarity by accepting critically ill patients from France, Italy, and Spain. However, it is the economic and political crisis in the EU that calls for German leadership.

The looming recession with millions of unemployed poses questions for EU's and the future of the European Monetary Union. The debt-management debate is about the future of the EU and calls for mutualization of eurozone debt have not subsided. Austria, Germany, and the Netherlands reject coronabonds. Steps toward a political union would need to empower the EU in new ways, perhaps with a larger EU budget with taxing authority instead of mutualization of debt is one idea. Moral hazard is a critical concern. The German word for debt, *Schuld*, is also the same word for guilt, and that cultural obstacle stands in the way of a long-term solution to EU solidarity. As long as the political debate is about assigning guilt, solidarity remains elusive. The pandemic can break this hazardous morality; the coronavirus is to blame for the crisis, not governments being spendthrifts or having ineffective fiscal policies.

The debate should minimize moral hazard by establishing effective EU control over spending also in good times beyond the pandemic. The Bruegel think tank suggests a scenario for countries that are particularly in need of receiving more funds than are raised from national taxes. In exchange for EU debt to provide the

funds against the pandemic, countries would need to give up control over some spending and some revenues. Changes to the Treaty on European Union might be necessary for this to happen.

The current crisis demands a robust response. There is little doubt that Germany is constitutionally, historically, and morally obligated to support EU integration. And, it will deserve the blame for not fulfilling its responsibility. The mantle of leadership comes with the responsibility for such a prosperous and secure country to take the political initiative and make the necessary economic sacrifices to complete the work of European unity.

In its EU presidency for the second half of this year, Germany can take the political initiative and make the necessary sacrifices to complete the work of European unity. In partnership with the president of the European Council and the high representative for foreign affairs and security policy, it will lead the EU. If they can summon the political will, Merkel and European Commission President Ursula von der Leyen can move European integration forward.

Germany, with France as an equal partner, can shape the new normal in the EU. It can also lead to a strategic foresight dialogue that is necessary to address all of the challenges listed above. The EU needs to approach the post-coronavirus epoch with strong support from skeptical publics. Democratic legitimacy is at the core of the fiscal responsibility debate and everything else. Democracies that fail to deal effectively with the concerns of the people make themselves vulnerable to appeals from fear-based populists. Solidarity has its costs. Lacking solidarity, the EU will fail.

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