

# Merkel's dilemma

I was recently asked a question as to why a leader of any country would voluntarily relinquish his powers to govern his country by his laws as he sees fit. In particular, why do EU leaders from the well-governed countries give their governing authority to Brussels for the excessive benefit of the hangers on?

My correspondent named Germany, alongside France and the UK, when mentioning "well-governed countries." The answer, as far as Germany is concerned, is that it joined the EU to atone for the part it played in the Second World War. So ashamed has the country been of the Hitler years that anything smacking of German nationalism has been taboo since 1945. Whereas France, notably under de Gaulle, supported the idea of a Europe of nations and has often been hesitant to surrender power to the European institutions, Germany has always been a staunch supporter of integration. There have been caveats, of course. For instance, Germany only agreed to join the Euro if the single currency was going to be run with the discipline of the Deutschemark. Furthermore, its enthusiasm for federalism has its limits. The German Constitutional Court at Karlsruhe has been a staunch defender of the principle that they can strike down any EU law which breaches German law. The EU member states are "Masters of the treaties", insists the court.

So a major row is about to erupt between the European Court of Justice and the German Constitutional lawyers, the consequences of which could undermine the whole EU project. Germany has been very uneasy about plans by the European Central bank to buy Spanish and Italian debt. The Bank's governor, Mario Draghi, announced the plan back in 2012. It immediately faced a challenge from Karlsruhe. Such a move, declared the German lawyers, violates the treaties. "No they don't", replied the ECJ a couple of days ago, ever keen to ensure its rulings facilitate the noble cause of European

integration. "We cannot possibly accept this and they know it," was the uncompromising retort from one German judge.

Caught in the midst of this argument is the EU's most powerful politician, Angela Merkel. On the one hand, she is a key supporter of European integration, but on the other hand, she is also a German. To side with her compatriots would almost certainly provoke an almighty row at the European Central Bank's next Board meeting, as the slide into deflation across the Eurozone is likely to intensify if the ECB's hands are tied and thus unable to buy government debt.

However, to side with the ECJ is to play into the hands of the party whose name dare not be spoken – Alternative für Deutschland. Compared with most anti-establishment parties across the EU, AfD is pretty mild. Its founding principle is miles apart from, for example, UKIP's commitment to withdraw from the EU altogether. It is solidly pro-EU but shares the scepticism of many economists worldwide that a single currency cannot work for so many countries with such diverse economies. Such a sentiment is nonetheless beyond the pale in a country whose political élite do not question the central tenets of the great European project as a point of principle. AfD is rising in the polls. It has gained sufficient support in several regional elections to be represented in the state assemblies of Saxony, Thuringia and Brandenburg. It is making overtures to the PEGIDA anti-Islam movement. An opinion poll found that over 20% of the electorate would consider voting for the party at the next German federal elections in 2017.

So which way will Frau Merkel sway? It is anyone's guess, but whatever the situation, euroscepticism, albeit of a fairly mild variety, has well and truly taken root in the one country that until recently was too haunted by its past to deviate from the path of ever closer union. This sea change in the EU's most powerful member has profound implications for the whole EU project.