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Europe Is the Frog in the Pot

Friedrich Merz called Milei's reforms "trampling on the people." A year into his chancellorship, his coalition has announced a milder version of the same medicine, but it is afraid to pass it.

ECONOMICS, INSTITUTIONS

"What this president does there ruins the country. He tramples on the people." So spoke Friedrich Merz in December 2024, then a candidate for the German chancellorship, when asked about Javier Milei's reforms in Argentina. He has now governed Germany for a year, and the record consists of a loosened debt brake and several hundred billion euros of new borrowing. Then, two weeks ago, his coalition blinked and announced a package tying the retirement age to life expectancy and cutting a first layer of labor and reporting rules. None of it has passed into law. The man who saw only trampling in Buenos Aires now proposes a milder version of the same medicine, a year late and only on paper.

Merz is a symptom. Europe has learned to manage its problems and unlearned how to solve them. Like the frog in the slowly warming pot, we register that the water feels different and settle deeper into it.

The numbers are public. Roughly three Europeans of working age stand behind every pensioner today. By the middle of the century there will be fewer than two. Since 2000, real disposable income per person has grown almost twice as much in the United States as in the European Union. Brussels has read that number too. Its answer, in the same report, is eight hundred billion euros a year of new public investment. The cure for the machine is a bigger machine. Some of the transatlantic gap is chosen, and honestly so. Europeans work fewer hours and buy more security with their taxes. But nobody chose the arithmetic of the pension rolls, and leisure does not pay for it.

We are aware of our problems, whether we admit them or not. But the political culture we built treats government as the answer to everything, and expands its power whenever it fails. The EU now responds to every failure with another law, another agency, another layer of bureaucracy. The pattern has a fresh exhibit. In 2024 the Union finished its grand sustainability-reporting rules. By 2025 it was already drafting new rules to walk them back, because compliance was crushing the same firms the single market was meant to free. The correction arrived as more paper. Each round raises the cost of building anything in Europe, and the dial under the pot turns one well-meant law at a time, by our own hands.

These problems reach your own kitchen table. Your taxes rise together with your cost of living. You

struggle to cover the bills, and even a simple trip to the supermarket feels heavier each month. Your children weigh leaving for better opportunities abroad against staying in a system that offers fewer prospects with every passing year. Politicians, meanwhile, rarely acknowledge any of this, and when they do, they blame their predecessors or the opposition.

Argentina shows what treating the disease looks like, and what it costs. Milei's medicine was brutal. In the first half of 2024, poverty climbed above 50 percent and the economy shrank for months. But the honest baseline is the country he inherited: monthly inflation at 25 percent, a central bank printing money to cover a chronic deficit, four in ten Argentines already poor. Two and a half years later, monthly inflation runs near 2 percent and poverty sits below where he found it. The dose is fair grounds for debate. The disease he treated was killing the patient.

Germany is rich and stable where Argentina was collapsing, and nobody serious proposes copying the prescription. What transfers is the diagnosis: a state that has outgrown what its economy can carry, defended by everyone it employs. Merz looked at Buenos Aires and saw only trampling. His own coalition has now written the first page of the same prescription, and it is afraid to sign it.

Escaping the pot begins with the page already on the table: Merz's coalition must pass its own package. Tie the retirement age to life expectancy and let the labor and reporting cuts become law. Neither step is radical. Both were unspeakable in Berlin until two weeks ago, and the distance between those two dates measures how fast the water is warming. The rest of the prescription is longer, and every year of comfortable waiting adds to it. A real frog, biologists like to point out, jumps once the water turns hostile. The fable's frog had an excuse. It could not feel the change. We can.

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