



GOVERNMENT FORMATION IN GERMANY

Not-so-Grand Coalition

The status quo: Rocky road to a new government

Four months after the protest vote of the September 2017 federal elections (see our previous article), Germany is still out of a government – an unprecedented situation for the Federal Republic.

On Sunday, 21 January, the Social Democrats' extraordinary party convention has voted narrowly in favor of taking up formal coalition talks on a renewed Grand Coalition with the Christian Democrats. After a passionate debate between those in favor of and those opposed to joining another Merkel-led Grand Coalition, 56% of delegates voted 'Yes'. This means that based on the outcome of the preliminary talks that preceded the vote, the two biggest German parties will now try to forge a coalition agreement.

Within the two "Volksparteien" (the Christian Democrat sister parties CDU/CSU and the Social Democrat SPD) not everyone is keen on the Grand Coalition 4.0. This is especially true for the SPD – notably its youth wing, the "Jusos" (Young Socialists). Their leader, 28-year-old Kevin Kuehnert, has been actively campaigning against the partnership and delivered an emotional and captivating speech at the party convention that almost convinced the majority of the delegates.

At the convention it again became clear: the main fear among SPD members is that in another Grand Coalition the profile of the SPD will move even further away from classic topics of social democracy. In addition, Merkel and her party have proven a great ability in the past of framing all governmental successes as theirs – to the detriment of coalition partners.

There is real concern that the SPD could soon become insignificant. Many of their European comrades already have.

Moreover, the election result was a clear signal that the electorate has had it with the Grand Coalition. The CDU/CSU and the SPD combined lost 105 seats prompting the SPD leadership to announce on Election Day that they would not enter any government coalition and take on the role of a relentless, forceful opposition leader ("Starting tomorrow, we'll be right in their face"). An announcement that immediately resonated with the party base – a base that is now, of course, disappointed.

The SPD leadership has vowed that this party base will have to approve a coalition agreement – by postal vote – when/if it is reached. It is still uncertain if the CDU and/or CSU will hold a party convention to approve an eventual coalition agreement. In the best-case scenario, Germany has a new government before Easter. Worst case, there will not be a new government for many more months to come.



What if a coalition agreement is not reached or rejected?

Previously, the preliminary talks on a so-called Jamaica coalition (of the Christian Democrats, the neo-liberal FDP and the Green Party) broke down in November. As a result, CDU leader Merkel was arguably facing the worst crisis of her political career. Yet, she was unwilling to step down.

Because the CDU/CSU is not considering any form of cooperation with either the far left (Die Linke) or the far right (Alternative für Deutschland), the Grand Coalition is the only feasible, if unpopular, option for formation of a stable government.

Merkel is staunchly opposed to experimenting with what would be Germany's first ever minority government, an option that carries the promise of reintroducing lively debate to German government – not something Merkel is too comfortable with. Hence, if no coalition agreement is reached or the SPD base rejects it, new elections appear inevitable.

Potential timeline: What's next?*

○	End of January – mid-February 2018	Talks between the CDU/CSU and the SPD on a coalition agreement.
○	Mid-February	Coalition agreement is signed.
○	End of February	Postal vote by all (approx. 440,000) SPD members on entering a coalition.
○	Beginning of March	New government sworn in.

*This is the most likely chain of events. Yet, it is not set in stone.

Europe and the world are waiting



German politics being preoccupied with itself is bad news at times when Europe has lost the US as a reliable partner and the EU is in need of reform.

French President Emmanuel Macron counts on Germany as a partner for moving Europe forward. Germany, in turn, cannot afford to let Macron be the sole leader of EU reform. Similarly, in the ongoing Brexit negotiations, EU Member States rely on the participation of a stable German government in order to jointly reach an advantageous agreement.

Authors:



Christian Simon
Senior Consultant
christian.simon@navos.eu



Julia Thielicke
Senior Consultant
julia.thielicke@navos.eu