

Final days of Germany's grand coalition: pre-election projections

Marta Zawilska-Florczuk

The 2009 elections will shape the German political scene and define Germany's foreign policy for the next few years. From January, elections at various levels will be taking place in Germany, including municipal and local parliamentary elections, elections to the European Parliament and the Bundestag, and the presidential election. The campaigns will be dominated by social and economic issues raised by the global economic crisis, the consequences of which are affecting Germany very strongly.

The ruling CDU/CSU/SPD grand coalition will find itself in a particularly difficult situation. Even though they are natural political rivals, the Christian Democrats and the Social Democrats will have to continue co-operating in the fight against recession and growing unemployment, which will make it more difficult for them to engage in their traditional, fervent and often aggressive election battles. This will probably strengthen the position of the smaller parties, especially since both the CDU/CSU and the SPD are struggling with internal disputes.

The chances that the grand coalition could continue after the Bundestag elections in September appear to be slim, although such an outcome still cannot be ruled out. However, at this stage a government formed by the traditional coalition partners, the Christian Democrats and the liberal FDP, appears to be a more likely outcome. The grand coalition's difficult situation in the election year will affect the rivalry over internal policy programmes, and add to the tension between the candidates for chancellor, the current leader Angela Merkel (CDU) and the foreign minister Frank-Walter Steinmeier (SPD), in the foreign policy domain.

The German political scene eight months before the elections

Even though the coalition of the CDU/CSU and the SPD was a forced solution (the Christian Democrats [35.2 %] and the Social Democrats [34.2 %] were unable, due to the very narrow difference between their respective ballot results, to form coalitions with their traditional partners – the FDP and the Greens respectively), Angela Merkel's cabinet enjoyed a broad freedom to operate at the outset of its term. This was mainly because the coalition parties

had a massive advantage over the opposition in the Bundestag (445 coalition MPs vs. 165 opposition MPs), the opposition was weak, and the balance of powers in the Bundesrat¹ was favourable. With a strong position in both the Bundestag and the Bundesrat, the coalition was sure to have the majority it needed to adopt legal bills. In spite of their programme differences, the CDU/CSU/SPD government managed to carry out a number of important yet socially and politically controversial reforms, such as amending the immigration laws and increasing the retirement age. Currently, the ruling coalition is in a much more difficult position, which is unlikely to change before the elections due to several factors.

Firstly, the situation has changed as a consequence of several recent elections to the state parliaments. The spectacular success of the Left Party has permanently changed Germany's party system into a five-party arrangement. This has opened up new options for forming coalitions. In 2008, the post-communists made it to the parliaments of Hamburg, Hesse and Lower Saxony (they were already represented in the legislatures of Berlin, Branden-

Germany is currently experiencing the most significant change to its political landscape in the last twenty years, as the four-party system transform into a five-party arrangement. The largest parties, the CDU, CSU and SPD, are suffering from internal conflicts and losing voters to smaller groups such as the FDP, the Left Party and the Greens.

burg, Bremen, Mecklenburg-Vorpommern, Saxony and Saxony-Anhalt).

Secondly, as another result of last year's local elections, coalition governments involving the FDP were formed in the five largest states. As a result, the grand coalition lost the majority it had had in the Bundesrat.

Thirdly, the internal problems experienced by individual coalition partners have also significantly contributed to undermining the coalition's position. The SPD is in the most difficult situation, as it has been struggling with declining popularity

following the so-called Agenda 2010², exacerbated by internal divisions, as well as a leadership crisis (the current leader is the sixth in the last nine years). However, the party is expected to launch an energetic campaign in the hope that under the current leader Franz Müntefering (who has already held this position between 2004–2005), it can make up for what it has lost to the Christian Democrats and attract voters.

The CDU is also suffering from internal disputes concerning the direction of economic development, and is engaged in conflicts with its sister party, the CSU, which for its part is struggling to rebuild its position after its worst showing in many years in the 2008 elections to the Bavarian parliament.

The declining popularity of the Social Democrats and the Christian Democrats is also a consequence of the fact that they lack a distinctive, clear programme, the main reason for this being that, as partners co-forming the government, they cannot attack each other too aggressively (see Appendix 2 for more information on the situation of the individual parties).

Internal policy in the short-term perspective of the 2009 elections

It is unlikely that any major modifications will be made to Germany's internal policy in this election year. With five elections to the state parliaments (including three in the eastern part of the country) taking place in 2009, the real election battle between the CDU and the SPD, and between these two and the smaller parties (especially the Left Party), will be fought at the local level. It will affect the policies of these parties at the federal level and heat up their disputes, thus adversely affecting the atmosphere in the government. However, in Berlin the Christian Democrats and the Social Democrats will have to continue co-operating until the end of their term.

¹ The Bundesrat (Federal Council) is the second chamber of the German Parliament, composed of representatives of the state governments. Its approval is required for all legal acts that concern the states. The number of votes that particular states have in the Bundesrat corresponds to their population size. The states in which the ruling coalitions are unable to reach agreement and decide univocally traditionally abstain from voting. At the start of the grand coalition's term, most of the state governments were composed of representatives of the CDU, CSU and SPD. Currently, the FDP co-governs the five largest states, which puts it in a position to block bills proposed by the grand coalition in the Federal Council.

² A package of controversial social acts adopted by the government of Gerhard Schröder.

Because of the circumstances described above and the impact of the economic crisis, the parties forming the government may come up with competing plans in the coming months to manage the recession, as well as projects to reform the tax system, and different ideas for how the German economy can operate in the post-crisis period. Most probably, however, this will not go beyond verbal clashes between the candidates for chancellor, potential MPs and other players competing in the election struggle. The campaign should therefore involve political debates on internal policy issues, during which the parties will try to emphasise their distinctive lines, object to their competitors' projects, and claim credit for the joint achievements of the two coalition partners.

No significant reforms will be carried out before the end of the term. Although there has recently been presented a plan for the second phase of federal reform, among a regulation of financial issues between the federation and the states, which has been one of the grand coalition's priorities, the proposal envisages only some of the originally planned changes. It suggests that the intention is to regulate the most important issues related to the state's debt before the parliamentary election. The remainder of the reform package, including changes to the distribution of votes in the Bundesrat, is being left to the future government.

Germany's foreign policy in the election year

Since the beginning of the CDU/CSU/SPD government, foreign policy has been a source of disputes over competence between the current candidates for head of government, Chancellor Merkel and her deputy, Foreign Minister Frank-Walter Steinmeier. Their rivalry has manifested itself in ways such as mutual public criticism of the policy lines pursued by the German Foreign Ministry and the Chancellor's Office (the criticism concerned issues such as Merkel's policy on China and the lack of support for Steinmeier's talks with the Syrian foreign minister), and became particularly intense after Steinmeier was nominated as the SPD's candidate for chancellor. It is probable that the tension between Merkel and Steinmeier, which was put on hold after the war in Georgia in August 2008 when the German diplomats were forced to co-operate closely in order to rapidly resolve the conflict, will now rise again.

It should be expected that in the election year the government will not take any strategic decisions concerning foreign policy. The main emphasis of the campaign will be on internal issues, and so the rivalry between Chancellor Merkel and Minister Steinmeier will take the form of competing statements and foreign trips, rather than measures to promote different

foreign policy lines. Minister Steinmeier will probably try to present himself internationally as an influential statesman, especially since the efforts he has made so far to promote himself on the internal scene as a potential future chancellor have been less than successful³. It should be expected that Steinmeier will be more active with regard to issues concerning the new international

It is unlikely that any major modifications will be made to Germany's internal policy in this election year. With five elections to the state parliaments taking place in 2009, the real election battle will be fought at the local level.

security architecture – the first signs of this were already apparent at this year's Munich conference. This will step up his conflicts with Chancellor Merkel, who is not going to give up her role as the leading player in German politics, especially since her activities have been very popular with the public.

³ Steinmeier has been criticised by the opposition and the SPD for his silence during the debate on the government's plans to fight the economic crisis, and for not taking the opportunity to promote himself as a candidate for Chancellor. Later, his proposals of reliefs for the automotive industry gained little support.

Germany's internal policy after the parliamentary election – a forecast

At this stage it appears that in the most probable scenario, the Christian Democrats and the Liberals will form the government following the Bundestag elections on 27 September (coalitions between these parties are already in power in five states⁴). The SPD, which would find itself in the opposition following the election, would try to oppose the decisions of a government formed by the Christian Democrats and the Liberals. This might help it to regain the positions lost as a result of frequent leadership changes and internal conflicts. A too liberal policy performed by the government formed by the FDP and the CDU/CSU in the times of crisis and the growing pro-welfare public sentiments, might boost the SPD's popularity.

Although the assumptions of the new election programmes of CDU, CSU and the FDP have not yet been revealed, it is already possible to predict the changes that will take place in Germany's internal policies after the elections. First of all, a clash should be expected between the growing political aspirations of the FDP, fuelled by its increasing popularity and successes in the local elections (for example, in Bavaria and Hesse), and the expectations of the Christian Democrats, who would rather see the Liberals in the role of the subordinated, smaller coalition partner.

If a CDU/CSU/FDP government is formed, then any major internal policy changes may concern the fiscal and energy policies. Both the Christian Democrats and the Liberals have advocated a lowering of the tax thresholds, which means that the tax reform announced by the CDU is very likely to be implemented. Conflicts may arise if the CDU and the CSU insist that the state should continue supporting the banks and other companies affected by the economic crisis. Although Chancellor Merkel has recently criticised excessive state interventions⁵, is year's economic slowdown, estimated at -2.25%, may persuade the Christian Democrats

⁴ The FDP is in ruling coalitions with either the CDU or CSU in Bavaria, Baden-Württemberg, Lower Saxony, Hesse and North Rhine-Westphalia.

⁵ During the World Economic Forum in Davos on 30 January 2009.

Minister Steinmeier will probably try to present himself internationally as an influential statesman. It should be expected that Steinmeier will be more active with regard to issues concerning the new international security architecture.

to undertake more protectionist measures in order to improve the economic situation.

The liberals, on the other hand, will oppose any measures that would raise the debts of the federation and individual states.

In the field of energy policy, important changes may concern the German government's attitude towards nuclear power plants. Both the FDP and the CDU/CSU believe that nuclear

energy is indispensable for covering Germany's energy needs and making the country independent of the resources of other countries. The new coalition would probably advocate continued use of the nuclear power plants currently operating in Germany.

Foreign policy: continuation, with differently distributed accents

As regards foreign policy, if a coalition is formed by the CDU/CSU and the FDP, the opinions within the government may be much more concordant than was the case in the grand coalition. No radical changes to the direction of Germany's foreign policy should be expected. The new cabinet's objective could be to boost the role of international organisations such as the EU, the UN and NATO, within which German diplomacy has been successfully promoting German interests for years, while at the same time strengthening Germany's international position (the lobbying for Germany to become a permanent member of the UN Security Council will surely be stepped up). The NATO reform will continue to be one of Germany's strategic objectives, and bringing the positions of Europe and the USA to an equilibrium and increasing the role of the 'civilian component' in the security policy will remain among the priorities. The Christian Democrats and the Liberals are in favour of the Bundeswehr participating in international military missions, and so Germany may be more willing to take part in such

operations, albeit mainly in non-military activities. A government formed by the CDU/CSU/FDP would also seek closer co-operation with the United States.

Germany's stance on the EU's enlargement and the accession of new member states will probably remain unchanged. The new government will presumably tend even more to seek alliances that enable intensive co-operation outside the EU framework, as an alternative to EU membership. The coalition of the Christian Democrats and the Liberals will be against incre-

asing Germany's spending within the EU, in case the deepening recession necessitates a co-ordinated action by the member states in the future.

Conflicts within the coalition may be triggered by the plans to continue with the deployment of the US missile shield in Poland and the Czech Republic. While the CDU is moderate-

ly positive about the plans, on condition that the project is integrated into international structures, the FDP, which advocates arms reduction, is definitively opposed to the creation of such installations.

As regards foreign policy, if a coalition is formed by the CDU/CSU and the FDP, the opinions within the government may be much more concordant than was the case in the grand coalition.

Conclusions

1. Germany is currently experiencing the most significant change to its political landscape in the last twenty years, as the four-party system transform into a five-party arrangement. The largest parties, the CDU, CSU and SPD, are suffering from internal conflicts and losing voters to smaller groups such as the FDP, the Left Party and the Greens. The situation will continue to develop in this direction in the course of the election year. No major changes to the internal and foreign policy should be expected before the parliamentary election in September. The coalition members will probably avoid implementing new reforms. Instead, they will focus on the election campaign (and on battling each other), which they will have to reconcile with current co-operation in the government.
2. The Bundestag elections in September may change the balance of power in the parliament. Even though the Christian Democrats and the Liberals have the best chances of forming the government with the FDP, the SPD has proved on many occasions (such as in 1998 and 2005) that it is capable of making up its losses and stealing votes from its rival parties, even in the final phase of the campaign. The economic crisis and its impact on the record showings of the post-Communist Left Party may also create some surprises.
3. If a new coalition is formed by the Christian Democrats and the Liberals, their co-operation will presumably be more harmonious than the co-operation within the current grand coalition. The CDU/CSU and the FDP are closer to each other in terms of their programmes and, if they have a majority in the Bundesrat, it will be easier and quicker for them to have laws adopted than was the case with the government of the Christian Democrats and the Social Democrats. The new coalition would probably reform the tax system and support the continuing operation of Germany's existing nuclear power plants.
4. No spectacular changes to Germany's foreign policy should be expected after the Bundestag elections, irrespective of whether the SPD or the CDU forms the government coalition. In the case of a Christian Democrat/Liberal government, Germany will probably develop closer co-operation with the United States, be more willing to send the Bundeswehr on international peace missions and seek to strengthen the role of international organisations. The attitude of the German government towards co-operation with Russia will probably also remain unchanged. The rhetoric may become slightly harsher, although 'partnership for modernisation' will remain the priority in Germany's policy towards Russia.

APPENDIX 1

Elections in Germany in 2009

Sixteen elections at different levels are to take place in Germany in 2009, including **the presidential election on 23 May**. The president is elected by the Federal Assembly composed of representatives of the Bundestag and state parliaments.

Other elections:

State	Data	Gremium
Hesse	18.01	Landtag (state parliament)
All states	7.06	European Parliament
Baden-Württemberg	7.06	Municipal representations*
Mecklenburg-Vorpommern	7.06	Municipal representations
North Rhine-Westphalia	7.06	Municipal representations
Rhineland-Palatinate	7.06	Municipal representations
Saarland	7.06	Municipal representations
Saxony	7.06	Municipal representations
Saxony-Anhalt	7.06	Municipal representations
Thuringia	7.06	Municipal representations
Saarland	30.08	Landtag
Saxony	30.08	Landtag
Thuringia	30.08	Landtag
Brandenburg	27.09	Landtag
All states	27.09	Bundestag

* Depending on the state, municipal councils, district councils, city councils and urban district councils will be elected.

APPENDIX 2

The situation of German parties in the election year

CDU – currently the strongest party in Germany (with poll showings of 34%). The financial crisis has not affected the Christian Democrats' popularity. The liberal line adopted by the CDU before the 2005 Bundestag elections (especially the party's suggestion of introducing a flat rate tax) indirectly contributed to its poor result, forcing the CDU to form the grand coalition, although it did not want to do so. In this year's campaign, the party intends to present a more pro-welfare position, a move which has triggered objections from some CDU politicians. They are accusing their party's leadership of having abandoned traditional Christian Democrat ideals and made the party's program too similar to that of the SPD. By implementing successive government aid packages in connection with the economic crisis, Chancellor Merkel and the entire CDU have constructed an image in Germany as the force which has saved the German economy from imminent recession (even though internationally they are considered to be impeding Europe's policy towards the economic crisis).

CSU – The CDU's sister party is currently struggling to rebuild the electorate it lost as a result of weak leadership (in the last parliamentary elections in Bavaria, they gained 17.3% and were forced to enter a coalition for the first time in 46 years). At present, the functions of CSU leader and Bavaria prime minister are once again combined in the hands of one man, Horst Seehofer, who will fight to re-establish the CSU as a major player in federal politics, even at the cost of conflicts with the CDU. A Bavarian party, which has been viewed by many exclusively as the CDU's counterpart in southern Germany, the CSU will endeavour to underline its autonomy, especially in the run-up to the elections, for example, by opposing CDU proposals (for instance in the dispute over the inheritance tax reform, where the CSU's position is closer to the SPD's than the CDU's).

SPD – with 529,994 members, the SPD was Germany's largest party in June 2008. With its current poll showings of 23%, it may end up as the greatest loser in the Bundestag elections. Since the beginning of the current term, the party has been struggling with a leadership crisis and suffering from a split between the advocates and opponents of the former chancellor Gerhard Schröder's social reforms (the so-called Agenda 2010, designed to reform the German welfare state model). Moreover, disputes have been going on within the party concerning co-operation with the Left Party at state and federal level, stemming from the absence of a clear position of the SPD leadership on the issue. The two attempts made by the SPD in Hesse to create a minority government with the Greens, supported by the Left Party, have led to the SPD losing this year's elections to the state parliament, and contributed to a decline of the SPD's popularity throughout Germany and the resignation of another leader, Kurt Beck. Although the German public is currently turning towards left-wing values and ideas, especially since the global economic crisis broke out, the activities of the social democratic finance minister Peer Steinbrück are failing to effectively halt the decline in the party's popularity.

The Left Party (*Die Linke*) – a party that may challenge both the Christian Democrats and the Social Democrats. It was created in 2007 as a result of a merger between the Western German protest group WASG and the post-communist PDS, the successor to East Germany's Communist party SED. The former SPD chief Oskar Lafontaine is one of the Left Party's leaders. Initially, the party was perceived as attractive mainly to the inhabitants of the so-called new states struggling with unemployment. Currently it is the strongest party in eastern Germany (27% in the eastern states, compared to 11% throughout Germany), and has become the CDU's main rival in the fight for votes in this area. It is also gaining importance in the western states, where it is represented in the parliaments of three states.

FDP – the FDP is clearly gaining popularity (currently 18%). The party, which functions as a weak opposition in the Bundestag, has been gaining new voters and prominence since the 2008 elections to the Bavarian parliament. This tendency was particularly clear during this year's elections to the parliament of Hesse, in which the FDP gained 16.25% of the votes (6.8% more than in the previous election). As the electorate of the Liberals is growing and co-operation continues between the CDU, CSU and the FDP at state level, the likelihood that these parties will form the government coalition following the Bundestag elections is increasing.

The FDP's programme is characterised by liberal ideology and economic views. One of the party's economic priorities is to minimise state interference in the economy. In the field of foreign policy, the FDP is pro-American and advocates a stronger role for international organisations.

Alliance 90/The Greens – the SPD's traditional coalition partner. The two parties co-formed the federal government before 2005. Its programme is based on two pillars: environmental protection and welfare. The Greens support the policy of integrating migrants (a politician of Turkish origin is one of the party's leaders) and are committed to defending their rights. The greens co-lead the local governments in Bremen and Hamburg. The Greens found themselves in a difficult situation when Joschka Fischer, the charismatic former German foreign minister with a massive influence on the Greens' programme line, withdrew from active political life in 2005, and when the party went into opposition. Last year's election of Cem Özdemir as the party leader signals that the Greens are opening up to the younger generation of politicians. Their poor poll showings (currently around 10%) are due to the fact that the party has lacked a distinctive programme and strong leadership.



Centre for Eastern Studies

Koszykowa 6A,

00-564 Warszawa

e-mail: info@osw.waw.pl

The Centre for Eastern Studies (CES) was established in 1990. CES is financed from the budget.

The Centre monitors and analyses the political, economic and social situation in Russia, Central and Eastern European countries, the Balkans, the Caucasus and the Central Asia.

CES focuses on the key political, economic and security issues, such as internal situations and stability of the mentioned countries, the systems of power, relations between political centres, foreign policies, issues related to NATO and EU enlargement, energy supply security, existing and potential conflicts, among other issues.

© Copyright by OSW

Editors:

Adam Eberhardt

Anna Łabuszewska,

Katarzyna Kazimierska

Co-operation: Jim Todd

DTP: Wojciech Mańkowski