

## EVENT REPORT

### BÖLL Lunch debates Reconnecting Europe II

## Europe in Suspense: The German Coalition Thriller Continues<sup>1</sup>

*The grand coalition which had governed Germany for four years suffered serious losses in the parliamentary election of 24 September 2017. Finally, almost five long months later, a new grand coalition seems to be in the making, though its fate still depends on the result of an SPD membership ballot to be announced on 4 March<sup>2</sup>. This is an outcome nobody really wanted, neither the voters nor either of the coalition partners. Yet, after the formation of a 'Jamaica Coalition' with Christian Democrats, Greens and Liberals failed, the only other option were new elections, something even less wanted by anyone, apart from the new, flourishing right-wing Alternative für Deutschland (AfD) and possibly the regenerated liberal Party FDP who blew up the Jamaica negotiations. While for Germany a new edition of the grand coalition, i.e. a coalition of the losers of the 2017 election, might mean more of the same and could lead to more frustration among the voters and a growth of right-wing populism, what does it mean for a European Union, so badly in need of strong, courageous leadership and a clear vision? Is the achieved coalition agreement really good news for Europe, as many opinion leaders seem to think? Can the 'French-German motor', a driving force behind European progress in former times, or even the 'Weimar Triangle' -as mentioned in the coalition agreement- be revived? Is that what other Member States really want? Or is it rather what they fear? What will be the impact of the 'Schulz factor'? The former president of the European Parliament, designated to be the new Minister for Foreign Affairs who prematurely already had announced a 'new dawn for Europe', had to abandon his political ambitions on Carnival Friday. After he had categorically ruled out a new grand coalition before the election, for many party members his key position in the new government was unacceptable. Will Schulz's atonement be enough to appease the social democratic rank and file, allowing a broad approval of the coalition agreement? Can Merkel contain the discontent among the Christian Democrats? Might there even be new elections in case everything collapses? Will a new German government be stable enough to play a leading role in Europe? Or will Macron have to drag Europe out of the mire all by himself?*

### The State of the German party landscape

After its worst electoral results since WWII and months around the negotiation table, the German social democratic Party (SPD) finally wants to commit to an irrational marriage of convenience. At the beginning former President of the European Parliament Martin Schulz promised to not go for another 'Groko' (grand coalition) and to never govern in a coalition with Angela Merkel; in the

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<sup>1</sup> The event took place on 28 February 2018. The panelists were **Adam Balcer**, Foreign Policy Project Manager WiseEurope, Warsaw, **Reinhard Bütikofer**, Member of the European Parliament, Group of the Greens/European Free Alliance, **Judy Dempsey**, nonresident senior fellow at Carnegie Europe and editor in chief of the Strategic Europe blog, and **Anne Gellinek**, Head ZDF Studio Brussels. The debate was moderated by **Klaus Linsenmeier**, Director of the Heinrich Böll Stiftung European Union.

<sup>2</sup> The majority voted in favour.

end he broke both promises. It cost him his political career: he had to abandon his ambition to become the minister of foreign affairs in the new coalition and also resigned as party leader. Now the SPD leadership is struggling to find another high-profile individual to get the ministerial job. The most high profile – but unpopular – leader they have is the current Mayor of Hamburg and former Federal Minister of Labour and Social Affairs Olaf Scholz, who, however, is set to become the next finance minister.<sup>3</sup> Aside from compromising with Merkel in order to have a government at any cost; the SPD will have to imagine new political and ideological dynamics to avoid the further disintegration of the party, which keeps plummeting in the opinion polls.

After the disappointing election results, the Christian-democrat CDU is not in very good shape either. It is under pressure of its Bavarian ally –the conservative CSU– that, because of its disastrous election results in the general election, has hardened its rhetoric ahead of regional elections later in 2018. Even among CDU leaders, dissident voices are starting to challenge Angela Merkel's supremacy for being too centrist. After her twelve-year reign, the CDU apparatus has to get on with the difficult task of Merkel's succession. This is another reason why they could not give up the idea of a renewed Grand Coalition and made a great many concessions to the social-democrats. Merkel, in the current situation, is still their only card to play.

The 'bright side' of all of this is that the other parties don't look too good either. The Alternative für Deutschland (AfD), despite of being the biggest opposition party in Bundestag, has so far not convinced as an institutionalised political player. For their part, the liberals of the Freie Demokratische Partei (FDP) successfully failed to negotiate an innovative 'Jamaica Coalition' together with the Greens and the CDU/CSU. After selling themselves as a young, pro-business, anti-establishment party under the leadership of Christian Lindner in their successful election campaign, it was too early for them to enter a government. Die Linke performed quite well in the election but remained low key; the radical-left party is seeking its own way between a 'nationalistic melancholism' and the anti-conformist path taken by the pro-federalist former Greek Minister of Finance Yánis Varoufákis. The Greens, with a dynamic and renewed leadership, seem to position themselves in a constructive opposition stance.

### **Europe no priority for 'Groko'**

The Coalition Agreement is rather vague about the European project; one might say that it is more of a collection of titles that can be interpreted differently depending on whether you belong to the CDU or the SPD. Yet, however limited its content may be, it was meant to be positive and to respond to Macron's enthusiasm. The coalition partners seem to agree on a eurozone reform, a European finance minister, the European Stability Mechanism (ESM), harmonisation of taxes and more payments to the EU budget, but without setting out any meaningful policy direction. If some topics as the Banking Union or budgetary rules aren't mentioned, it is probably because they could not agree on it. During the coalition talks CDU and SPD fought on many domestic matters, but never on Europe.

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<sup>3</sup> In the end the job went to former Minister of Justice Heiko Maas.

Yet, Europe is at a turning point; the European Union doesn't seem to work with 28, soon 27 members. It is increasingly difficult to determine common policies as the EU is split into factions of Member States with diverging interests (Visegrád, Northern countries, Mediterranean countries – the 'former 'PIGS'). Macron, through his project for the eurozone, is pushing for the idea of a 'core' Europe. This idea of concentric circles of integration is widely rejected among the eastern members; if the eurozone becomes the 'new EU' they will have to join the eurozone, which most of them do not want to. The SPD might be keen to support Macron's project, Merkel is sceptical. She resists the idea of a differentiated integration probably because it would detach Germany from its industrial backyard. SPD negotiators finally made a big concession to the CDU by nominating Scholz as finance minister; he is a conservative social-democrat, not opposed to austerity measures and sceptical towards a transfer Union.

The coalition deal is also very poor in terms of foreign policy provisions. The recent agreement on the Defence Pact (PESCO) and uncertainties about the American commitment to NATO are challenging the historical German reluctance to have an operational army. It will oblige the incoming government to make a choice on the Bundeswehr's role, and beyond that on Germany's role in the world: keep up with the soft power tradition or make a move toward an integrated defence policy.

The EU, after facing and surviving multiple crises, has now an opportunity to reform. But operational and willing governments will be needed to do so (Europe's electoral marathon is not over: Italy's ahead<sup>4</sup>). A policy direction set out by Germany would be welcome and necessary.

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<sup>4</sup> The results of 4 March were not very helpful in this regard.