

Germany: SPD and union parties prepare for grand coalition

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Ten days after the German national elections, it appears that a grand coalition of the conservative parties—the Christian Democratic Union (CDU) and Christian Social Union (CSU)—with the Social Democratic Party (SPD) is emerging in Berlin. Prominent representatives of all three parties have spoken in favor of such a solution.

On Sunday evening, Chancellor Gerhard Schröder (SPD) argued on German television for an alliance between the Union parties and the SPD. “I am in favor of this coalition coming into effect. I will do everything to ensure that it comes into effect,” he said.

On Monday, the chairman of the CDU and its candidate for chancellor, Angela Merkel, submitted three points which she called conditions for beginning coalition negotiations with the SPD. At the same time, the CSU chairman, Edmund Stoiber, expressed his own ideas in the *Bild* newspaper concerning the programmatic content of a grand coalition government.

Stoiber, who left it unclear whether he intended to remain prime minister in the state of Bavaria or go to Berlin as a cabinet member, is now ready to take up a ministerial post in a grand coalition, according to sources in Munich.

The question of who should be chancellor in a grand coalition is still in dispute. The CDU and CSU, which following the elections to the federal parliament (Bundestag) will have three more seats than the SPD, insist that Merkel take over the post. Acknowledgment of their right to the chancellorship is one of the three conditions which Merkel laid down as the basis for coalition negotiations.

This issue is of considerable importance since, according to the German constitution, the chancellor has the right to determine policy. The chancellor is not bound by cabinet decisions and can lay down policy guidelines to the other members of his cabinet.

The SPD has so far insisted that Schröder remain chancellor. Schröder’s statement, however, that he would do “everything” to ensure that a grand coalition comes into being, is regarded as an indication that he is gradually shifting from his demand to retain the chancellorship. Schröder declared on television that he was confident that the controversy over the chancellorship would be solved, “naturally only when it is clear that they really want to agree.”

Over the weekend, the SPD raised the possibility of a so-called Israeli solution whereby Schröder, after the model of Shimon Peres (Labor Party) and Yitzhak Shamir (Likud), would hold the post of chancellor for two years or 18 months and then hand it over to Merkel. However, this alternative was rejected by the Union parties.

It is expected that the commencement of coalition negotiations, including the chancellorship issue, will take place after a by-election due to take place this Sunday in the city of Dresden. Arithmetically there is a possibility that the SPD could draw even with the union parties as a result of the Dresden vote, with both parties having the same number of deputies in the Bundestag. However, based on opinion polls and the views of political commentators, such a landslide victory for the SPD in Dresden is highly unlikely.

The past week in Berlin has been dominated by wheeling and dealing which the media have described as political poker. Rumors about possible coalitions have emerged on an hourly basis. At the same time, the players have made sure their hands were covered and one could only speculate who was holding the best hand and who was bluffing.

Schröder has vehemently defended his claim to the chancellorship on the evening of the election. However, since both the SPD and the Greens excluded any cooperation with the recently formed Left Party, and the Free Democratic Party (FDP) rejected a coalition with the SPD and the Greens, it soon became clear that neither the Union parties together with the FDP, nor the SPD and the Greens, had a large enough majority to form a government.

The SPD nevertheless insisted that Schröder remain chancellor and justified this claim with the fact that Merkel had received only 45 percent of the vote (the total vote for the CDU, CSU and FDP). The SPD was hoping that the FDP would back down on its refusal to join a coalition headed by it, or, alternatively, the CSU and CDU would distance themselves from Merkel, who was widely seen as responsible for the Union parties’ disappointing election result. In the event, neither of these developments took place.

In the election campaign, the chairman of the FDP, Guido Westerwelle, had clearly committed himself to an alliance with the Union parties. A change of position would have undoubtedly cost him his post and led to internal bloodletting which would have threatened the very survival of the party. This was even more the case because the FDP owed its relatively good election result to the fact that many CDU supporters had voted FDP precisely to prevent a grand coalition and the return of the SPD to government.

In its fifty-year history, the FDP has already changed sides twice—in 1969, when, after three years in opposition, it formed a coalition with the SPD, and in 1982, when it switched over to the Union parties and helped propel CDU leader Helmut Kohl to power. On both occasions the result was deep internal divisions which threatened the future of the party.

Following Schröder’s attacks on Merkel, the CDU closed ranks around its chairman. The state prime ministers, who represent the real power base of the party and are notorious rivals of Merkel, felt obliged to publicly defend the Union parties’ (and thus Merkel’s) claim to the chancellorship. The prime minister of Lower Saxony, Christian Wulff, who, together with his Hessian colleague Roland Koch, is regarded as a possible replacement for Merkel in the leadership of a grand coalition, went so far as to declare that under no circumstances would he take up the post of chancellor.

The Bavarian sister party of the CDU, the CSU, which was particularly loud in its criticism of Merkel’s election campaign, also remained steadfast over the issue of the union parties’ claim to the chancellorship.

Merkel received additional support from the Greens, who rejected any revival of an SPD-Green Party coalition. This was signaled by Joschka Fischer’s public statement renouncing all leadership posts in the party and

its parliamentary faction.

The Greens have also publicly attacked Schröder's claim to the chancellorship. Last weekend, the chairman of the party, Reinhard Bütikofer, told the *Frankfurter Allgemeine Sonntagszeitung*: "[T]he chancellor post will probably be filled by the Union. I regard it as impossible for Gerhard Schröder to realize his personal claim to power."

By taking part in the plans and discussions over a black-yellow-green (Union parties-FDP-Green Party) coalition, the Greens considerably strengthened Merkel's negotiating position against the SPD. At present, it is difficult to sell such a coalition to the membership of either the Greens or the Union parties. But the Green leadership left no doubt that their plans were to form such coalitions in the future on a state and federal level. If the current negotiations over a grand coalition should founder, these plans could be quickly revived.

If one leaves aside the personal and party tactical interests, plots and power struggles, there remains a political significance to Schröder's attempt to prevent Merkel from becoming chancellor.

The election result of September 18 revealed the profound gulf between the majority of the population and the entire political elite. Two programs were on offer—the SPD-Green Agenda 2010 and the union and FDP's "Agenda Plus." The two differed only in nuances. However, conflicts between the camps intensified in the heat of the election campaign.

The election propaganda of the SPD shifted to the left, that of the CDU to the right. "In the end," according to *Die Zeit*, "voters had only a choice between an Agenda minus (SPD) and an Agenda plus (the Union parties)."

The Left Party, which openly opposed Agenda 2010, won 9 percent of the vote and entered parliament, the Union parties suffered a devastating defeat, and the SPD was only able to make a slight recovery because many regarded it as the "lesser evil." Voters decisively rejected the policy of welfare cuts and "free market" reforms which forms the content of all the various "agendas." That is the reason for the stalemate between Schröder and Merkel which makes the formation of a new government so difficult.

From the standpoint of the ruling elite, the new government must fulfill two conditions. It must resolutely press ahead with the "necessary reforms"—as business lobbies, politicians of every shade and the media never tire of stressing. This means the government must be stable enough to carry out an unpopular policy which has just been decisively rebuffed by the voters. And it must be able to fulfill this task without provoking open resistance and a social rebellion.

With regard to the second condition, the ruling elite has severe reservations regarding Merkel. After all, within the space of a three-month election campaign she managed to squander a seemingly impregnable lead of 22 percent over the SPD. What happens if she performs so clumsily as head of government? These fears are shared by many in the leadership of the Union parties. Schröder's attempt to prevent Merkel becoming chancellor no doubt met with the secret approval of some of these forces.

In the meantime, another solution seems to be emerging. Merkel will become chancellor of a grand coalition, but she will be surrounded by influential politicians from the ranks of the state prime ministers whose job will be to keep her under control.

This is behind Stoiber's decision to go to Berlin as a cabinet minister. According to the *Süddeutsche Zeitung*, reporting from the CSU headquarters, a grand coalition must be represented at the cabinet level "with the best heads from both sides." The Baden-Württemberg prime minister, Guenther Oettinger (CDU), made the same point. "A good government boss not only tolerates competent personalities, but promotes strong ministers," he told the *Stuttgarter Zeitung*.

At the same time, the *Süddeutsche Zeitung* reported on violent criticism of Merkel from inside the CSU. The union parties must revise the "neo-liberal direction" and be "more than a blown up FDP," the newspaper

said, quoting CSU sources.

The government program of a grand coalition of prime ministers has been worked out and tested practically for some time. In the last years of the Schröder government, numerous decisions on new laws were made by mediation committees representing a de facto coalition with the Union parties, which controlled the upper house of parliament. Both the health reform package and a majority of the anti-welfare Hartz laws were supported by the Union parties in this way.

In addition, individual prime ministers established their own close forms of cooperation. The Hesse prime minister, Roland Koch (CDU), and his social democratic counterpart at the time in North Rhine-Westphalia, Peer Steinbrück, drew up a joint list of tax subsidies to be abolished—a measure which could now be implemented by an official grand coalition. Both men are considered candidates for ministerial posts.

Bavarian Prime Minister Edmund Stoiber and the SPD chairman, Franz Müntefering, jointly headed the federalism commission, which had the task of organizing relations between the federal government and Germany's powerful states. Both men enjoyed a smooth working relationship. The implementation of their joint plans failed only because of the early Bundestag election.

Stoiber has called the federalism reform the "mother of all reforms" and the "first large project" that must be tackled by a grand coalition. In addition, he has urged drastic austerity measures. "A grand coalition must rapidly tackle the major problems. Otherwise it will lack legitimacy," he told the *Bild* newspaper. The formation of a government must be completed in October. In a list of "most urgent tasks" he included setting a "reasonable federal budget for 2006."

Meanwhile, representatives of the right wing of the SPD, who already enjoy good relations with the Union parties, have stepped up to the plate: Wolfgang Clement, who as minister of economics and labor bears the main responsibility for the Hartz IV measures; Peer Steinbrück, who spectacularly lost the state election in North Rhine-Westphalia in May this year; and minister of the interior Otto Schily, who gets on well with his possible successor, the CSU extreme right-winger Gunther Beckstein.

All these figures are regarded as loyal supporters of Schröder. Whether Schröder himself is content to take a place in the second row behind Merkel remains questionable. His participation or resignation, however, would do little to change the character of such a grand coalition.

A grand coalition, in the form now contemplated by prominent representatives of the Union parties and SPD, would amount to a conspiracy against the working population. It would transfer the close cooperation between the major parties, which was already in force in the mediation committee and other committees, to the Bundestag as a whole, and largely exclude any effective opposition. It would implement a policy which was rejected on September 18 by a large majority of the electorate.



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