

The agreement which divides. Germany's coalition agreement

Porozumienie, które dzieli. Niemiecka umowa koalicyjna, Kamil Frymark, Justyna Gotkowska

The signing of the coalition agreement between the Christian Democrats and Social Democrats was intended to bring an end to the political crisis in Germany which has been ongoing since the elections to the Bundestag. Meanwhile, the content of the agreement and the initial appointments to the ministries have made the situation even worse; the leaderships of the CDU and the SPD have both been criticised by their memberships. Voices within the CDU have called for the rejuvenation of the party, and the SPD has launched a brutal struggle for the leadership. In such circumstances, even if a grand coalition does succeed in forming a government, it may prove to be unstable, and could face great difficulties implementing the goals of the coalition agreement. These are not very ambitious, and mainly come down to ensuring domestic stability, enjoying the fruits of Germany's economic growth, and avoiding any potentially unpopular reforms. Currently, despite the signing of the agreement between the CDU, CSU and SPD, the biggest challenge is the creation of a government and the swearing-in of a new Chancellor. This is uncertain as the creation of the coalition will be decided by the membership of the SPD in an individual vote.

Uncertainty about the coalition

Immediately after signing the agreement to form a coalition on 7 February, activists within the CDU began to accuse Angela Merkel of having made too many concessions to the SPD's demands, of allocating them too many government departments, including the important Ministry of Finance, and finally of not putting forward younger members and activists from eastern Germany among the candidates for the ministries. As a result of this pressure, Merkel has announced that during the party conference on 26 February she will present new candidates for the ministries, thus taking into account the demands to rejuvenate the party's image. Meanwhile the leader of the SPD, Martin Schulz, who was to have become foreign minister, has been attacked for repeatedly breaking his promises. Before and after the elections, he had said that he would not agree to the creation of a grand coalition and that he would not be a minister in a cabinet led by the current Chancellor. Schulz has since withdrawn his candidacy for the foreign ministry. He had previously also announced his resignation as party leader in favour of Andrea Nahles, who is the leader of the SPD in the Bundestag in the current term, and represents the left wing of the party.

Despite these concessions, the formation of a grand coalition is not a foregone conclusion. This will be decided by an individual vote of SPD members by 2 March. Their support for the creation of a grand coalition is not guaranteed because the party's base is concerned that this could lead to the further erosion of the Social Democrats' position. The situation has also been complicated by the post-Schulz fight for power; some activists (including local party management committees from Berlin, Sachsen-Anhalt and Schleswig-Holstein) have called into question the way Nahles came to power. They have demanded the appointment of one of Schulz's deputies, Olaf Scholz, to the post of interim chairman of the party (Nahles was not a deputy leader) and the election of a new party leader at a convention of the party. This has promoted a sense of disorganisation within the party, and has made it more difficult to get SPD members to accept the coalition agreement.

Another section of the Christian Democrats, in turn, has expressed concern that despite their worst electoral result since World War II, and thus far weaker representation in the Bundestag than the CDU/CSU, the SPD could obtain greater influence in the next government than they had in the previous term of office. One expression of this is their proposal that the position of the finance minister be filled by their candidate. This is a post of key importance in both European and domestic politics. The Social Democrats want their government departments to have a total budget of €683 billion over a four-year period, while the Christian Democrats wish to spend only €358 billion. The SPD has also managed to include social demands concerning the labour market and health care, which are very important to it, in the coalition agreement. Merkel has agreed to strengthen the SPD as she is worried about the result of the party members' vote, and wants to avoid early general elections, which will become inevitable if the coalition talks fail. The Chancellor's overriding aim has been to devise a plan of action for the future government which would ensure public stability for the next few years and create the right conditions for her replacement as head of the CDU to proceed in an efficient manner, as she is presumably entering her last parliamentary term. The chaos in the SPD and the uncertainty of the result of the party members' vote on the formation of the coalition has undermined Merkel's narrative that the grand coalition would mean more political stability than, for example, a minority government.

Domestic security above all

If, despite these disturbances, a CDU/CSU-SPD cabinet does arise, it would be a government disposed towards avoiding any great reforms and increasing German citizens' sense of security. In accordance with the coalition agreement, in domestic politics this would mean the creation of additional jobs in the police force and the standardisation of procedures for dealing with terrorist threats. In migration policy, there would be an annual limit on the number of refugees admitted (between 180,000 and 220,000), while still ensuring that the constitutional right to asylum is inviolable; in addition, there will be an affirmation of efficient procedures for examining asylum applications, increased efforts at integration, and additional money for local authorities to cover the costs of accommodating the migrants. The potential coalition partners want to avoid any debate on domestic problems related to the refugees and migrants located in Germany (such as the question of their integration, the labour market, the burden on the budget, security matters) which could strengthen the AfD.

They have indicated that a key role in managing the migration crisis will be played by Turkey, as well as a common EU asylum policy and the containment of migration from Africa.

Enjoying the fruits of economic growth

There is also no sign that the potential government has any desire to introduce major reforms in the field of the economy. In 2017, Germany's economy grew at a rate of 2.2%. Based on current projections, the government expects that GDP will increase this year by 2.4%, an increase of the estimate by 1 percentage point compared to the predictions made in autumn. For this reason the government is focused on maintaining a pro-export model for the economy, and on enjoying the fruits of the country's economic growth. In the field of the economy, the coalition's priorities will include: improving living conditions through increased social spending for families (€12 billion over four years), a tax cut (€10 billion), and investments in digital infrastructure in the regions (€12 billion), in science and education (€6 billion) and social housing (€4 billion). The only relevant element of investment in improving the economy's prospects is the decision to invest additional resources in the development of telecommunications networks in the regions. In terms of access to broadband networks, Germany is only in eighth place in the OECD, and only 28th in terms of optical fibre networks.

Nor should significant changes be expected in energy policy. Currently Germany is not meeting its internal objectives for reducing greenhouse gas emissions at the intended pace (by 40% until 2020), or the European goals of increasing the share of renewable energy sources in transport and heating, and Berlin is being threatened with fines for its failure to comply with these targets. Despite this, the coalition partners have not set a deadline to turn off the coal-burning plants, which was the subject of strong disputes during the coalition negotiations between the Christian Democrats, the FDP and the Greens. Due to the disputes between the CDU and the SPD, the current coalition agreement does not contain any mention of the Nord Stream pipeline 2. The Social Democrats' stronger position during the allocation of the ministerial briefs indicates that Berlin will continue to promote this project.

Vague announcements of EU reforms

The coalition agreement emphasises European policy, which is leading a coalition document for the first time. This is an attempt to respond to demands for reforms to the EU made by the French President Emmanuel Macron, and also represents a desire to highlight European policy at the expense of domestic issues. This part of the agreement (which principally represents the demands of the SPD) is intended to convince rank-and-file Social Democrat members to favour a new coalition. At the same time, the text concerning essential points of European policy is vague, and leaves the coalition partners with room for manoeuvre. While retaining the decisive voice in European politics, the Chancellor will seek to weaken France's demands for reforms to the EU (primarily the euro), the reasons for which include reducing the role of the Bundestag in the decision-making process of European policy, as well as introducing financial transfers between the member states of the monetary union. At the same time, the Social Democrats are advocates of deeper reforms; through the synergy of the activities of the Foreign and Finance Ministries, they will

be co-creators of the government's European policy to a greater extent than before. This may lead to conflicts within the framework of a possible grand coalition, and slow down the creation of a joint German-French programme for reform. As has been the custom, the coalition agreement contains a paragraph concerning Germany's second biggest neighbour, Poland; like previous government programmes, this contains a ritual announcement of deepening cooperation, and gives broad scope for interpreting the words "a shared responsibility for Europe". A new element in the coalition agreement is the repeated reference to the principle of the rule of law in the EU, and a more consistent enforcement of it.

There is a consensus in Germany on the most important directions of foreign policy. This is reflected in the acceptance of many of the elements of the previous coalition agreement. For the first time, the document mentions support for Ukraine; the parties have undertaken to further financial help to Kiev on condition that the government there consistently implements reforms (especially the fight against corruption). At the same time, they have promised to participate in the reconstruction of the Donbas in the event of an end to the conflict. In the section on Russia, in addition to the traditional emphasis on the importance of bilateral relations (the announcement of additional financial support for programmes including the St. Petersburg Dialogue, a show institution simulating dialogue between communities but which is *de facto* controlled by Moscow), much attention is paid to the need to implement the Minsk agreement. The coalition programme provides for the gradual abolition of sanctions if the Minsk agreement is gradually implemented.

Defence is not a priority

The emphasis on European politics is also reflected in the arrangements for security policy. The coalition's aim is to strengthen the EU's common security and defence policy, through further supporting all the initiatives adopted in 2017 – Permanent Structured Cooperation (PESCO), the European Defence Fund (EDF), and the coordinated annual review on defence (CARD). The coalition has furthermore announced its commitment to appointing an appropriately staffed EU headquarters for civil and military operations. In addition, the new government would like to start a similar initiative to PESCO in order to strengthen the EU's civil crisis management.

In parallel, meanwhile, the coalition agreement highlights the trans-Atlantic embedding of German security policy in NATO, as well as the need for dialogue with Washington in the face of the political changes taking place in the United States. If the grand coalition is agreed, the new government will continue the existing two-tier strategy within the Alliance. On the one hand, Germany will be (moderately) engaged in collective defence activities, and the Bundeswehr's priority will be to build up its own capabilities in this field. Also, the new coalition will not demand the withdrawal of US nuclear weapons from Germany as long as NATO remains a nuclear alliance. On the other hand, it will continue to call for NATO to open up to dialogue with Russia and will push for new nuclear and conventional arms control initiatives. Because Germany is applying for a non-permanent seat in the UN Security Council in 2019-20, an increase in the German contribution to the UN peacekeeping missions has been announced.

France, the Netherlands and Norway are named as the country's priority military partners in the new coalition agreement. Cooperation with France is seen through the prism of cooperation in the defence industry; in 2017 both countries established an ambitious cooperation programme for next-generation systems, including tanks, artillery systems and multifunctional aircraft. Norway is considered a priority partner for Germany in the development of the navy, for reasons including the joint purchase of German submarines. Meanwhile the Netherlands is a principal partner of the German land forces, resulting in the affiliation of two of the three Dutch brigades to the German command structure.

Security and defence policy is not a priority in Berlin, as demonstrated by the plans for military spending. The new coalition will stick to the agreement from 2017, according to which the German defence budget for the years 2017-21 will be gradually increased from €37 billion in 2017 to €42.29 billion in 2021. According to the new coalition agreement, any additional increase in expenditure will depend on the budgetary situation, and will be linked to a parallel increase in official development assistance. Despite the increase in German defence expenditure, by 2021 this will fluctuate around 1.3% of GDP, which is insufficient for the Bundeswehr's needs, and significantly below NATO's requirements (2% of GDP by 2024).

The political consequences of the crisis

The prolonged process of creating a government has harmed all the possible coalition partners, the SPD to the greatest extent. This party, while still the second force on the German political spectrum, received the support of only 16.5% of the voters in a poll conducted by INSA on 12 February. This is only 1.5 percentage points above the third strongest party in Germany, the AfD (15%). The CDU still leads the polls (29.5%). Support for the Greens runs at 13%, for the post-Communist Linke at 11.5%, and the liberal FDP at 10.5%.

The results of the polls and the lack of enthusiasm for a coalition among both the Christian Democrats and, first and foremost, the Social Democrats, may mean that even if a grand coalition government is created, it may not survive its entire term of office, the more so as the government will, unlike before, be under attack from both the right (the AfD) and the left side of the political spectrum (die Linke, the Greens).