

# WHEN NOTHING'S CERTAIN ANYTHING CAN HAPPEN.

## WILL THE GRAND COALITION SURVIVE? OUR ASSESSMENT.

### WHAT IS THE CURRENT STATUS QUO?

Germany has been governed by the **third grand coalition** led by Angela Merkel since March 2018. The upcoming **half-time review** of the coalition's work is an entirely **new phenomenon** in the history of the Federal Republic. The final chapter of the coalition agreement states:

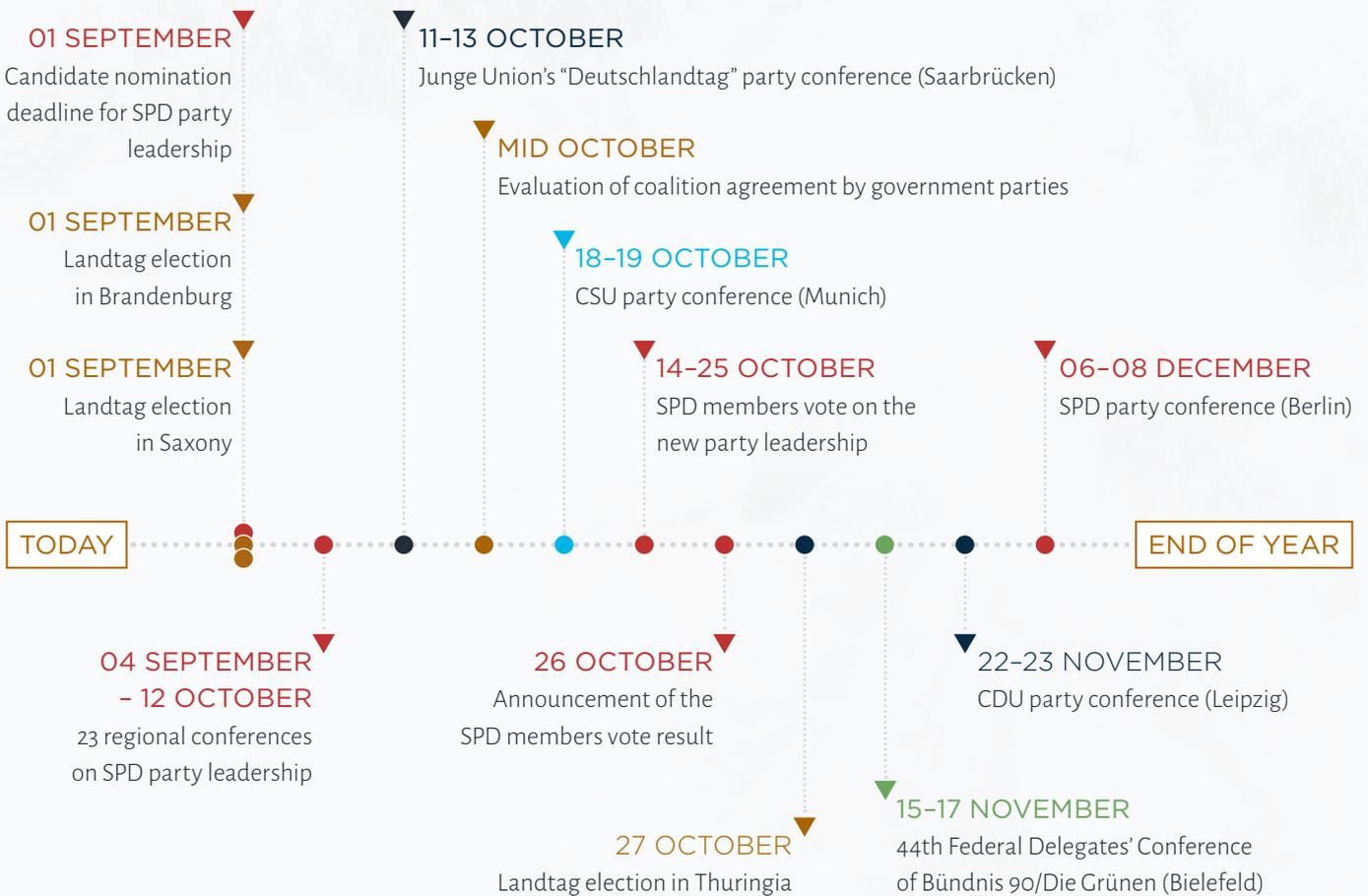
*Evaluation: Halfway through the legislative period a review of the coalition agreement will take place to assess the extent to which its provisions have been implemented and whether revisions are necessary in light of recent developments.*

Especially bearing in mind recent **frictions** between and within the coalition parties – including party leadership changes in all three of the parties – the grand coalition opponents are hoping that this particular clause will help them to **break apart the coalition**.

The situation is potentially explosive as a result of the **SPD leadership vacuum**, the upcoming **Landtag elections in eastern Germany** and the associated projections of (severe) **losses for the CDU and the SPD**. There are many possible outcomes and speculation is rife in the Berlin political community as to what we can expect in autumn 2019. But how much of that speculation is simply rumour-mongering, and how much is actually feasible, possible – and constitutional?

We have compiled a timeframe with various scenarios and the outlooks of the parliamentary parties represented in the Bundestag. Only one thing is certain right now, in August 2019: **anything could happen** – and we may be seeing a lot of changes over the coming months.

### WHAT LIES AHEAD?



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## WHAT ARE THE POSSIBLE SCENARIOS?

### The grand coalition continues to govern the country until the end of the current legislative period

Despite losing parliamentary seats at the three autumn Landtag elections in eastern Germany there is no majority in the CDU and CSU, or at the SPD party conference, for the dissolution of the

government coalition. The **CDU/CSU-SPD government** remains in place until the **end of the legislative period in 2021**.

### The end of the grand coalition and the formation of a 'Jamaica coalition' (CDU/CSU, FDP and Die Grünen) with Angela Merkel at the helm

Angela Merkel was elected as Federal Chancellor in accordance with Art. 63 of the German Basic Law. Even if the government coalition breaks up, she remains in office. In the function of Federal Chancellor, Merkel can attempt to form an **alternative majority government** with **Bündnis 90/Die Grünen** and the **FDP**.

Opposition MPs can only end Merkel's chancellorship by tabling a motion for a vote of no confidence. Mindful of the problems experienced in the time of the Weimar Constitution, Art. 67 of

the Basic Law only permits a **constructive vote of no confidence**. In other words, a so-called 'chancellor majority' (the majority of the members of the Bundestag) has to elect a **new chancellor** before the Federal President can be requested to remove the old chancellor from office. There has only been one such constructive vote of no confidence in the constitutional history of the Federal Republic when Helmut Schmidt was replaced by Helmut Kohl in 1982. It seems highly unlikely at this time that a 'chancellor majority' will be achieved.

### The end of the grand coalition and Angela Merkel heading a minority government

If the grand coalition is dissolved and negotiations to form a 'Jamaica coalition' fail, Angela Merkel may decide to remain in place as chancellor until the end of the legislative period with a **CDU/CSU minority** government. There is no need for the German Bundestag to provide confirmation of office. A minority government

would make **variable majorities** necessary in the Bundestag. However, it seems highly unlikely that a majority will be found for the coming years' budgets unless the SPD decides to **tolerate** such a minority government.

### Angela Merkel's resignation

If Angela Merkel resigns, she will initially be required under Art. 69 of the Basic Law **to continue managing the affairs of the office of Federal Chancellor** until a successor is appointed. She will only be exempted from this obligation if it is **unreasonable** to expect her to carry it out. This has only happened once, in 1974, when Federal President Heinemann asked Vice-Chancellor Walter Scheel to manage the official business of the government after Willy Brandt's resignation. One point of contention relating to constitutional law is whether the Federal President is restricted in her or his **discretionary appointment** of an interim head of

government to the **vice-chancellor** in the event that the Federal Chancellor is unable to perform her or his duties, or whether she or he can appoint **any federal minister**. Any appointment of **Annegret Kramp-Karrenbauer** (CDU) as **acting chancellor** rather than **Olaf Scholz** (SPD) could result in the **opposition** filing a constitutional complaint with the **Federal Constitutional Court**. Another politically sensitive fact is that, although he has suspended his membership for the time being to distance himself from party politics, Federal President Steinmeier is a longstanding member of the SPD party.

### End of the grand coalition and a new election

If Chancellor Merkel reaches the conclusion that it is impossible to form an **effective government**, she can only call a new election by tabling a **vote of confidence** motion according to Art. 68 of the Basic Law. If the Federal Chancellor's motion for a vote of confidence is not supported by the majority of Bundestag members, the Federal President can **dissolve the Bundestag** upon

the proposal of the Federal Chancellor. The Basic Law explicitly provides for the **Federal President's discretionary judgement**, so it is theoretically feasible that Federal President Steinmeier will **reject the proposal** to dissolve the Bundestag. That is certainly a possibility, especially if CDU, FDP and Bündnis 90/Die Grünen have not held new talks beforehand.



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### CDU/CSU

If the grand coalition ends and an **election** is called, **Annegrit Kramp-Karrenbauer cannot** expect to be a firm **CDU/CSU chancellorship candidate**. The **factional dispute that broke out in the CDU** after her appointment as party chairperson in December 2018 has still not been resolved.

The **conservative** and **business wings** of the party believe that the CDU's current weak performance in the opinion polls is primarily due to the rejection of the party's current manifesto by formerly loyal voters during the Merkel years. They are calling for some clear **changes** in terms of both content and personnel.

As a result of the party leadership battle being a very close call and in light of Kramp-Karrenbauer's poll results, a **large contingent** that shouldn't be underestimated has come out in support of **Merz's candidacy**.

Whereas **Kramp-Karrenbauer** will be attempting to use her involvement in foreign policy in her new role as Defence Minister

to **raise her profile** as a future **chancellor candidate**, **Merz** will focus on delivering targeted criticism from the sidelines in order to establish himself as a **credible alternative** to the party leadership's existing line.

North Rhine-Westphalian Minister President **Armin Laschet** is another man to watch. He regularly contributes to federal policy debates and has already said several times that the **chancellor candidate** does not necessarily have to be the **party chairman**.

It also is not yet clear how the CDU and CSU intend to **approach** the issue of jointly **deciding** who their **chancellor candidate** will be. The issue of deciding upon a chancellor candidate by way of a **baseline poll** has been under discussion for several months now. It is possible that a motion for a baseline poll will find a majority at the Junge Union's Deutschlandtag, the CDU youth organisation's party conference, in October. This could trigger an **internal debate** that puts pressure on the party leadership to actively involve grass-roots members in the selection of the chancellor candidate.

### SPD

The SPD faces a double dilemma. It has been **without leadership** since Andrea Nahles' resignation in June. Firstly, the **new leader** won't be formally appointed until the **party conference in December** after a membership poll at the end of October. Secondly, the **leadership vacuum** will be painfully evident after the **Landtag elections** in September and October. The party is at risk of slipping down into single-figure percentages of the vote in Saxony and Thuringia, and the loss of the Minister President position in Brandenburg.

The **dissatisfaction** of the party's **grass-roots** members about joining the grand coalition has been reflected in close **membership polls** since the coalition was formed. The situation has been further exacerbated by the **election losses** in Bavaria, Hesse and Bremen, the nosedive in the national polls and the **personal feuds** in Berlin. It is therefore likely that the leadership candidates' **position on the grand coalition** will be an important – and perhaps decisive – **factor in the decision** for or against a new SPD leader (or leadership duo).

After the Coalition Committee reached agreement on 18 August 2019 on a **joint review** of **government action** and **compliance**

**with the coalition agreement** in mid-October, the SPD will try to introduce new topics and negotiate a **coalition agreement 2.0**. The SPD will then evaluate the mid-term review at its party conference in December.

Members of the **SPD parliamentary group** in the Bundestag will probably be strong proponents of the **grand coalition's continuation**. According to recent polls the **number of SPD MPs** in the Bundestag might potentially be reduced by half if a general election is held. This means that many MPs would be at risk of losing their seats. However, the role of the party members should not be underestimated - the **MPs** would probably **not oppose** their vote for a party leader who is potentially more opposed to the continuation of the GroKo.

If an **election** is called, the search for a new **leadership candidate** will not be any easier. Finance Minister **Olaf Scholz** has already made his interest in a chancellorship candidacy clear. However, it can be assumed that the SPD will also make this decision by way of a **grass-roots vote**. So it seems that the Social Democrats are likely to remain in a **(power)-political vacuum** for the time being.



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### Bündnis 90/Die Grünen

A seamless transition to a coalition between CDU/CSU, FDP and Bündnis 90/Die Grünen, or a CDU/Die Grünen minority government, would be **the least appealing option** for Bündnis 90/Die Grünen, because the party would gain little in the long-term and it has a lot to lose. **Party leader Habeck** said back in June that if the grand coalition fails, an election should be called because the political issues and the political players in all the parties have changed since the general election in 2017. The party's **rise in the polls after the EU elections** has strengthened its negotiating position since the exploratory talks in 2017, and it has nothing to fear if an election is called. In fact, an election might be the better outcome for Bündnis 90/Die Grünen, since a government of CDU/CSU and FDP could **potentially alienate young voters** and provide the SPD and Linkspartei with an angle of attack in the **next election campaign**.

If the Federal President insists on exploratory talks between the CDU/CSU, FDP and Die Grünen, the onus will be on Die Grünen to explain to voters why it doesn't believe a coalition in this constellation will be able to govern effectively until 2021. It will therefore de-

### FDP

According to recent polls the FDP has a **good chance** of gaining more than 5 percent of the votes and returning to parliament in Brandenburg, Saxony and Thuringia – but it will be a close thing, with the polls currently showing support of between 5 and 7 percent. If the FDP **returns to all three state parliaments** – and at the moment it certainly looks that way – it could give the party **a boost in the next Bundestag election**.

The FDP could definitely do with a boost right now. Since the last Bundestag election the Free Democrats have **lost three percent** of the votes. Unlike Die Grünen and AfD, they haven't been able to secure the votes of people who are disgruntled by the grand coalition. This loss of votes is also due to the party's decision not to enter into a coalition with CDU/CSU and Die Grünen.

If Angela Merkel attempts to form an alternative majority **coalition government with Die Grünen and the FDP**, it can be assumed that the **FDP will accept her offer**. Firstly, the party would have a very hard time persuading the public that it had good reason to refuse to join the coalition a second time. The argument it gave at the time of the first refusal – that the parliamentary party needed time to regroup after re-entering the Bundestag – is not valid now that the party has been back in the Bundestag for two years. Lastly,

mand **policy concessions** in return for joining a 'Jamaica coalition' government: **fossil fuel phase-out** well before 2038, concessions in the **agricultural policy reform** or billions of euros of investments in **rail** and **public transport**. A credible basis for Die Grünen's rejection of a coalition with CDU/CSU and FDP would be what it considers to be a **weak package of measures** in the area of climate protection. The majority of all young Die Grünen voters would probably not perceive a rejection of a coalition with the CDU/CSU and FDP as a **refusal to accept political responsibility** and they would not withdraw their support for the party as a result.

Ultimately, the decision may hinge upon the **timing**. If the grand coalition breaks down just before the **party conference in November**, a debate and vote could clarify things. If there is an election, Die Grünen could take more than **50 constituencies** according to current polls. It isn't certain whether the **parliamentary group** in the Bundestag will shift to the left in light of the fact that the district associations in the cities and conurbations tend to be left-wing, or how the many **new party members** will impact the **party profile**.

the FDP could benefit from being part of a government coalition as things stand today because the **'Jamaica coalition' stands for change** and could help the FDP to **regain a larger share of the vote**.

This coalition alliance is also attractive to the FDP from a policy perspective because it **traditionally agrees with the CDU/CSU parliamentary group** on a range of policy issues, including increasing defence spending, abolishing the solidarity tax and various migration issues. There is even fundamental **agreement with Die Grünen** that positive changes are necessary in the policy areas of climate protection, digital transformation and education. However, the FDP and Die Grünen differ considerably on how such changes should be structured and on numerous other issues, generally along the lines of **regulatory policy/regulation vs. innovation policy/deregulation**.

From the FDP's perspective, these points of conflict could perhaps be **resolved** within the framework of a **Jamaica coalition** in the Bundestag's **present constellation**, where it has a 1.8 percentage point lead over Die Grünen. However, it is doubtful that the FDP would be willing to join a **Jamaica coalition** after an **election** that would probably give Bündnis 90/Die Grünen three times more seats in the Bundestag.



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### AfD

The AfD can expect some very **good results** in the **three upcoming Landtag elections** in Saxony, Brandenburg and Thuringia. Polls over recent weeks indicate that the party may gain several direct mandates and is in with a chance of becoming the **strongest force** in all three federal states. The decisive question in the formation of the new state governments will be whether the AfD gains enough of the vote to organise a **political blocking minority**.

### Die Linke

There is speculation about whether the left-wing Die Linke party might, almost unexpectedly, become **a central government player**. The public **statements by leading Social Democrats** in interviews over recent weeks about their willingness to consider a **red-red-green coalition** have given hope to Dietmar Bartsch and his realpolitik colleagues. Another reason for hope is Sahra

Wagenknecht, whose resignation as co-chair of the parliamentary group of Die Linke has considerably **weakened** the position of the **opposition supporters** and fundamentalists. However, Die Linke has adopted a very **passive, wait-and-see attitude**. It is dependent on developments in the other parties and has little influence on policies.

## 365 SHERPAS – PROFILE

365 Sherpas provides **responsible interest representation** on **specific issues**. We are pathfinders and guides – **initiating and supporting change processes** is part of our daily business. The first step is to ask the right questions and the second is to deliver the right answers. We do that on the basis of our excellent **analyses** and bespoke **data** compilations on political issues, debates and stakeholder environments. We deliver **strategies** to effectively resolve political and communicative challenges that are pertinent yet sustainable, sound yet creative. We believe that **active engagement** in place of passive submission is always the right way forward in change processes. This necessitates an **approach** characterised by candour and pragmatism, energy and, on occasions, courage.

## FACTS

**Specialist fields:** Corporate communications, crisis & special situations, representation of interests, change communication, organisational development, campaign consultancy

**Year established:** 2013

**Employees:** Approx. 40

**Branches:** Consumer Goods, Digital/ICT, Retail, Energy, Public Sector, Mobility, Healthcare

**Locations:** Berlin, Brussels, Vienna

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