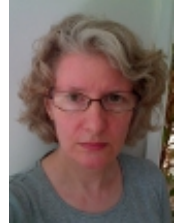


# With a coalition agreement finally reached, Angela Merkel's grand coalition is now in the hands of SPD members

[blogs.lse.ac.uk/europpblog/2013/12/02/with-a-coalition-agreement-finally-reached-angela-merkel-can-now-begin-mobilising-support-around-her-new-government/](http://blogs.lse.ac.uk/europpblog/2013/12/02/with-a-coalition-agreement-finally-reached-angela-merkel-can-now-begin-mobilising-support-around-her-new-government/)

02/12/2013

*Following lengthy negotiations in the aftermath of September's German federal elections, a coalition agreement was finally reached last week. [Patricia Hogwood](#) assesses the gains and losses for the leading party of government, the CDU/CSU, and their prospective coalition partner, the SPD. She writes that the vague wording of the coalition contract and a raft of transitional measures, selective application and conditions mean that both parties can stake a claim to being the 'party of social justice' – the issue of greatest concern to the voting public. However, with Angela Merkel at the helm, key cabinet positions and future policy strategy are likely to remain in the hands of the CDU.*



After two months of intense negotiations, Germany's incumbent Chancellor Angela Merkel unveiled a new coalition agreement between her Christian Democratic Party (CDU/CSU) and Germany's main opposition party, the Social Democratic Party (SPD). Branded by Merkel as '[a Grand Coalition with great responsibilities for Germany](#)', the formal 185-page agreement '[Forging Germany's Future](#)' sets out the broad aims of the new government's policy agenda, but leaves much of the detail to be hammered out in future through the coalition committee.

Although the CDU/CSU flirted with the Green Party as a potential partner, it was always likely that a coalition straddling the neoliberal, pro-growth economic positions of the CDU and the sustainability agenda of the Greens would be unworkable in the current economic climate and under current party leaderships. The 'Grand Coalition' solution of a government made up of Germany's two main parties was the only real option, in spite of a distinct lack of enthusiasm from the respective [party followers](#) and the dubious democratic credentials of a system with no viable opposition in parliament.

Negotiations between the CDU and its main rival were never going to be easy. After an unhappy experience of Grand Coalition in 2005-9 and a humiliating election defeat, SPD party chair Sigmar Gabriel would have to present the party base with significant gains to justify another coalition under the leadership of Angela Merkel.

With the added leverage afforded by the lack of

alternative options in parliament, the SPD held out for a deal that has secured two of their key domestic policy aims: a national minimum wage and a right to dual citizenship for children of immigrant parents.

The SPD have pushed through their main [campaign pledge](#): to introduce a minimum wage of €8.50 per hour across the board, replacing the current system of sectoral negotiations over wages. However, thanks to transitional measures in the implementation of the agreement, the SPD party may not gain as much direct voter recognition for this initiative as they would have hoped. Under the deal, the new statutory minimum wage will be introduced across the country by 1 January 2015 and selected existing wage agreements that do not meet the €8.50 minimum threshold may run until the end of December 2016. While many east German workers' take-home pay will rise when regional disparities are ironed out, conservative critics fear that, by losing the right to negotiate lower wages, east



Reichstag, Berlin (Credit: Lawrence Murray, CC-BY-SA-3.0)

German industry may lose one of its few competitive advantages, leading potentially to economic decline and [higher unemployment in the region](#).

The SPD's failure to push through another plank of their social justice programme may further dent their hopes of presenting themselves to the public as the coalition's social conscience. The SPD launched the election campaign with a complementary demand for [a package of tax hikes](#) for top-band tax payers and the super-rich. However, their [vacillation](#) over this issue as the campaign progressed weakened their negotiating position and they had to back down.

This leaves them with the options of pursuing a policy of tax savings through closing avoidance loopholes at home and lobbying for tighter financial and fiscal regulation within the EU – including the outlawing of tax havens. While this may not strike the same chord with the public as a high-profile wealth tax, the SPD may still be pleased to take ownership of this issue at EU level if only to leave perceived responsibility for the Eurozone crisis and an anticipated third Greek bailout with the CDU/CSU.

The CDU and particularly the more conservative CSU have traditionally regarded [dual citizenship as inadmissible in principle](#), believing it is inconsistent with a commitment to German-ness and inimical to integration and internal security. In this context, the SPD's success in securing a right to dual citizenship for second- and subsequent generation immigrants was a considerable achievement. A further concession to the SPD is the reduction in the minimum pension age to 63 for those who have paid into a pension plan for 45 years. Merkel's initiative for a better pension for mothers and child-carers also appears in the coalition agreement, establishing her social justice credentials.

Overall, ownership of the coalition deal seems to be weighted in favour of the CDU. General Secretary Hermann Gröhe claimed with glee, '[The CDU's fingerprints are all over this deal](#)'. The party's [economic priorities](#) take pride of place and are set out in greater detail than other areas. They include maintaining a sound financial policy; promoting prosperity (without the hindrance of a wealth tax); investing in transport infrastructure; and moving toward clean energy.

Wider implications for German domestic and European policy will depend on the distribution of cabinet seats in the new government. The coalition agreement itself has nothing to say on this matter: a disclaimer notes only that this will be determined by the coalition parties. It is anticipated that the [new cabinet](#) will comprise six CDU ministers, six from the SPD and three from the CSU, the CDU's Bavarian sister-party.

The next step comes on 6 December, when members of the SPD party base are to vote on the coalition contract. If all goes smoothly, Merkel could be formally re-elected as Chancellor as early as 17 December. If the SPD membership should reject the deal, the options are limited. The CDU could resume its talks with the Greens to forge what is likely to be a short-lived, unsatisfactory experimental CDU/CSU-Green federal coalition. If attempts to find a majority for a Merkel government fail, [the federal President](#) will call for fresh elections.

[One recent sobering opinion poll](#) has indicated that only 50 per cent of those questioned actively supports the Grand Coalition, with 31 per cent against it. If the CDU/CSU-SPD coalition does get underway, the new Merkel government's first challenge will be to restore the confidence of the German public.

[Please read our comments policy before commenting.](#)

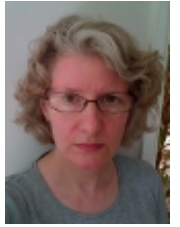
*Note: This article gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.*

Shortened URL for this post: <http://bit.ly/18TofWp>

## About the author

### **Patricia Hogwood** – *University of Westminster*

Patricia Hogwood is a Reader in European Politics at the University of Westminster. She writes on aspects of democracy, identity and wellbeing in Germany and on German and European Union policy strategies of immigration control. She is also convenor of the PSA German Politics Specialist Group (GPSG).



-