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Where now for Germany?

With government negotiations collapsing, Germany and Angela Merkel are suddenly no longer looking so stable

Until late on 19 November, Germany was one of the few large countries in Europe not afflicted by a major crisis. This perception of Germany as a pillar of stability in an uncertain and unpredictable world changed suddenly when the negotiations for forming a new government collapsed.

Since 2005, chancellor Angela Merkel has been in charge of relatively well-functioning stable governments and a healthy economy. After Donald Trump's election as US president, some analysts even went so far as to declare her the 'leader of the western world'. But is this the beginning of the end of the Merkel era?

The general elections on 24 September produced a number of unexpected results. The two major parties – Merkel's CDU/CSU and the slightly left-of-centre SPD – suffered major losses. Despite a combined loss of more than 8 per cent, Merkel's CDU and its Bavarian conservative sister party, CSU, remained the largest in parliament, with 33 per cent. The small neo-liberal FDP managed an impressive return to the national parliament after an absence of four years. Other smaller parties, such as the Greens, also gained seats.

However, much to the consternation of many in Germany and the wider world, a party on the extreme right of the political spectrum won seats in the Bundestag for the first time since 1949. AfD (Alternative for Germany), which was only founded in 2013, took a massive 12.6 per cent of the vote and 94 seats in parliament, making it the country's third-largest party.

Credibility undermined

The SPD soon declared that in view of its massive defeat (it took only 20.5 per cent of the vote, down from 25.7 per cent in the last election), it was not ready to participate in the new government and would go into opposition. The party and its leader, Martin Schulz, the former president of the European Parliament, were no longer interested in continuing the

'grand coalition' with Merkel's party. Numerically, it would have been possible. But it was clear that being a junior partner to Merkel for the previous four years and before had undermined the SPD's electoral credibility. The same had happened to the FDP; the party was in government with Merkel from 2009 to 2013 and lost the following elections.

With no party prepared to enter into government with the AfD or Die Linke (the former East German communists), this left four parties that could form a coalition government. The colours these parties have adopted resemble the national flag of Jamaica, leading to talk of a 'Jamaica coalition'. This was meant to consist of Merkel's CDU, its sister party CSU, the small neoliberal FDP and the Greens.

Negotiations to overcome their substantive divisions and talks about forming a governing coalition in Berlin were conducted for four long weeks. As set out by law, the new parliament elected in September convened on 24 October. Until a new government has been formed, the old government remains in office in an acting capacity, with Merkel as chancellor and Sigmar Gabriel as foreign minister.

The four parties that commenced negotiations to form a Jamaica coalition were divided by many issues. Among them were taxes and the abolition of the 'solidarity' tax to finance support for eastern Germany, the imposition of an upper ceiling for accepting refugees, and the question of whether family members of re-settled refugees are entitled to join them in Germany. There were also a number of controversial questions regarding big data, the environment, climate and energy that needed to be agreed on.

By the evening of 19 November, a compromise deal seemed to have been achieved. But then all of a sudden, the FDP pulled out. Leader Christian Lindner declared that there were disagreements on substantive issues, in particular with the Green Party, that could not be bridged. It is better 'not to govern at all than to govern badly', he announced, shortly before midnight.

His prospective partners were stunned, as were the German nation and most of the rest of the world, which had become used to stability and common sense prevailing in Berlin. Overnight, Germany had been plunged into a deep constitutional crisis. Many commentators blamed the young FDP leader, saying that his responsibility to help create a workable government appeared to have taken a backseat to his party political ambitions. He apparently expects that new elections will provide his party with more seats in parliament and thus the ability to form a

coalition with the CDU/CSU and without the Greens.

What are the options?

The SPD could enter another grand coalition with Merkel's CDU/CSU after all. The SPD could argue that they have changed their mind out of responsibility to the nation. In negotiations with Merkel, the SPD could even limit the new coalition to two years, for instance, and insist on early general elections after this time. The SPD might find it easier to enter into a new grand coalition with the CDU/CSU if Merkel were to retire as chancellor and be replaced as party leader. At present, however, this is an unlikely prospect.

Merkel could form a minority government with or without the Greens. This, however, makes for a weak and unstable government with changing majorities. It also has no precedent in Germany since 1949. At present there is great reluctance from most involved to go down this path. For every bill and major initiative, Merkel would be dependent on the opposition parties to provide her with a parliamentary majority. She has expressed scepticism about this course of action.

New elections could be called. This, though, is not easy. The German parliament has no right to dissolve itself; only the German president can do so, and only after a prolonged process. This was made deliberately difficult in the Basic Law, the country's constitution, as a lesson from the failed Weimar Republic of the 1920s and early 1930s. At that time, parliament could be dissolved much too easily, leading to much instability and, ultimately, the appointment of Hitler as chancellor.

Down to the president

The initiative to call new elections rests with the German federal president, Frank-Walter Steinmeier, a former SPD foreign minister. He must propose the leader of the strongest party in parliament (currently Merkel) for election as chancellor by the federal parliament, and parliament has to elect the chancellor with an absolute majority. If this fails the first time, as it would at present, parliament must try to elect the chancellor again within two weeks. Any candidate who obtains an absolute parliamentary majority becomes German chancellor.

If this fails, however, it is only in the third round of voting that the chancellor can be elected with a simple rather than an absolute majority. At this point the role of the president becomes decisive. After discussion with all parliamentary parties, Steinmeier can decide whether to appoint

as chancellor the party leader who has obtained a relative parliamentary majority or to dissolve parliament. If he decides to dissolve parliament, new parliamentary elections must be held within 60 days. Were that to happen now, new elections would be held in mid- or late February 2018.

Until then, the current government and Chancellor Merkel will stay in office in an acting capacity. Germany will continue to have a functioning government, though an acting government is unlikely to embark on any major reform initiatives. At present, the majority of parties seem to prefer holding new elections. Acting Chancellor Merkel, the SPD and the FDP are in favour of new elections; the AfD also prefers this course of action, expecting to obtain an even greater share of the votes than in September. This is not an unrealistic scenario.

A responsibility to the nation

It is doubtful that the major traditional parties who have led the nation to this impasse would benefit from new elections. In fact, the FDP and the SPD might be penalised by voters: the FDP for having brought the collapse of the negotiations about and the SPD for having refused to resolve it by forming another grand coalition. But Merkel and her party might also suffer from new elections. Grassroots resentment against her government is on the rise.

Latest opinion polls indicate, however, that if new elections were held all parties would roughly obtain the same share of the vote as in September. The FDP might actually increase their share a little while the AfD would see no significant gains.

Merkel's own future is equally unclear. As the undisputed national leader of the CDU, there is no competition in her own party. The crisis may have undermined her authority somewhat; some blame her for the collapse of the negotiations. On the other hand, she is perceived by many as having done her best to bring about a Jamaica coalition. She has also expressed her readiness to talk to the SPD and form a new grand coalition.

If there were a minority government Angela Merkel would be the Chancellor of such a government. If there were new elections to be held early next year, Merkel would be the CDU/CSU's candidate for chancellor. If there were a new grand coalition with the SPD, Merkel may or may not be able to continue as chancellor. The outcome of any new general election early next year, however, is entirely unpredictable. If her party suffered a further massive loss of votes, she may have to retire (despite the lack of an obvious successor waiting in the wings).

President Steinmeier is reluctant to hold new elections, wishing instead to convene talks with all the 'Jamaica parties' and the SPD. He declared that with the elections of September 'the parties have been given a responsibility to the nation which cannot simply be returned to the voters'. He may have a point.

Given Germany's international importance, this crisis has global repercussions. In view of the difficult situation within the EU and a world largely rudderless and in turmoil, Germany has responsibility for providing an element of stability to European and global politics. Forming a new grand coalition, even one limited to two years, might be the right way forward.

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