

# Angela Merkel's future in doubt as Germany's coalition partners hold crisis talks

## KEY POINTS

- Andrea Nahles, the leader of Germany's junior coalition partner, the Social Democrats (SPD), announced her resignation on Sunday.
- The surprise move has sparked concerns that Merkel's government might collapse over the coming months.
- "Andrea Nahles has made a far-reaching decision both for herself personally as well as for the Social Democratic Party of Germany," Merkel told reporters on Sunday.

A deepening leadership crisis in Germany could soon bring about the premature end of Angela Merkel's reign as chancellor, analysts told CNBC on Monday.

Andrea Nahles, the leader of Germany's junior coalition partner, the Social Democrats (SPD), announced her resignation on Sunday. The surprise move has sparked concerns that Merkel's government might collapse over the coming months.

Nahles has faced criticism from some lawmakers within her center-left party, after finishing third behind Merkel's Christian Democrats (CDU) and the Greens, in European elections last month.

The coalition between the CDU and SPD is set to last until federal elections in 2021, but political analysts have warned Nahles' resignation could lead to the SPD leaving over the coming weeks, triggering a snap election.

Merkel, who plans to step down as chancellor in 2021 having already resigned as CDU leader late last year, has vowed to carry on despite the coalition setback.

"Andrea Nahles has made a far-reaching decision both for herself personally as well as for the Social Democratic Party of Germany," Merkel told reporters on Sunday.

“I would like to say on behalf of the government, we will continue the government’s work with all seriousness. We will above all do it with a great sense of responsibility,” Merkel said.

The SPD and CDU parties both held separate crisis talks on Monday.

‘Death by a thousand cuts’

Nahles was the most vocal supporter of the SPD’s reluctant decision to form a third so-called “grand coalition” with Merkel’s conservatives — a role the party has taken in 10 of the past 14 years.

However, that decision has been punished by voters at the ballot box. A disastrous result in the European elections was followed by the SPD being toppled in its stronghold city of Bremen late last month.

If Nahles’ resignation culminates in the SPD deciding to withdraw from the grand coalition, the fall of the government would most likely trigger fresh elections.



Andrea Nahles, former chairwoman of the SPD, is leaving the SPD party headquarters, the Willy Brandt House, after her resignation from the party chairmanship at the extraordinary closed-door meeting of the SPD executive board, and is speaking to journalists. Bernd von Jutrczenka | picture alliance via

The left wing of the SPD has been pushing the party to pull out of the coalition since it entered into government last year. They argue compromising with Merkel's CDU party has cost them support.

"The deepening leadership crisis in Germany's centre-left SPD accentuates the risk that the party may walk out of the coalition with the centre-right CDU/CSU later this year," Holger Schmieding, chief economist at Berenberg, said in a research note published Monday.

"That would spell the premature end of Angela Merkel's reign as chancellor," Schmieding said, before adding he believed there was a 40% probability of that happening before 2020.

A snap federal election or the search to form a new coalition government are thought to be unappealing prospects for the SPD and the CDU.

A fresh national vote or the search for a new coalition government could both hasten Merkel's departure as chancellor, a subject of growing speculation since she handed over leadership of the CDU to Annegret Kramp-Karrenbauer last year.

"Given the new impetus for the SPD to embark on a journey of renewal, it is increasingly likely SPD members will decide to leave the grand coalition and reconfigure the party's strategy as part of the opposition." Nora Happel, researcher at Eurasia Group, said in a research note published Monday.

"Although new elections are immediate political suicide for the SPD, remaining in the coalition would be equivalent to death by a thousand cuts. More and more SPD members have now come to this realisation and believe the first option comes with a higher chance of revival."

"This grand coalition has always been an unhappy one. With both legs now clearly in turmoil, an early break up seems likely this year," Happel said, before adding the chances of an early coalition break-up currently stands at 55%.

Merkel and the SPD 'companions in fate'

On Wednesday, Merkel dismissed a report that said she believed her successor as CDU party leader was not up to the job. The claim, which Merkel said was

nonsense, was made by two unidentified sources in a Bloomberg article on Tuesday.

When asked whether SPD's political struggles had weakened the position of Merkel going forwards, Olaf Boehnke, senior advisor at Rasmussen Global, replied: "Definitely."

"I see Angela Merkel and the SPD as companions in fate. It was always clear that if one of the two actually were to lose this battle then the other is gone as well," he told CNBC's Annette Weisbach on Monday.

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Source:

<https://www.cnn.com/2019/06/03/germany-merkels-future-in-doubt-as-coalition-partners-hold-crisis-talks.html>

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