

Split Social Democrats could sink Merkel's coalition plans

BERLIN/DUESSELDORF (Reuters) – The leader of Germany's Social Democrats (SPD) tried on Tuesday to quash a grassroots rebellion against a blueprint agreed with Angela Merkel's conservatives to enter formal talks on a "grand coalition" which could scupper her plan for a fourth term.

After five days of talks, SPD leader Martin Schulz agreed a framework deal with Merkel and Bavarian conservatives on Friday. But before he can start official negotiations he needs the backing of his party in a vote at a conference on Sunday.

Convincing them is proving difficult. Two regional branches have already said they do not back his deal. Many rank and file members accuse Schulz of selling out to Merkel and failing to win a signature policy to take to coalition talks, such as a major healthcare reform or tax hikes for the rich.

Schulz is touring the country to convince his party base.

Speaking to reporters before meeting SPD members in the western city of Duesseldorf, Schulz said the coalition blueprint had enough "political substance" to start detailed negotiations.

"We want to put the SPD into a position ... in which it can make our country better," Schulz said. Two dozen young SPD members protested against another grand coalition, or "Groko", government with Merkel's conservatives, holding up placards reading "Groko is rubbish" and "Groko never again."

In a live Facebook broadcast, Schulz said the party had a duty to look at how it could improve the life of people.

"We are living in the world of (U.S. President Donald) Trump, (Russian President Vladimir) Putin, (Turkish President Tayyip) Erdogan. We live in a world of dictators who make the world's breath pause with their crazed ideas ... And we have the chance to make Europe a bit more social, peaceful and just."

If the SPD rejects entering talks on Sunday, the prospect looms of a new election

or a minority government under Merkel, both unwelcome options for stability-loving Germans.

Defeat would also almost certainly mean the end of Schulz's leadership of the SPD.

Uncertainty over the shape of the government in Europe's biggest economy is worrying investors, nearly four months after an election in which the conservatives had their worst result since 1949 and the SPD their worst since World War Two. Both of the parties that have dominated Germany for generations bled support to the far right AfD, which joined parliament for the first time, becoming the third biggest bloc.

Many in the SPD are wary of a re-run of the grand coalition which ruled under Merkel between 2013 and 2017. A junior role leaves them in her shadow, unable to win credit from voters.

The SPD had vowed to go into opposition after its dismal election result but was forced to reconsider in the interest of national stability after Merkel was humiliated by the collapse of three-way talks on a coalition with other parties.

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STRONG FEELING

Highlighting the strength of feeling, regional party branches in Berlin and the state of Saxony Anhalt have already signaled their opposition to the deal.

"A renewed grand coalition cannot be the result of talks. We reject the start of coalition negotiations with the conservatives," said the motion by Berlin's SPD chief Michael Mueller which was passed.

It said proposals on home building, rents and migration and integration were unsatisfactory, and expressed disappointment over the absence of plans to shake up the health system.

The SPD's youth wing, Jusos, opposes the deal and its head, Kevin Kuehnert, is undertaking his own "NoGroKo Tour".

However, it is difficult to predict the outcome of Sunday's vote as the regional results are not binding. At the Bonn congress 600 delegates are free to vote how

they wish.

Both states that have rejected the agreement so far are relatively small. Schulz is trying to woo delegates in the biggest state, North Rhine-Westphalia, which has more than a quarter of the votes, in a series of events this week.

Trade unions, some other localities and the state of Brandenburg, have already said they back the deal.

Some leading SPD members argue Sunday's vote is only on the blueprint for a final deal and details can still be negotiated. After any final coalition deal, the SPD's 443,000 members will be balloted.

Some conservatives have expressed confidence that the SPD will back the blueprint. "I can only recommend moving at top speed," said Bavarian conservative Alexander Dobrindt.

"I look forward to starting coalition negotiations on Monday," he said, adding his only concern was the "masochistic way" the SPD had of talking down its successes.

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