

# The Agenda of the Grand Coalition (November 2005)

## Abstract

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Coalition agreements have existed since 1949, but they have only been made public in the past few decades. The coalition agreement between the CDU/CSU and the SPD was signed in November 2005. The almost 500-page-long agreement described the Grand Coalition's agenda and operating procedures. Its key points are summarized in the preamble below.

## Source

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### Preamble

#### **Working together for Germany – with Courage and Compassion**

Germany faces tremendous challenges. Unemployment, public debt, demographic change, and the pressure to adapt to globalization all require major political efforts to safeguard the welfare and prosperity of present and future generations. The CDU, CSU, and SPD are facing up to these tasks. We have a shared responsibility to move our country forward. We will use our parliamentary majority to bring about structural reforms in Germany, to encourage stakeholders to join in our endeavours, and to boost people's confidence in our country's ability to meet the challenges of the future.

#### **Safeguarding Prosperity – Creating Jobs**

Reducing unemployment is a central responsibility of our government policy. We want to give more people the chance to work. Work does not just secure livelihood, it also allows people to participate in and have a stake in society. Getting more people back to work will also improve our country's financial situation and relieve the burden on our social security networks.

We plan to introduce targeted measures to kick-start our economy. Over the next four years, specific initiatives – with a total funding of 25 billion Euros – will be launched in five key areas to boost innovation, investment, growth, and employment, and to increase consumer confidence.

By raising the rate of degressive depreciation of capital goods, promoting the energy efficient refurbishment of buildings, and providing tax breaks to offset the costs of handiwork in private households and to better support household-related services, we will ensure that Germany achieves higher growth.

We intend to assist job-seekers by further improving Germany's employment and recruitment services. We are especially committed to helping the young unemployed. Our "50 Plus Initiative" will improve the employment prospects of those over fifty.

We will also improve job prospects by further developing the rules on lay-off protection, by reducing non-wage labor costs, and by promoting start-ups. We will ease the burden on SMEs by cutting red tape. Business successions will be facilitated by our reform of the inheritance tax law.

#### **Pressing ahead with the Build Up of Eastern Germany [*Aufbau Ost*]**

We will continue to advance the development program for Eastern Germany, and we will help the new federal states [*Länder*] achieve self-sustaining economic growth. To this end, we will continue to

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promote a high level of investment in Eastern Germany in order to safeguard existing jobs and create new ones. Education, training, and research will remain key priorities: the aim is to encourage innovation and improve Eastern Germany's competitiveness as a location for industry.

### **Restoring the State's Scope for Action – Consolidating Public Finance**

Germany's massive budget deficit and debt service are restricting the state's ability to act. In order to place our public finances on a sound footing, a concerted effort must be made to consolidate the federal, state [*Land*], and municipal budgets. We will:

- restructure, reform, and invest, and
- in the process, ensure an equitable division of burdens across the board.

We are determined to save and to abolish subsidies. That is the priority. However, without tax increases, the financial consolidation that is so crucial for our country cannot be achieved.

### **Boosting Confidence – Ensuring Social Security**

In Germany, social security is guaranteed mainly through social insurance funds. However, demographic change and the impact of unemployment have greatly increased the burdens on the social insurance system. For people to feel secure in a rapidly changing world, they must be confident that the pension, long-term care, and health insurance funds can function effectively. Boosting this confidence is one of the tasks that the Grand Coalition has set for itself. We will introduce the necessary reforms to safeguard social security now and in the future. This means a fair and equitable distribution of burdens between young and old, a higher retirement age that reflects longer life expectancies, and better support for private pension provisions for young families in particular. The fundamental risks of life – sickness, old age, the need for long-term care, and unemployment – will continue to be covered by a social security system that is based on the principle of solidarity.

### **Safeguarding the Future – Supporting Families and Children**

A society without children has no future. Not enough children are being born in Germany. We want families with more children as well as more children in our society. The family is the place where people learn to take responsibility for themselves and others. The family is the bedrock of a liberal society.

We want to support families and make their lives easier. We will provide tax breaks for childcare and introduce a parental allowance. To enable parents to achieve a better work-life balance, we will improve the range of childcare services and expand the options for full day-care. The family encompasses all generations. The multigenerational family offers the chance to take responsibility for each other. We will develop models that enable multiple generations to live together and to assume responsibility for each other.

### **Education and Science – the Keys to the Future**

Germany's future lies in the brainpower of its people. Education is a central issue, and it calls for serious efforts by the federation, the federal states, and the municipalities. Education is a prerequisite for participation in society. It is a central issue in the further development of our economy and our country as a whole. Our resource-poor country can only fulfil its future potential if it leads the field in scientific and technological progress. Therefore, the state and the business community must spend more on research and development. The private sector, the federation, and the federal states all have a role to play here. Our target – to spend 3% of our gross domestic product on research and development – is achievable if all these stakeholders work together and support our integrated policies in this field.

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## **Practicing Sustainability – Protecting the Environment**

The CDU, CSU, and SPD are firm advocates of sustainable development. An intact natural environment, and clean air and water are prerequisites for a good quality of life. We view environmental protection as the joint responsibility of the state, its citizens, and the business community. Our policies are based on cooperation and individual responsibility on the part of business and citizens, market forces, and competition, in combination with binding legislation and the effective monitoring of compliance. For us, ambitious environmental policy is part of a modern society, and it is an essential component of global climate protection. Such a policy can become a driving force for:

- developing and marketing future-oriented technologies worldwide,
- enhancing energy and resource productivity and thus boosting the competitiveness of the German economy,
- creating new and secure jobs for well-qualified workers.

## **Improving Governance in Germany – Reforming the Federal System**

We want to renew our country's federal structures: we intend to disentangle the competencies of the federation and the federal states, clarify their responsibilities, and strengthen the principle of subsidiarity. This will enhance the federation's capacity to act and react while giving the federal states more leeway in policy-making. Starting with this electoral term, we want to place the financial relationship between the federation and the federal states on a new footing.

## **Guaranteeing Security for Citizens**

Security is the prerequisite for a life in freedom. In our system of government, the state has a responsibility to guarantee this security.

Tolerance and openness are the hallmarks of a liberal society. Extremism, racism, and anti-Semitism must not be tolerated.

The CDU, CSU, and SPD believe in a state with the capacity to act, a state that takes its citizens' needs and concerns seriously, consistently enforces law and order, and protects citizens' rights and freedoms. In view of the threat posed by international terrorism, internal and external security are becoming increasingly interdependent. We are responding to this threat with consistent security policies.

## **Germany – a Responsible Partner in Europe and the World**

The CDU, CSU, and SPD are actively promoting Germany's role as an advocate of peaceful conflict resolution. Germany has strong partners in NATO to safeguard its external security. Together with our partners – also in the European Union and in international institutions – we are promoting democracy and human rights worldwide. We view Europe and the United States of America as members of the same community of values. For the coalition partners, strengthening the European Union's role in foreign policy and deepening relations with the USA are therefore not conflicting but rather complementary objectives that serve our country's national interests.

Together with our partners, we will work to make the globalization process equitable and to combat poverty worldwide.

## **Working Together for Germany's Future – Exercising Responsibility**

We want progress for our country. We can achieve this through our joint endeavours. Our government

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program now sets the course for this process. We want to convince our citizens that it is worth accompanying us on this journey.

Source: Koalitionsvertrag 2005, preamble, <http://www.REGIERUNGonline.de>

Translation:

<http://www.bundesregierung.de/Webs/Breg/EN/Federal-Government/CoalitionAgreement/coalition-agreement.html>. With edits by GHDI staff.

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