



MONITORING

What next after Germany's unusually unpredictable elections?

*By Rica Hülseberg, Fabio Sälzler
and Maike Haas*

Germany's unusually unpredictable elections

By Rica Hülseberg, Fabio Sälzler and Maike Haas

Germany's federal election on 26 September is proving to be one of the most unpredictable in living memory. Angela Merkel's decision to not seek a fifth term after sixteen consecutive years in office has thrown the contest wide open, while the Covid crisis and devastating floods with their assumed links to climate change have given voters new elements to consider about the parties and their candidates. Despite Germans traditionally preferring stability and continuity, polls suggest German voters are divided about which parties should govern Europe's biggest

economy and who should be the next chancellor. Reflecting the open contest, this year marks only the second time since 2002 that three parties have put forward a candidate for the chancellorship. It is also the first time that a candidate that is not from Merkel's centre-right Christian Democratic Union (CDU) or the centre-left Social Democratic Party (SPD) has been given a fighting chance at the top job, and the first time a three-party coalition will likely be necessary to form a majority government. This Dods German Monitoring briefing examines the prospects of the candidates to be chancellor and how their respective parties might team up and looks at what the elections could mean for Germany's relationship with the European Union and its role on the world stage.



New Chancellor – New Coalition

Germans, and indeed the rest of the world, have grown so used to seeing Merkel in charge of Germany that it is hard to imagine anybody else being chancellor. Her exit heralds a major change in German politics and has paved the way for a far more open contest than recent elections with the CDU/CSU, SPD, and Greens all putting forward a candidate that is seen as a potential future chancellor. Notably, opinion polls have also shown that, faced with inevitable change of national leader, a sizeable chunk of the electorate remained undecided about who to support late into the election campaign.

The CDU's manifesto, titled "The programme for stability and renewal" reflects the challenge facing the governing party: how to build on Merkel's legacy but also offer voters something new. The party's candidate for chancellor, Armin Laschet, the state premier of North Rhine-Westphalia, has said the party wants to combine climate protection with economic strength and social security. "We want to make our country faster, more efficient, more digital," he said in June. But the party has lost its early gains in the polls after some voters were put off by Laschet's sometimes vague policies and general air of indecisiveness. The CDU candidate has proven vote-winning pedigree after successfully wrestling control of Germany's most populous state from the SPD in 2017. However, in what could turn out to be one of the defining moments of the campaign, Laschet drew criticism after he was caught on camera laughing with others in the background as President Frank-Walter Steinmeier gave a solemn speech at a flood-hit town in July. He tweeted an apology, but the impression of a politician who lacks the requisite gravitas for the post and pales by comparison with Merkel has lingered.

Olaf Scholz of the SPD, the candidate with the most government experience as a federal minister in Berlin, is by far the most popular contender. Polls indicate voters regard the current finance minister and Merkel's deputy as a level-headed, competent politician. His management of the economy through the Covid crisis, which saw him deliver what he called a "bazooka" of billions of euros in emergency funding, has helped shake off his image as a machine-like bureaucrat. Scholz's popularity also appears to have helped the SPD recover from an early slump in the polls to be on par with or even ahead of the CDU by early September.

Annalena Baerbock, the Greens candidate, surprised some observers by making the running in the early stages of the campaign after her offer of a "new start" captured the attention of voters that had grown tired of Merkel's conservatives. This election marks the first time Germany's left-leaning Greens have run for the chancellorship since the party was founded 40 years ago. But Baerbock and her party have lost much of the initial poll gains after a series of mishaps, including a scandal over an undeclared Christmas bonus payment and a suggestion that Germany should arm Ukraine, which have exposed her perceived lack of experience. Nevertheless, polls suggest the Greens, who are a stronger political force than similar parties in other European countries, could still be in a good position to take part in a coalition after the election.

The race for the Chancellor's office enters the crucial stage after election day when the parties will be in a position to discuss forming a coalition based on the distribution of seats in parliament.

Following the last election in 2017, it took six months of negotiations between different parties before the CDU/CSU and SPD found common ground and formed another so-called grand coalition—this partnership has been the basis of three of the four governments led by

Merkel. With no party polling above 25% late in this campaign, expectations have grown that Germany could be heading for its first ever three-party coalition. As a result, the coalition negotiations could be especially tricky. Once a coalition has been agreed, the Federal President will consult with each parliamentary group in the new Bundestag and propose a chancellor to the parliament. Parliament must then elect the chancellor with an absolute majority of votes.

Polls indicate a coalition of CDU/CSU, Social Democrats and The Greens would easily guarantee a majority government. But while senior politicians in the Greens and SPD have said they would be happy to work together, the CDU and especially CSU leader Markus Söder and Secretary General of the CSU, Markus Blume, have been less keen to enter a coalition with the Greens. It is also unclear who would head up such a coalition. Political analysts have tended to assume that if these parties did join forces, the CDU would probably have the strongest claim on the chancellor's office. However, the strength of the SPD in the polls in the latter stages of the campaign could weaken the CDU's claim to the top job in post-election coalition negotiations. The left-leaning SPD and Greens, who have repeatedly called for a break from the CDU/CSU's vision for Germany, may not be ready to give up their claim to the chancellorship if they perform strongly at the ballot box.

Elsewhere, the CDU/CSU and liberal FDP would make natural bedfellows. Laschet and FDP leader Christian Lindner are already working together at a state level in North Rhine-Westphalia and have publicly stated their support for forming a national coalition. However, polls suggest the parties have no way near enough support to

form a majority government. It's a similar story on the left side of the political spectrum. The SPD, the Greens and The Left are also eyeing a coalition. While they were unlikely to be able to attract sufficient support to secure a majority at the beginning of the campaign, they have been projected to pass the 50% marker at the beginning of September. However, the Greens don't fully embrace such a scenario yet, mainly because of The Left's stance on foreign and security policy. A coalition consisting of the SPD, the Greens and the FDP has been discussed in the media, however Lindner has said he isn't fond of the idea and claimed he "lacked the imagination" to figure out how that scenario could be beneficial to his party.

Two other combinations of parties produce what could be called coalitions of convenience as they would have to manage significant differences in policy: the Jamaica Coalition of CDU/CSU, FDP and The Greens, and the so-called Germany Coalition of CDU/CSU, FDP, and SPD. The former would see Laschet rather than Baerbock in the role of chancellor, but the Greens leader has not set out what coalition she would favour. The main issue with this arrangement could lie in agreeing on a climate strategy. Such a combination would likely see a clash between the Greens' environmental ambitions and the Christian Democrats' laissez faire approach as well as the FDP's reliance on innovation and market liberalism to tackle climate change. The Germany-Coalition would meanwhile have to manage numerous policy differences between the parties involved including the SPD's and FDP's vastly different stances on tax policy. The SPD is also likely to be very reluctant to want to repeat the recent electorally painful experience of partnering with the CDU.

Foreign policy continuity

While the election may be highly unpredictable, Germany's commitment to the European Union will not be in question. However, although The Greens, SPD, and the CDU/CSU have all promised ambitious reforms in Europe and greater integration, the three principal candidates for the chancellorship parties set out different priorities for this in their manifestos in June.

Laschet, in what could be described as one of the highlights of his campaign, delivered a passionate appeal for a united Europe. Describing himself as a "Merkel-Macron mix", Laschet has said he wants to strengthen the German-French engine of European integration and supports the idea of a multi-speed Europe, but neither he nor the CDU/CSU has provided any significant detail on how this agenda would be delivered. Southern euro-zone countries may be less enthusiastic about the prospect of another Christian Democrat-run government given the party's past emphasis on fiscal discipline. While the Next Generation Fund and Germany's support for joint EU debt sales may well be considered milestones, the conservatives regard the current loosening of fiscal rules in Europe as a one-off emergency measure. There is no evidence in the CDU's manifesto of a shift from the principles of the Stability and Growth Pact, although this would be welcomed by the more fiscally hawkish member states of the Union. However, economists have warned that removing pandemic-related fiscal support measures too quickly could suffocate the economic recovery from the crisis. Laschet has surprised some observers with his views on Germany's position on the world stage. Though often described as inexperienced in global affairs, Laschet has promised a more strategic German role with strong commitments to the country's responsibilities to NATO. A core feature of these plans is a new national security council providing more strategic capabilities to the chancellorship.

As has become customary in German politics in recent years, the SPD has called for the EU to be more active on the world stage. In this

respect, it has also argued for the removal of the requirement for unanimity in European foreign policy decision-making, which has often acted as a brake on joint actions, and even the idea of a European army has found its way into the SPD's manifesto. Given the SPD's record of hesitancy in foreign policy matters, this begs the question of whether the party would be prepared to follow through with concrete action if fellow EU nations decide to respond to an international incident. For the Social Democrats, foreign policy remains a difficult subject. The party's spokesman on defence matters, Fritz Felgentreu, resigned in December following a disagreement with his party over whether military drones should be armed. Felgentreu was the third foreign and defence policymaker the party has lost in a year. Meanwhile, in keeping with the SPD's focus on social justice, the party wants to transform the Stability and Growth Pact into a "Sustainability Pact" to push the EU towards becoming a fiscal union with European social and labour market programmes.

Germany's relationship with the US is another tricky subject for the SPD. Despite being one of Germany's most important international allies, the US is barely mentioned in the party's election manifesto. The NATO target for spending 2 percent of economic output on defence is not mentioned at all, nor are any plans to revive a transatlantic free trade agreement. Instead, the party emphasises its demands for trade agreements to include stricter standards for the protection of human rights and the environment. Scholz has also presented himself as a leading figure behind the OECD's global corporate tax agreement, which he called a "historic moment for justice".

Meanwhile, the Greens are slowly moving in a different direction to other German parties. Baerbock, who worked for the Greens in the European Parliament before entering the Bundestag in 2013, is the only candidate for chancellorship arguing in favour of maintaining higher levels of government spending nationally and to loosen European fiscal rules after the Covid crisis. Unsurprisingly, The Greens' primary focus is on environmental policy and tackling

climate change, although other German political parties have also developed their policy offering in this area in recent years. In a move that could ruffle feathers in the EU, The Greens want to renew what Baerbock has called the European promise, which consists mainly of urging other member states to uphold democratic values and human rights. This would translate into a tough stance with the Polish and Hungarian governments on the rule of law issues. The party has said Brussels should stop disbursing EU budget funds to member states that do not adhere to EU law. On European integration, the Greens' manifesto calls for the EU to "keep a path for accession open to states under the EU Eastern Partnership", including geopolitically sensitive countries such as Ukraine, Georgia or Belarus, and a return to negotiations about Turkish membership. Throughout the campaign,

Baerbock has proven to be very aware of the conflict between democracies and autocracies. She has demanded a more active German role in advocating human rights and social liberties in its relations with China and Russia. One of the main challenges in German-Russian relations is the Nord Stream 2 pipeline. Although the current CDU and SPD government has secured an agreement which allows for the pipeline to be finished without the US imposing sanctions on companies involved, the Greens remain opposed to the project. Based on the Green's assumption that Russia will use the new pipeline to diminish Ukraine's role as a transit country for natural gas and thereby exercise economic pressure, they argue for scaling back what they call Germany's support for Russia and strengthening Ukrainian sovereignty.



More on the German election

Sign up for Dods German Monitoring election package for comprehensive coverage of the election and new government in German.

Get in touch to learn more about the offer and download a free briefing on stakeholder demands here.

Dods German Monitoring

Follow us: @DodsDeutschland

Dods German Monitoring consultants can help you stay up to date on what's happening in German politics more broadly.

Maïke Haas

German Senior Political Consultant | maike.haas@dodsgroup.eu

Policy areas: transport, employment

Rica Hülseberg

German Political Consultant | Rica.Hulseberg@dodsgroup.eu

Policy areas: energy, digital, tax/company law

Fabio Sälzler

German Political Consultant | Fabio.Saelzler@dodsgroup.com

Policy areas: health, environment, animal welfare, trade



MONITORING

What next after Germany's unusually
unpredictable elections?

Contact us at customer.service@dodsgroup.com or
+44 (0) 207 593 5500 for a free trial or to find out more
about our EU Monitoring service



www.dodsgroup.com | @DodsGroup