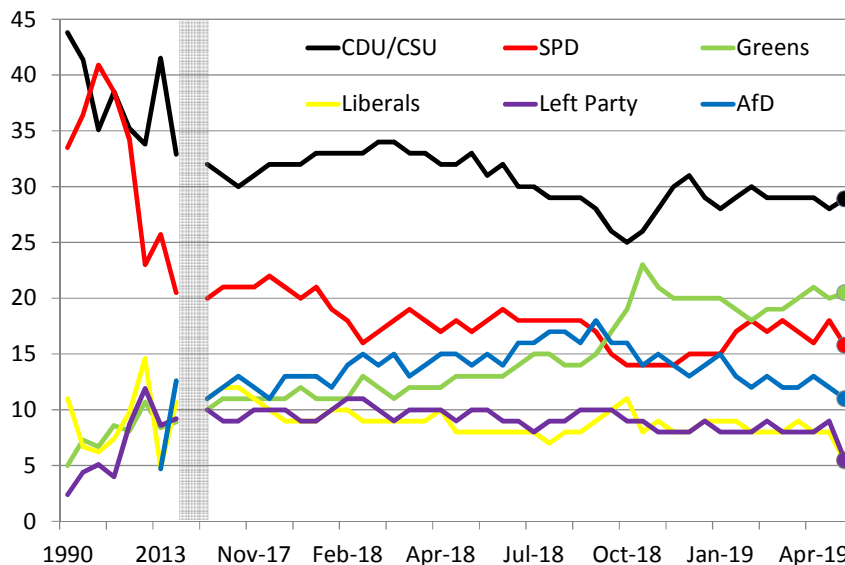


29 May 2019

## German politics: Stability amid the upheaval

Support for major political parties, in %



National election results 1990-2017. "ARD DeutschlandTrend" opinion polls thereafter, last dots are result of 2019 European elections. Sources: ARD; Bundeswahlleiter

- More noise, limited impact:** In the European election, the two major parties backing Chancellor Angela Merkel's government suffered their worst-ever result in a nationwide vote. Whereas we may have to brace ourselves for some noise with a risk of a premature end to Merkel's reign, the impact on policies is likely to be very modest.
- How bad was the upset?** Support for the CDU/CSU fell to 28.9% and the SPD plunged to a mere 15.8%. In elections to the Bundestag, parties have to clear a 5% hurdle to gain seats. Small splinter parties thus do better at European elections where such a hurdle does not apply, winning a total of 12.9% rather than 5.2% at the last national vote. Some supporters of such splinter parties would likely migrate back to mainstream parties in a national vote. Taking this into account, the European result for mainstream parties was largely in line with the trend in opinion polls.
- SPD in disarray:** For the centre-left SPD, plunging into third place after the Greens was a humiliation, even if it did not come as surprise. Having booted out its chairperson seven times in the past 16 years, the party continues to entertain its major pastime, namely questioning its leaders while demanding further partial reversals to the successful pro-growth reforms that the SPD itself had introduced under then Chancellor Gerhard Schröder in 2003/04. If current party boss Andrea Nahles does not win her bid to be re-elected as head of the SPD's Bundestag faction on 3 June by a good margin, her days at the head of the SPD may soon be numbered as well.
- Honeymoon over for AKK:** Despite a brief bounce upon taking over from Merkel as CDU party boss in late 2018, Annegret Kramp-Karrenbauer (AKK) has not managed to revive the CDU's fortunes. Some communications mishaps in the past few days have added to her troubles. If the CDU fares badly at state elections in Saxony and Brandenburg on 1 September and Thuringia on 27 October, her position as the heir apparent to Chancellor Merkel may be at risk. AKK's problems probably strengthen Merkel's resolve to serve out her term until late 2021, instead of handing over to AKK earlier than that. However, the soul-searching within the deeply disoriented SPD adds to the risk that the party may walk out of the coalition with Merkel in late 2019, bringing down Merkel in the process.
- Stability amid the noise:** Despite the elevated uncertainty about Merkel and her coalition, the policy outlook remains fairly stable. Neither the CDU/CSU nor any other party would team up with the far-right AfD. The small liberal FDP would not enter any alliance that includes the radical Left Party. As a result, any realistic coalition option – with or without AKK and even with or without early new elections – would have to include the centre-right CDU/CSU as the dominant partner and at least one centre-left outfit, the Greens or the SPD. As a result, policies on European reforms or the German budget would not differ much from those currently pursued by Merkel's centre-right/centre-left alliance even in the still unlikely case that Merkel is out of office by Christmas.

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