

## First takeaways from Germany's regional elections

The results of the regional state elections in Bavaria and Hesse are a clear blow to Chancellor Olaf Scholz's federal government, with gains for the opposition conservatives but also the far-right AfD



German Chancellor  
Olaf Scholz

Sunday's regional state elections were a kind of mid-term election for Chancellor Olaf Scholz and his federal government. About 9.4 million people were eligible to vote for the new state legislature in Bavaria and about 4.3 million in Hesse, more than 20% of the eligible voters in the entire country. During the last years, both states were led by the country's main opposition party, the CDU in Hesse and its sister party, the Bavaria-only CSU.

Regional state elections in Germany are always affected by both regional and national developments and it's hard to tell upfront which of the two will have a larger impact. This time around, however, it was clear that both state elections were regarded as voters' reactions to bigger national topics like the energy transition and immigration, but also political communication, as the work of the federal government has almost constantly been accompanied by controversial discussions in public by all three coalition partners.

The available results of both elections have the CDU coming in as the largest party, gaining significantly in Hesse and broadly remaining unchanged in Bavaria. The SPD and the Greens (both

part of the federal government coalition) lost almost equal votes in Hesse and Bavaria. The third coalition partner in Berlin, the liberal FDP, continued the strongly negative trend since the last federal elections in 2021. It missed the threshold to enter parliament in Bavaria and just made it in Hesse with the smallest margin possible. The right-wing AfD recorded strong gains and will be the second-largest party in Hesse and third-largest in Bavaria.

## What are the main takeaways from the two elections?

- The CDU is highly likely to keep the political lead in both Hesse and Bavaria and will therefore strengthen its opposition role at the national level. However, the question of who will lead the party into the next federal elections two years from now remains unanswered. Neither the result in Bavaria nor in Hesse was overwhelmingly strong enough for one of the two leading candidates (Bavarian Minister-President Markus Söder or Hesse's Minister-President Boris Rhein) to immediately rise to the next level.
- The strong gains of the AfD illustrate that the party is more than only a protest party in East German states. The party's gains show that frustration with both the content and style of federal politics seems to be growing in the entire country. The next big topic in German politics will be whether the other parties will start some kind of cooperation with AfD. This will be mainly a challenge for the CDU, which despite a strong position currently and the losses of the liberal FDP, will always need a coalition partner. Don't forget that next year, there will be three regional state elections in the East of Germany and currently, the AfD is leading the polls in all three.
- The government coalition in Berlin has taken an enormous blow. Judging from Hesse and Bavaria, the coalition currently only combines some 30% of the popular vote and the FDP is close to an existential crisis being again kicked out of two regional state parliaments. These results can either lead to a full reset of the political agenda in Berlin or to a de facto standstill.

With two more years to go before the next federal elections and a long list of short and long-term economic challenges, Sunday's regional state elections show how the country is struggling. Politicians are struggling to present solutions to a complex set of challenges, and voters are struggling to absorb the list of challenges. As a result, the opposition is benefitting, not so much as a result of better alternatives but rather as a result of voters outing their dissatisfaction. Looking ahead, there are two broader scenarios possible. In the first, the federal government takes these election results as a signal to speed up reforms and investments and to improve teamwork. The second is that every coalition party will only focus on itself and on how to reach the best possible outcome at the next federal elections, which could basically mean a reform standstill.

### Author

#### Carsten Brzeski

Global Head of Macro

[carsten.brzeski@ing.de](mailto:carsten.brzeski@ing.de)

### Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information

purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).