

## Germany votes: Coalition jumble

Last week the election campaign was dominated by the aftermath of the first tv debate and first discussions on possible coalitions



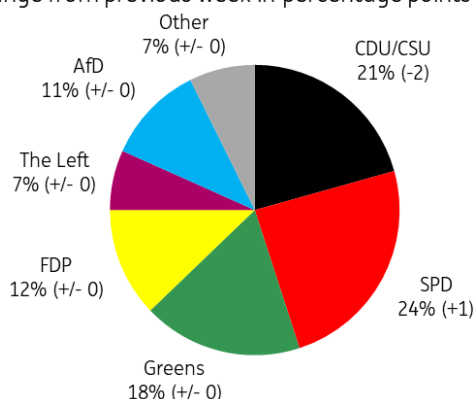
Source: istock

### Latest on the election

The first tv debate between the three Spitzenkandidaten, Armin Laschet (CDU), Olaf Scholz (SPD) and Annalena Baerbock (Greens) more than a week ago still dominated the political debate last week. The momentum and the opinion polls have hardly changed and see a relatively clear lead for the SPD over the CDU and then the Greens. Remarkably, the FDP is gradually catching up with the Greens, which could give the last weeks of the campaign another interesting flavour.

## German elections weekly voting

If there were general elections next Sunday who would you vote for? (Change from previous week in percentage points in brackets)



Source: Kantar, Forsa, INSA, survey period: calendar week 34/35; ING Economic & Financial Analysis

## Possible coalitions

As the next big tv debate will only take place at the end of this week, media, political analysts and parties took some time to further carve out the different likelihoods of possible coalitions after the elections. Don't forget that Germans don't vote directly on the next government leader but they have two votes: one on the party they want to see in the next parliament and one on a regional politician. The first vote mainly decides on the outcome of the election but the second one can also have implications via the so-called and complicated overhang mandates. In any case, previous elections have shown that the German electorate at times votes strategically, trying to vote for a possible next coalition and not always necessarily for their preferred party (and candidate). Therefore, the discussion on the likelihood of a certain coalition actually materialising is important.

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*This year's election could be the first one resulting in a three-party coalition*

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In the past when the German political landscape consisted of only three and later four parties, parties were faster than currently in ruling out possible coalitions. This left Germany de facto with a two-camp political landscape. This year's election could be the first one resulting in a three-party coalition, which by definition requires parties to cooperate with parties who in the past were perceived as being from the 'opposite' political camp. While all four of the leading parties have clearly ruled out a coalition with the AfD, all other options are theoretically possible. In recent days, Olaf Scholz said that his preferred option was a government coalition with the Greens (a combination which currently would not have a majority). He did not rule out a coalition with Greens and Die Linke but formulated conditions Die Linke would have to fulfill in order to start any talks. In our view, it currently still looks as if the liberal FDP will be the kingmaker after the elections.

A full left wing coalition has a very low probability as Olaf Scholz stands for more conservative social democrats (even if a large part of his party had already moved to the left). Another coalition which brings SPD and CDU together into one government also looks unlikely as both parties had

formed three of the last four governments. For the SPD, this leaves only one really realistic option: a coalition with Greens and the liberal FDP. While on substance, the FDP is clearly closer to the CDU, the hunger for power could eventually still make such a coalition possible. All of this means that the FDP could turn out to be the real kingmaker after the elections, together with the Greens, and either the SPD or the CDU.

The possible coalition arithmetic will get more attention in the coming weeks. Read the polls no longer with an eye on who is in the lead but rather on who could actually govern with whom. At least this is how most German voters will read it.

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