

## Germany: Double Elections Day

The results of the double election day could bring new tensions in the federal government but should not destabilize the economy



German Chancellor,  
Angela Merkel

Big and small. All Germans older than 18 years of age had the chance to cast their votes in Europe. Only very few Germans were eligible to vote in the smallest German state, Bremen. The results of these two elections and particularly the aftermath could lead to tensions within the federal government.

In the European elections, the two governing parties suffered another defeat. Compared with the 2014 elections, the CDU and the SPD together lost almost 19 percentage points of the votes. However, the 2014 comparison does not tell a lot as the political landscape has changed since then. Compared with the last federal elections, the loss of the CDU remained limited. Less than 30% is still a disappointment but the CDU should remain stronger than the biggest parties in most other European countries. At the same time, the SPD continued its free fall and dropped to 15% and also for the first time since WW2 did not win the elections in Bremen. Back to Europe, the Greens more than doubled their 2017 results and gained almost 21% of the votes. Interestingly, the Greens gained one-third of all votes of people younger than 30. Finally, the gains of the AfD at the national level came to a halt as the AfD received 10.9% of the votes, from 12.6% in the 2017 federal elections.

## Some thoughts and possible implications

***The grand coalition has become more fragile.*** The leadership change in the CDU has not led to more electorate support. To the contrary, Angela Merkel's popularity is still much higher than the popularity of her party. At the same time, the SPD's free fall continues and unrest in the party as well. In recent days, there were media reports about a possible (forced) leadership change. Also remember that the SPD only very hesitantly joined the government. The loss of the elections in Bremen in our view means that the destabilizing factor in the coming months will be the SPD.

***Greens on the rise.*** Despite further losses of the grand coalition, the centre remains stable. The Greens have stepped into the vacuum created by the free fall of the SPD and could become a King or Queen maker in any new federal elections. The gains of the Greens also illustrate that sustainability and the environment combined with a pro-European platform can gather significant support in Germany.

***AfD here to stay but no further increases.*** The AfD actually got less support than at the 2017 federal elections. It seems as if the rise of the AfD has come to an end. However, on the other hand, given that there is no 5% threshold in Germany in the European elections, the question is where votes which now went to 1-3 seat parties would go in the next federal elections.

All in all, the double election day in Germany will not only leave its marks on Europe in the coming days but also on German national politics in the coming weeks and months. Expect some shifts and personnel changes in the federal government in an imminent reaction. An eventual fall of the government before the 2021 elections remains our political tail risk - even if this tail risk would materialize. Today's results suggest that the country would not necessarily fall into a political abyss.

### 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).