

Germany: Landslide relief

Regional elections in Saxony and Brandenburg brought another big gain for Germany's Alternative for Deutschland (AfD) party. Both partners of the federal government lost electoral support but are likely to remain in charge in the state government



Source: Shutterstock

Sunday's state elections in Saxony and Brandenburg were in fact only a continuation of a wider trend seen in recent years. Both partners of the federal government, CDU and SPD, lost many votes in the two states, as they have in other regions as well as in the last federal election. The AfD gained relatively more votes than in other elections, garnering some 23% of the vote in Brandenburg and some 28% in Saxony. Despite the historic result, the AfD came in as the second largest party in both states, only a small margin behind the SPD in Brandenburg and the CDU in Saxony.

Forming governments in both states will not be easy, as it will probably require at least three coalition partners. The AfD will not be part of any of the two governments.

Impact on national politics

While the SPD and the CDU saw landslide losses, both parties have remained the biggest parties in their respective political strongholds, meaning that any inner party unrest will likely be limited.

Nevertheless, even if these two state elections have no imminent consequences for national politics, they were the last piece of evidence of a complete overhaul of the German political

landscape. In fact, some lessons can be drawn from the regional elections.

- The 'grand' coalition is far from grand.
- The downward trend of both SPD and CDU continues.
- The AfD has become the big anti-establishment party, gathering one quarter of all votes in Eastern Germany. The AfD has also attracted many votes from the former anti-establishment party in the east: the Left Party. As in many other countries, the AfD has won votes from both the extreme left and right wing.
- Finally, the recent surge of the Green Party at the national level did not reach Saxony and Brandenburg. The Greens gained some votes but with 8% and 10% respectively, they remained far below the 25%-levels they have reached in national opinion polls.

The two coalition partners in Berlin have gone away with a very black eye. At least in the short run, we shouldn't expect any new escalation of inner party tensions, either within the CDU or the SPD. However, structural changes in the political landscape, the slowing economy and weakening electoral support could easily bring back political tensions in Berlin.

Author

Carsten Brzeski

Global Head of Macro

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.