

Snap | 5 February 2020 Germany

Germany: Political earthquake

The vote on the new premier minister in the state of Thuringia marks a new milestone in German politics and bears the potential of more shockwaves in national politics



Source: Shutterstock

This afternoon, German politics were surprised by moves, normally only seen in "House of Cards". The simple facts are that the small state Thuringia now has the first premier, voted with support of the Alternative für Deutschland (AfD). A first timer and a surprise as up to today all other political parties had always ruled out governing together with the AfD.

The unfolding of today's events, however, was exciting and unprecedented. The state elections last October had left the outgoing premier, Bodo Ramelow, of Die Linke, as the candidate of the largest party but the outgoing government of Die Linke, SPD and Greens fell short of an absolute majority. In today's vote, the Ramelow wanted to be signed in as premier of a minority government with, again, SPD and Greens. It was expected to be a done deal as the other three parties in the state parliament, CDU, FDP and AfD, would not work together. Both CDU and FDP had always ruled out forming any kind of political alliance with the AfD. The AfD had nominated a candidate for the premier post only recently - Christoph Kindervater, an independent mayor of a small village in Thuringia.

As expected, neither Ramelow nor Kindervater managed to get an absolute majority in the first two rounds. In the third round, a simple majority is sufficient. However, the leader of the smallest party in parliament, Thomas Kemmerich of the FDP, also announced his candidacy for the third round. While under normal circumstances, this would still have left Ramelow as the front-runner,

Snap | 5 February 2020 1 all AfD votes went to the FDP candidate as did all votes from the CDU. Thomas Kemmerich and not Bodo Ramelow was then sworn in as premier minister and Germany had a small political coup and definitely an unexpected unfolding of events.

The political outcry which followed mainly related to the fact that up to now CDU and FDP had always ruled out cooperating with the AfD, both at the federal and regional level. Many commentators remembered that during the last negotiations on the federal government in 2017, the FDP walked out of talks with the CDU and the Greens, citing red lines and compromised principles.

The shockwaves of today's events have already reached Berlin and are unlikely to ebb away quickly. Even if Thuringia is a small state with roughly more than 2 million inhabitants, the symbolic meaning of today's events could leave some marks on national politics. In our view, today's events do not represent a shift to the right but illustrate that German politics have become more fluid. At the national level, the relative strengths of the political parties are different than in Thuringia. It remains to be seen whether and how national voters will react to today's events in the next opinion polls. In the short run, given the first comments from national politicians, today's events could definitely revive the tensions within the grand coalition.

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.

Snap | 5 February 2020 2