

## German elections reflect a land of the 'againsts'

The state elections in Brandenburg were the third regional state election in east Germany this autumn. Three elections show how the German political landscape has changed – and that the country is still in search of a new positive economic and political narrative



German Chancellor Olaf Scholz and his governing coalition took a hit at state elections this past weekend

Economically speaking, the regional state Brandenburg has become the showcase of a prospering east German state. At a second glance, however, it's a state that combines prosperity with the structural weaknesses, as witnessed in many other east German states. Brandenburg is not only home to the prospering periphery of Berlin, the ill-famed Berlin airport or a Tesla factory, but also to regions suffering from underinvestments and demographic change.

Politically speaking, Brandenburg has now become the regional state, giving some hope to chancellor Olaf Scholz for next year's federal elections – at first glance. Taking a closer look, however, the Brandenburg elections rather show how fragmented the German political landscape has become.

Let's turn to the numbers. The Social Democratic Party (SPD) with incumbent minister-president Dietmar Woidke finished first with some 31% of the vote, followed by the far-right Alternative for

Germany (AfD) with around 29%. The new populist leftist party, the Sahra Wagenknecht Alliance (BSW), came in third with more than 13%, while the Christian DCU placed fourth with 12%. The Greens and the Left Party didn't make it into parliament. The liberal Free Democratic Party (FDP) doesn't even show up in the results as a single party anymore.

## Some first takeaways

The three regional state elections this autumn were seen as a big test case for German politics and also a test case for the government coalition in Berlin. And, indeed, the elections more than met these expectations. Here are some initial takeaways:

- The SPD wins elections with a campaign exclusively focused on current minister-president Woidke, explicitly avoiding reference to Olaf Scholz and sometimes even the party itself. This SPD win could bring some short-term relief for Olaf Scholz, but this will not last.
- The Greens remain the current fall guy of German politics and are increasingly blamed for economic stagnation. Interestingly, it is not only populist parties fuelling this narrative but also the CDU, which has started to publicly rule out any cooperation with the Greens after the next federal elections.
- FDP has fallen into political irrelevance in east German states.
- CDU does not automatically win elections and will have to come up with more alternatives outside of simply not being the current government.
- AfD remains strong with radical opposition campaigning. In the three east German states, the AfD was only narrowly beaten by incumbent minister-presidents (Saxony and Brandenburg).
- BSW sends Linke into political irrelevance and scores a double-digit percentage result in the third consecutive state election.
- AfD and BSW get more than 40% of the votes, which makes coalition building increasingly more complicated.
- Official comments yesterday evening suggest that SPD and the Greens have no intention of snap elections at the federal level. Comments from the FDP, however, suggest that if any of the three coalition parties could pull out from the government, it would be the FDP.

All in all, the last three regional state elections show that Germany has become a land of the againsts. Against immigration, against the government coalition in Berlin, against green transition but also against the AfD taking over government positions. A lot of againsts and currently very little constructive policy debates.

Given the weak support for the FDP, we wouldn't rule out that the FDP pulls out of the government coalition in Berlin in the coming days. This would not necessarily trigger new elections and our base case scenario remains one in which the next federal elections will take place as scheduled on 28 September next year.

It looks increasingly clear, however, that the changing political landscape will not only complicate coalition building but that it will also limit the room for any groundbreaking economic reforms to get the economy out of stagnation over the coming months.

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