

# GERMAN FEDERAL PARLIAMENTARY ELECTIONS

## MERKEL WINS THIRD TERM AS LIBERALS EXIT PARLIAMENT

SEPTEMBER 2013

**Angela Merkel has won a larger-than-expected victory in Germany's federal parliamentary elections, held on Sunday 22 September.**

Her party, the Christian Democrats (CDU) and its Bavarian partners, the Christian Social Union (CSU) fell just short of an overall majority.

Mrs Merkel (*pictured right*) will therefore need a new coalition partner for her third term as Chancellor, as the share of the vote for Liberal Free Democratic Party (FDP), with whom the CDU/CSU has governed for the past four years, fell below the five per cent threshold for entry into the Bundestag.

Despite the clear win for the centre-right CDU/CSU, the elections saw a slight shift towards the left, with the collapse of the FDP vote and the Social Democrats (SPD) gaining support.

The next few weeks will see a prolonged period of coalition negotiations, with a 'grand coalition' between the CDU/CSU and the SPD, under the leadership of Mrs Merkel, the most likely outcome.

Under the new government, continuity is likely but with slightly more socially-oriented policies on the economy, finance and taxation, the European Union, social security and healthcare.



Photo: CC/Flickr Glyn Lowe (glynlowe)

### CAMPAIGN AND RESULTS, PARTY-BY-PARTY

Neither of the main political blocs was able to win a majority in the elections.

The outgoing governing coalition - composed of the Christian Democrats (CDU/CSU) and the Liberal Free Democratic Party (FDP) suffered from the sharp decline in support for the Liberals.

A left-leaning coalition composed of the Social Democrats (SPD) and the Greens could not win a majority either, given that they had ruled out governing in coalition with The Left, a far-left party.

The election campaign focused almost exclusively on domestic issues, and were heavily focused on the main personalities, most notably the Christian Democrat Chancellor Angela Merkel and her Social Democrat challenger Peer Steinbrück.

#### Christian Democrats (CDU/CSU)

With a strong campaign focus on Angela Merkel, who has been

Chancellor since 2005, the Christian Democrats were able to gain votes in this election - a rare feat for a governing party in Europe in recent years.

The CDU/CSU share of the vote went up 7.7 percentage points compared to the previous election in 2009, to 41.5%. This was considerably more than the latest polls had been predicting and was the strongest result for the Christian Democrats in 23 years.

Mrs Merkel's group missed out on an overall majority - which would have been the first such victory since 1957 - by just five seats.

A strong economic climate and outlook and her appropriation of some key opposition policies (such as phasing out nuclear energy) made her and the CDU a difficult campaign target.

Germans seem to appreciate and support Mrs Merkel's nonpartisan and cautious style. While her European policies - such as on the euro crisis - have been lamented in other parts of Europe, her approach has been

**71.5%**  
of Germans  
turned out to  
vote in the  
elections

vindicated on a domestic level by the outcome of these elections.

#### Free Democratic Party - The Liberals (FDP)

The pro-business Liberals had a disastrous election, even though their fate had been widely predicted by the opinion polls.

The FDP failed to clear the five per cent threshold to gain representation in the Bundestag. This will be the first parliament without a Liberal voice since 1949, and represents a major shift in German politics.

Only 4.8% of Germans voted for the Liberals - a share of the vote that is less than a third of the 14.6% it achieved in 2009 (the party's all-time high).

A perception that the FDP had not delivered on the promises of its last campaign, as well as scandals, strategy shifts, and changes in personnel throughout the last four years, meant that they were unable to capitalise on their position in a generally popular government.

The FDP lost several state elections, the last of which was in Bavaria, just one week before the federal elections, where they also fell below the five per cent threshold.

### Social Democrats (SPD)

The Social Democrats' campaign never really got going, yet the main centre-left party still saw its share of the vote rise since the last election (the SPD's worst-ever showing) by 2.7 points to 25.7%.

However, the result is still a major disappointment. A shift of the party towards its core social democratic policy positions, Angela Merkel's political style, and her repositioning on controversial social issues such as a minimum wage made it difficult for the SPD to bring her down.

Mrs Merkel's challenger for the chancellorship, Peer Steinbrück, had a bumpy start and was the focus of an ongoing media debate. Following the live television debate at the beginning of September, Mr Steinbrück (who was Mrs Merkel's finance minister in the 'grand coalition' government between 2005 and 2009) was able to pull things back a little, but could not close the gap to the CDU/CSU.

### Greens (Bündnis 90/Die Grünen)

The Greens saw their share of the vote fall from 10.7% in 2009 to 8.4%.

This was a disappointing result for the party, especially given its success in mid-term elections (the Greens won their first state elections in 2011 in Baden-Württemberg) and their high opinion poll ratings (an all-time high of 23% in the polls in 2011).

The Green campaign faded as their plans for higher taxes saw middle-class support drop off. In the last weeks of the campaign policy discussions were derailed by a debate on support by Green politicians for a more liberal view on certain forms of paedophilia in the mid-1980s.

### The Left

The Left saw a slight fall in its support, by 3.3 points to 8.6%. However, the 'near misses' of the Liberals and the Alternative for Germany (AfD) parties allowed the party to become the third-biggest grouping in the Bundestag, one seat ahead of the Greens.

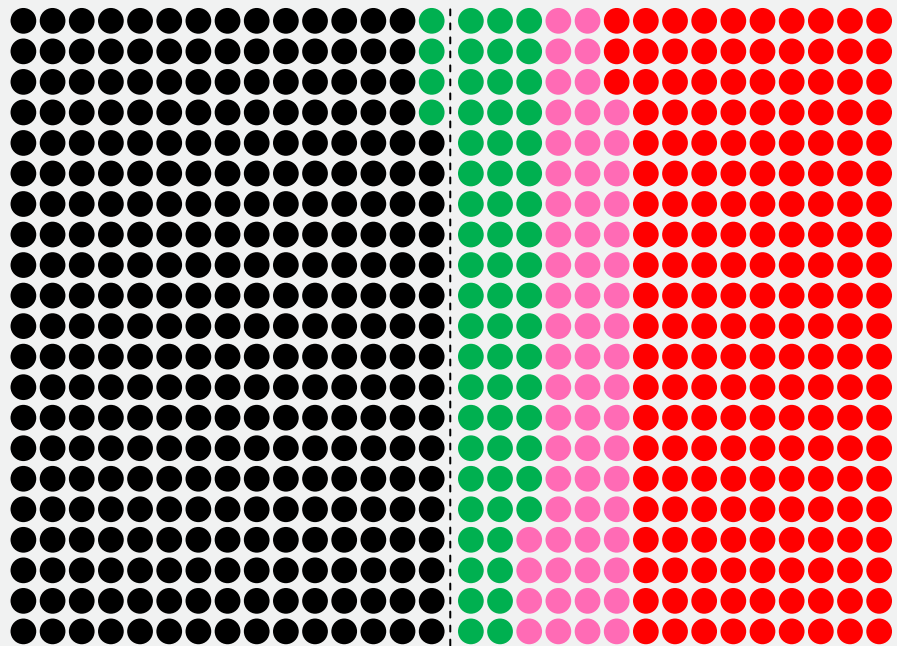
### Alternative for Germany (AfD)

The Alternative for Germany (AfD) party came close to the five per cent threshold, winning 4.7% of the vote - a major advance for a party that was created only a few months ago.

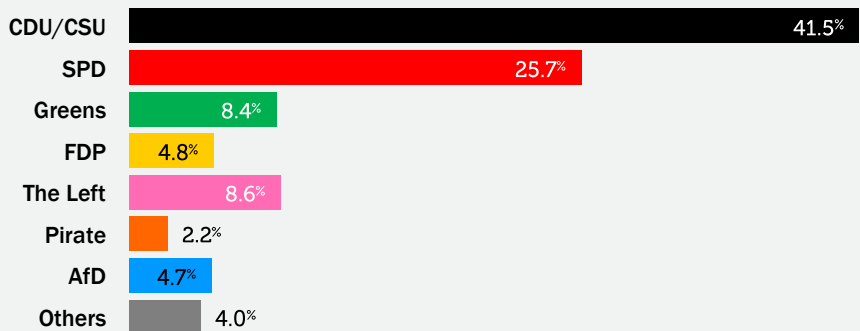
The good result for the Eurosceptic AfD highlights some discontent with

## ELECTION RESULTS

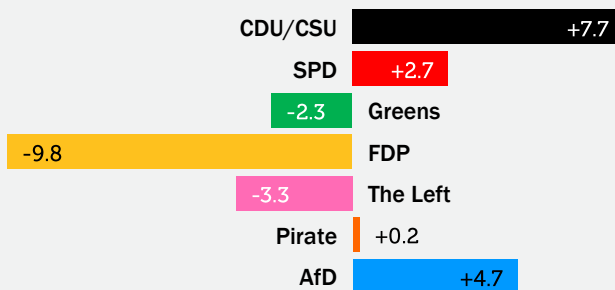
SEATS IN PARLIAMENT  
630 SEATS; 316 NEEDED FOR A MAJORITY



NATIONAL SHARE OF THE VOTE  
5% NEEDED TO ENTER PARLIAMENT



CHANGE IN SHARE OF THE VOTE  
PERCENTAGE POINTS; COMPARED TO 2009 BUNDESTAG ELECTION



Source: Federal Returning Officer

the bailouts and moves to further integrate the Eurozone. Given the lower threshold for the European Parliament elections in 2014, the AfD could well win representation in Brussels and Strasbourg next year.

### Pirate Party

The Pirate Party saw a slight increase in its support, from two per cent to 2.2%. It also failed to enter the Bundestag but may win seats in the European Parliament next year.

## NEXT STEPS

With Mrs Merkel's CDU/CSU narrowly failing to achieve an overall majority, she is likely to seek a coalition partner (having stated that she will not run a minority government).

While the Greens are an option (especially given their convergence on nuclear energy policy) the parties' different approaches to taxation and spending make this a less likely coalition.

Most analysts are expecting a 'grand coalition' between the CDU/CSU and the SPD. The two parties governed together from 2005, under Mrs Merkel, but the Social Democrats ended that period in office by being heavily defeated at the polls in 2009. They are likely to seek some key concessions on policy in order to enter government.

While broadly supporting the outgoing government's European policy, the SPD may well seek to remove the 'hard edges' from its approach to the euro crisis and seek policies that are more socially-oriented.

While the SPD, Greens and The Left could theoretically form a coalition government without the CDU/CSU, this is extremely unlikely to happen given the unwillingness of other parties to work with The Left.

Despite some significant policy differences, a grand coalition therefore seems to be the most stable and most likely outcome.

## GRAND COALITION - POLICY DIRECTION

### *Economic, finance and social security policies*

A grand coalition lacks common ground on most issues and there could be a less business-friendly environment. Reform is likely on labour issues, tax and energy. The Social Democrats will be keen to ensure that a nationwide minimum wage is part of the coalition agreement and they will also want to reduce temporary employment and service contracts.

### *Energy*

The nuclear phase-out remains the consensus. While the CDU/CSU want to slow down the transition to renewable energy to ease the pressure on energy prices, the SPD wants an acceleration and an end to tax exemptions for businesses. There also are some discussions on bundling powers regarding energy policy to drive the process of energy renewal.

**15.7%**

of votes went to parties that will not be represented in the Bundestag

## European affairs and the euro crisis

Both the CDU/CSU and SPD support the euro and agree on fundamental EU policies. The Christian Democrats support a rigid austerity policy for states suffering from the euro crisis, while Social Democrats favour a looser policy that takes into account social pressures, as well as the issuing of euro bonds. This will be a major area of the coalition negotiations. A potential decision on a third bailout for Greece will reveal the policy direction of Mrs Merkel's new government.

The decision on a new European commissioner from Germany will also have to be made in 2014, and the parties may well bargain as to which one will take this role. There is the added complication of European parties potentially nominating candidates for the Commission presidency - and given that the Party of European Socialists' candidate seems likely to be a German - Martin Schulz - the SPD may want an assurance from Mrs Merkel that she will support Mr Schulz for the presidency if the centre-left wins the European Parliament elections next year.

## Foreign Policy

Both the CDU/CSU and SPD support a close relationship with the United States and are wary of military approaches to dealing with international issues.

In the upcoming negotiations for a Transatlantic Trade and Investment Package (TTIP) - support for which from the SPD is only lukewarm - the government will also be concerned about civil rights and data protection.

## Healthcare

The grand coalition has different and controversial points of view on most healthcare issues but there are also major differences when it comes to the very nature of the healthcare insurance system. It is likely that the grand coalition will reform public care insurance and focus on topics on which both parties can agree, such as telemedicine or medical provision in rural areas.

*The SPD's Peer Steinbrück said he would not serve as a minister under Mrs Merkel*

*Photo: CC/Flicker Glyn Lowe (glynlowe)*



## ANALYSIS



## WHAT THE RESULTS MEAN FOR BUSINESS

CHRISTIAN THAMS

**The German elections and Chancellor Merkel's victory signal stability for business and for Europe in the next years.**

However, it could be difficult for her to form a stable government with a centre-left party and to implement the major economic and social reforms Germany needs.

Furthermore, with the Liberals not represented in the Bundestag, business has lost a very important voice in parliament. This, and a more left-leaning grand coalition, could have a challenging impact on the political agenda and decisions relevant for business.

*Christian Thams is Managing Director Public Affairs at Burson-Marsteller in Berlin. He advises international and national clients on public affairs, government relations and political communications and closely observed the election.*

*christian.thams@bm.com*

## EUROPE DECIDES

**Europe Decides** is an initiative from Burson-Marsteller Brussels that will follow the changes in the European Union's institutions in 2014.

You can find out more by visiting our website - [europedecides.eu](http://europedecides.eu) - from Wednesday 25 September. You can also follow us on Twitter (@europedecides).

Contact us at [bmbussels@bm.com](mailto:bmbussels@bm.com) to receive updates from Burson-Marsteller Brussels, or follow us on Twitter (@bmbussels).

## KEY PLAYERS IN A GRAND COALITION

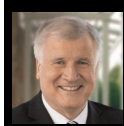
### SOME OF THE LIKELY MINISTERS IN A CDU/CSU - SPD GOVERNMENT



**ANGELA MERKEL**

CDU

The current Chancellor will stay in her role and will lead a 'grand coalition' for the second time (following the 2005-2009 pact with the SPD). Her leadership style is often described as observant, moderating, and 'presidential' - characteristics that are reinforced by her role in international and European issues such as the euro crisis. Mrs Merkel is pragmatic, changing positions where appropriate, such as on the phase-out of nuclear energy. She seizes controversial topics promoted by the opposition and tries to avoid conflict.



**HORST SEEHOFER**

CSU

Mr Seehofer is party chair of the CSU, the conservative sister party of the CDU in Bavaria. He is head of the Bavarian government and has served as Federal Minister for Food, Agriculture, and Consumer Protection in Mrs Merkel's 2005-2009 government. Mr Seehofer has conservative views on family affairs and gender equality. Having clearly won the Bavarian state elections one week ago and contributed largely to the CDU/CSU federal election victory, he is likely to push Mrs Merkel for a key role in the upcoming negotiations.



**FRANK-WALTER STEINMEIER**

SPD

The Social Democrats' frontrunner from the 2009 campaign, Mr Steinmeier was foreign minister in the 2005-2009 grand coalition led by Angela Merkel. He has been the Social Democrats' parliamentary group leader since then. Even though he has been criticised for his weak stand on human rights, Mr Steinmeier is an respected politician in the field of foreign policy and international relations.



**SIGMAR GABRIEL**

SPD

Sigmar Gabriel has chaired the SPD since 2009. His previous positions include environment minister during the 2005-2009 grand coalition government. Usually the chairman of the junior coalition party seeks the post of foreign minister, but since Mr Gabriel has a strong focus on social and labour issues, it is possible he will seek another cabinet post that would allow him to take a stance on domestic issues. Mr Gabriel wants further curbs on the banking and financial sector and supports a more integrated Europe.



**WOLFGANG SCHÄUBLE**

CDU

Wolfgang Schäuble, who is on the right of his party, was federal interior minister under Helmut Kohl and in the first Merkel government. He later took up the position of finance minister and is well respected. He is of key importance to Mrs Merkel given his role in the euro crisis. While there are rumours that he may retire, it seems more likely that he will serve again as finance minister.



**PETER ALTMAIER**

CDU

Mr Altmaier, the current federal environment minister, is very popular with voters and is one of Mrs Merkel's closest confidants. It is unclear whether he will continue in his position or replace Ronald Pofalla as head of the Chancellery (a key role as a minister assisting the Chancellor - and particularly important in a grand coalition), but he is likely still to have a say in shaping Germany's energy policy, one of the hot topics of German politics, and will play a major role in EU talks on the overhaul of the carbon market.



**THOMAS OPPERMAN**

SPD

Mr Oppermann has been the Social Democrats' party whip in the Bundestag since November 2007 and is currently the Chairman of the Parliamentary Control Commission, a position from which he has been highly involved in the investigation of the activities of the United States National Security Agency (NSA) in Germany. He has a strong focus on issues of domestic security and civil rights. While he will play a vital role, it is unclear whether this will be in the Ministry of the Interior or the Ministry of Justice.



**URSULA VON DER LEYEN**

CDU

The current labour and social affairs minister, Mrs Von Der Leyen has a bold, risk-taking approach that saw her pioneer controversial and forward-thinking policies in areas of parental leave and youth protection. She promoted quotas for women, in opposition to the Chancellor. Mrs Von Der Leyen is popular and will shape social issues. As a medical doctor with a strong interest in healthcare, she may well become health minister. There is speculation that she may be a possible successor to Mrs Merkel.



**THOMAS DE MAIZIÈRE**

CDU

Thomas de Maizière has been defence minister since 2011. He was previously interior minister. He has recently struggled with revelations of the Eurohawk drone scandal and, although very loyal and disciplined, it is unclear what position he will take in a grand coalition government. It is likely, however, that he will remain part of Mrs Merkel's team.



**HUBERTUS HEIL**

SPD

Mr Heil, a centrist, held the position of General Secretary of Social Democrats until 2009, when he resigned after the SPD suffered a heavy defeat in the federal elections. He is a proponent of economic reform, believing that both public and private investment and greater domestic demand in Germany - fuelled by higher wages - are required. He is expected to become a key figure in shaping the economic policy of the new government.

For more information please contact:

**Robert Mack**  
Chair, EMEA Public Affairs Practice  
[robert.mack@bm.com](mailto:robert.mack@bm.com)

**David O'Leary**  
Director, Government Relations, Brussels  
[david.oleary@bm.com](mailto:david.oleary@bm.com)

**Christian Thams**  
Managing Director, Public Affairs, Berlin  
[christian.thams@bm.com](mailto:christian.thams@bm.com)



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