



Regional elections and beyond: The trend is Green

- The CDU's disappointing results in the two state ballots are a dismal start for the party into this election year. The CDU was up against two extremely popular prime ministers who appeal to voters across the political camps – for more than half of the voters the incumbent PM was the reason to vote for the respective party (infratest). However, nondescript CDU candidates, allegations around mask procurement deals and growing discontent about pandemic management are behind the heavy defeats in Baden-Wuerttemberg (BW) and Rhineland-Palatinate (RP). The new party leader Armin Laschet was not able to change the party's fortunes. With political noise increasing, the CDU/CSU will enter a reflection period over how to position for the federal elections incl. the nomination of their joint chancellor candidate. For now, Laschet's chances for Merkel's succession remain intact, in our view.
- In BW, the former CDU stronghold, the Greens with their popular PM Winfried Kretschmann, defended their position as the strongest party. The CDU suffered its lowest result in history but still came in second. Germany's only Green PM can now reconsider his coalition options, either sticking with the current green-black coalition or switching to a Green-led government with SPD and FDP as junior partners. The latter would be a strong signal for the federal elections further down the road.
- In RP, female PM Malu Deyer held the SPD's result achieving over 30% - a distant dream for her federal party fellows. Still, SPD chancellor candidate and FM Olaf Scholz took heart in the news that in both states a government might be formed against the CDU and extended this prospect to the federal elections. Again, the Greens had a strong run while the CDU scored its poorest result ever in this state. In RP it is clear already that the traffic light coalition under Dreyer will continue its work.
- While another six months until federal elections is a long time in politics, the state elections serve as a reminder that a CDU/CSU/Green coalition which is the consensus so far, is not a foregone conclusion. With Merkel's bonus for the CDU/CSU fading, vaccine problems continuing and the surprising revival of the Liberals, other coalition options for the Greens might open up. In the end, forming a coalition on the federal level might be as difficult as back in 2017.

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Implications of the state elections beyond the regional aspects

The CDU had to face a dismal start into the election year with significant defeats in both state elections (see below for details). The reasons are manifold including the allegations around medical mask procurement deals and the public's weakening patience with vaccine problems and, more generally, crisis management. This does



not bode well for the newly-elected CDU party leader Laschet and the CDU/CSU in the run-up to the federal elections – although in exit polls voters signaled that they are more critical of the respective regional arm of the CDU than for the federal level (see Figure 1) and regional topics played the major role. Still, the nervousness in the CDU is likely to increase and the party bodies which will meet in the course of the day and the week will have a lot to discuss. Early official statements by senior CDU grandees and the CDU secretary general were aimed at ring fencing Laschet from this bad news pointing to his very short period of being in office. Still, Laschet is unlikely to escape more questions around his nomination as chancellor candidate given the higher popularity of PM Söder. At the same time, Söder – who has never officially stated his ambition for nomination – might get second thoughts should winning the federal elections look increasingly challenging for a CDU/CSU that is losing Merkel’s bonus (49% of Germans think that without Merkel the CDU will not be as strong as currently, Allensbach).

The state elections also serve as a reminder that there might be other options than the CDU/CSU/Green coalition that consensus expects as the outcome of the federal elections. This will be underlined if the Green PM Kretschmann in BW decides to form a traffic light coalition with the SPD and the FDP and relegates the CDU into the opposition role. Beyond federal polls which for the time being do not see a majority for any sort of traffic light coalition, these options will be more broadly discussed now. FM Scholz already pointed to the fact that the election results are a clear indication for a centre-left governing option, attempting to distract attention from the frequently discussed red-red-green coalition option. This would require though the SPD to significantly increase its performance as polls see it at just around 15% on the federal level and for the Greens to attract (even) more voters from the conservative camp. In any case, the so far rather dull election campaign will turn more exciting than has been perceived at the start of the year.

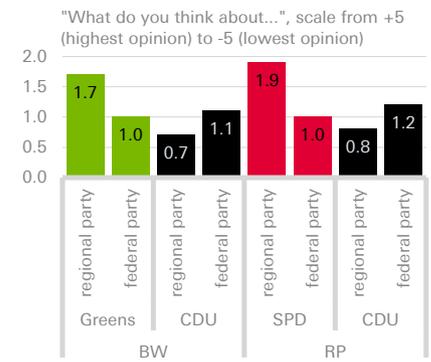
Baden-Wuerttemberg: The Greens strive, CDU at risk of being sent into opposition

The Greens are the undisputed election winners, surpassing their last already record-high election result with almost 33%. This can be attributed to the popular PM Winfried Kretschmann who has governed the country for the past 10 years and whose level-headed political style has made the party eligible also to voters from the political centre. The FDP is also among the winners, cracking the 10% mark and gaining voters especially from the CDU and AfD.

With less than 25%, the CDU obtains its worst result in history in what has long been a conservative stronghold. Voters' dissatisfaction with the federal CDU, which they blame for the slow start of the vaccination campaign and which has sparked outrage with individual MPs involved in questionable mask procurement deals, is only partly responsible for this. To some, part the defeat can also be attributed to the regional CDU itself, which is considered to be divided and did not close ranks behind its candidate. Voters give the BW CDU lower marks than the federal CDU (Politbarometer). Thus, the party was not able to mobilise all its voters and lost votes especially to the Greens and the FDP. Among the losers of the election are also (i) the SPD, moving closer to the 10% mark, and (ii) the AfD, which fell below the 10% mark but could nevertheless establish itself as a political force in the region.

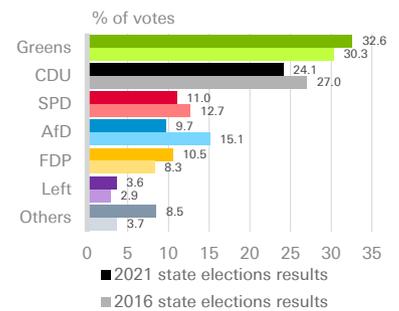
Against this backdrop, it is not a given that the Greens will continue with their junior partner CDU. A green-black coalition could still count on a strong majority in parliament, but so would a Green-led traffic light coalition with the SPD and FDP. While PM Kretschmann signaled a preference for continuing the green-black

Figure 1: Voters in both states do not have a favorable view of the local CDU



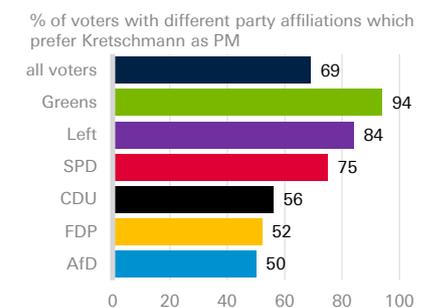
Source: Politbarometer, March 14

Figure 2: Baden-Wuerttemberg - current and last state elections results



Note: Preliminary election results
Source: Baden-Wuerttemberg Statistisches Landesamt

Figure 3: PM Kretschmann is popular in all voter groups



Source: Politbarometer, March 14



coalition prior to the election, he showed himself open for coalition talks with all “democratic forces” yesterday. However, it is still open whether a traffic light coalition can be successfully formed in BW, as the SPD tends to be more on the left and thus the difference to the FDP might be difficult to bridge. Moreover, voters prefer a green-black coalition (43% approval) over a traffic light coalition (28%; Politbarometer).

Rhineland-Palatinate: The hour of the SPD, traffic light coalition to continue

With a good 35% of votes, the winner of the RP elections is the SPD, achieving a result the SPD colleagues in Berlin can only dream of. The party’s strong performance is clearly attributed to its popular PM Malu Dreyer, who successfully led a traffic light coalition for the past five years and gets comparatively good marks for her crisis management (57% of voters are satisfied with the crisis management and 56% prefer Dreyer as PM; Politbarometer). The winners also include (i) the Greens, which were able to improve their result significantly – albeit they did not crack the 10% mark despite strong scoring in pre-election polls – and gain voters from all parties as well as non-voters, and (ii) the small conservative-liberal “Freie Wähler” party, which took the 5% hurdle and thus enters parliament for the first time in RP (it rules in a coalition with the CSU in Bavaria).

The CDU scored a historically poor election result of around 28%, falling well behind the SPD and thus cementing its opposition role. This is not only a result of voter dissatisfaction with the federal CDU, but also with the local CDU itself, which achieves less favorable voter ratings than the federal CDU. Particularly bitter for the party is that, in the core issue of the economy, regional voters attribute more competence to the SPD than the CDU (Politbarometer). Among the losers of the election are also (i) the FDP which lost some pp, notably to the CDU, and (ii) the AfD, which fell below the 10% mark but could nevertheless establish itself as a political force in the region.

PM Dreyer as well as the Greens and the FDP expressed their intention to continue the traffic-light coalition. This coalition will be stronger than in the last term when it had only a feeble majority of one vote in parliament. In view of the election results, the power-balance within the coalition has slightly shifted from the FDP towards the Greens. Nevertheless, the FDP is needed as coalition partner as the SPD and the Greens do not hold a majority together.

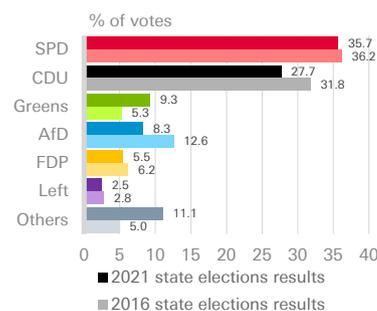
Signposts ahead

CDU party leader Laschet and CSU party leader Söder already announced a couple of weeks ago, that they would discuss the nomination of the joint chancellor candidate between Easter and Pentecost. The election fallout probably requires that the conservatives speed up their positioning making it rather likely that the decision will be taken closer after Easter. This has then to be followed by the presentation of the party’s election platform something both the SPD and the Greens have already done.

More generally, the months of April and May will be crowded with political events ranging from the nomination of the Green’s chancellor candidate to various party conventions triggering the election campaigns of the respective parties.

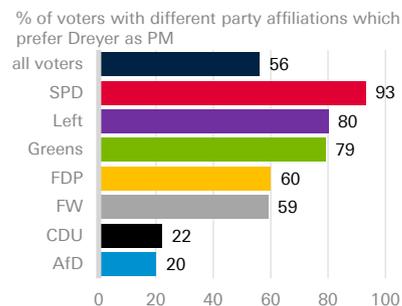
In early June, the next state election in the Eastern state of Saxony-Anhalt will take place. The remaining three state elections will take place the same day as the federal elections, September 26.

Figure 4: Rhineland-Palatinate - current and last state elections results



Note: Preliminary election results
Source: Landeswahlleiter Rhineland-Palatinate

Figure 5: PM Dreyer is popular in most voter groups



Note: FW stands for “Freie Wähler”
Source: Politbarometer, March 14



Appendix 1

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