






German Election Preview

CLAIRE AINSLEY
PROGRESSIVE POLICY INSTITUTE

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INTRODUCTION

On 23 February 2025, Germans will head to the polls in the first federal election since Olaf Scholz's Social Democrats (SPD) came from third to first to win the Chancellery in October 2021, following the departure of Chancellor Angela Merkel and a long period of Christian Democrat Union (CDU) dominance.

In 2021, the SPD became the lead party in a coalition government with the Green Party and Free Democratic Party (FDP), agreeing on an ambitious government programme based on their 'four missions for the future' outlined in the SPD's winning manifesto.

Yet Sunday's election looks set to provide a very different outcome, with the CDU back in pole position, and the ruling SPD trailing in a low third with the Greens just behind them in fourth. Second place in the polls is the Alternative for Germany (AfD), a far-right challenger party that has doubled its support since the 2021 federal election, when it came fifth with 10% of the vote.

As attention turns to this historic election, what might we expect from the results? And what lessons can center-left parties elsewhere draw from the German experience?

THE SNAP FEBRUARY ELECTION

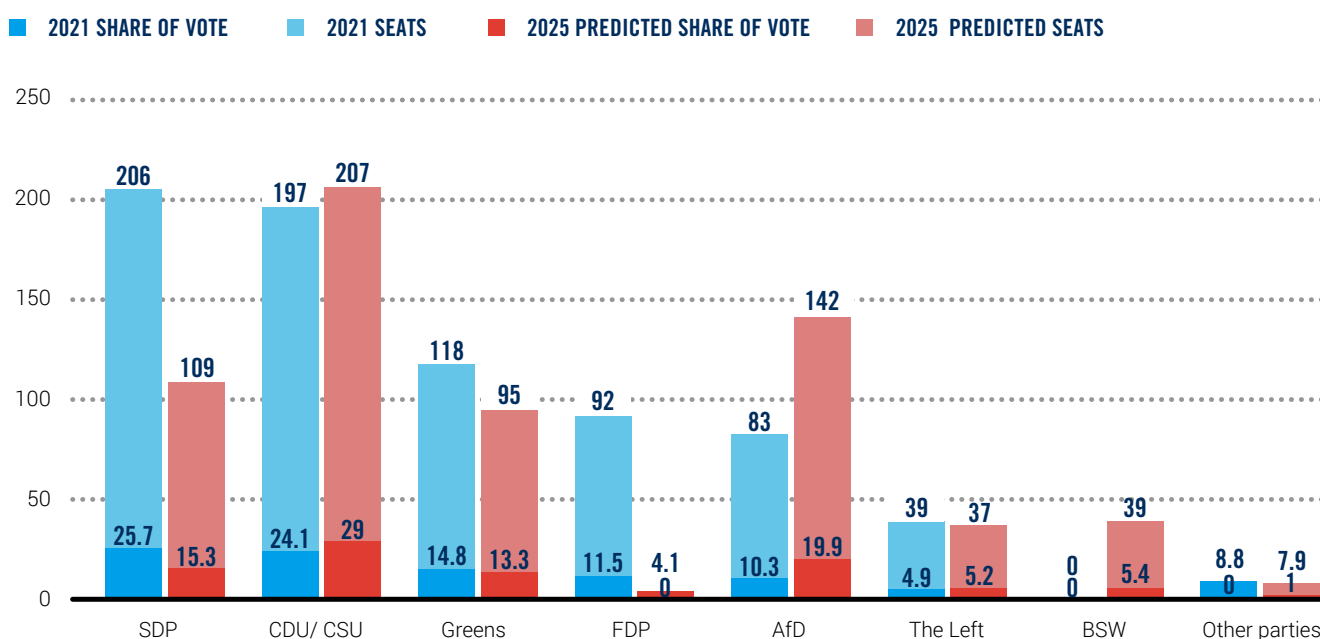
Chancellor Olaf Scholz dramatically called time on the governing coalition in December 2024, after firing FDP Finance Minister Christian Lindner. In uncharacteristic candour, Scholz set out to the German people the reason for the dismissal, stating that Lindner had rejected proposals to loosen the requirement to balance the budget, instead favouring social welfare cuts.

A clearly exasperated Scholz knew in so doing that he would face a confidence vote in the Bundestag

that he would likely lose. However, with a federal election due by Autumn 2025 in any case, the decision to break up the governing coalition in December was only bringing forward the inevitable. The SPD had been trailing in the polls since just six months into forming the new government, overtaken by the CDU within months, and by

the AfD as well a year later. The Greens initially experienced a surge in support after entering the coalition, also overtaking the SPD in popularity, before their standing steadily fell from July 2022 onwards. They face the prospect of polling fourth in February's election.

FIGURE 1: GERMAN BUNDESTAG ELECTION RESULTS 2021 VS PREDICTED ELECTION RESULTS BASED ON YOUTGOV LATEST POLL



Source: YouGov¹

Germany's parliamentary system makes multi-party coalitions likely. But if the CDU do come first, they face two major dilemmas in determining a path forward. The first is that they will not want to repeat the instability of three-party coalition that Germans seem determined to reject. The second is that going into coalition with the likely second-placed party, the AfD, would break the longstanding 'firewall' between mainstream politics and the far-right that has existed in Germany to prohibit cooperation with far-right parties. The CDU had given a commitment that it would not break that firewall, but has come under opposition criticism more recently for relying on AfD votes in

parliament to push through tough new measures to control immigration, a flashpoint issue at this election. Supporters of the right and center-right parties in Germany are much less convinced about the iron-clad nature of the firewall than those on the left and center-left, and are far more likely to say action on immigration matters more than maintaining the firewall.

Germany has a number of smaller parties whose votes could be significant at this election, both in terms of their impact on the main parties, and if they break through the 5% threshold designed at keeping smaller parties out of the Bundestag. The

free market-orientated Free Democrats, who came fourth in the federal election of 2021, were part of the coalition holding the Finance Ministry until recent events; and both the Left and newly-formed Sahra Wagenknecht Alliance (BSW), a left but socially conservative new party, could achieve the threshold. The overall composition of a potential coalition, or even the possibility of a minority government, will depend on the final polls and the political decisions made thereafter.

One of the most important features of the result will be the geographical composition of the vote, as well as the overall final standing of the parties. The AfD currently polls first in the former East Germany, with its support there contributing all its projected wins in the Bundestag.² For a country that has invested so much of itself into a careful process of reunification, the election has important social and cultural implications for Germany that transcend usual political events.

THE SPD IN COALITION

The German Social Democrats provided inspiration to the center-left elsewhere in the world with its successful federal campaign in 2021, including the British Labour Party, at the time undergoing a transformation in opposition. The positioning developed by the SPD was that the party would make voters feel secure as the country changes, exemplified by the controlled leadership of Olaf Scholz. It was designed to speak to a German public getting used to the idea of losing the familiar presence of Angela Merkel, German Chancellor for the previous sixteen years. Scholz was seen by voters as the most convincing candidate to succeed Merkel,³ and developed a theme of 'Respect' to bridge social divides that struck a chord with German voters. The SPD focussed on core issues during the campaign, such as pledges on pensions and the minimum wage, framed in longer-term 'missions for the future' that allowed it to speak to a more ambitious programme for government.

In the event, it was a narrow win for the SPD, securing just 1.6% of the vote more than their CDU rivals, with a total vote share of 25.7%. An improvement on their starting point in the campaign, and on their 2017 performance of second place, with 20.5% of the vote, but a far cry from the early days of former leader Gerhard Schröder where they won 43.8%.

Many of the central political challenges facing the SPD in power reflect the demographical and electoral tensions that exist in developed democracies, as center-left parties attempt to adjust to the changing social class basis of their traditional vote. At the 2021 federal election, the Greens, Liberals (FDP), and AfD became middle-sized parties, reflecting differing voting blocs, with the SPD's social base older and more likely to be non-college educated than the voting bases of the Democrats in the US or the Labour Party in the UK, for example.⁴ Forming a coalition with the Greens to their left on the one hand, and with the economically liberal FDP on the other, stretched the SPD's capacity for compromise.

Three central issues have dominated the parliament, and demanded political leadership that many voters feel Olaf Scholz's coalition have been unable to provide: economic reform; climate policies; and immigration.

Economic reform

The immediate issue that has ended the governing coalition arrangement was Finance Minister Lindner's refusal to agree to Chancellor's Scholz proposals to close the deficit gap of 10bn euros by loosening the German 'debt brake' on spending to allow for more government investment. Lindner favoured social welfare budget cuts and delaying environmental targets. The SPD goes into the election promising reform to German debt rules to allow for more investment in Germany's creaking infrastructure, and proposing a "Made in Germany" bonus to incentivise private investment.

The German “debt brake,” which limits how much money the German government can borrow to run a budget deficit of less than 0.35% of the annual GDP, has been a constant source of tension throughout the parliament. In November 2023, Germany’s highest court ruled that the coalition government’s proposed funding plan for energy and climate programmes was unlawful, and there has been political deadlock on the overall approach to financing investment ever since. Germany has experienced two consecutive years of economic contraction, by 0.1% in 2023 and 0.2% in 2024. Whilst Germany has recovered from its initial exposure to the energy crisis by shifting its high dependence on Russian gas to other sources including liquified natural gas from the US, and inflation has returned to more normal levels, its longstanding economic problems of weak productivity and high export reliance have continued to plague its post-Covid economy.

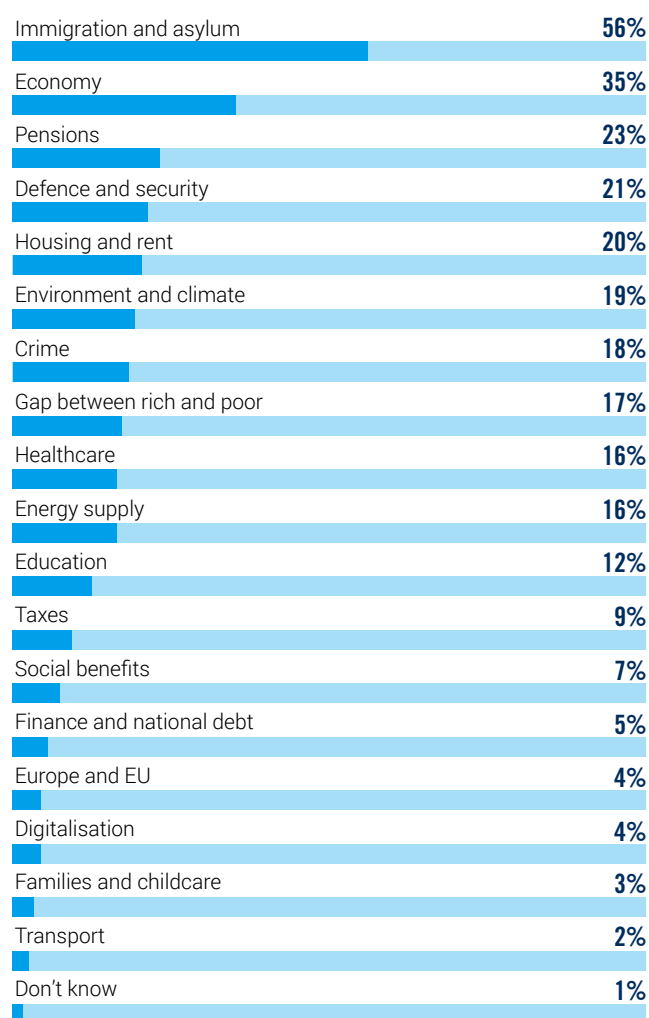
Climate policies

The financing of climate protections has been at the center of the coalition government’s tensions. An original proposal for what became the Buildings Energy Act was significantly amended following a public backlash to the consumer costs for replacing fossil fuel heating systems with renewable energy. The final legislation, which came into effect on 1 January 2024, shifted the responsibility from households to housing developers and local authorities for district area heating, loosening the requirements to replace oil and gas heaters and providing public subsidies to install cleaner domestic energy systems.

The coalition’s opponents maximised the public fallout from the proposals, which voters feared would add costs for their household and to small to medium-sized businesses that they could ill afford. Gas prices in Germany initially shot up by 78% by October 2022, before rapidly falling and normalising by early 2024. The AfD in particular was able to make political and electoral headway

by linking the imposition of climate requirements, to the perceived imposition of new and unfamiliar cultural changes by the progressive activist left. AfD leader Alice Weidel told a crowd in Gelnhausen in September 2023 ahead of the Hesse state election “The citizen is no longer free to decide which heating system he wants to have in his cellar...But we are allowed to choose once a year whether we want to be male or female or anything else.”⁵ Who pays the cost of the transition to cleaner energy was a material issue, but so too did it come to exemplify a cultural disconnect between ordinary, non-political voters, and parts of the left who were too willing to tell them how to live their lives.

FIGURE 2. THE MOST IMPORTANT ISSUES TO VOTERS AT THE FORTHCOMING GERMAN FEDERAL ELECTION



Source: YouGov⁶

Immigration

Immigration has become the number one political issue in Germany, and the top issue for supporters of almost all the political parties⁷ apart from for those who back the Greens and the Left, who prioritise the environment and wealth taxes, respectively. The high salience of immigration as an issue, despite the bleak economic backdrop in Germany, is a warning to center-left parties elsewhere that it must be a central priority to address with effective solutions to better control borders.

Illegal immigration has come down in the last year by 30%, according to Olaf Scholz, who has just extended the controversial measures he took in 2024 to instigate border checks with Germany's closest neighbours, usually reserved within the European Union for emergencies. Immigration reached a peak of 2.67 million in 2022 following Russia's illegal invasion of Ukraine, coming after a decade of liberal immigration policies instigated by former Chancellor Angela Merkel. Far from being an issue confined to the supporters of the far-right, today, 80% of Germans say that immigration has been too high in the last decade, with 54% saying "much too high."⁸

The AfD has used discontent about immigration to fuel its support, promising radical new policies to 'remigrate' people who have a migrant background, including those who hold German citizenship. Alice Weidel has spoken openly about "large-scale repatriations", policies and language that have for decades been confined to the margins of mainstream European politics. CDU leader Friedrich Merz has claimed that the most effective strategy to contain the far-right is to confront the discontent about immigration with solutions, which he used as justification for his decision to rely on AfD votes to support his measures in the recent parliamentary vote to tighten border controls. Merz also directly connected incidents of violent crime where the perpetrators were migrants

to the need for tougher action on immigration through mainstream politics.

Whilst Merz is maintaining his party's position that it will not form a coalition with the AfD, it is clear that even without the AfD in government, German politics will be dominated by the course the next government takes on immigration. If Merz keeps to his word and excludes a second-placed AfD from government, the coalition negotiations likely with the Greens, SPD, or other parties, will need to coalesce on an approach to immigration that addresses the deep tensions evident in German society. Failure on immigration in the eyes of the German public, by another mainstream coalition government, could have far-reaching consequences.

IMPLICATIONS FOR THE GLOBAL CENTER-LEFT

There was a time when the center-left around the world looked to Germany, and Chancellor Scholz with his agenda of 'Respect' to bridge social divides, as a source of hope and encouragement. Like Keir Starmer's Labour Party in the UK, Olaf Scholz's SPD has emphasised a return of his party to the ordinary working people of the country, with Scholz running in 2025 for the "normal people" and the "millions, not the millionaires," seeking a point of difference with the wealthy Merz, the CDU's candidate for the German Chancellery.

Unless the polls are very wrong, Merz is likely to become Germany's next Chancellor, but it is unclear who with, and whether the policies will match the country's challenges. He has set out an intention to introduce more restrictive immigration policies, and to push back environmental targets, but has given more mixed signals on his economic plans. Whilst saying he would be open to reform of the German debt brake, a position which has popular support in the country, it is less clear whether the CDU has a plan to turnaround the German economy and return it to sustained growth.

For the global center-left, key themes emerge from the German experience. The SPD, and the British Labour Party, have adopted the winning center-left election strategy to take them into government: to concentrate on winning over working-class voters, the critical voting base for center-left parties. The Democrats in the US were unable to reverse the trend of losing working-class voters, of all ethnicities, at the 2024 Presidential elections. Winning over larger numbers of today's working-class voters holds the only route back to more sustainable majorities for center-left parties.

As the SPD in power have discovered, and as the Labour Government in the UK is finding out, meeting voters' expectations in power is much, much more challenging. It requires a laser-like focus on the needs and interests of working people, in an economy they do not feel is working for them. As PPI's review of the US election showed,⁹ voters are looking for 'proof points' to evidence what a party has done for them well before the next election. In the absence of clear, tangible examples of how a governing party has brought positive change to their lives, voters will look to the other side to deliver the change they are seeking.

Policy and political decisions have to pass the test of how they will deliver for working people. The coalition's pursuit of environmental policies, which were borne as a cost to households, was a significant contributor to the loss of trust with the SPD and the Greens. Partly, this about promoting a realistic and gradual path to energy transition — the apocalyptic narrative of a sudden end to fossil fuel production is unrealistic, and threatening to many hard-pressed voters who think they will have to pay for it. But it is also a lesson in making sure that policies have a 'working people's test' to

measure every change in how it's experienced and heard around the kitchen table.

Other center-left parties do not have to wrestle with the challenges of governing in coalition, which has been so much a feature of the SPD's experience. In the US and the UK, electoral and factional coalitions tend to be housed within the main political parties, although the new challenge from Reform UK is testing that norm. For the next few years, the UK Labour Government has a landslide majority that can get any legislation it chooses through parliament. It is a mandate many center-left parties look to with envy, and needs to be made the most of it in pursuit of an agenda that delivers for working people, as working people delivered a result for Labour.

For the US, a new partner is likely in Europe. Merz has made it clear that he sees the center-right's success as contingent on meeting the needs of voters fired up about immigration, and not ceding this ground to the far-right. This may align with the new US administration, but it is more likely their first challenge will be to confront the imposition of tariffs. The German economy is particularly vulnerable to the impact of tariffs imposed by the US, or by the wider knock-on effect of trade wars, and Merz has indicated that he would favour targeted retaliations which could push prices up and prompt early confrontation with the US administration. The prospects of a settlement between Ukraine and Russia to end the war would be welcomed in Germany, which fears an escalation, but the outcome is uncertain and the pressure on Europe from the US to increase its defence spending remains. As Merz may find out, winning the election campaign is only half the battle.

ABOUT THE CENTER-LEFT RENEWAL PROJECT

PPI's project on Center-Left Renewal was launched in January 2023 to catalyze and create a renewal of the center-left, sharing ideas, strategies, and research around the world. Since its inception, the project has facilitated a shared exchange between center-left parties, contributing new ideas and analysis designed to further the prospects of the center-left. The project's outputs are shared by PPI here:

www.progressivepolicy.org/project/project-on-center-left-renewal/. Sign up to our project mailing list at info@ppionline.org.

ABOUT THE AUTHOR

Claire Ainsley is Director of PPI's project on Center-left Renewal. From 2020-22 she was Executive Director of Policy to Keir Starmer, Leader of the Opposition and the U.K. Labour Party. Prior to this, she was Executive Director of the Joseph Rowntree Foundation, leading JRF's strategy to inspire action and change to solve U.K. poverty. In May 2018, she authored "The New Working Class: How to Win Hearts, Minds and Votes." She resides in England.

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Founded in 1989, PPI started as the intellectual home of the New Democrats and earned a reputation as President Bill Clinton's "idea mill." Many of its mold-breaking ideas have been translated into public policy and law and have influenced international efforts to modernize progressive politics.

Today, PPI is developing fresh proposals for stimulating U.S. economic innovation and growth; equipping all Americans with the skills and assets that social mobility in the knowledge economy requires; modernizing an overly bureaucratic and centralized public sector; and defending liberal democracy in a dangerous world.

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PROGRESSIVE POLICY INSTITUTE
1919 M Street NW,
Suite 300,
Washington, DC 20036

Tel 202.525.3926
Fax 202.525.3941

info@ppionline.org
progressivepolicy.org
