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COMMENTARY

German Bundestag Elections – Possible Scenarios and Potential Policy Shifts

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A roundtable discussion held on February 11 in Vilnius gathered political analysts, diplomats based in Lithuania, Members of Parliament, and their advisors. The event was conducted under the Chatham House Rule.

- Friedrich Merz is leading the CDU through a period of significant transformation, positioning himself in direct contrast to Angela Merkel's centrist pragmatism. Departing from Merkel's doctrine of "asymmetric demobilization," which avoided contentious issues to maintain broad electoral appeal, Merz openly engages in sharp debates on migration, economic reforms, and German identity.
- Merz's stance on stricter migration control laws signals a clear ideological shift to the right. According to him, effectively addressing migration and economic challenges is essential to countering the rise of radical political forces. The growing popularity of both the CDU and Merz himself indicates that a significant portion of the German electorate supports decisive action on these issues.
- Merz's leadership has also reshaped internal CDU dynamics. Initially perceived as constrained by party leadership, his recent unilateral decision to propose new migration policies without prior consultation demonstrates his increasing independence. His rising personal approval ratings, now surpassing the party's popularity, further reinforce this shift.
- CDU's campaign strategy draws on two main inspirations:
    - Konrad Adenauer – Merz seeks to evoke the image of the first post-war chancellor, under whom Germany, in his view, was truly strong.
    - Donald Trump – While not directly aligning with Trump's policies, Merz has adopted a similar rhetorical approach emphasizing national pride and economic security. He has also proposed cost-cutting measures and plans to integrate private-sector leaders into government, including appointing a business executive to head a proposed Ministry of Digitalization.
- CDU aims to secure 30% of the vote, a threshold that would provide greater flexibility in coalition-building. However, with the likely failure of the Free Democratic Party (FDP) to cross the 5% electoral threshold and re-enter the Bundestag, the Social Democrats (SPD) and the Greens will hold key negotiating power. Meanwhile, Alternative for Germany (AfD) is projected to take a strong second place, further complicating coalition formation as CDU and other traditional parties categorically reject collaboration with AfD, adhering to the *Brandmauer* principle (a firewall against cooperation with radical right- or left-wing parties at the federal level).
- The most probable coalition scenarios:
    - CDU-SPD coalition – would likely face major disagreements over economic and fiscal policy.
    - CDU-Green coalition – easier alignment on foreign policy but significant friction on climate and migration policies.

    - Three-party CDU-SPD-Green coalition – possible but would demand extensive political compromises. Given these challenges, CDU is expected to prioritize forming a two-party coalition whenever possible.

- While Merz has cautiously expressed openness to greater fiscal flexibility, powerful factions within the CDU remain opposed to any significant deviation from strict budgetary discipline. CDU's platform does not currently include provisions for increasing national debt.
- It is unlikely that a Merz-led Germany would agree to new EU joint borrowing instruments, similar to those introduced during the COVID-19 pandemic. A revision of the Maastricht criteria or a moderate reform of Germany's domestic debt brake is more plausible, but such moves would depend on Merz's internal standing within the CDU and the dynamics of coalition negotiations.
- A genuine Zeitenwende (historical turning point) in Germany's foreign and security policy remains constrained by public skepticism. Nearly two-thirds of Germans oppose the idea of Germany becoming a military power, a sentiment that continues to shape defense policy.
- In transatlantic diplomacy, Merz's openness to new EU-U.S. free trade initiatives signals an attempt to present an economic offer to Washington and de-escalate rising tensions between the EU and the U.S. However, given the current geopolitical climate, the practical implementation of such initiatives remains highly uncertain.
- Merz's stronger commitment to transatlantic security and his, at times, ambiguous but generally supportive stance on Ukraine suggest continuity in NATO's eastern flank reinforcement. However, fiscal constraints and coalition politics will continue to limit Germany's defense investments.

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