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German election update – Upper house a big hurdle for the next government

In Germany many laws not only have to be approved by the Bundestag, but also by the Bundesrat, the representation of the states. This could prove to be a high hurdle for measures of the next federal government. This is because most state governments abstain in the Bundesrat if the parties supporting them are unable to agree, with such an abstention counting as a “no” vote. Thus, the SPD, CDU/CSU and in most cases even the Greens can block many things in the Bundesrat, and according to current polls, either the Greens or the SPD will no longer be part of the federal government in the future.

Bundesrat as a further hurdle for many of the new government’s laws

As the election campaign for next year’s national elections on February 23 begins, the parties will be campaigning with their plans for getting the German economy back on track, among other things. Even if opinions differ widely, most of these plans have one thing in common: they must not only find a majority in Parliament (the Bundestag), but also in the Bundesrat, which is the representation of the states [1].

Laws that amend the constitution must even receive a 2/3 majority both in the Bundestag and in the Bundesrat. In addition, the Bundesrat must approve all laws that have an impact on the finances of the federal states, either by changing taxes in which the federal states and municipalities are involved (e.g. income tax and VAT) or by obliging them to provide goods or services. Approval is also required for all laws that interfere with the administrative sovereignty of the federal states by prescribing administrative procedures to be carried out by the federal states.[2]

While the majority in the Bundestag is likely to be secured for the new federal government in most cases, this often does not apply to the Bundesrat, as the ruling coalitions at state level are often different ones than the governing coalition on the federal level. To make matters worse, coalition agreements at state level almost always stipulate that the state government will abstain from voting in the Bundesrat if the coalition partners do not agree. And such an abstention counts as a “no” vote. This is why a federal government can usually only count on the votes of the federal states whose governments only include parties that are also part of the federal government.

2 December 2024

Dr. Ralph Solveen ^{AC}

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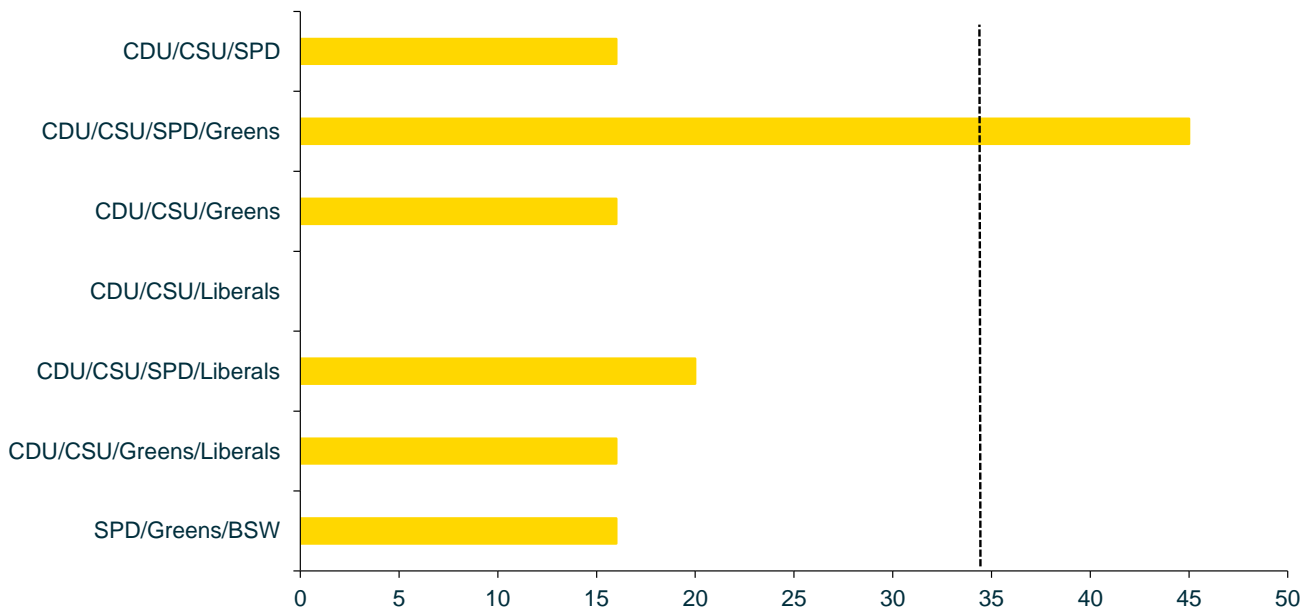
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Assuming that only such state governments which are ruled by the same coalition as the one governing at the federal level vote in favor of a law, only a coalition of CDU/CSU – the Christian Democrats and their Bavarian sister party –, the Social Democrats (SPD) and the Greens would have its “own” majority in the Bundesrat (Chart 1). All other possible coalitions at federal level would therefore have to seek approval from at least one opposition party for all laws requiring approval.[3]

Chart 1 - Only coalition of CDU/CSU, SPD and Greens with its own majority in the Bundesrat

Number of votes of the federal states in the Bundesrat, in whose government only the corresponding parties are represented



Source: Bundesrat, Commerzbank Research

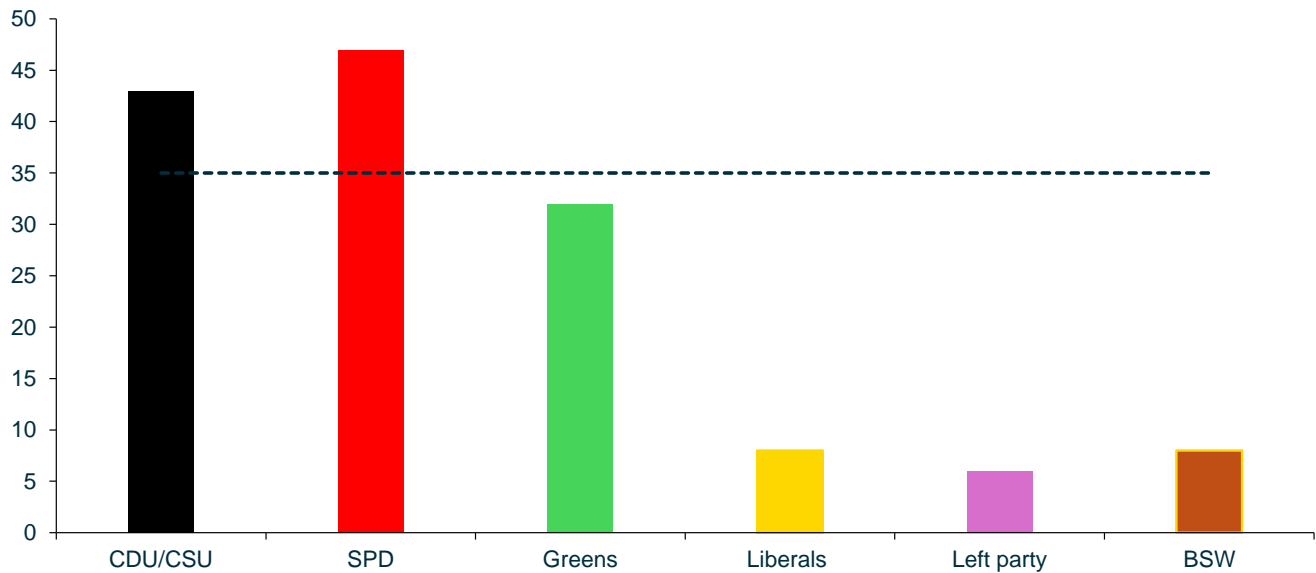
The CDU/CSU and SPD can each block approval by the Bundesrat on their own, as they are involved in state governments that together control at least 35 votes (Chart 2). The Greens fall just short of this threshold. However, as the states co-governed by the Left Party and the left-wing Sahra Wagenknecht Alliance (BSW) are also unlikely to approve many laws rejected by the Greens, the Greens could probably also block laws passed by a federal government consisting of the CDU/CSU and SPD. This means that there may be a majority for the CDU/CSU and one of the other two parties – i.e. SPD or Greens – in the Bundestag after the elections in February, but an informal broader coalition would be necessary on many issues in order to obtain the approval of the Bundesrat.



This makes far-reaching reforms even more difficult, and the only scheduled state election next year – at the beginning of March in Hamburg – will not change this.

Chart 2 - CDU/CSU and SPD can each block the Bundesrat alone

Sum of the votes of those states in the Bundesrat in which the respective party is part of the government; with a total of 69 votes, the majority of votes is 35



Source: Bundesrat, Commerzbank Research

According to polls, CDU/CSU has a choice between SPD and Greens

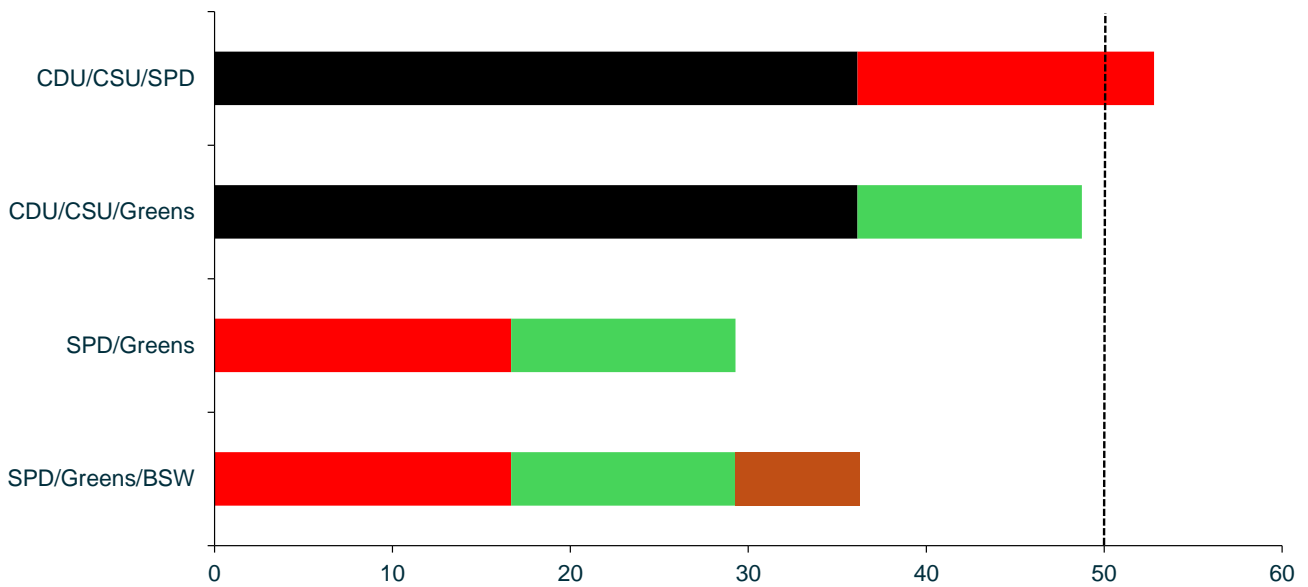
Based on the current polls, there will be no majority against the CDU/CSU in the Bundestag after the election. Instead, the CDU/CSU could decide whether to form a coalition with the SPD or the Greens. Both coalitions would have a majority (Chart 3). However, this is based on the assumption that the FDP and the Left Party – as expected by almost all opinion research institutes – fail to reach the 5% threshold and are no longer represented in the next Bundestag. If, for example, the Left Party were to re-enter the Bundestag by winning three direct mandates [4], the two coalition options would still have a (smaller) majority. However, if the FDP were to surpass



the 5% threshold, the CDU/CSU would only have a majority together with the SPD. For a combination of CDU/CSU and Greens, another partner would have to be found, e.g. the Liberals (FDP) or the SPD.

Chart 3 - Polls currently show majorities for “grand coalition” and “black-green”

Share of various party combinations in seats in the Bundestag based on the latest polls by 8 opinion research institutes, in percent; assumption: FDP and Left Party fail to enter the Bundestag



Source: wahlrecht.de, Commerzbank Research

Little movement in the polls

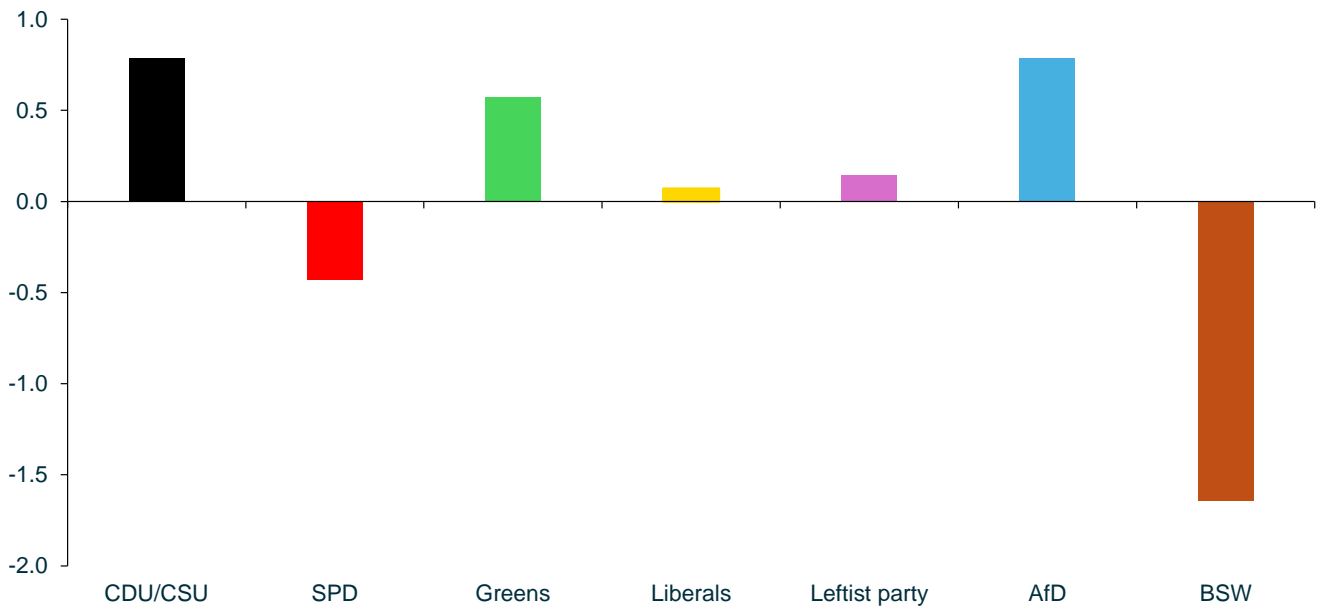
The results of the polls have hardly changed for most parties in recent weeks. The FDP and the Left Party have only come slightly closer to the 5% mark. Most of the other parties have also seen no significant movements compared to the beginning of October. The



only exception is the BSW, which has lost significant support in recent weeks and, according to some polls, might even fail to clear the 5% hurdle.

Chart 4 - CDU/CSU and AfD with recent gains, BSW with significant losses

Parties' share of the vote in the next general election, average of the latest projections by 8 opinion research institutes, change compared to the beginning of October in percentage points



Source: wahlrecht.de, Commerzbank Research

Former publications on the general election 2025:

- "What happens to the debt break?" Economic Insight 21 November 2024

[1] The Bundesrat (federal council) is the "parliament of the states". Smaller states (e.g. Bremen) have 3 votes, bigger ones (e.g. Bavaria) have 6 votes. [\(back to text\)](#)

[2] All other laws are so-called "objection laws", to which the Bundesrat can object with the majority of its votes and can also appeal to the Mediation Committee, but in the end the Bundestag can reject this objection. [\(back to text\)](#)

[3] We assume here and in the following that there will be a minority government of CDU and SPD in Saxony. [\(back to text\)](#)

[4] German voters have two votes: with their "second vote" they vote for the party they want to enter the Bundestag. With their "first vote", they elect their representative in one of the 299 constituencies. Normally, only parties which received at least 5% of second votes are entering the Bundestag. The exception is if a party received at least three directly elected MPs. Then, they can enter the Bundestag even with less than 5% of second votes. [\(back to text\)](#)



Analysts

Dr. Ralph Solveen ^{AC}

Senior Economist

+49 69 9353 45622

ralph.solveen@commerzbank.com

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Commerzbank Offices

Frankfurt

Commerzbank AG
DLZ - Gebäude 2,
Händlerhaus
Mainzer Landstraße 153
60327 Frankfurt
Tel: + 49 69 136 21200

London

Commerzbank AG
PO BOX 52715
30 Gresham Street
London, EC2P 2XY
Tel: + 44 207 623 8000

New York

Commerz Markets LLC
225 Liberty Street, 32nd
floor,
New York,
NY 10281-1050
Tel: + 1 212 703 4000

Singapore

Commerzbank AG
128 Beach Road
#17-01 Guoco Midtown
Singapore 189773
Tel: +65 631 10000