Merkel Wins Big in German Election
Surge by Anti-Euro Party Helps Push Out Junior Coalition Partner

By MARCUS WALKER and ANTON TROIANOVKI

BERLIN— Angela Merkel's conservatives won a resounding victory in Germany's elections on Sunday, despite a surge by an anti-euro party that helped push her junior coalition partner out of parliament.

Chancellor Merkel appeared set to win a third term as the leader of Europe's biggest economy, according to official preliminary results. But the 59-year-old former physicist will need a new, left-leaning coalition partner after her Christian Democratic Union fell just short of an absolute majority in the Bundestag, Germany's lower house of parliament.

A so-called grand coalition with the center-left Social Democrats, who finished a distant second in Sunday's poll, appeared to be Ms. Merkel's most likely option. Such a pairing would send a strong signal to the rest of Europe that Germany remains fully committed to the euro despite a better-than-expected showing by the upstart Alternative for Germany, which wants to break up the common currency.

Like Ms. Merkel's Christian Democrats, the Social Democrats are strong backers of European integration and have a similar policy to Ms. Merkel's on the euro-zone crisis, although the party has attacked the chancellor for imposing excessive austerity on southern European countries in return for aid.

The Alternative for Germany's surprise strength sent a warning to Germany's political establishment about some voters' frustration with bailouts of debtor nations such as Greece. The fledgling party, known by its German initials AfD, robbed Ms. Merkel's coalition allies, the Free Democratic Party, of crucial votes, pushing the pro-business FDP out of the Bundestag for the first time in postwar history.

The CDU and its Bavarian sister party won nearly 42% of the national vote, according to the preliminary results. The party's strongest showing in 20 years was seen as a reward for Ms. Merkel's high personal popularity as well as Germany's stable economy and low unemployment.

"This is a wonderful result," Ms. Merkel told supporters. "We will treat this trust with great care."

The CDU's strong support also was an endorsement of Ms. Merkel's handling of the euro zone's debt crisis since 2009. Although her emphasis on fiscal discipline and market-friendly overhauls has divided Europeans, it has won widespread backing from Germans across the political spectrum.

"We have a broad fundamental consensus regarding Europe policy," Ms. Merkel's veteran finance minister, Wolfgang Schäuble, said on
Smaller parties were squeezed by the Christian Democrats and Social Democrats as the German electorate opted for stability, says John C. Kornblum, the former U.S. ambassador to Germany.

Related Reading
- German Election Overturns Political Order
- Germany’s Liberals Suffer Historic Collapse
- Fate of Smaller Parties to Determine Outcome
- German Business Demands New Energy Policy
- Heard on the Street: Europe’s Long To-Do List
- Opinion: Germany’s Election About Nothing
- Election Updates

Germans went to the polls Sunday in an election that is being closely watched around Europe. Chancellor Angela Merkel and rival Peer Steinbrueck cast their votes in a contest whose final outcome is difficult to predict.

The first exit polls from the German election strongly suggest that Angela Merkel will get a third term as chancellor but her current coalition partner the, Free Democrats, are currently below the 5% needed for parliamentary representation. Matthew Karnitschnig assesses Ms. Merkel's options.

Mr. Lucke, meanwhile, told supporters that the party would seek to take Sunday’s momentum into German state elections and European parliamentary elections in the next year.

Ms. Merkel's probable third term cements her place in history as one of the longest-serving and most influential European leaders in the postwar era.

But on thorny questions such as Greek debts, important nuances of Ms. Merkel's euro-zone policies will depend on the makeup of her next government.

A coalition with the SPD, which won about 26% of the vote, would mark a return to the bipartisan grand coalition of Ms. Merkel’s first term in 2005-09.

The SPD might push to control the powerful finance ministry as part of its price for joining a Merkel-led government. But Mr. Schäuble has said he is eager to keep the position, which has made him the most powerful German official after the chancellor. Many in the SPD want to raise taxes on wealthier Germans—a stance that could lead to tough haggling with the CDU in coalition negotiations.

Ms. Merkel’s other potential partners, the Greens, are Germany’s most pro-European party and the most open to putting Germany’s financial muscle at Europe’s disposal. But a CDU-Green coalition, while possible, is seen as hard to achieve because of differences over taxes.

"It’s a bit more responsible to say, 'What’s at stake if this European currency breaks up?'" Mr. Schäuble said.

Video
- Germans Vote as Merkel Seeks Third Term

public television late Sunday, "We will continue to play our part as an anchor of stability in keeping Europe together."

Hopes around Europe that Berlin might pursue a more generous approach to the euro zone's financial and economic crisis—even in the event of a grand coalition—are likely to be disappointed. All parties are now inclined to be wary of anticrisis measures that might feed the AfD's rise and allow the rebel party to establish itself firmly in Germany's political landscape.

Though German backing for the euro is certain, a grand coalition could further slow down plans for a "banking union" that requires euro-zone governments to put their collective financial strength behind a safety net for the region's banks—a project already viewed with skepticism in both Ms. Merkel’s party and among Social Democrats.

And German politicians are even less likely now to agree to forgive part of Greece's bailout loans—even though many economists say Greece has more debts than it can realistically repay.

The euroskeptic AfD, like the ruling Free Democrats, narrowly failed to win the 5% of votes needed to enter parliament. But the AfD’s emergence could influence the tone of German politics, making mainstream politicians even warier of extending more aid to struggling euro-zone countries.

That influence was already apparent Sunday night, when Mr. Schäuble faced down AfD leader Bernd Lucke on a television talk show. Mr. Schäuble said it was easy for "demagogues" to rile up German voters over paying for others' debts.

"It’s a bit more responsible to say, 'What’s at stake if this European currency breaks up?'" Mr. Schäuble said.

Ms. Merkel’s probable third term cements her place in history as one of the longest-serving and most influential European leaders in the postwar era.

But on thorny questions such as Greek debts, important nuances of Ms. Merkel's euro-zone policies will depend on the makeup of her next government.

The CDU is expected to sound out center-left parties in coming days about a possible coalition government. The conservatives' two options are the Social Democrats or the Greens.

A coalition with the SPD, which won about 26% of the vote, would mark a return to the bipartisan grand coalition of Ms. Merkel’s first term in 2005-09.

The SPD might push to control the powerful finance ministry as part of its price for joining a Merkel-led government. But Mr. Schäuble has said he is eager to keep the position, which has made him the most powerful German official after the chancellor. Many in the SPD want to raise taxes on wealthier Germans—a stance that could lead to tough haggling with the CDU in coalition negotiations.

Ms. Merkel’s other potential partners, the Greens, are Germany’s most pro-European party and the most open to putting Germany’s financial muscle at Europe’s disposal. But a CDU-Green coalition, while possible, is seen as hard to achieve because of differences over taxes.

—Mary M. Lane, Andrea Thomas, Harriet Torry and Laura Stevens contributed to this article.
Write to Marcus Walker at marcus.walker@wsj.com and Anton Troianovski at anton.troianovski@wsj.com

A version of this article appeared September 23, 2013, on page A1 in the U.S. edition of The Wall Street Journal, with the headline: Merkel Wins Big in German Election.