



THE FREE STATE OF SAXONY

THE STATE OF PERMANENT TRANSFORMATION

Kamil Frymark

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MAIN POINTS

- Home to four million residents, Saxony is the most populous and economically developed state in eastern Germany. Compared to other federal states of the Federal Republic of Germany, Saxony stands out for its strong regional identity and distinctiveness. This identity stems from a continuous centuries-long tradition of unified statehood (the GDR period was an exception). Over the years, Saxony – first an electorate, then a kingdom, and later a state (1918–33) – was one of the most powerful German states. Local identity was largely shaped in opposition to Prussia, which Saxons historically viewed as their less affluent northern neighbour. This historical context underpins a certain degree of mistrust towards decisions made in Berlin, which remains evident in Saxony in many respects. Another feature of Saxony’s distinctiveness is the strong sense of agency among its residents, which is particularly pronounced compared to other eastern German states. This stems from the demonstrations that began in Saxony against the rule of the communist Socialist Unity Party of Germany (SED), which marked the beginning of the peaceful revolution. From the perspective of Saxons, the fall of the Berlin Wall began in Plauen and Leipzig, where mass protests were organised by local residents.
- Since 1990, the Free State of Saxony has been governed by the CDU. Initially, the party was associated with the process of Germany’s reunification and was later repeatedly elected due to its conservatism and the state’s relatively good economic standing. The regional CDU party organisation was founded by Kurt Biedenkopf, originally from West Germany, who served as Saxony’s first minister-president from the collapse of the GDR until 2002. However, due to the CDU’s shift away from conservative values (a result of the ‘Merkel era’ in federal politics), the party has lost many of its former voters. This gap in the political landscape has been filled by the far-right, anti-immigrant AfD, whose popularity in Saxony has been among the highest in Germany since the party’s founding. In the former GDR, unlike in the western federal states, the AfD is a mass party, enjoying support across all social, professional, and age groups.
- The election to Saxony’s *Landtag* in September 2024 was of broader regional significance. The emergence of a new, popular protest party in Germany – the BSW – which achieved excellent results in the eastern federal states, presented the AfD with new opportunities for cooperation. At the same time, forming a coalition with the BSW could become the only way for

the CDU to remain in power, both in Saxony and in other states of the former GDR (in Brandenburg, this applies to the SPD). A debate is ongoing within the CDU regarding potential collaboration with the successor to the post-communist Left (Die Linke). Such a decision should be anticipated if no other options remain.

- Since 1989, Saxony has undergone continuous economic and social transformation. Its most recent phase includes the gradual elimination of coal-based energy and the planned cessation of coal mining by 2038. For decades, mining was the fundamental sector of the region's economy, a significant element of its identity, and a provider of well-paid jobs. The development of hydrogen potential – from production to industrial and transport applications – is expected to be the driving force behind these changes. Semiconductor manufacturing is another pillar of the modern economy. The area around Dresden, known as Silicon Saxony, employs around 100,000 individuals and aspires to become Europe's leading chip hub. The growth of both industries is facilitated by Saxony's investment-friendly environment and state subsidies for strategically important enterprises.
- Although nearly 35 years have passed since Germany's reunification, significant differences in economic, social, and political development between Saxony (and other parts of the former GDR) and the former West German states remain evident. These differences are reflected, for example, in voter behaviour, shaped by the shock of the transformation in the 1990s, which left a lasting mark on the consciousness of many Saxons. Mass unemployment and the sell-off or liquidation of state-owned assets reinforced western Germany's structural advantage. Among eastern citizens, this shock therapy triggered a lasting sense of instability and social insecurity. Their reduced willingness to support Kyiv, compared to that seen in the west, is a practical consequence of these fears and concerns about the impact of further rapid changes (linked to the migration crisis, the war in Ukraine, or the transition away from coal mining).
- Saxony is grappling with depopulation. While this issue affects all regions of Germany, the east is most affected due to post-1989 emigration to western federal states and a lower proportion of immigrants compared to the west. Medium-term forecasts suggest that, in the most extreme scenario, Saxony's population could shrink by almost 8% compared to 2021, falling to 3.7 million by 2040. At the same time, the proportion of seniors in the population is rapidly increasing. By 2040, the share of individuals aged 65 and

older will have doubled compared to 1990, reaching 30%. The government seeks to counter these trends by creating incentives to stay in the state, promoting immigration from other regions, and showing increasing openness to the influx of foreign workers. The manpower shortage is Saxony's most pressing issue. The positive migration balance recorded in 2022 should be viewed as a notable success, driven largely by the attractiveness of Dresden and Leipzig, whose populations are expected to grow by several per cent in the coming years.

- One of the key development challenges for the state is maintaining the highest level of education in Germany. Since reunification, Saxony has consistently led PISA rankings, occasionally sharing the top spot with Bavaria. Schools have been a priority for successive state governments, with the Ministry of Education always entrusted to the Christian Democrats. The key to this success lies in the stability of the education system, including infrequent changes to the curriculum and political consensus on the direction of development. Saxony places greater emphasis than other states on school performance and setting high standards for pupils. However, to sustain this educational model, the state needs to tackle the problem of the shortfall of teachers, an issue faced by most German schools.
- The state's international activities mainly involve regional cooperation. Its most important partners are its neighbours, Poland and the Czech Republic. The intensity of political, social, and tourism-related contacts (Poles represent the largest foreign group visiting Saxony) translates into economic cooperation. In 2023, the value of Saxony's trade with Poland reached €5.8 billion, and with the Czech Republic €6.7 billion, together exceeding its trade with countries such as China (€10.8 billion). In many areas, such as border protection, emergency service coordination, and university cooperation, these contacts are highly practical. However, increasing competition for workers in the border region can lead to tensions. Currently, around 14,000 individuals commute daily from Poland to work in Saxony. Russia has traditionally held a significant place in the state's foreign policy and is still regarded as a potential partner for the future. Saxony's close ties with the Kremlin prior to 2022 – such as regular visits by successive Saxon minister-presidents to Moscow – negatively affected the state's willingness to support Ukraine.

INTRODUCTION

Saxony is a unique federal state – it boasts the most robust economy and the largest population among the states of the former East Germany. However, its distinctiveness stems primarily from its centuries-long tradition of statehood and independence, forged in opposition to Prussia. Moreover, Saxons have an exceptional sense of agency compared to other residents of eastern Germany, arising from their active participation in the struggle for freedom in 1989. It was in Saxon cities that street protests first emerged, later became the foundation for a peaceful revolution.

The Free State of Saxony (*Freistaat Sachsen*; the term *Freistaat* is also used in the names of Bavaria and Thuringia, although it does not affect the scope of these federal states' competencies) is currently undergoing a profound transformation – another such process within the past four decades – one that is emblematic of the entire former East Germany. Some of the measures being implemented as part of this process, such as the phasing out of coal mining and efforts to counter depopulation, are also significant from Poland's perspective.

The 2024 elections to the *Landtag* in Saxony were among the most significant elections since Germany's reunification. Despite the Christian Democratic Union's (CDU) 35-year dominance and uninterrupted governance in the region, its rivalry with Alternative for Germany (AfD) has intensified. The AfD will remain a long-term challenge for the CDU. This is due to two factors: it narrowly lost the election, and forming a ruling majority without the new political actor, the Sahra Wagenknecht Alliance for Reason and Justice (BSW), proved impossible for the CDU.

This report aims to present the changes taking place in eastern Germany's largest federal state since the attainment of independence in 1989, particularly in comparison with the rest of the former GDR. The text highlights the political, economic and social challenges common to all eastern federal states. However, due to its size and unique historical experience, these challenges are particularly evident in Saxony.

The first chapter examines the effects of Germany's reunification, with a particular focus on Saxony's role as the cradle of the peaceful revolution and the significance of this process for the identity of the region's residents. The second chapter discusses the rivalry between the CDU and the AfD for conservative voters and outlines the political changes that have occurred in the state

since 1989. The third chapter delves into Saxony's economic transformation, including the shift away from coal-based energy towards the development of modern technologies. The following chapter addresses the state's demographic challenges, such as population decline and the issues associated with an aging population. Finally, the fifth chapter presents Saxony's key partners in foreign relations, including its cooperation with the Czech Republic, Russia, and Poland.

As a neighbour of Poland, Saxony is a key economic partner for its border regions. A shared history – marked by Polish presence in the region and the reigns of Augustus II the Strong and Augustus III of Saxony on the Polish throne – provides a strong foundation for this cooperation. In many cases, solutions implemented in Saxony can serve as a model for Poland, despite occasional competition, for example, in efforts to attract workers.

The study is based on monitoring the social, political, and economic situation in Saxony, including an analysis of documents from the state government and the Statistical Office of the Free State of Saxony. It also draws on insights from numerous study visits and interviews with representatives of Saxon government institutions and industry organisations.

I. FREEDOM AND TRANSFORMATION

Saxony's uniqueness was shaped by its nearly uninterrupted centuries-long independent statehood, regional identity, and preserved traditions. All these elements are exceptional compared to the rest of the former GDR. What also sets Saxons apart from other former GDR residents is their belief in having won their freedom after 1989 and initiated the peaceful revolution that led to the fall of the Berlin Wall. These factors are believed to consolidate their sense of self-worth, as they regard themselves as citizens of one of Germany's four most important regions, alongside Bavaria (to which they most often compare themselves),¹ Baden-Württemberg, and Prussia, their greatest rival (currently associated with Berlin).

The wars against the Hohenzollerns remain vivid in local memory (the last one took place in 1866, with Saxony fighting alongside Austria). The unification of Germany in 1871 was also seen as an opportunity to strengthen Saxony's position rather than an act of submission to Prussia.² This perception was facilitated by the significant autonomy Saxony retained within the new German state, which lasted until 1918, when the king abdicated and Saxony became a federal state within the Weimar Republic.

Following the end of the Kingdom of Saxony, Saxony existed as a Free State (*Freistaat*). In the Weimar Republic, it maintained its administrative structure until 1933. During Adolf Hitler's rule, it was transformed, alongside other federal states, into an administrative district of Nazi Germany, governed by a centrally appointed governor. After the Second World War, Saxony was included the Soviet occupation zone. Following the dissolution of federal states in the GDR in 1952, it was divided into three districts: Leipzig, Dresden, and Chemnitz

¹ K. Frymark, *The free state of Bavaria. The end of the CSU's sovereign duchy?*, OSW, Warsaw 2019, osw.waw.pl.

² The Saxon-Prussian rivalry has been the subject of several works of popular culture, such as the six-part TV series entitled *Sachsens Glanz und Preußens Gloria* (*The splendour of Saxony and the glory of Prussia*) from the mid-1980s. Its screenplay was based on novels by Józef Ignacy Kraszewski that form the so-called Saxon trilogy (*Countess Cosel*, *Brühl*, *From the seven-year war*). It tells the story of the events that unfolded in Saxony between 1697 and 1763, from the enthronement of Augustus II the Strong to the death of Augustus III of Saxony, alongside the rise of the Kingdom of Prussia.

(renamed Karl-Marx-Stadt from 1953 to 1990).³ These districts were remerged on 3 October 1990. The name 'Free State of Saxony' was reinstated during the inaugural session of the *Landtag* in October 1990 and enshrined in Saxony's constitution (the fourth in its history) in June 1992.

The sense of regional distinctiveness persisted even during the GDR era. Despite the division of Saxony into three districts, local traditions prevailed and were nurtured by local residents. This was most evident during the so-called Saxon Renaissance, which emphasised local identity and Saxon history in the public sphere. Consequently, during the peaceful revolution in autumn 1989, people brought Saxon flags to demonstrations as a symbol of their desire for freedom and a return to the pre-1952 borders.

1. The state of Peaceful Revolution

The Berlin Wall fell on 9 November 1989, but the Peaceful Revolution began a month earlier, primarily in the streets of Saxon cities. On 7 October, approximately 15,000 individuals demonstrated in Plauen, and the security forces failed to disperse the gathering. Two days later, around 70,000 people gathered in Leipzig. One of the main slogans promoted by the protesters was 'Wir sind das Volk!' ('We are the people!'), which became the main slogan of the Peaceful Revolution in Germany. After this rally, mass demonstrations occurred regularly in other cities, including Dresden, Halle, Karl-Marx-Stadt, Rostock and Schwerin. The authorities chose not to intervene, and on 18 October, the resignation of SED leader Erich Honecker was announced.

The Monday demonstrations are the most significant events the population remembers and uses as political symbols (see box below). In Plauen, these gatherings were held weekly until the first free election on 18 March 1990. To commemorate these demonstrations, 7 October was declared a local day of remembrance, and a monument was unveiled in the city to honour them.

³ After the Second World War, Saxony's economy was adjusted to Soviet models. Large agricultural estates were expropriated without compensation and replaced by agricultural production cooperatives (LPGs), the East German equivalent of Poland's state-owned collective farms (PGRs). The government pursued economic centralisation, leading to the liquidation of many businesses, while some, such as Auto Union AG, relocated to the West. Small private industrial and craft businesses were replaced by state-owned companies, altering patterns of ownership and having a negative impact on the environment. Open-pit mining was expanded, resulting in the relocation of entire villages. In Dresden, new industries emerged, for example microelectronics.

The Monday demonstrations (*Montagsdemonstrationen*)

In Leipzig, isolated protests accompanied prayers for peace starting in 1988, with the idea of such services dating back to 1982. The first Monday demonstration occurred on 4 September 1989, initiated by Katrin Hattenhauer and Gesine Oltmanns. The opposition activists distributed several banners to people willing to take to the streets after the prayer service and put up posters themselves. The most common slogans included: 'For an open country with free people', 'Freedom!', 'We want to leave!', and 'Away with the Stasi!'.

The timing of the peace prayers held at the Nikolaikirche and three other churches in Leipzig, on Mondays at 5:00 PM, was not selected randomly. It allowed participants to attend the services and demonstrations without disrupting their work schedules while also coinciding with the mandatory Monday meetings for SED members in workplace party organisations. Additionally, the relatively early hour enabled West German television stations to broadcast the beginning of the rallies in their main news programmes, with these recordings regularly smuggled into the Federal Republic of Germany.⁴

The security forces occasionally used violence against demonstrators in Leipzig, particularly in early October 1989, during the celebrations of the 40th anniversary of the founding of the GDR.

Timeline

- 9 November 1989 ● the fall of the Berlin Wall
- 3 October 1990 ● Germany's reunification
- 14 October 1990 ● the first democratic election to the *Landtag* of Saxony following the reunification

2. The transformation shock

With political changes and the emergence of opportunities regarding free travel to the West, East Germans experienced the shock of economic transformation – a sudden shift from central planning to capitalism. Saxony's traditionally strong industrial sector, which had employed 1.2 million individuals prior to 1989, shrank to just 215,000 workers by the early 21st century, leaving the state less industrialised than the typically agricultural western German

⁴ See Ch. Wunnicke, *Kleine Geschichte der Demokratie in Sachsen*, Bonn 2021.

state of Schleswig-Holstein. The restructuring of the economy led to the closure of inefficient companies founded in the GDR era, resulting in mass layoffs and unemployment exceeding 20% (see Chart 1). The textile sector was among the most affected, as 92% of its employees lost their jobs in the early phase of the transition.⁵

In the 1990s, Saxony recorded the lowest level of investment per capita among all the new federal states, hampering the region's industrial recovery. The few isolated projects focused on sectors that were already strong, such as machinery and equipment manufacturing, as well as the automotive industry. The automotive sector, in particular, became a key pillar of the economy, with the state attracting major players after reunification, including Volkswagen (manufacturing plants in Zwickau and Dresden), BMW, and Porsche (facilities in Leipzig).

The federal 'Aufbau Ost' programme was designed to improve investment conditions in the eastern states,⁶ aiming to modernise infrastructure, improve living standards, and support economic transformation. The programme's name generally denotes the long process of reconstructing and developing the eastern federal states after 1990. In a narrower sense, it refers to the 'Gemeinschaftswerk Aufschwung Ost' programme, adopted on 8 March 1991, which focused on mitigating the effects of the collapse of the socialist economy in the GDR. In the short term, a programme for investment and infrastructure development was also launched with a budget of 24 billion marks for 1991–92. It supported both private and municipal projects in areas such as transport infrastructure, environmental protection, housing, and urban development. Saxony invested in expanding sectors such as automotive manufacturing and renewable energy, which contributed to regional development. To finance the programme, the *Solidaritätszuschlag* (solidarity surcharge) was introduced.⁷

⁵ K. Hermann, *Sachsen seit der Friedlichen Revolution: Tradition, Wandel, Perspektiven*, Dresden/Beucha, Markkleeberg 2010, p. 176.

⁶ According to some critics, the term 'Aufbau Ost' references the language of Nazi Germany. This is because the same phrase was selected by the Office of the Reich Commissioner for the Consolidation of German Nationhood during the Second World War to describe plans for the Germanisation of Eastern Europe. Dirk Oschmann argues that the adoption of this phrase from the vocabulary used by the Nazis is a manifestation of "cynical western-German views of the East and its strongest possible terminological degradation". See D. Hoffmann, 'NS-Aufbau Ost?', *Frankfurter Allgemeine*, 21 June 2023, faz.de.

⁷ The solidarity surcharge was introduced in 1991 for a year in order to fund additional expenses linked with the Gulf War, and to support the countries of Central, Eastern and Southern Europe, as well as the new German federal states. Since 1995, the surcharge has funded Germany's reunification.

‘Aufbau Ost’ was continued in the form of initiatives such as the ‘Fonds Deutsche Einheit’ (German Unity Fund) and the ‘Solidarpakt’ I and II (Solidarity Pacts).

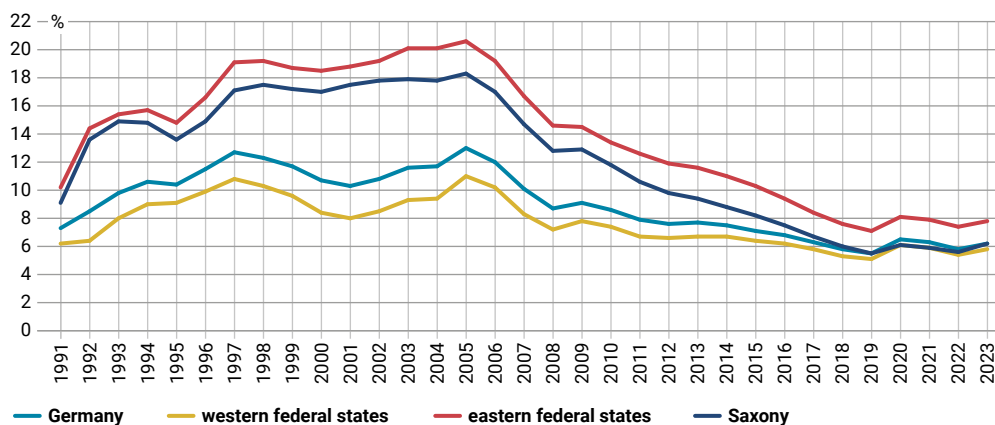
For the majority of Saxons (and more broadly, East Germans), the *Treuhandanstalt* – a public law institution established during the late GDR era – became a negative symbol of the revolutionary systemic changes after 1989. It was created to privatise state-owned enterprises and “ensure their efficiency and competitiveness” or, if this was not possible, to liquidate them. The beneficiaries of privatisation were often residents of western Germany, who purchased the most profitable companies or closed those that competed with western German businesses. This triggered a wave of layoffs and mass unemployment.⁸ By the end of December 1994, the *Treuhandanstalt* had privatised over 12,000 companies and liquidated more than 3,700, resulting in the loss of 2.6 million jobs.

Although the majority of the *Treuhandanstalt* staff came from eastern Germany, almost all managerial and advisory positions were filled by western German professionals. Citizens from the western part of the country acquired 80% of the assets managed by the agency, with foreigners obtaining 14% and residents of the former GDR just 6%.⁹ To many in this group, the *Treuhandanstalt* was, and continues to be, seen as a tool for selling off their assets and as a root cause of the structural economic problems the region faced in the following years.

⁸ In 1989, East Germany’s workforce was 9.7 million individuals, whereas at the end of 1993, this had fallen to 6.2 million. In January 1990, the official number of unemployed individuals was 7,440; by June it had risen to 142,096, by the end of July to 272,017, in September to 444,856, and at the end of the year to 642,000. Women accounted for more than half of the unemployed, and by 1991 this proportion had increased to two thirds. These statistics do not take into account the problem of the grey economy. This included early retirement, the crisis in the vocational education system, fixed-term employment contracts, and part-time employment. See I.-S. Kowalczyk, ‘Das Ende der DDR 1989/90. Von der Revolution über den Mauerfall zur Einheit’, *Aus Politik und Zeitgeschichte*, Bundeszentrale für politische Bildung, 23 August 2019, bpb.de.

⁹ ‘Die Geburtsstunde der Treuhand’, Bundeszentrale für politische Bildung, 16 June 2020, bpb.de.

Chart 1. The unemployment rate in Germany (split into eastern and western federal states) and in Saxony



Source: the author's own analysis based on 'Arbeitslose und Arbeitslosenquote', bpb.de and ifo.de.

For the most mobile and best educated groups of Saxons – particularly women – emigration became a solution enabling them to tackle employment challenges. Combined with a decline in birth rates in the early 1990s, this led to a sharp decrease in the population of many cities, accompanied by an increase in the average age of residents. Particularly in the eastern part of the state, numerous towns – such as Hoyerswerda, Weißwasser, and Görlitz – have lost up to a third of their population since 1989.

Both factors – unemployment and depopulation (see Chapter IV for more detail) – combined with a quasi-colonial attitude of western Germans towards citizens of the former GDR, resulted in the latter group losing their agency and dignity, and developing a sense of alienation within their own country. Western Germans took over nearly all leadership positions in politics, business, the media, the judiciary, and other sectors. This personnel reshuffle was motivated by the eastern workers' alleged lack of appropriate skills and accusations of their collaboration with the Stasi.¹⁰ Eastern Germans were – and frequently continue to be – perceived by their western counterparts as incapable of effective management, resulting in their underrepresentation in key professions. Eastern media outlets are controlled by western companies, which consolidates stereotypes and prejudices.

The painful effects of the transformation, aptly illustrated by the popular German saying: “We were supposed to receive shock therapy, but what we got was

¹⁰ W. Pięciak, „*Dezubekizacja*”: jak to robili Niemcy, OSW, Warszawa 2007, osw.waw.pl.

shock without therapy”, and the slow adaptation to new conditions triggered the emergence of structural differences between the two parts of the country.¹¹ These disparities only increased as a result of subsequent crises, including the 2008 financial crisis, the 2015 migration crisis, and the COVID-19 pandemic. Each of these events caused additional upheaval, aggravating fear and anxiety among the public.¹²

In this context, Saxony stands out among other states with the most intense protest movement, bringing together opponents of immigration and pandemic restrictions (its Monday rallies are a direct reference to the historic *Montagsdemonstrationen*).¹³ Members of this movement include representatives from the extreme ends of the political spectrum, including organisations that are under surveillance by German counterintelligence, such as *Freie Sachsen*. Its demonstrations, during which attendees chanted slogans calling for a peaceful revolution, were backed by the AfD, contributing to the party’s increasingly strong position in Saxony.

¹¹ See S. Mau, *Ungleich vereint: Warum der Osten anders bleibt*, Berlin 2024.

¹² See K. Frymark, ‘Alternatywa dla wschodnich Niemiec. Saksonia i Brandenburgia przed wyborami landowymi’, *Komentarze OSW*, no. 307, 28 August 2019, osw.waw.pl; *idem*, ‘Fear of change. The social costs of the Zeitenwende’ [in:] A. Kwiatkowska (ed.), *Making up for lost time. Germany in the era of the Zeitenwende*, OSW, Warsaw 2023, osw.waw.pl.

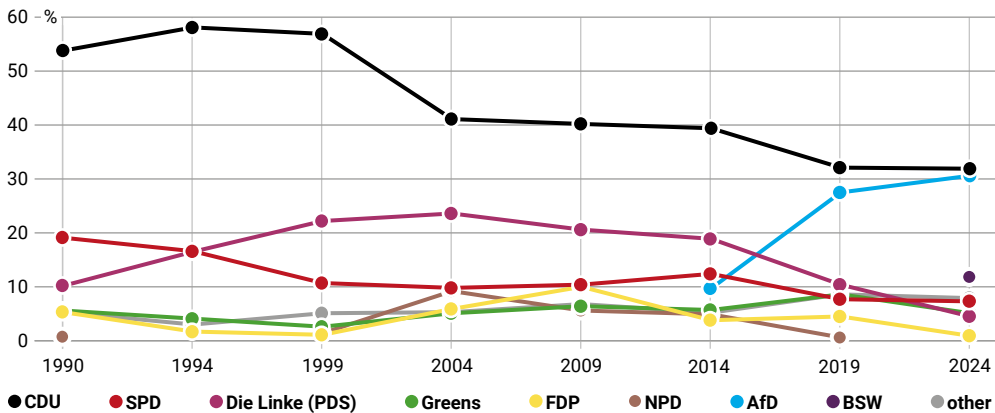
¹³ P. Fröhlich, F. Ranft, E. Vollmann, *Mir reicht’s Bürger. Analyse der Montagsdemonstrationen in Chemnitz und Gera im Winter 2022/23*, Das Progressive Zentrum, March 2023, progressives-zentrum.org.

II. A STRONGHOLD OF CONSERVATISTS

1. From a CDU stronghold to an AfD bastion

Since Germany’s reunification, the Christian Democrats have won all elections in Saxony (see Chart 2). Initially, they owed their success to the public’s association of the party with the long-anticipated reunification, as well as its ability to incorporate the party structures of the East German CDU, which the communist authorities had tolerated as a subordinate organisation.

Chart 2. Results of elections to Saxony’s *Landtag* since 1990



Source: the author’s own analysis based on ‘*Ergebnisse der Landtagswahlen in Sachsen von 1990 bis 2024*’, de.statista.com.

The era of ‘King Kurt’

The career of Saxony’s first post-1989 minister-president, Kurt Biedenkopf (CDU), is typical of the entire East German transformation period. It aptly illustrates the broader process of leadership positions in the former GDR being taken over by individuals from the western states. These new roles were particularly appealing to those whose professional career had yet to begin, were unsatisfactory, or were nearing their end. The East offered new opportunities to those individuals.

Biedenkopf hailed from Rhineland-Palatinate. In the 1970s, he worked closely with CDU chairman Helmut Kohl and was one of the party’s key strategists. However, due to disagreements with its leader and future German chancellor, he withdrew from active politics and focused on pursuing an academic career. He also served on several supervisory boards. After the fall of the Berlin Wall,

Biedenkopf was offered a position teaching economics in Leipzig, which he used as a launchpad for resuming his political career. Like many politicians and managers, he sought to offset his professional setbacks in western Germany (including an unsuccessful bid for the minister-president role in North Rhine-Westphalia) by seeking employment in the eastern states.

Biedenkopf quickly became one of the key economic advisers to both former SED activists and Saxony's opposition figures. Even before Germany's reunification, he acquired citizenship of the GDR, having emphasised his links with the region. Although he was born in Ludwigshafen, he spent his childhood and early youth in Schkopau, Saxony. The fact that he repeatedly referred to his early years and held GDR citizenship helped the party, under his leadership, to secure an absolute majority in the first free elections on 14 October 1990. During the campaign, Biedenkopf highlighted typical local themes: Saxony's nearly 200-year industrial history, its distinctiveness from the rest of Germany, and its independence (particularly from Prussia). He also emphasised respect for the freedom regained after 1989 through demonstrations in Saxon cities, as well as the restoration, rather than reconstruction, of prosperity. This was a veiled reference to the economic success of the early 20th century, when Saxony was one of Germany's most industrialised regions. These messages instilled a sense of local pride in Saxony's residents during a challenging period of transformation.

Biedenkopf was not a protégé of Kohl. On the contrary, he became Saxony's minister-president against Kohl's wishes, a fact he later leveraged at every opportunity by sharply criticising the Bonn government for insufficient support to the eastern states. He positioned himself not only as the leader of Saxony but also as a spokesperson for the entire former GDR. This is also how West German politicians and the media perceived him, which bolstered his position. After taking office, he staffed the ministries of finance and economy, which he considered most important, with trusted officials from the West. Although the remaining ministries were entrusted to East Germans, he appointed West German secretaries of state to cooperate with these officials to help them navigate the complexities and pitfalls of federal bureaucracy. These Western officials were also expected to ensure that their East German ministers accepted the realities of the new unified state.

For voters, the most important factors included the highly praised relocations of western companies, such as Volkswagen (to the vicinity of Zwickau), BMW and Porsche (to Leipzig), and an entire cluster of high-tech companies

(to Dresden). The state's finances were in relatively good condition, and Saxon students consistently achieved top results in mathematics and science in PISA tests (see Chapter VI). As a result, the CDU continued to come first in the elections, and Biedenkopf served as Saxony's minister-president until 2002. At the same time, the unchallenged popularity of the Christian Democrats resulted in the marginalisation of the local opposition.

Critics of Biedenkopf accused him of an authoritarian approach to governance. The media often referred to him as 'King Kurt', emphasising his dominant position in the state and within the party.¹⁴ He was also criticised for downplaying the activities of the radical right, which contributed to the rise of the neo-Nazi National Democratic Party of Germany (see box below). As minister-president, he built the strongest regional CDU structures in the eastern federal states, which have ensured the party's uninterrupted participation in governance to this day. He stepped down following a series of financial scandals and internal divisions within the Saxon segment of the CDU.

The AfD is attracting conservative voters from other parties

Biedenkopf's successors – Georg Milbradt and Stanislaw Tillich – continued his policies. However, they governed in coalitions with the SPD and FDP and their tenures coincided with a period of record-high unemployment and the erosion of former support for the CDU. In 2017, Michael Kretschmer was appointed minister-president of Saxony. He began his political career in the CDU's youth organisation in 1989 and gradually moved up the party ranks, for instance, serving as its general secretary in Saxony. In 2017, he became the leader of the CDU in the region, and in 2022, he was elected deputy leader at the federal level.

Growing dissatisfaction among Saxons contributed to the rise in support for radical forces such as the NPD and later the AfD (see box below). This process was accelerated by changes within the CDU's federal structures. When Angela Merkel assumed the party leadership in 2000, she gradually began to move away from conservative values. Over her 16 years as Germany's chancellor, this shift in the party's profile provoked disappointment among both its voters and members. The policies pursued by governments led by Christian Democrats – such as the abandonment of nuclear energy, the acceleration of the energy transition, the introduction of a minimum wage and dual citizenship, and the replacement of conscription with a professional army – were seen as signs of an ideological

¹⁴ 'König Kurt macht sich stark gegen den Rest Europas', *Der Spiegel*, 1996, no. 32.

shift to the left.¹⁵ The conservative electorate, particularly in Saxony, ceased to view the CDU as their party of first choice. This trend was further reinforced by Merkel's response to the 2015 migration crisis. Her decision not to tighten border controls and her promotion of the 'culture of hospitality' (*Willkommenskultur*) provoked strong resistance, especially in the eastern federal states. The far-right, anti-immigrant AfD gradually filled the void that emerged when the CDU departed from its traditional conservative stance.

The AfD achieved significant success just a year after its founding, securing 10% of the vote in the 2014 election, primarily drawing supporters away from the CDU and the FDP.¹⁶ Five years later, the party garnered the support of 27% of Saxons, becoming the second-largest force in the *Landtag*. In the 2024 European Parliament elections, the AfD came first in Saxony, capturing 31.8% of the vote. The party's triumph can be attributed to its ability to mobilise former non-voters and to attract a portion of the CDU's electorate. Since the AfD began its activities in the region, there has been a noticeable disparity in its support between rural areas and the largest cities. The party achieves its best results in Upper Lusatia, while its level of support is lowest in Dresden, Leipzig, and Chemnitz.

The AfD presents itself as a defender of local communities concerned about job losses and the decline of the coal industry. It criticises government plans to phase out coal, arguing that such measures will harm the economies of mining regions. In its campaigns, the party emphasises that it is the only one in Germany to completely oppose the abandonment of coal-based energy. This stance has garnered it significant support in coal-mining districts, where in some areas it is backed by as much as 50% of the electorate.

AfD voters view the party as the best representative of the interests of East Germans.¹⁷ Supporters often claim that during the GDR era, the state provided better care for its citizens than it does today. Increasingly, the AfD is viewed not only as accurately identifying the problems faced by residents of the eastern states (52% of Saxons share this view), but also as offering appropriate solutions to specific issues. Only 7% of the respondents say that they support the party in protest against the current situation or to express disappointment with it. At the same time, the number of people who believe that the

¹⁵ See A. Kwiatkowska, *Cinderella became the Empress. How Merkel has changed Germany*, OSW, Warsaw 2021, osw.waw.pl.

¹⁶ See K. Frymark, 'Alternatywa dla wschodnich Niemiec...', *op. cit.*

¹⁷ 'Wer wählte die AfD – und warum?', Tagesschau, 2 September 2024, [tagesschau.de](https://www.tagesschau.de).

AfD insufficiently distances itself from right-wing extremists has decreased. Currently, 57% of the respondents hold this view, down 20 percentage points compared to 2019.¹⁸

Far-right parties in Saxony

The National Democratic Party of Germany (NPD)

The NPD, which currently operates under the name of Die Heimat (The Homeland), was founded in 1964. Its platform includes proposals to revise Germany's eastern borders and make significant amendments to the country's Basic Law, for example, to introduce direct presidential elections, to hold referendums at local, state, and federal levels, and dissolve counter-intelligence services. The platform also advocates for the elimination of the constitutional right to asylum and supports the segregation of ethnic Germans and foreigners in the education and social welfare systems. The party declares that its long-term goal is to remove representatives of other nationalities from Germany. As regards historical policy, it calls for an end to what it describes as the 'mandated cult of guilt' and the glorification of 'Allied war criminals', and support the idea of compensation for suffering inflicted on the German nation, including post-war expulsions.

Saxony was the key area of activity for the NPD, as evidenced by its electoral successes and relatively strong local party organisation. A turning point came in 2004, when the NPD secured 9.2% of the vote and entered the *Landtag*. These successes were preceded by an effective campaign emphasising local roots and a radicalised message that resonated with social discontent and concerns about the economic and social transformation of the region following Germany's reunification. After 2014, when the NPD garnered 4.9% of the vote in Saxony and failed to cross the 5% electoral threshold, much of its electorate shifted to the AfD – a similar trend occurred in other eastern federal states. As the AfD grew stronger, the NPD steadily lost ground. Today, it is a marginal party; in the European Parliament election in Saxony, the party received only 6,000 votes (0.3%). A similar decline was recorded in Mecklenburg-Western Pomerania and Brandenburg.

¹⁸ 'SachsenTREND Januar 2024', Infratest dimap, 23 January 2024, infratest-dimap.de.

Patriotic Europeans Against the Islamisation of the West (PEGIDA)

The PEGIDA movement – another far right phenomenon in Saxony – became a symbol of the growing wave of protests against immigration and integration policies and the ‘Islamisation’ of Germany. It gained popularity in 2014, with weekly Monday gatherings in Dresden that attracted thousands of participants. These events were held in reference to the historical demonstrations that united East Germany’s opposition forces (see Chapter I). The rallies attracted Saxon residents from various social and professional backgrounds, with the majority being middle-aged men with stable employment, medium to high levels of education, and right-wing political views. Participants also shared a strong distrust of the media, which they frequently referred to as *Lügenpresse* (‘lying press’).

PEGIDA played a significant role in shaping public debate on migration and integration issues in Germany, contributing to the polarisation and intensification of discourse on these topics. This, in turn, bolstered support for the AfD. As the AfD’s popularity grew, support for the PEGIDA movement decreased (with the exception of a brief resurgence during protests against pandemic restrictions in 2021 and 2022).

Freie Sachsen

Freie Sachsen is an extremist far-right party founded in 2021, with former NPD politicians among its members. Despite its modest organisational structures and limited human resources, the party successfully mobilises radical right-wing circles through effective use of social media. It rejects the democratic legal order and seeks its overthrow. It operates primarily in Saxony and advocates for ‘Säxit’, the secession of the region from Germany’s political structures. It addresses controversial issues (such as COVID-19 restrictions, aid to Ukraine, inflation, and climate policy), often promoting conspiracy theories. In June 2021, Saxony’s State Office for the Protection of the Constitution labelled Freie Sachsen as a far-right group with anti-constitutional objectives and began monitoring its activities. Since early 2022, the party has also been under surveillance at the federal level.

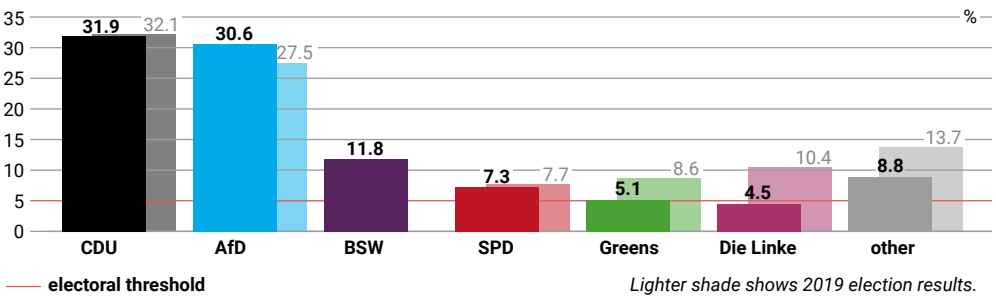
2. The 2024 election: the rise of the AfD and the BSW

In the election held on 1 September 2024, the CDU once again emerged victorious, narrowly outpacing the AfD. This outcome was largely due to the support

of older voters (aged 65 and older) and the most determined segments of the electorate, as well as an effective campaign undertaken by the incumbent Minister-President of Saxony, Michael Kretschmer. Also noteworthy was the strong performance of the BSW, which placed third. Although the CDU won, in the post-election landscape it was unable to continue its coalition with the SPD and the Greens. Collaboration with the BSW could be necessary to form a stable government and prevent the AfD from coming to power.

In autumn 2024, elections were also held to the *Landtags* of Thuringia and Brandenburg. In all three federal states, the campaigns focused on issues such as migration policy, relations with Russia, support for Kyiv, education, social inequalities, and economic challenges. The narrative of most parties was dominated by criticism of Chancellor Olaf Scholz (SPD) and his coalition partners representing the Greens and the FDP.

Chart 3. Results of the election to the *Landtag* of Saxony held on 1 September 2024



Source: the author’s own analysis based on figures published by Saxony’s state election commission.

Saxony’s CDU party organisation, led by Michael Kretschmer, has the most conservative profile of all CDU structures in Germany’s federal states. Since assuming power in 2017, the Görlitz-born Saxon Minister-President has enjoyed significant popularity. This is partly due to his consistent engagement with voters, including regular regional meetings. Additionally, some voters appreciate that, during the COVID-19 pandemic, Kretschmer was one of the few politicians in Germany to publicly discuss and explain his strategy with residents critical of the measures.

The electoral situation in eastern Germany

In the eastern federal states and Berlin, approximately 12.3 million people are eligible to vote, with the largest number – around 3.2 million – in Saxony. Electoral behaviour in eastern and western Germany differs significantly (see Table 1). Residents of the former GDR are less attached to specific parties, and their decisions are less influenced by social status, occupational background, or family traditions. They tend to shift their preferences more quickly, holding ruling parties accountable for their promises, which benefits protest parties.

Election outcomes are influenced by demographic changes (see Chapter IV). The emigration of young, educated individuals – especially women – to western Germany and abroad to seek employment is altering the population structure of the eastern federal states. Due to lower birth rates, eastern Germany has an increasingly ageing population. Those remaining in the east are often less well-educated and less entrepreneurial, which increases the proportion of non-voters and boosts support for both far right and far left views.

Table 1. Results of the election to the Bundestag held in 2021 and change versus the 2017 results

	SPD	CDU/ CSU	Greens	FDP	AfD	Die Linke	other parties
Germany as a whole	25.7% (+5.2 pp)	24.1% (-8.9 pp)	14.8% (+5.8 pp)	11.5% (+0.7 pp)	10.3% (-2.3 pp)	4.9% (-4.3 pp)	8.6% (+3.6 pp)
Eastern states	24.1% (+10.2 pp)	16.9% (-10.7 pp)	9.1% (+4.1 pp)	9.5% (+2.0 pp)	20.5% (-1.4 pp)	10.4% (-7.4 pp)	9.4% (+3.0 pp)
Western states	26.1% (+4.2 pp)	25.6% (-8.5 pp)	16.0% (+6.2 pp)	11.9% (+0.4 pp)	8.2% (-2.5 pp)	3.7% (-3.7 pp)	8.5% (+3.8 pp)

Source: the author's own analysis based on figures compiled by the Federal Electoral Committee.

In response to the AfD gaining popularity in Saxony and the growing prominence of migration as a political issue, Minister-President Michael Kretschmer often employed campaign rhetoric that aligned with some AfD positions, not only on asylum law reforms but also regarding policy towards Russia. Despite the ongoing war, he continues to advocate for lifting sanctions on Moscow and

resuming the import of cheap fuels, including, in the future, via Nord Stream 2. Kretschmer's stance on Russia's invasion of Ukraine and his consistently pro-Russian views have not diminished his popularity. On the contrary, many Saxons view him as a genuine defender of their interests. Despite a decline in support for Saxony's coalition government, prior to the 2024 election 53% of respondents rated Kretschmer's performance positively, while 41% expressed a negative opinion. Earlier in the year, approximately 57% of respondents expressed their dissatisfaction with the CDU-SPD-Greens coalition government. However, the majority (76%) of CDU voters had a positive opinion on the government. AfD supporters were the most vocal critics of Kretschmer's government.¹⁹

This sentiment translated into a success for the AfD, driven by voters' support for its platform rather than opposition to those of other parties. In areas such as security policy, migration control, social issues, and representing the interests of East Germans at the federal level, the AfD's electorate perceives it as the most competent party. The party also benefited from record voter turnout (74.4% in Saxony, up 7.8 percentage points compared to the previous election), driven by the mobilisation of former non-voters. Although the AfD had come under surveillance by German counterintelligence and faced ostracism from other political forces and the media,²⁰ its electoral result confirmed its status as a mass party in the eastern federal states, enjoying popularity across all social groups. An effective online campaign attracted younger voters, making the AfD the most popular choice among 18–24-year-olds in Saxony and Thuringia.²¹

The high level of support for the AfD was also driven by widespread dissatisfaction with Chancellor Olaf Scholz's government. Over 80% of Germans believe Scholz has failed to rise to the challenges facing him, citing another phase of the migration crisis, the costs of climate policy, and what they view as excessive support for Ukraine. In each of these areas, the AfD offers radically different policies from those of the Federal Chancellery, attracting disillusioned voters. During its campaign, the AfD focused on advocating for stricter

¹⁹ 'SachsenTREND Januar 2024', *op. cit.*

²⁰ In February 2024, Saxony's Ministry for the Interior revealed that some local members of the AfD openly supported the Reichsbürger movement, which is under surveillance by German counterintelligence. In its report, the ministry highlighted the AfD's links to far-right groups such as the Identitarian movement, Freie Sachsen, and the authors of *Compact* magazine. It was also found to cooperate with Homeland (formerly the NPD) in the Erzgebirgskreis district. Moreover, the leader of the AfD's Saxony branch, Jörg Urban, closely cooperates with the party leader in Thuringia, Björn Höcke. In 2019, a German court ruled that Höcke could lawfully be referred to as a 'fascist', and his regional party organisation is considered the most radical of all.

²¹ K. Frymark, 'Success for the AfD and the BSW in Thuringia and Saxony', OSW, 2 September 2024, osw.waw.pl.

migration policies, including ceasing to accept refugees deemed ‘culturally alien’, who – according to the party – pose a threat to Germany’s security or national identity. Another key element of the AfD’s platform is ensuring access to affordable energy. The party also calls for the lifting of sanctions on Russia, arguing that Germany’s current energy and foreign policies are ineffective and harmful, particularly to the country’s economy. Regarding support for Ukraine, the AfD demands that funds allocated to aid Kyiv be redirected to address domestic needs.

The AfD campaign also capitalised on the topic of the COVID-19 pandemic, portraying it as a period of governmental overreach during which citizens’ rights and individual freedoms were violated. The party seeks accountability for those responsible for crisis management during this time and has proposed establishing an investigative committee to examine the actions of the state government. Additionally, the AfD criticises the current state of the media and the rule of law in Germany, claiming the system is corrupt and biased against the party. Its platform includes proposals to abolish counterintelligence services and introduce a new state-level care allowance.

The biggest winner of the election, however, is the pro-Russian and anti-immigrant BSW which, despite its lack of well-developed party structures (the party was only founded in January 2024), has gained a pivotal position in Saxony, making it essential for forming a majority coalition. Its success is largely due to the popularity and charisma of Sahra Wagenknecht, the former leader of Die Linke, particularly in eastern Germany. The BSW, which enjoys its strongest support among voters aged 60 and older, pensioners, and women (in contrast to the AfD, which is more popular with men), managed to seize around 80,000 votes, primarily from Die Linke. The party’s campaign focused on nationwide issues, such as ceasing aid to Ukraine and curbing migration. During the campaign, Wagenknecht declared that the party’s participation in future governments would be conditional on reducing support for Kyiv. She also advocates for prioritising the resolution of the Russian-Ukrainian war through diplomatic means. Although federal states do not conduct separate foreign policies, such ‘peace initiatives’ resonate strongly with the German public (see Chapter V). While Wagenknecht has ruled out a coalition with the AfD, the BSW leaders in Saxony and Thuringia (Sabine Zimmermann and Katja Wolf respectively), both former Die Linke politicians with moderate views, do not shy away from supporting some far-right proposals, such as reducing social welfare benefits for refugees.

The FDP and the Greens play a marginal role in the eastern federal states, and similarly, Die Linke struggles to maintain relevance in Saxony. Meanwhile, the SPD, with a consistently low level of support, does not pose a significant challenge to the Christian Democrats in the region. This is partly due to the SPD's limited membership base, which translates into fewer financial resources and weaker organisational structures compared to those in the western states. For the Greens and the FDP, the former GDR remains a particularly challenging region, where they receive minimal support. The notable exceptions are major university cities, such as Leipzig and Dresden in Saxony, where the Greens perform well and maintain a stable voter base.

3. Post-election scenarios

In recent years, forming party alliances in eastern Germany has often involved creating a so-called 'cordon sanitaire' (*Brandmauer*) around the AfD to prevent it from gaining power. This approach has led to the establishment of unconventional and previously unseen coalitions, such as the CDU partnering with the Greens and SPD in Saxony. In Thuringia, it has effectively resulted in the CDU supporting the minority government of Die Linke, the SPD, and the Greens. While the CDU has explicitly ruled out formal cooperation with both the AfD and Die Linke in its official documents since 2018, maintaining this principle has become increasingly challenging in practice, especially at the local level. In municipal politics, there have been instances where other parties have endorsed AfD proposals or voted in favour of its initiatives.

For some of the most conservative CDU members in Saxony (and other eastern German states), a partnership with the AfD would be the preferred option. However, this is currently unfeasible, due in part to opposition from the party's federal leadership.²² The strong performance of the far-right in the Saxon state elections (similarly to its victory in Thuringia and second-place finish in Brandenburg) is likely to amplify calls for safeguards within the political system. These measures would aim to address the risk of a similar scenario unfolding in other regions of Germany or at the federal level.²³

²² The appointment of an FDP member Thomas Kemmerich as Thuringia's Minister-President in 2020 (with the support of the CDU and the AfD) resulted in a political crisis and the need to elect a new president of the *Landtag* of Thuringia. See K. Frymark, 'Chaos on the German political scene: the CDU's leader quits', OSW, 10 February 2020, osw.waw.pl.

²³ *Idem*, 'A general rehearsal: strategies to contain the AfD', *OSW Commentary*, no. 598, 27 May 2024, osw.waw.pl.

To form a government without the AfD, the Christian Democrats are considering a potential agreement with the BSW (and possibly the SPD). However, cooperation with Sahra Wagenknecht's party has sparked opposition among some CDU members from western Germany, who are advocating for the BSW to be added to the list of parties with which the CDU does not collaborate. Seeking to defuse the conflict, the CDU chairperson has stated that final decisions on alliances will be made by the local party structures.

The coalition-building process is expected to take some time, with a new cabinet required to be formed by the end of January 2025.²⁴ The most likely scenario involves a coalition between the CDU, the BSW, and the SPD. The SPD will play a pivotal role in these post-election negotiations. For the CDU, cooperation with the SPD would represent a 'lesser evil', allowing the party to remain in power while avoiding collaboration with the AfD. This arrangement could also serve as a model for other regional CDU structures (for example, in Thuringia and Brandenburg), which might consider aligning with Wagenknecht's party. If the three parties fail to reach an agreement, a CDU-led minority government appears to be a plausible alternative. In such a scenario, the AfD and the BSW might occasionally vote together, potentially enabling them to block decisions requiring a two-thirds majority, such as amendments to Germany's Basic Law or personnel appointments in certain public administration bodies.

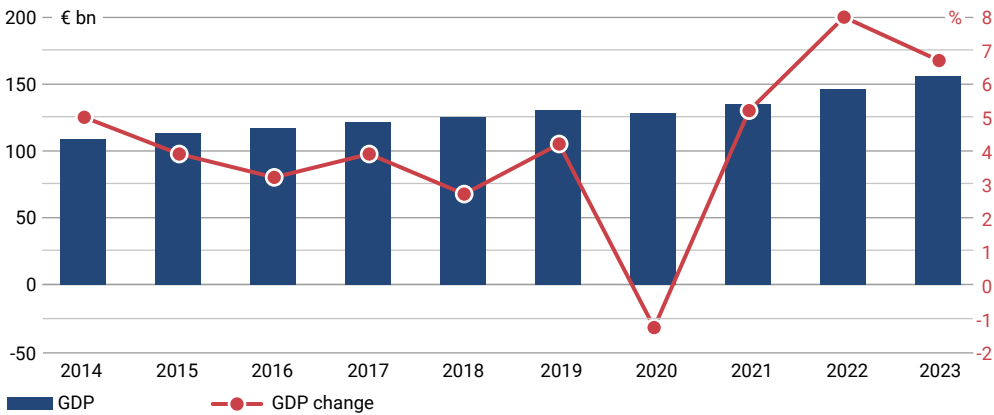
²⁴ This requirement is enshrined in Saxony's constitution, which states that if the federal state's minister-president is not elected within four months of the first session of the newly-elected *Landtag*, the parliament will be dissolved (Article 60 par. 3). See *Verfassung des Freistaates Sachsen vom 27. Mai 1992*, after: REVOsax, revosax.sachsen.de.

III. SAXONY AS EASTERN GERMANY’S ECONOMIC POWERHOUSE

Saxony is the largest economy in eastern Germany (excluding Berlin) and a key industrial hub. In 2023, its GDP per capita stood at €38,143, representing 78% of the national average, the highest in the former GDR. Since 1991, this figure has increased by 326%, the most significant growth apart from Brandenburg. The region’s economic strength stems from its continuation of industrial traditions, particularly in the automotive and machine building sectors, which were among the most important in Germany in the early 20th century.²⁵ Additionally, Saxony boasts an excellent level of education among its workforce and is open to modern technologies.

The leading industries in Saxony are automotive manufacturing, semiconductor production (with Dresden being one of Europe’s most important hubs for micro-chip manufacturing), and machine building (notably in Chemnitz).²⁶ The automotive sector is the most dynamic of these, accounting for over a quarter of industrial turnover and more than a third of foreign trade. Car manufacturers alongside their approximately 800 suppliers employ around 95,000 individuals.

Chart 4. Change in Saxony’s GDP, 2014–2023



Source: the author’s own analysis based on figures published by Saxony’s statistical office.

²⁵ Saxony’s industrial heritage also includes its significant role in the development of the German railway network. The Leipzig–Dresden railway line, built in 1837, was the second in the country, following the Nuremberg–Fürth connection. Its introduction enabled the rapid transport of raw materials and finished goods, particularly benefiting the mining and metallurgy sectors. As early as the 1840s, Saxony upgraded its steam locomotives and emerged as one of the most important railway hubs in Germany.

²⁶ J. Ragnitz (ed.), *Wirtschaft in Sachsen. Trends und Analysen*, Saxon State Agency for Civic Education, Dresden/Leipzig 2023, slpb.de.

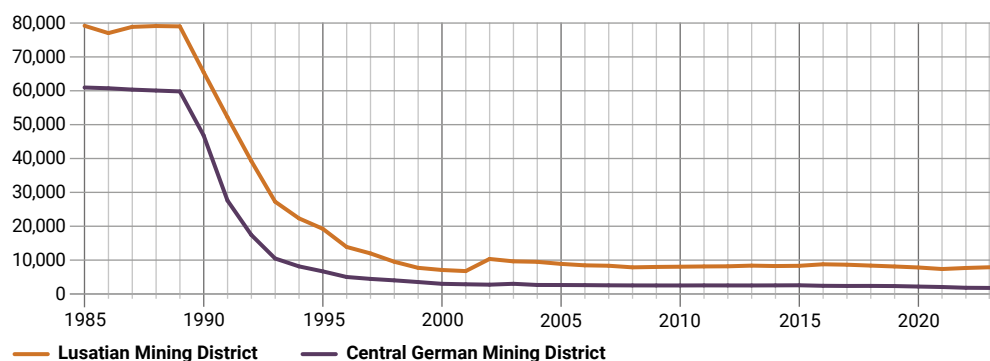
Map. The Free State of Saxony



1. The end of the black gold era

Saxony is one of Germany’s most significant lignite mining regions, with the sector holding economic, social, and cultural importance. This made the state particularly affected by the January 2020 decision of the CDU/CSU-SPD federal government to phase out coal by 2038. The state’s primary concern is the potential loss of this vital industry and jobs associated with it. During the GDR era, the coal sector played a central role in the economy and in shaping regional identity. The transformation of the 1990s resulted in the mass closure of mines, significantly contributing to the ‘transformation shock’ experienced by the region’s inhabitants.

Chart 5. Number of individuals employed in the lignite sector in Germany



Source: the author's own analysis based on kohlenstatistik.de.

Lignite in Saxony²⁷

Lignite mining in Saxony dates back to the 14th century. Initially, it was carried out in underground mines and, from the late 19th century, in large open-pit mines. Lignite was the backbone of energy production in the GDR. In 1986, a total of 312 million tonnes of lignite were extracted from two major mining areas: Lusatia (in Saxony and Brandenburg) and the Central German Mining District (covering parts of Saxony, Saxony-Anhalt, and Thuringia). Germany remains the largest lignite producer in the EU. In 2023, it mined 102 million tonnes, accounting for 46% of the EU's production. Poland ranked second with 18%, followed by the Czech Republic with 13%.

The Central German Mining District

The Central German Mining District, located in the northwest of Saxony, is the smallest lignite mining region in Germany. It hosts two mines operated by MIBRAG – Vereinigtes Schleenhain and Profen – which produced a combined total of 18.7 million tonnes of lignite in 2018, along with the Amsdorf facility (0.5 million tonnes) owned by Romonta. The lignite extracted from these mines supplies the Lippendorf and Schkopau power plants. The local mining industry directly employs 2,400 individuals, with an additional 1,400 employed by businesses cooperating with it. The region encompasses the cities of Leipzig and Halle, features a well-developed road network, and is served by the major Leipzig/Halle airport.

²⁷ See M. Kędzierski, *Germany bids farewell to coal. The next stage of the Energiewende*, OSW, Warsaw 2022, osw.waw.pl.

The Lusatian Mining District

The Lusatian Mining District, located near the Polish border, is Germany's second-largest lignite mining region. It comprises four open-pit mines: Welzow-Süd, Nochten, Reichwalde, and Jänschwalde, which produced 60.7 million tonnes of lignite in 2018. The extracted lignite supplies the Boxberg, Schwarze Pumpe, and Jänschwalde power plants. The infrastructure is managed by LEAG, a company employing 8,300 individuals directly, with nearly 5,000 more involved indirectly in the sector. The region is characterised by its peripheral location and predominance of rural areas. The lignite industry is the cornerstone of the local economy. LEAG is one of the largest and most attractive employers in the area, offering average wages that are 50% higher than the median salary in Saxony and Brandenburg.

The restructuring of mining regions, including those in Saxony, is governed by the law on granting structural support to coal mining regions (*Strukturstärkungsgesetz Kohleregionen*), adopted in July 2020 alongside the law on phasing out coal.²⁸ This legislation specifies the amount, allocation, purpose, and method of disbursing funds for the redevelopment of such areas. A total of €40 billion has been earmarked in the federal budget for these initiatives. Saxony will receive €10.1 billion by 2038 for the energy transition and structural transformation. These funds will be allocated to projects such as infrastructure development, the establishment of research and educational centres, and the creation of 5,000 new jobs in federal agency branches located in the mining districts by 2028.

By the end of 2022, transformation projects worth approximately €2 billion had been approved in Saxony.²⁹ However, their implementation has faced challenges, primarily due to administrative and bureaucratic delays. The situation is further complicated by a shortage of workers. Long-term challenges include the risk of widening disparities between larger cities and smaller towns. The former tend to receive more funding, potentially exacerbating economic development inequalities within the region. Additionally, many of the newly created jobs offer lower wages than those in the mining sector, leading to a decline in workers'

²⁸ For the law and methods for monitoring structural support provided to the regions see: '[Strukturstärkungsgesetz Kohleregionen](#)', Federal Ministry for Economic Affairs and Climate Action, bmwk.de.

²⁹ *Erster Bericht über die Evaluierung des Investitionsgesetzes Kohleregionen (InvKG)*, Federal Ministry for Economic Affairs and Climate Action, Halle (Saale)/Essen, 30 June 2023, bmwk.de.

living standards and, in some cases, their frustration. The lack of involvement of local businesses in the transformation process has also been criticised.³⁰

2. Transformation as an opportunity

The coal phase-out is envisioned as a driving force for Saxony's development. Initiatives to replace the sector rely on three pillars: the hydrogen industry; the production of chips, semiconductors, and batteries; and tourism. The framework programme adopted by the Saxon state government in late 2020 serves as the 'roadmap' for utilising federal funds.³¹ The document outlines key directions for the development of Lusatia over the next two decades. A similar plan was developed for Brandenburg. The strategy emphasises the importance of cross-border cooperation with Poland and the Czech Republic. A significant element of the programme includes the development of modern technologies, particularly those used in renewable energy production and storage, as well as the expansion of road infrastructure in the vicinity of the Polish border. Investments are also planned in telemedicine, digitisation, and education to improve the quality of life for residents.

Hydrogen is set to play a central role in the structural transformation of coal regions in Saxony, Saxony-Anhalt, and Brandenburg.³² It is intended to replace coal as a fuel for energy production, support Germany's climate goals, stimulate economic growth, and create new jobs. The region aims to fully integrate hydrogen into its economy, from production and storage to applications across various sectors. Saxony's 2022 hydrogen strategy outlines a detailed plan for the development and support of this industry. By 2030, it is estimated that the hydrogen economy could generate approximately 4,800 jobs and bring €1.7 billion in revenue to local businesses.³³

³⁰ U. Wittstock, 'Strukturwandel: Vogelbeobachtungstürme statt neuer Arbeitsplätze', MDR, 8 January 2024, mdr.de.

³¹ *Handlungsprogramm zur Umsetzung des Strukturstärkungsgesetzes Kohleregionen des Bundes in den sächsischen Braunkohlerevieren*, Saxon State Ministry for Regional Development, 22 December 2020, transformationsregion-mitteldeutschland.com.

³² For more on the importance of hydrogen in Germany see M. Kędzierski, 'Wodór – nadzieja niemieckiej polityki klimatycznej i przemysłowej', *Komentarze OSW*, no. 330, 6 May 2020, osw.waw.pl; idem, 'Germany: the next steps in designing the hydrogen network', OSW, 23 November 2023, osw.waw.pl.

³³ 'Der Stoff, aus dem die Zukunft ist: Sachsen treibt Hochlauf der Wasserstoffwirtschaft konsequent voran', Saxon State Ministry for Economic Affairs, Labour and Transport, 11 December 2023, medienservice.sachsen.de.

The state has invested in several key locations: Leipzig, Chemnitz, and Görlitz, where hydrogen innovation and technology centres have been opened.³⁴ Dresden hosts the annual Green Hydrogen Innovation Congress (GHIC). In Leipzig, hydrogen is central to numerous municipal projects. For example, the Leipzig Süd combined heat and power plant is set to transition to hydrogen as its primary fuel. The city also plans to build hydrogen transport pipelines to connect with the European hydrogen pipeline network and intends to purchase hydrogen-powered vehicles.

The development of the hydrogen economy in Saxony also faces certain challenges, primarily the high costs of hydrogen technologies and infrastructure. Additionally, the state may struggle to produce industrial-scale quantities of green hydrogen independently due to a lack of adequate renewable energy installations. This shortfall necessitates the import of hydrogen and the expansion of network infrastructure. The absence of sufficient network access points could reduce public acceptance of hydrogen as an energy source, discourage investors, and hinder economic development. Simplifying administrative and regulatory procedures is also essential to reducing project implementation times.³⁵

Creating new jobs in hydrogen technologies can be accelerated through close cooperation among the eastern German states. As early as 2020, Brandenburg, Saxony, and Saxony-Anhalt increased collaboration in this field, recognising hydrogen as an opportunity to replace coal and restructure post-mining areas. In a joint programme document, the states emphasised the need to establish appropriate legal frameworks to make the production and use of green hydrogen competitive with other energy carriers. Representatives from the states have called for increased federal support – both financial and regulatory – for regional initiatives in this area, as well as for streamlining procedures to accelerate their implementation.³⁶

³⁴ A Saxon consortium with the participation of researchers from Chemnitz University of Technology launched the construction of Europe's first hydrogen-powered tram. According to the plan, the first such tram service – to be named H₂ – will be launched in Görlitz by the end of 2026. The project has received €8 million in co-funding from the Federal Ministry of Transport.

³⁵ M. Kędzierski, 'Germany: the Hydrogen Core Network Financing Act', OSW, 26 April 2024, osw.waw.pl.

³⁶ The document outlining the pillars of the transformation of the east German coal-based economy presents hydrogen as the most important element of the energy and industrial transition, and highlights its potential for creating jobs and generating economic value, particularly in regions undergoing structural change. See W. Günther *et al.*, *Eckpunktepapier der ostdeutschen Kohleländer zur Entwicklung einer regionalen Wasserstoffwirtschaft*, Sachsen, Sachsen-Anhalt, Brandenburg, mwae.brandenburg.de.

3. Silicon Saxony

One successful example of transformation is the Silicon Saxony semiconductor production cluster, established in 2000. It comprises nearly 500 members and employs approximately 76,000 individuals. In 2020, its estimated turnover was €16.5 billion. By 2030, around 100,000 individuals – from programmers to suppliers and microelectronics specialists – are expected to be working in the Dresden area. Announced and ongoing projects will create a demand for an additional 25,000 skilled workers in Dresden alone over the next few years.³⁷

The capital of Saxony, a microelectronics hub even during the GDR era, continues to attract significant investments thanks to government subsidies and consistent political support for the sector (see box below). Saxony leverages the growing importance of semiconductor production in Europe to promote the region as a leading technological hub. Access to EU funds, including through the European Chips Act, facilitates this effort and helps to boost interest from new stakeholders and investors in the region.³⁸

In May 2023, the German company Infineon began constructing a new microprocessor factory in Dresden. It invested €5 billion in this undertaking, with 20% of the sum being provided as a subsidy by the German government. The facility will be the largest of its kind in Europe and is expected to employ around 1,000 individuals once operational, in addition to the approximately 3,000 employees already working at the company's other facilities in Dresden. The participation of Chancellor Olaf Scholz and European Commission President Ursula von der Leyen in the groundbreaking ceremony highlighted the significance of the project. Production at the factory is scheduled to begin in 2026.

Taiwan's TSMC is pursuing a similar project in Saxony, aiming to launch a semiconductor factory in the state capital by 2027. The facility will be established as a joint venture with Bosch, Infineon, and NXP Semiconductor, and will be located in the Airportpark industrial area, where Bosch is already producing chips. The project is expected to create around 2,000 new jobs. The group estimates that the total investment will exceed €10 billion, with TSMC anticipating

³⁷ 'Sächsische Hightech-Branche optimistisch für 2024', Süddeutsche Zeitung, 26 December 2023, sueddeutsche.de.

³⁸ The European Chips Act is an EU-wide programme envisaging public-private investment projects worth €43 billion, intended to increase Europe's semi-conductor manufacturing capacity.

that half of this amount will be covered by subsidies from the German federal budget.³⁹

Investment incentives

- Strategic investments in infrastructure are a priority for Saxony, particularly Dresden, with a focus on water, sewage, and energy systems that are crucial for attracting microprocessor manufacturers. An example of this is the construction of river water pipelines along the Elbe, which, in addition to supplying drinking water to local residents, will provide industrial water for factories.
- The stability of investment conditions and political support, including federal subsidies, streamlined administrative procedures (which vary across federal states), and lower production costs.
- Education and human resources – Saxony stands out among other regions in terms of the quality of its education. The state has also implemented cooperation programmes with Taiwan and other countries, under which future employees receive training in local production facilities.
- Central location and industrial traditions – Dresden is one of the largest semiconductor clusters in Europe, and the presence of major companies and advanced technological infrastructure continues to attract additional investments.
- Favourable housing market – individuals seeking employment in Saxony consider its housing market attractive due to the higher availability of properties and lower prices compared to other major industrial regions such as the Ruhr area, Munich, Hamburg, and Berlin.

³⁹ 'Regionalentwicklungsminister: TSMC-Ansiedlung „Riesenchance“', Süddeutsche Zeitung, 11 April 2024, sueddeutsche.de.

4. Tourism

Tourism is a key driver of Saxony's development and job creation during the coal phase out. In 2019 (the final year before the COVID-19 pandemic), the hospitality sector accounted for just under 2% of the state's economy. At that time, 194,000 individuals – approximately 10% of the total workforce – worked in tourism, and the sector generated €8.1 billion in revenue.⁴⁰ Following the pandemic, in 2023 Saxony recorded 7.9 million tourist arrivals and 20 million overnight stays, an increase of 10% compared to 2022. According to figures compiled at the end of 2023, 19% of German visitors came from Saxony itself, 12% from Bavaria, 11% from Brandenburg, and 10% each from Thuringia and North Rhine-Westphalia. In total, approximately 60% of visitors hailed from the new federal states, including 9% from Berlin.⁴¹ Foreign tourists were mainly Poles, Czechs and Austrians. The total number of foreign visitors to Saxony in 2023 increased by 21% year-on-year.⁴²

In 2024, the Saxon government adopted a tourism development strategy⁴³ outlining sectoral goals for the coming years and binding guidelines for local administration. The strategy emphasises cooperation, particularly with Poland and the Czech Republic, including cross-border tourist trails, joint marketing campaigns, and cultural projects. It also identifies significant challenges for the sector, such as labour shortages and the impact of climate change, including reduced snowfall in skiing regions. Some planned initiatives focus on repurposing post-mining areas, such as transforming open-pit mines into lakes to serve as tourist attractions and creating new jobs. However, these projects require co-funding from federal and EU sources, and their implementation faces numerous obstacles. Water shortages are a major challenge, exacerbated by climate change and prolonged droughts. For example, Lake Sedlitz (which spans 1,330 hectares and is the largest of 30 artificial reservoirs created from reclaimed Lusatian lignite mines) was initially scheduled to be filled by 2015. However, it still lacks one-third of the necessary water, delaying its opening until 2025.⁴⁴ Additionally, the water in new lakes is often contaminated with iron and sulphates, harming local ecosystems. Diverting water for filling

⁴⁰ J. Ragnitz (ed.), *Wirtschaft in Sachsen...*, op. cit.

⁴¹ 'Tourismuszahlen für 2023: Positiver Trend setzt sich fort – eines der erfolgreichsten Jahre für den Tourismus', Saxon State Ministry for Culture and Tourism, 20 February 2024, medienservice.sachsen.de.

⁴² *Ibidem*.

⁴³ *Masterplan Tourismus Sachsen*, Saxon State Ministry for Culture and Tourism, December 2023, tourismus.sachsen.de.

⁴⁴ 'Sedlitzer See', Lausitzer Seenland, lausitzerseenland.de.

reservoirs can cause shortages in other regions.⁴⁵ The high cost of infrastructure, such as sealing walls required to prevent water seepage into existing mines, represents another problem.

Chemnitz: the European Capital of Culture 2025

In 2025, the Saxon industrial city of Chemnitz will serve as the European Capital of Culture. Under the motto 'C the Unseen', the programme highlights the hidden potential of cities, lesser-known locations, and previously unrecognised local artists. It encompasses around 100 projects spanning popular culture, music, visual arts, sports, and design. The initiative's budget is €91 million, with funding primarily provided on the basis of an agreement between the federal government, the Free State of Saxony and the city of Chemnitz, which collectively contributed approximately €66 million.

The organisers of 'C the Unseen' place significant emphasis on collaboration with Poland and the Czech Republic, particularly in planning improvements to tourism infrastructure. For example, the largest art and sculpture trail in Europe, the Purple Path, will run through 38 municipalities in the Chemnitz cultural region. Works by regional artists will tell a shared story that 'everything comes from the mountains', highlighting themes from mineral resource extraction and the development of craftsmanship to large-scale technology and industry. The trail will connect Chemnitz with Karlovy Vary in the Czech Republic. Additionally, city representatives consulted with the authorities in Wrocław, the European Capital of Culture in 2016, particularly on ideas for the long-term utilisation of the invested funds beyond 2025.

The political context played a significant role in the selection of Chemnitz as the European Capital of Culture. In 2018, the city witnessed riots following the killing of a German citizen by two immigrants.⁴⁶ The 2025 Capital of Culture programme deliberately addresses these events, promoting the importance of openness, diversity, and democracy. Initiatives such as 'Wir sind mehr' ('We are more'), launched after the unrest to promote anti-racist attitudes and opposition to violence, are integral elements of the programme.

⁴⁵ J. Staude, 'Warum der Klimawandel das Konzept der Braunkohle-Seen infrage stellt', Frankfurter Rundschau, 10 November 2023, fr.de.

⁴⁶ A. Ciechanowicz, 'Riots in Saxony – the political consequences', OSW, 5 September 2018, osw.waw.pl.

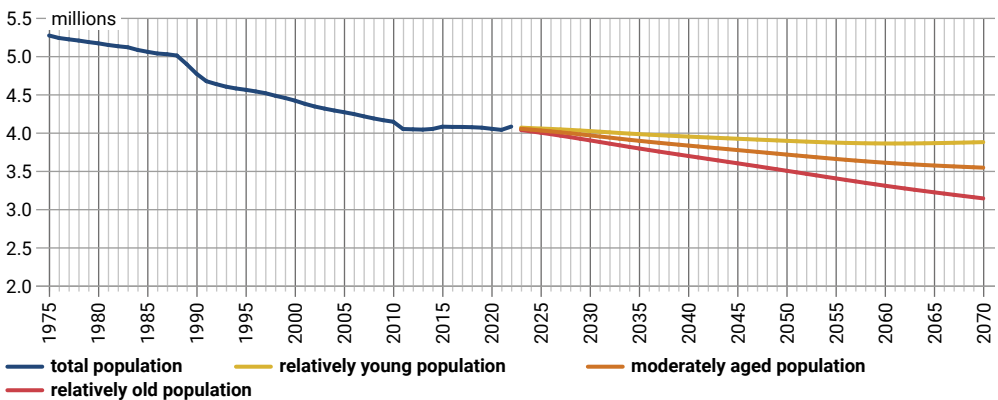
IV. DEMOGRAPHY IN THE SHADOW OF TRANSFORMATION

1. Population loss

Saxony is the most populous of all the new federal states. In 2022, it had a population of 4.09 million individuals: 2.01 million men and 2.08 million women. The median age of residents was 46.8 years, over two years older than the national average. The state’s population has been shrinking almost continuously for over 50 years and is projected to continue declining (see Chart 6). Since Germany’s reunification in 1990, the Free State of Saxony has lost nearly 700,000 residents, equivalent to 14% of its population. For comparison, the capital, Dresden, has a population of 560,000. In the 1990s, young, often well-educated individuals, especially women, moved west in search of employment, creating a lasting imbalance in the region’s social structure.

The Federal Statistical Office predicts a continued decline and ageing of Saxony’s population (see box below). In the coming years, the population is expected to shrink by 0.3–0.5% annually, dropping below four million individuals. The influx of immigrants will not offset the birth deficit, with the most significant population loss likely to occur in the southwestern regions and the northern parts of the Bautzen and Görlitz districts.⁴⁷ In contrast, the two largest cities, Dresden and Leipzig, are experiencing population growth.

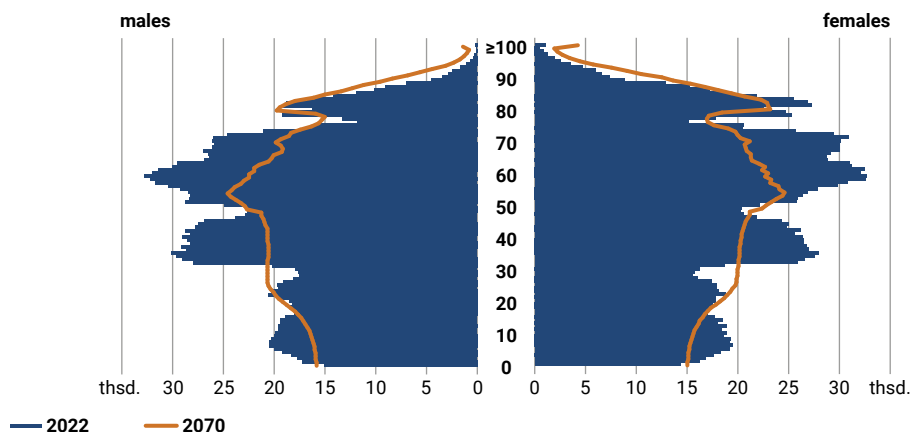
Chart 6. Saxony’s population and its projected change



Source: the author’s own analysis based on [data available at Demografieportal des Bundes und der Länder](#).

⁴⁷ ‘Bevölkerungszahl in Sachsen’, Demografieportal des Bundes und der Länder, [demografie-portal.de](#).

Chart 7. Age structure of Saxony's population in 2022 and 2070



Source: the author's own analysis based on [data available at Demografieportal des Bundes und der Länder](#).

2. Age structure and its change

Saxony has a negative natural population growth rate. In 1990, 49,000 children were born in the state, whereas by 1994, that number had dropped to just 22,000. This trend has reversed twice in subsequent years, with 38,000 births recorded in 2016 and only 30,000 in 2022. The current fertility rate stands at 1.40 children per woman, below the national average of 1.46 (2022).⁴⁸ At the same time, the number of deaths is increasing. In 2022, 60,000 individuals died in Saxony, compared to 55,000 in 2019, prior to the COVID-19 pandemic.⁴⁹ The sharp decline in birth rates in eastern Germany after 1990 was due to various factors, including the economic and social impacts of reunification and the migration of young women to western states. The fertility rate in the former GDR reached its lowest point, 0.77, in 1993–94, after which it began to rise.

The proportion of Saxony's population aged 20 and under declined from 24% in 1990 to 18% in 2022, while the share of those aged over 65 steadily increased – from 16% in 1990 to 27% in 2022.⁵⁰ Additionally, the first cohorts of the baby boomer generation have begun reaching retirement age, and fewer

⁴⁸ 'Geburtenverhalten – Basis für Familiengründungen', Statistical Office of the Free State of Saxony, 24 May 2024, [statistik.sachsen.de](#).

⁴⁹ 'Sterbezahlen 2022 in Sachsen rückläufig', Statistical Office of the Free State of Saxony, 22 August 2023, [statistik.sachsen.de](#).

⁵⁰ 'Altersstruktur der Bevölkerung in Sachsen', Demografieportal des Bundes und der Länder, [demo-grafie-portal.de](#).

individuals are entering the workforce due to the low birth rates of the early 1990s. The mass migration of young people to western Germany, particularly from the early 1990s to the end of 2000, has resulted in a decline in the number of residents in their middle and later working years in the eastern federal states. In 1982, there were approximately 1,600 individuals aged 20 and under for every 1,000 people aged 65 and over. By 2022, this ratio had fallen to around 700.⁵¹

The gender structure in Saxony has also shifted significantly. In 1982, approximately 2.39 million men and 2.76 million women lived in the state, with 87 men for every 100 women. By 2022, these numbers had declined by 15.8% for men and 24.8% for women, representing a particularly notable drop among the latter. As a result, the ratio had narrowed significantly, with 97 men for every 100 women.

Migration statistics are also important in the context of birth and death data. For many years, Saxony experienced negative net migration, but this trend is now reversing. In 2022, 75,000 more people moved to Saxony than left, the best result among all eastern federal states.⁵² Leipzig and Dresden stand out in this regard. Dresden's population is projected to grow from 554,000 in 2018 to approximately 587,000 by 2035, representing a 6% increase under the most optimistic scenario. Leipzig is expected to see even more pronounced growth, with its population rising from 587,000 in 2018 to approximately 681,000 by 2035, an increase of 16% under the most optimistic projections.⁵³ Both cities attract new residents due to their economic strength, new investments, federal and state administration offices, and media outlets, including the public broadcaster MDR. Most importantly, they are major university hubs. Additionally, Leipzig's proximity to Berlin and its excellent transport connections make it particularly appealing.

Depopulation and changes in the social structure are increasingly influencing the political preferences of Saxony's residents. The AfD performs worse in districts with higher average incomes and levels of educational attainment, but achieves better results in areas with older populations, higher youth unemployment, and higher proportions of foreign residents, small craft businesses,

⁵¹ 'Bevölkerungsgruppen', Statistical Office of the Free State of Saxony, bevoelkerungsmonitor.sachsen.de.

⁵² 'Wanderungen über die Grenzen der Bundesländer', German Federal Statistical Office, statistikportal.de.

⁵³ 7. Regionalisierte Bevölkerungsvorausberechnung für den Freistaat Sachsen 2019 bis 2035, Statistical Office of the Free State of Saxony, 2020, demografie-portal.de.

and workers in the manufacturing sector.⁵⁴ The AfD is more popular among men than women, receiving 35% and 25% of their votes respectively in the September 2024 election to Saxony's *Landtag*. This trend is reversed for the CDU (29% of men and 34% of women) and the BSW (10% and 13%, respectively). The CDU also enjoys greater popularity among seniors. In the most recent Saxony election, it received 42% of votes from individuals aged 60 and over, and only 15% from those under 30. This strong support from the oldest, largest, and most politically engaged demographic group enabled the CDU to narrowly win another election in Saxony, edging out the AfD, which remains the most popular party among younger voters, capturing 29% of their support. The BSW follows in this age group, with 10% of voters under 30 backing it.

Saxony's population by 2040⁵⁵

The Statistical Office of the Free State of Saxony has developed demographic projections for the state through to 2040. These forecasts are based on data from 2017 to 2021 and take into account specific circumstances, such as the influx of refugees from Ukraine in 2022. The projections assume that approximately 52,000 of these refugees will settle permanently in the state.

Regardless of the scenario, a steady decline in population is projected. In all scenarios, the old-age dependency ratio (the proportion of those aged 65 and over to the working-age population) increases, reflecting an ageing population. At the same time, the share of working-age individuals declines across all projections, which is expected to negatively affect the region's economy.

Three scenarios:

S1: optimistic – high birth rate and low mortality rate;

S2: moderate – based on current trends;

S3: pessimistic – low birth rate and high mortality rate.

Population (all projections spell a population decline by 2040):

S1: population declines to 3.89 million (down 3.7%);

S2: population declines to 3.81 million (down 5.8%);

S3: population declines to 3.73 million (down 7.8%).

⁵⁴ C. Franz et al., 'Wirtschaft, Demografie und strukturelle Missstände: Die Faktoren hinter dem Erfolg der AfD bei der Europawahl 2024', *DIW Wochenbericht*, DIW Berlin, 30/2024, diw.de.

⁵⁵ 'Ergebnisse der 8. RBV für Sachsen', Statistical Office of the Free State of Saxony, 15 June 2023, bevoelkerungsmonitor.sachsen.de.

Age structure (all scenarios project an increase in the median age):

S1: median age increases from 46.9 years in 2021 to 47.4 years in 2040;

S2: median age increases from 46.9 years in 2021 to 47.9 years in 2040;

S3: median age increases from 46.9 years in 2021 to 48.4 years in 2040.

Share of individuals aged 65 and over (all scenarios project an increase):

S1: rises from 27% in 2021 to 29% in 2040;

S2 and S3: rises from 27% in 2021 to 30% in 2040.

3. Young foreigners

Saxony's society is becoming increasingly diverse. In 1990, foreigners accounted for 1% of the state's population. By 2022, this figure had risen to 7.3% (approximately 300,000 individuals). Their median age is significantly lower than that of German citizens – 69% of Saxony's foreign residents were under 40 in 2022, compared to 37% of Germans. Most foreigners reside in urban areas; for example, in Leipzig, they account for 10.6% of the population.⁵⁶

Until 2015, the Vietnamese represented the largest foreign national group in the state (see Chart 8), as a result of cooperation between the GDR and Vietnam. This collaboration began in the 1950s, when Vietnamese students, trainees, and researchers were given the opportunity to study and train in East Germany before returning to their home country. By the late 1970s, the GDR's economy required additional labour, some of which was sourced from Vietnam. In April 1980, the two countries signed an agreement to send workers to East Germany, leading to the arrival of approximately 60,000 Vietnamese nationals. By the time of Germany's reunification, around 20,000 Vietnamese were residing in the eastern federal states.

As a result of the 2015 migration crisis, Syrians became the largest group of foreigners in Saxony. However, this changed following the influx of refugees from Ukraine. By the end of 2022, Ukrainians comprised approximately 17% of the state's foreign population, while Syrians accounted for just under 10%. For many years, Poles have also been among the largest groups of foreigners settling in the region. Additionally, the number of international students has steadily increased, rising from 5% of arrivals in 1993 to 17% in 2020. Currently, over half of foreign students at Saxony's universities come from Asia, primarily from China, India, and Syria. The Sorbs also hold an important place on the region's ethnic map (see box below).

⁵⁶ 'Ausgewählte Fakten', Office of the Saxon Commissioner for Foreign Nationals, sab.landtag.sachsen.de.

The Sorbian minority in Saxony

The Sorbs are one of the four national minorities officially recognised by Germany (alongside Danes, Frisians, and Roma and Sinti). They primarily inhabit Lusatia, a region spanning Saxony and Brandenburg. In Saxony, there are approximately 40,000 Sorbs, most of whom are Upper Sorbs living in the area between Bautzen, Kamenz, and Hoyerswerda. In total, around 60,000 Sorbs live across Germany, Poland, and the Czech Republic, with only small communities residing in the latter two countries.

Language and culture

The Sorbs speak two languages: Upper Sorbian in Saxony and Lower Sorbian in Brandenburg. They have preserved unique traditions and customs, such as Osterreiten (Easter horseback processions) and Zampfern (Carnival celebrations). In areas inhabited by this minority, bilingual signs and street names are commonly displayed.

Institutions and organisations

Founded in 1912, Domowina is the most important organisation for the Sorb community, serving as an umbrella organisation for numerous cultural associations. Other key institutions include the Sorbisches National-Ensemble, a music and dance group promoting Sorbian culture internationally, and the Sorbisches Institut, which conducts research on the Sorbian language, history, and culture.

Legal and financial support

The rights of the Sorbian population are defined in a Saxon law enacted in 1999, which guarantees funding for minority organisations, as well as collective and individual rights to preserve, express, and develop their ethnic, cultural, and linguistic identity, including the right to use the Sorbian flag and anthem. The law also contains basic provisions regarding the use of the Sorbian language in public spaces and in dealings with authorities and courts. The document outlines the boundaries of the recognised Sorbian settlement area in Saxony, listing the relevant municipalities and districts, along with their German and Sorbian names, in an annex. For the period 2021–25, the minority is allocated €23.91 million annually (shared between Brandenburg and Saxony) for its activities. Additionally, in 2024, the Bundestag approved an extra €19 million to support Sorbian institutions.

History and presence

The Sorbs settled in the Lusatia region as early as the 6th century during the Migration Period. During the Second World War, they were persecuted by the Nazis, their organisations were dissolved, and their culture was suppressed. Under the GDR, the state supported the group, although their activities were subject to strict control.

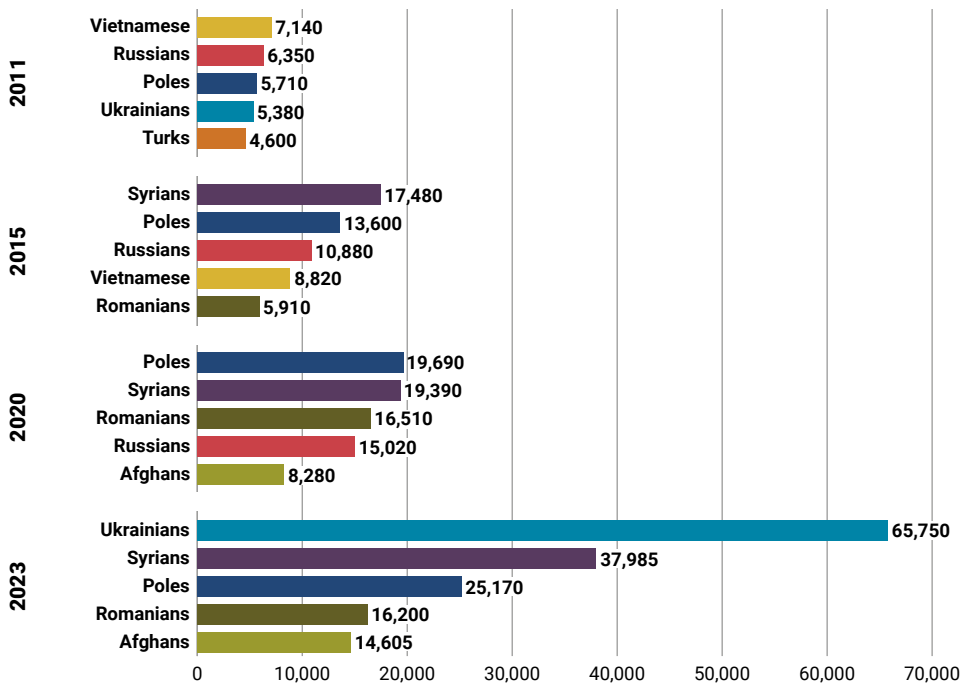
A prominent representative

Stanislaw Tillich, a CDU politician and the Minister-President of Saxony from 2008 to 2017, comes from a Sorbian family. He often referred to his ethnic roots and supported initiatives aimed at preserving and promoting the culture of the Sorbian minority.

Current challenges

The Sorbs face significant challenges related to assimilation and Germanisation, which have led to a decline in the number of people speaking the minority languages.

Chart 8. Biggest groups of foreign nationals residing in Saxony in 2011, 2015, 2020, and 2023



Source: the author's own analysis based on figures compiled by the Statistical Office of the Free State of Saxony, bevoelkerungsmonitor.sachsen.de.

4. Demographic outlook

Addressing an ageing population and negative population growth remains a priority for Saxony. Since 2007, the state's population programme has supported around 250 projects, with total funding of over €10.4 million. These initiatives focus on improving living standards for families with children (for example by expanding preschool care) and offering attractive employment opportunities. The programme has also funded efforts to attract skilled professionals, improve healthcare provisions, adapt rural areas to demographic changes, and maintain infrastructure and access to services in medium-sized and smaller towns.⁵⁷

Migration will continue to be a key factor shaping Saxony's demographic profile. The natural population decline could potentially be offset by a continued influx of foreigner nationals, both from the EU and other countries. However, this will require effective integration efforts (particularly economic) to foster greater social acceptance of immigration. Nonetheless, demographic differences between Saxony and the western federal states are expected to widen. Support for rural regions, infrastructure development, and pro-family policies could help stabilise the situation. One of the most pressing challenges for the state concerns the development of rural areas and smaller towns, which dominate its landscape. Efforts to expand access to local public services, create jobs, and improve quality of life have the potential to attract younger generations and slow the process of population decline.

⁵⁷ Since 2016, Saxony has also supported the 'New Land Winners' programmes run by the Thünen Institute of Regional Development, providing funding for social projects and initiatives focused on innovation. Under the patronage of Saxony's Minister-President, the Generation Award worth €25,000 is granted to the best inter-generational initiatives.

Table 2. Comparison of selected demographic indicators in Germany’s eastern and western federal states

Indicator	Eastern Germany	Western Germany	Saxony
Total population in 1990	15 million	62 million	4.7 million
Total population in 2022	12.6 million	68 million	4.09 million
Population change (1990–2022)	decreased by approximately 16%	increased by approximately 10%	decreased by approximately 14%
Balance of international migration (1991–2022)	+1.2 million	+8.9 million	no data available
Balance of internal migration (1991–2022)	-1.2 million (westwards)	+1.2 million (from the east)	no data available
Surplus of deaths over births (1990–2022)	2 million	2 million	no data available
Proportion of young people (under 20) in 1990	25%	21%	24%
Proportion of young people (under 20) in 2022	18%	19%	18%
Proportion of seniors (aged 65 and over) in 1990	14%	15%	16%
Proportion of seniors (aged 65 and over) in 2022	27%	21%	27%
Proportion of foreigners in 1990	1% (112,000)	8% (5 million)	1% (47,000)
Proportion of foreigners in 2022	7% (908,000)	16% (10.6 million)	7% (300,000)

Indicator	Eastern Germany	Western Germany	Saxony
Life expectancy for males in 1991	69.9 years	73.1 years	no data available
Life expectancy for females in 1991	76.7 years	79 years	no data available
Life expectancy for males in 2020	77.6 years	79.4 years	no data available
Life expectancy for females in 2020	83.1 years	83.3 years	no data available

Source: the author’s own analysis based on figures compiled by Statistisches Bundesamt, destatis.de.

V. FOREIGN POLICY

The powers of the federal states in foreign policy are limited. The most significant competences in this sphere are vested in the federal government (Article 32 of the Basic Law of the Federal Republic of Germany), while the activities of the federal states include cooperation with it in the Bundesrat, as well as independent actions that occasionally compete with federal policy. Through their involvement in the chamber, the federal states contribute to shaping European policy, for example, by participating in the legislative process regarding the incorporation of EU legal acts into German law (Article 23 of the Basic Law of the Federal Republic of Germany). Any amendment to European treaties also requires the consent of the Bundesrat.

The protection of the interests of the federal states outside the Federal Republic of Germany focuses on their regional and cross-border cooperation, support for exporters, and scientific, cultural, and educational collaboration. All federal states have representative offices at the EU and in key partner countries, such as the US. The western states – Bavaria, Baden-Württemberg, and North Rhine-Westphalia – are the most active in foreign policy. Owing to their size and wealth, they prioritise economic benefits and cultural ties in various regions of the world. Saxony primarily represents its interests regionally, in neighbouring countries and within the EU. Relations with Russia, which Dresden treated as a priority until Russia's invasion of Ukraine, merit separate attention.

1. Poland

Relations with Poland are primarily regional in nature owing to the shared border of over 100 kilometres. This cooperation draws on shared memories of a common past – the reigns of Augustus II the Strong and his son Augustus III of Saxony, who were simultaneously Electors of Saxony and Kings of Poland – as well as Saxony's later role, for example, in aiding Polish insurgents during the November and January Uprisings by providing them with shelter.⁵⁸ As a result, Polish traces remain visible in the urban fabric of the region (notably in Dresden and Leipzig), while the Polish Institute in Leipzig actively promotes Polish culture. The Polish language contains the term 'saksy', originally referring to seasonal employment abroad, particularly in Saxony, due to its geographical proximity and highly developed economy.

⁵⁸ See 'Za króla Sasa, czyli Niemcy na polskim tronie', *Pomocnik historyczny Polityki*, no. 3/2004.

Current cooperation is based on the Polish-German Treaty on Good Neighbourly Relations and Friendly Cooperation of 1991, as well as subsequent declarations and local initiatives. Saxony has concluded cooperation agreements with the Lower Silesian and Lubuskie Voivodeships. Lower Silesia and Saxony maintain regional offices (in Dresden and Wrocław, respectively), which support formal contacts and provide residents with information about the neighbouring region's tourist and economic attractions. Since 1999, representatives of Saxon ministries and Lower Silesian offices have met frequently. The Minister-President of Saxony regularly visits Poland. The Lubuskie Voivodeship cooperates with Saxony under joint declarations signed in 2002 and 2008. Cooperation within Muskau Park (*Fürst-Pückler-Park*) – a cultural and tourist attraction listed as a UNESCO World Heritage Site and shared by both regions – is regarded as the most important project.

Like the Czech Republic, Poland is among Saxony's most significant trading partners (see Table 3). In 2023, Saxony's exports to Poland amounted to €2.66 billion, and to the Czech Republic €2.57 billion, placing both countries among the top recipients of Saxon goods.⁵⁹ Dresden is actively involved in cross-border initiatives supporting economic cooperation in the energy, automotive, and new technology sectors. Additionally, the Polish-Saxon Economic Forum plays an important role, addressing topics such as the development of cooperation in the hydrogen sector.

Commuters from Poland and the Czech Republic are of fundamental importance to Saxony's economy. In 2022, approximately 14,000 Poles and 11,500 Czechs were employed in the region.⁶⁰ The COVID-19 pandemic, during which border controls and travel restrictions caused long queues at the German border, highlighted the crucial role of migrant workers in the local labour market. During that period, employers offered targeted bonuses to offset the cost of renting accommodation on the German side of the border.

⁵⁹ China is Saxony's most important trading partner. The signing of a partnership agreement with Hubei province in 2007, which is home to 58 million people (ten times the population of Saxony), was a breakthrough in bilateral relations. As early as 2009, China outpaced the US as Saxony's main export partner (in 2022 it accounted for 19% of Saxony's exports). These relations continue to develop steadily, as evidenced by regular trips to China by representatives of the state government and the fact that China Day is regularly organised in Saxony.

⁶⁰ 'DGB Sachsen lehnt stationäre Grenzkontrollen zu Tschechien und Polen ab', DGB Bezirk Sachsen, 27 September 2023, sachsen.dgb.de.

Table 3. Saxony’s most important trade partners in 2023

Exports (in € billions)		Imports (in € billions)	
China	6.46	China	4.43
United States	4.65	Czech Republic	4.20
United Kingdom	3.97	Poland	3.23
Poland	2.66	Hungary	2.43
Czech Republic	2.58	Netherlands	2.10
France	2.45	United States	1.77
Italy	1.97	Italy	1.55
Belgium	1.90	Austria	1.51
Taiwan	1.83	France	1.45
Switzerland	1.78	Japan	1.23

Source: the author’s own analysis based on figures compiled by the Statistical Office of the Free State of Saxony, statistik.sachsen.de.

Key projects in Saxon-Polish cooperation include the modernisation of the S8 route (Wrocław–Kłodzko–border) and the E40 route (Wrocław–Dresden), as well as an increase in the number of rail connections between Wrocław and Dresden. Investments in public transport also include integrated ticketing systems and the construction of charging stations for electric vehicles. The Polish-German-Czech Cooperation Forum in Karpacz, which brings together over 500 participants, is a significant economic event. Meanwhile, the Saxon-Polish Innovation Day initiative focuses on sustainable mobility, smart cities, and energy-efficient technologies.

Joint research and development laboratories are being established between universities and research institutes. For example, the Wrocław University of

Science and Technology closely cooperates with Dresden University of Technology. Academic curricula and courses are being developed to enable students to earn diplomas recognised in both countries. This collaboration is complemented by cross-border job fairs and career days. The strategy of the Interreg Poland–Saxony Cooperation Programme 2021–2027 provides a significant impetus for strengthening bilateral ties. It aims to improve the quality of educational services, support culture and sustainable tourism, and enhance the management of cross-border cooperation. The budget for this EU co-funded initiative amounts to €60 million.⁶¹

Polish-Saxon dialogue forums are complemented by the Oder Partnership – an informal regional cooperation format initiated in 2006, involving four German federal states and four Polish voivodeships. Its aim is to deepen ongoing operational contacts in administration, the economy, science, and culture. The practical significance of this partnership has been particularly evident during times of crisis. Following Russia’s invasion of Ukraine in February 2022, Saxony responded swiftly to the needs of refugees, including providing a €100,000 grant to the Foundation Ukraine initiative. These funds were allocated to support Ukrainians arriving in Lower Silesia.

The foreign policy of Germany’s federal states is also devised through joint meetings of their governments. As a result of cooperation between Dresden and Potsdam (Brandenburg), a resolution was proposed to the Bundesrat calling for the intensification of relations with Poland. On 30 April 2024, both governments announced their intention to strengthen ties with Warsaw and called on the German federal government to conclude a comprehensive agreement with Poland, modelled on the Aachen Treaty with France. They also proposed considering the establishment of a German-Polish Civic Fund to support cross-border cooperation. The adopted document stated that enhanced integration of border regions is in the vital interest of their residents. Cooperation could include improving transport connections, healthcare, education, emergency services, the labour market, structural transformation, and innovation. Similar proposals were included in the Bundesrat resolution on Polish-German rapprochement adopted in June 2024.⁶²

⁶¹ *Program Współpracy Interreg Polska-Saksonia 2021-2027*, Joint Secretariat of the Interreg Poland-Saxony 2014–2020 Cooperation Programme, za: ewt.gov.pl.

⁶² ‘Beschluss des Bundesrates: Entschließung des Bundesrates für einen Ausbau der deutsch-polnischen Begegnungen’, Drucksache 217/24, Bundesrat, 14 June 2024, bundesrat.de.

The impact of the demographic crisis, including competition for workers, which affects virtually all sectors, is one of the fundamental long-term challenges in bilateral relations.

2. The Czech Republic

Prague is one of Dresden's key partners. Close political ties – both bilateral (for example, the visit of Czech President Petr Pavel in 2024) and multilateral (for example, formats involving Saxony, the Czech Republic, Poland, and Bavaria) – are complemented by intensive economic cooperation. Both capitals draw on a tradition of centuries-long proximity, including close economic relations and Saxony's role in the 17th century as a refuge for many Czechs fleeing religious persecution. During that period, Saxony also served as a meeting place for Czech and Slovak Protestants, which played an important role in fostering a sense of affinity between the two nations.

The Czech Republic and Saxony share a 454-kilometre border, with the most active cross-border cooperation occurring between the regions of Liberec, Ústí nad Labem, and Karlovy Vary, as well as specific towns such as Hrádek nad Nisou. The framework for this partnership was established by the 1992 Joint Declaration on Cooperation. Since 1993, a bilateral working group comprising representatives from various ministries has met under the leadership of officials from the Saxon State Chancellery and the Czech Ministry of Foreign Affairs to coordinate collaboration. Opened in June 2012, the Saxony Liaison Office in Prague functions as a quasi-embassy and plays a significant role in promoting the federal state's culture, economy, and social initiatives in the Czech Republic. The operation of this institution has also directly contributed to increased interest from Czech tourists visiting Saxony.

The Interreg Saxony–Czech Republic 2021–2027 programme (co-funded by the EU and a continuation of a similar initiative from 2014–2020) plays a significant role in strengthening bilateral ties. It facilitates the implementation of projects aimed at increasing the competitiveness of small and medium-sized enterprises, combating climate change, and improving tourism infrastructure. The programme operates with a budget of €142 million.

An increasingly important aspect of Dresden's foreign policy is Czech-Saxon-Bavarian cooperation in the areas of transport infrastructure, the economy, and security. A key project being implemented within this framework is the electrification of the Franconia–Saxony railway line connecting Nuremberg

and Prague, aimed at improving rail connections and accelerating the economic development of these three regions. The intensification of political cooperation was highlighted by the organisation of the first trilateral meeting in April 2024, attended by the Minister-President of Saxony, the Head of the Bavarian State Chancellery, and the President of the Czech Senate. In addition to the primary issue of migration control, the meeting addressed topics such as economic and educational cooperation (including the training of personnel in Germany for Czech nuclear power plants) and the enhancement of collaboration between rescue services in border areas.⁶³

Saxony, Poland, and the Czech Republic are linked through the Euroregion Nysa format, established in 1991 and encompassing border areas of all three countries. The region faces challenges such as an ageing population (in 2021, the proportion of individuals aged 65 and over was 27% in the German section, compared to 21% in both the Polish and Czech sections), a diverse labour market, and wage disparities. The area has significant tourism potential, as evidenced by a growing number of visitors, particularly in the Polish section. The priorities for 2021–2027 are outlined in a strategy developed jointly by the three countries, replacing the previous plan for 2014–2020. The format's activities focus on six areas: transport, the economy, the environment, risk management, culture, and education.⁶⁴

3. The EU

When Germany reunified in 1990, the territory of the former GDR – including Saxony – became part of the European Union. Saxony's involvement in EU policies increased significantly after the organisation's enlargement, which included Poland and the Czech Republic. This expansion opened up new opportunities for cross-border cooperation in numerous areas, particularly in the economic sphere.

Dresden, like other state capitals, strives to increase its influence on EU legislation to ensure it benefits the region as much as possible. Political and economic lobbying is supported through representation at EU institutions – as with most federal states, Saxony has maintained an office in Brussels since 1991 (upgraded to a representative office in 2022). This office operates under the Saxon State Ministry of Justice and for Democracy, European Affairs, and

⁶³ A. Hummel, 'Sachsen, Bayern und Tschechien fordern Begrenzung', Bayerische Staatszeitung, 29 April 2024, [bayerische-staatszeitung.de](https://www.bayerische-staatszeitung.de).

⁶⁴ See 'Strategia rozwoju Euroregionu Nysa 2021–2027', Euroregion Nysa, euroregion-nysa.pl.

Gender Equality. As of 2024, it employs 16 staff members, primarily seconded from various ministries.

The main tasks of the Saxony representative office include monitoring the activities of EU institutions and advocating for the inclusion of Dresden's position on current issues. The office organises visits of Saxon representatives to Brussels and reciprocal visits to Saxony, maintains relations with other regions, companies, and associations, and facilitates cooperation between Saxon and EU officials and parliamentarians. It also carries out informational and promotional activities by organising events and public outreach activities in the EU capital.

A key priority of the federal state's European policy is the transformation of former coal regions into innovative and economically sustainable areas, supported by European funds. This objective is emphasised in Saxony's 2022 strategy.⁶⁵ The strategy focuses on cross-border cooperation with Poland and the Czech Republic, as well as on the development of transport and energy infrastructure, which are considered crucial for regional and economic integration. Saxony aims to involve local institutions in EU research initiatives, such as Horizon Europe. Its European policy promotes gender equality, the rule of law, and democracy, while also highlighting the importance of civic education and cultural exchange through EU programmes. An important component of the document is the call for a common asylum policy – the federal state advocates for curbing migration, strengthening border security, and integrating newcomers into society.⁶⁶

Saxons on EU enlargement

Residents of Saxony, Saxony-Anhalt, and Thuringia have differing opinions on the largest EU enlargement to the east, which occurred 20 years ago. According to a survey conducted by the public broadcaster MDR, Saxony has the most positive perception of this expansion among the three federal states.⁶⁷ Two-thirds of its citizens view social relations with neighbouring eastern countries as favourable. For comparison, approximately 50% of respondents in Saxony-Anhalt and Thuringia share this view.

⁶⁵ *Europapolitische Schwerpunkte der Sächsischen Staatsregierung*, Free State of Saxony, 10 May 2022, europa.sachsen.de.

⁶⁶ In 2023, refugee centres in Saxony registered 23,132 asylum seekers. Their number was higher than in 2022 (18,474) and much higher than between 2016 and 2021.

⁶⁷ F. Höhnle, 'Sachsen sehen EU-Osterweiterung positiver', MDR, 1 May 2024, mdr.de.

Saxons are aware of significant economic benefits resulting from the EU's enlargement. Over half of respondents believe that the expansion helped to alleviate labour shortages in the region, with workers from Poland playing a key role in many sectors of the local economy, particularly in border areas. In contrast, only about 33% of respondents in Saxony-Anhalt and Thuringia share this view.

Despite general support for the EU enlargement, concerns have also been raised. Nearly half of respondents from all federal states believe that the opening of the eastern borders has negatively affected their sense of security. Others highlight issues such as illegal migration and the need to strengthen border protection.

4. Russia

Until February 2022, Saxony maintained close cultural, scientific, educational, and economic cooperation with the Russian Federation. Two key topics dominated public debate: the importance of this cooperation for the state's economy and Saxony's unique historical links with Russia.⁶⁸ Statistics clearly indicate that the economic significance was overstated. In 2018 (before the COVID-19 pandemic and Russia's full-scale invasion of Ukraine), the value of trade between Saxony and Russia amounted to €0.7 billion. For comparison, in the same year, Saxony's trade with Poland reached approximately €4 billion, and with the Czech Republic €6 billion.⁶⁹ As with the federal government, Saxony's Minister-President advocated maintaining dialogue with Moscow regardless of its hostile actions against Germany (such as the 2015 cyberattack on the Bundestag) or its operations in eastern Ukraine. The close ties were evidenced by active regional cooperation with Saint Petersburg, Bashkortostan, and Tatarstan. Joint business delegations were regularly organised, and Saxony participated in trade fairs with Russian partners.

With the outbreak of the war, these ties were severed. Despite this, Saxony continues to advocate for lifting EU sanctions against the aggressor, repairing the Nord Stream 2 gas pipeline, and resuming its use, and returning to

⁶⁸ 'Heimatwechsel. Sachsen und Russland. Deutsche aus Russland in Sachsen', Zentrum für Kultur und Geschichte, bvs.sachsen.de.

⁶⁹ *Statistisches Jahrbuch Sachsen 2019*, Statistical Office of the Free State of Saxony, December 2019, statistischebibliothek.de.

favourable economic relations with Russia once the conflict ends. The state's Minister-President has repeatedly called for freezing the conflict, reducing benefits for Ukrainian refugees, criticising Germany's supply of weapons to Kyiv, and suggesting that Ukraine should consider temporary territorial concessions to the invaders. Kretschmer last visited Moscow in 2021, but he was not granted a meeting with Vladimir Putin. Upon returning to Saxony, he sent a letter thanking the Russian leader for a 'stimulating conversation' over the phone, invited him to Dresden, and once again emphasised the strength of Saxon-Russian friendship.⁷⁰

As regards the line of thinking of Saxony's Minister-President, who also serves as Deputy Chairman of the CDU, an interview he gave to journalists from the Funke media group in late 2023 is particularly noteworthy. In the interview, he argued that a shift in policy towards Moscow was necessary: "Russia is our neighbour. A dangerous, unpredictable one, but still a neighbour. The idea of weakening Russia militarily, politically, and economically so that it can no longer pose a threat to us is a 19th century mindset. It lays the groundwork for further conflicts".⁷¹ Many residents of Saxony, and more broadly of the eastern German states, share this perspective. Their support for such views may explain the lower levels of acceptance of aid to Ukraine and for Chancellor Scholz's actions in response to the war, compared to western Germany.⁷²

In the eastern German states, Moscow is not widely seen as an enemy or occupier, but rather as a liberator from the Nazi regime. Additionally, the prevailing narrative often highlights the "special relations within the framework of German-Soviet friendship during the GDR era".⁷³ Within this context, Russia is portrayed as a counterbalance to the West, which, following the upheaval of the 1989 transformation, is viewed by many in a negative light, as a 'capitalist and coloniser' imposing its will. This sentiment is reinforced by an enduring intergenerational myth of strong ties between eastern Germans and Russians, rooted in numerous youth exchanges, study trips, and competitions. Ironically, the presence of Soviet military forces in the GDR also contributed to a positive perception of Moscow. By 1991, approximately 544,000 Soviet soldiers, auxiliary personnel, and their families were stationed in East Germany

⁷⁰ 'Kretschmer umgarnte Putin offenbar in zwei Briefen', Spiegel, 23 February 2024, [spiegel.de](https://www.spiegel.de).

⁷¹ 'Kretschmer schlägt Ukraine vorübergehenden Gebietsverzicht vor', Spiegel, 27 December 2023, [spiegel.de](https://www.spiegel.de).

⁷² K. Frymark, 'Fear of change. The social costs of the Zeitenwende' [in:] A. Kwiatkowska (ed.), *Making up for lost time. Germany in the era of the Zeitenwende*, op. cit.

⁷³ 'Moskau und Russland', City of Leipzig, [leipzig.de](https://www.leipzig.de).

(compared to around 48,000 military personnel and a total of 90,000 Soviet citizens, including families, residing in Poland at the end of 1990). Some locals viewed the Soviet army favourably, for example, seeing it as an employer or appreciating the occasional interactions. These experiences have contributed to a perception of cultural affinity with Russia, a sentiment shared by 25% of eastern Germans, compared to just 7% of western Germans.

Positive feelings towards Moscow in the eastern German states are further reinforced by a relatively large Russian diaspora, which has also participated in demonstrations opposing support for Ukraine. Around 7,000 Russian citizens reside in Leipzig and Dresden, accounting for more than 40% of all Russians living in Saxony. As a result, both cities have placed considerable emphasis on strengthening ties with Russia over the years. In Dresden, this is exemplified by its partnership with Saint Petersburg, established in 1961 and maintained despite the ongoing war.⁷⁴ Leipzig, on the other hand, draws on centuries-old traditions of cooperation, such as the still-operational Consulate General, founded in 1783. One of Leipzig's more recent major initiatives was the establishment of a task force in March 2020 to enhance relations with Russia. Its inaugural meeting was attended by approximately 40 associations representing education, culture, science, business, and politics.

A distinct chapter in Saxon-Russian relations concerns Vladimir Putin's time in Dresden. Between 1985 and 1990, Putin was stationed there as a KGB officer, rising from major to lieutenant colonel. His duties included cooperation with the Stasi, the protection of Soviet military installations, counter-intelligence, and the recruitment of informants. In later years, he returned to Saxony on multiple occasions to meet with its successive minister-presidents, while Saxon leaders also made regular visits to Moscow. In 2009, Putin was awarded the Order of Gratitude (*Dankesorden*) for his contribution to cultural exchange.⁷⁵ Admiration for him has also been expressed at rallies organised by the PEGIDA movement (see Chapter II). At marches in Dresden, Russian flags were displayed alongside slogans referencing the 'historic German-Russian friendship'.⁷⁶ One of the most frequently cited arguments glorifying Russia was its alleged cultural conservatism, a stance promoted by the movement's

⁷⁴ More than a third of approximately one hundred German cities broke off or suspended their partnerships with Russian cities, see S. Haas, Ch. Eckstein, R. Shaw, '*Deutsche und russische Städte waren jahrzehntelang Partner – jetzt kehrt der Kalte Krieg zurück*', NZZ, 9 April 2022, nzz.ch.

⁷⁵ See A. Moritz, '*Putins Zeit als KGB-Offizier in der DDR*', Deutschlandfunk, 20 December 2022, deutschlandfunk.de.

⁷⁶ M. Pilz, '*Die verstörende Liebe der Sachsen zu Putin*', Welt, 26 February 2016, welt.de.

representatives, particularly in the context of the 2015–2016 migration crisis. This pro-Russian sentiment in Saxony has been politically advantageous for parties such as the AfD and the BSW.

5. Impact on federal politics

In the German political system, federal states do not have direct influence over foreign policy at the federal level. The Chancellor manages foreign affairs and, together with the federal government, sets its priorities. However, individual states – usually the larger ones – frequently seek to influence the debate in this area. Saxony also exhibits such ambitions, particularly in its relations with Poland and Russia. As regards Poland, Saxony, together with Brandenburg, initiated a resolution in the Bundesrat advocating for enhanced cooperation with Warsaw. Dresden also played a significant role during the COVID-19 pandemic, and its proposals for managing the border with Poland (such as subsidies for accommodation for Poles permanently working in Germany) were subsequently adopted by other federal states. Regarding Russia, Saxony has taken a prominent role in foreign policy initiatives, as exemplified by calls from its officials to ease economic sanctions against the Kremlin or to begin repairs on the Nord Stream 2 pipeline.

Attempts to exert pressure, from the federal state position, on national policy during post-election coalition negotiations represented a new development. The BSW expressed such demands during the 2024 campaign. The party called on the federal government to include a clause in the next coalition agreement providing for an end to Berlin's military assistance to Ukraine. Additionally, Wagenknecht's party has advocated for using the Bundesrat's Committee on Foreign Affairs to propose resolutions aimed at limiting aid to Kyiv and prohibiting the stationing of US defensive weapons in the eastern federal states. During its election campaign, the party also proposed holding a nationwide referendum on the deployment of US missiles in Germany.⁷⁷ The Basic Law of the Federal Republic of Germany does not provide for a federal referendum (except in cases involving modifications to the administrative division), and federal states are prohibited from organising referenda on issues such as defence. Despite this, the BSW's use of slogans linking its participation in a future coalition to the implementation of specific foreign policy decisions proved effective, earning the party 12% of the vote in Saxony.

⁷⁷ M. Maier, 'BSW: Das sind unsere Forderungen, wir werden keinen Kotau machen', Berliner Zeitung, 7 September 2024, [berliner-zeitung.de](https://www.berliner-zeitung.de).

VI. DEVELOPMENT CHALLENGES

1. The labour shortage

The labour shortage is the most pressing challenge facing Dresden. This problem is not limited to the eastern federal states, it is a nationwide issue. Saxony alone will require over 400,000 additional workers by 2035 (in 2024, the state already reported more than 36,000 vacancies).⁷⁸ Like other eastern states, Saxony has experienced emigration for over 30 years. Due to the outflow of residents – especially young people – and declining birth rates, its population has decreased by 14% over that period and now stands at four million. Moreover, while working-age individuals moved westward to seek employment, the number of elderly residents increased. Currently, pensioners account for 26.8% of Saxony's population. Since Germany's reunification, the number of residents aged 80 and over in Saxony has risen by 87.8%.

One approach to addressing the labour shortage involves attracting foreign students to universities and integrating them into the local job market. Currently, more than 30% of students at Chemnitz University of Technology are from abroad, with similar trends observed in technical and IT faculties at other eastern German universities. The proportion of international students at these institutions is higher than at universities in the western federal states, partly due to lower living costs and better housing availability. This situation presents an opportunity for companies seeking skilled labour locally. Since 2006, over 500 start-ups have been established at Chemnitz University of Technology alone.⁷⁹

To further increase the number of international students, Dresden is expanding its global educational networks by opening representative offices in strategically important regions of the world. These centres streamline administrative procedures and promote Saxon universities abroad. One of the most prominent such centres operates in Taiwan, focusing on attracting specialists in the microelectronics sector. It collaborates with entities planning to establish semiconductor manufacturing facilities in Saxony, such as TSMC. Similar initiatives are being implemented in India and Uzbekistan.⁸⁰

⁷⁸ R. Hartmann, 'Wie Sachsen mit dem Fachkräftemangel umgeht', MDR, 11 July 2023, mdr.de.

⁷⁹ F. Rohmann, T. Schildbach, 'Welche Nachteile es im Osten von Deutschland gibt', MDR, 9 December 2023, mdr.de.

⁸⁰ 'Sachsen will internationale Suche für Fachkräfte forcieren', Zeit Online, 22 December 2023, zeit.de.

In addition to attracting students, the Saxon state government is actively working to recruit skilled professionals. In 2023, it launched an international recruitment campaign targeting Vietnam, Central Asian countries, Brazil, Egypt, and India. A year earlier, a specialised centre for securing skilled labour and quality employment (ZEFAS) was opened in Chemnitz. This facility serves as the main point of contact for small and medium-sized enterprises in Saxony that are actively seeking employees from outside Germany. Furthermore, in 2019, the Saxon authorities developed a strategy for recruiting foreign workers (see box below), and in 2023, they adopted a pact with local business leaders outlining common goals and methods for attracting an international workforce.⁸¹

Strategy for recruiting workers by 2030⁸²

The Skilled Workforce Strategy 2030 (*Fachkräftestrategie 2030*), devised in 2019 by Saxony's State Ministry for Economic Affairs, Labour and Transport, identified a pressing challenge: the number of working-age Saxons is set to decline significantly. Over 40% of businesses in the region are already experiencing recruitment difficulties, particularly in sectors such as health care, social care, construction, and IT.

The document outlines numerous proposals aimed at increasing labour force participation among local residents, encouraging Germans from other federal states, as well as Poles and Czechs, to relocate to Saxony, and recruiting workers from outside the EU. Another important goal is to reduce the outflow of workers from the region. The strategy prioritises measures such as promoting lifelong learning and adaptation to changing conditions, particularly in the context of digitisation and globalisation. It also emphasises the need to create an attractive working environment, including flexible working hours, opportunities to balance private and professional life (for example, through a four-day working week), and support systems for employees from diverse cultural backgrounds.

The plan highlights the importance of enhancing employee qualifications by improving vocational training systems and retraining programmes. Another crucial measure involves attracting talent, both domestic and

⁸¹ 'Sachsen verabschiedet Pakt zur Gewinnung internationaler Fachkräfte', Office of Saxony's Press Secretary, 19 April 2023, medienservice.sachsen.de.

⁸² *Heimat für Fachkräfte – Fachkräftestrategie 2030 für den Freistaat Sachsen*, Saxon State Ministry for Economic Affairs, Labour and Transport, 31 May 2019, publikationen.sachsen.de.

international, through promotional campaigns and international partnerships aimed at presenting Saxony as an attractive place to live and work.

2. Maintaining educational success

One of the distinctive features of Germany's education system is its decentralised structure. Responsibility for schools, their types, curricula, and even the age at which students take their final exams (*Abitur*) lies with the federal states. Saxony stands out for its high quality education, consistently ranking among the top performers in Germany's education system. In 2023, it once again secured first place among all 16 federal states.⁸³

The key elements underpinning the high-quality Saxony's education system are as follows:

- System stability and the prioritisation of education in Saxony. The law regulating education was adopted in 1991 and underwent significant revision only in 2017. The continuity and predictability of the education system have been further supported by the absence of major changes within the ministry, which has been consistently led by a CDU politician since 1990;
- Quality of education. High-performing schools are among Saxony's most significant assets. The emphasis on academic achievement and high standards is a hallmark of the region. In 2021 (the most recent comparative data), fourth graders in Saxony achieved the highest scores nationwide in mathematics and reading tests. Additionally, young residents of the state earned the second-highest results in listening comprehension;
- Whole-day education model. In 2021, 90% of primary school pupils in Saxony participated in whole-day educational programmes (national average: 47%), along with 80% of secondary school students (*Sekundarbereich I*; national average: 48%) and 82% of children aged three to six (national average: 47%). The provision of full-day care for teenagers at such institutions

⁸³ In 2023, Saxony once again ranked first in the INSM-Bildungsmonitor, confirming its leading position in Germany's educational system. The report, compiled by the German Economic Institute (IW), and commissioned by the New Social Free Market Initiative (INSM), evaluates teaching in individual federal states using 98 indicators across 13 areas of activity. See '[Sachsen wieder Spitzenreiter](#)', Der INSM-Bildungsmonitor 2024, 3 September 2024, [insm.de](https://www.insm.de).

is a legacy of the GDR, where this type of educational services was significantly more developed than in western Germany;

- Focus on research. In 2021, professors in Saxony secured an average of €270,000 in external research funding, the highest in Germany (national average: €161,000). Additionally, the number of researchers at Saxon universities relative to GDP is Germany's highest;
- International students. Saxony ranks third in Germany in terms of the number of international students. In 2021, 16% of students at Saxon universities came from abroad (national average: 12%). Additionally, 84% of students in vocational schools in Saxony participated in foreign language classes, well above the national average of 37%.

One of the primary challenges, though typical of the entire German education system, is the shortage of teachers. This is evident in the child-to-teacher ratio in Saxon kindergartens, where there are 8.7 children per caregiver, compared to the national average of 5.6. The situation is similar across other types of educational institutions. Another major issue is the low level of digitalisation in schools. The development of the education system in Saxony is expected to be addressed through the implementation of a strategy presented in May 2024 (see box below).⁸⁴

The 'Saxony as a land of education 2030' strategy

The strategy was developed by the Ministry of Education (SMK) in collaboration with the Saxon State Office for Schools and Education (LaSuB). Its development involved public consultations with 80 experts, including researchers, teachers, parent council representatives, students, and local politicians. Discussions were held across five regional education forums in Bautzen, Chemnitz, Dresden, Leipzig, and Zwickau. The strategy is divided into four main areas, with 16 key objectives and 64 specific actions to be implemented by 2030.

⁸⁴ 'Wie sieht die Schule der Zukunft aus?', Saxon State Ministry of Education, bildungsland2030.sachsen.de.

Main elements

Education:

- **development of integrated teaching** – the introduction of additional integrated teaching methods (combining subjects from various thematic areas in a single lesson), evaluated and reflected in semester reports and school certificates;
- **balanced and healthy school day** – promoting a healthy lifestyle by ensuring a balanced schedule of study time and breaks, sufficient physical activity, and a healthy diet;
- **professional and practical orientation** – expanding programmes that assist students in exploring career path, assisted by regional networks of cooperation with businesses and social institutions;
- **diversified teaching model** – creating a balance between individual and group learning while taking various student needs into account;
- **language teaching** – prioritising German language teaching and supporting multilingualism (as a secondary goal);
- **new forms of student assessment** – developing alternative forms of assessment and feedback such as competence grids, verbal assessments, and evaluation discussions;
- **time flexibility** – the possibility of starting classes later (classes start no earlier than 8 am) and a flexible approach to study time and breaks;
- **digital literacy** – developing students' digital skills through a combination of digital and traditional teaching methods;
- **individual support** – delivering personalised teaching, supporting students with various educational needs, and developing programmes for particularly gifted students.

Management:

- **autonomy** – increasing school autonomy in curriculum development and work organisation;
- **local budgets** – granting additional funds to schools for the development of their educational offering, enabling them to hire external staff to implement specific programmes.

Professionalisation:

- **multiprofessional teams** – introducing teams composed of various experts (teachers, assistants, social workers, IT specialists etc.) to support teachers and relieve them of the burden linked with administrative tasks;
- **continuous professional development** – continuous teacher training, including the establishment of e-campuses enabling them to attend online training.

Infrastructure:

- **digital infrastructure** – ensuring the availability of gigabit broadband at all schools and developing a digital strategy;
- **modern school buildings** – constructing and upgrading schools to meet the latest educational and environmental standards.

Main points of criticism

Some trade unions, such as GEW Sachsen, and parent associations, including the Landeselternrat, have highlighted several weaknesses in the strategy. One major criticism involved its uncertain funding. Another key concern is the lack of a clear solution to staffing shortages. The strategy fails to clearly outline how additional personnel will be recruited, a necessity for implementing many of the planned actions. Additionally, it fails to adequately address disparities in educational provision between urban and rural schools.

VII. OUTLOOK

Over the past 35 years, Saxony has built a strong foundation for its further development. It has leveraged its industrial expertise, invested in education, and developed a strategy for transforming the coal sector. Despite widespread societal concerns about the cost of successive reforms since 1989, the current situation cannot be compared to the early 1990s, which were characterised by mass business closures. A key difference today is that Germany is no longer grappling with high levels of unemployment. Additionally, due to investments in renewable energy and modern technologies, the outlook is far more optimistic than in previous decades. However, the state will face the challenge of maintaining cohesion between its predominantly rural areas and its few large cities. Medium-sized urban centres such as Zwickau, Plauen, Görlitz, and Bautzen will play a pivotal role in this process. Their prospects for economic growth and sustaining high-quality public services will increasingly depend on the influx of foreigners, including those from neighbouring countries. This dynamic could lead to tensions in Polish-Saxon relations, as competition for labour is likely to become one of the most significant issues.

In the coming years, the debate over the consequences of Germany's reunification is likely to remain a prominent topic.⁸⁵ Due to its academic significance and its self-perception as a region that won its freedom in 1989, Saxony will continue to play a central role in this debate. Dirk Oschmann's book entitled *The East: a West German invention* is an example of this discourse (the author is a literary scholar from Leipzig University). In his work, Oschmann criticised the perception of former GDR residents by their western counterparts as second-class citizens. He also highlights how western federal states are considered 'normal', while the eastern part of the country is treated merely as an additional context or an aberration.⁸⁶ A shift in this narrative may come with a natural generational change, although it will not heal all societal wounds. Election outcomes and subsequent policies will also play a significant role. The potential inclusion of the AfD in governing coalitions would represent a turning point, with consequences that could significantly shape the future of Saxony and Germany as a whole.

⁸⁵ A. Kwiatkowska, 'Między nami dobrze jest, do ataku, zabić, zjeść! Wschód i zachód Niemiec są wciąż mocno podzielone', Tygodnik Powszechny, 30 September 2023, tygodnikpowszechny.pl.

⁸⁶ In recent years, the debate has been shaped in part by the following publications: S. Mau, *Lütten Klein*, Berlin 2019; *idem*, *Ungleich vereint: Warum der Osten anders bleibt*, NDR Sachbuchpreis, 2024; D. Oschmann, *The East: a West German invention*, Berlin 2023; I.-S. Kowalczyk, *Freiheitsschock: Eine andere Geschichte Ostdeutschlands von 1989 bis heute*, München 2024; K. Hoyer, *Diesseits der Mauer: Eine neue Geschichte der DDR 1949-1990*, Hamburg 2023.