



Germany: CDU & CSU team up to clip Schulz' rise

- At a meeting in Munich, the executive committees of the CDU and the CSU have largely demonstrated unanimity and the willingness to close the ranks behind Chancellor Merkel in the imminent election campaign after months of tension over Merkel's refugee policy.
- The meeting is meant as the start signal of a joint campaign which aims at keeping Chancellor Merkel in office and preventing a "left republic", the term the CSU uses to describe a coalition among the SPD, the Left and the Greens.
- As an anchor for a common campaign a joint election platform shall be launched. The platform is likely to focus on external and internal security, (income) tax reductions, support for families, prosperity and jobs and European policy.
- The Bavarian CSU, however, will stick to its demand for an upper limit on migration of 200,000 p.a. as a major element of its own complementary platform for Bavaria, weakening the signal of unanimity at a time when the SPD is surging in polls.

Barbara Boettcher
Senior Economist
+49-69-910-31787

Dieter Braeuninger
Economist
+49-69-910-31708

Oliver Rakau
Economist
+49-69-910-31875

At the start of the week the executive committees of the CDU and the CSU headed by Chancellor Merkel and the Bavarian MP Seehofer respectively have met in Munich to discuss the sister parties' campaign for the federal election on September 24. The meeting is also meant as the start signal of a joint campaign. The grandees from both parties have largely demonstrated unanimity and their willingness to close the ranks behind Chancellor Merkel. With the meeting both sides seem to have put an end to an extended period of bickering among the sister parties and their leaders, Merkel and Seehofer, too.

The accord became more likely in recent weeks, given Mr. Seehofer's hints in this regard. The CDU and Chancellor Merkel have paved the way for the confirmation of this traditional cooperation by moving to a more restrictive asylum policy stance over the course of the past year. The revised policy approach is based on new laws and regulations from the federal government which reduced benefits for immigrants and lowers the barriers to deportations, among others. The refugee influx has also lost relevance as an explosive political topic, given the substantial decrease in the relevant figure from about 900,000 in 2015 to 280,000 in the past year and around 200,000 in 2017 extrapolating recent numbers. Also, the nomination of the popular Martin Schulz as the SPD's chancellor candidate is likely to have forced the two parties to come to terms. After the nomination a few days ago Mr. Seehofer, e.g., stated that it would make the campaign more challenging.

And in fact, Schulz has had an impressive start which also has benefited his party. According to recent surveys (Infratest dimap, Emnid) the SPD's popularity rating has jumped by 5 to 6pps (to 28% and 29% in the respective surveys) while the CDU/CSU, the Greens and the AfD have lost. In one poll (INSA) the SPD even comes in ahead of the CDU. According to the most recent ARD-Deutschland-



Trend (Infratest dimap) Mr. Schulz' approval ratings even surpassed Chancellor Merkel's ratings.

Given the SPD's unexpectedly strong recovery, commentators (from FAZ newspaper e.g.) have argued that Seehofer might have overplayed his power game with Merkel to her and to both sister parties detriment. At the moment this is speculative and time will tell with seven and a half months to go until the election.

While now the CSU's grandees, too, have clearly expressed their support of a fourth term for Chancellor Merkel, neither the representatives from the CDU nor from the CSU have revealed preferences for a future coalition partner. Instead, they have stressed their common goal to prevent a "left Republic" (CSU), i.e. a coalition government of the SPD, the Left and the Greens.

Both sister parties have emphasised to primarily promote the conservatives' own attractiveness. As an anchor for a common campaign a common election platform shall be launched. The platform is likely to focus on external and internal security, (income) tax reductions, support for families, prosperity and jobs and European policy. The latter issue is likely to play a major role in the contest with the SPD's candidate, as campaigners from the conservatives have already confronted Mr. Schulz with his former plea for Eurobonds ¹ and accused him of laxness with regard to the Euro area fiscal/ deficit rules ². Moreover, it remains to be seen, whether Schulz will propose new policies, or whether he will largely stick with the known SPD policies, which could dampen the appeal of a "fresh" candidate.

The CSU's major request, an upper limit on migration, however, will not be included in the common election platform. This is no surprise, as the CDU and especially Chancellor Merkel have repeatedly opposed such a limit. The Chancellor has argued that Germany needs to act flexible with regard to the admission of refugees depending on the situation in countries of origin like Syria.

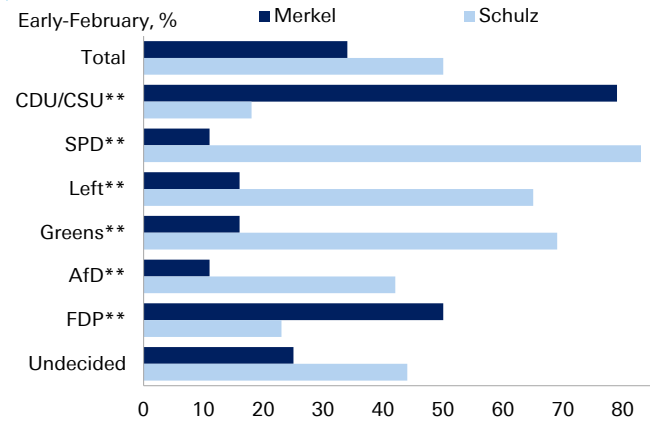
For the CSU, however, the upper limit on immigration (of 200,000 people p.a.) has become part of its mantra and therefore the party will stick to it. As an alternative to the common platform, it will become a major element of its own supplementary platform, the plan for Bavaria. This plan shall underline the CSU's self-reliance in the imminent campaign but it also aims at securing the CSU's majority in the state elections in Bavaria in autumn 2018. While this is quite some time in the future, the intention is to prevent a further strengthening of the AfD on the regional level, too.

1 Ein Linker ist er nicht. FAZ 25.01.2017 http://www.faz.net/aktuell/wirtschaft/wirtschaftspolitik/spd-kandidatmartin-schulz-ein-linker-ist-er-nicht-14754979.html?printPagedArticle=true#pageIndex_2

2 Eg. the CDU's general secretary Tauber. See <https://www.cdu.de/artikel/zukunftstreffen-von-cdu-und-csumuenchen>

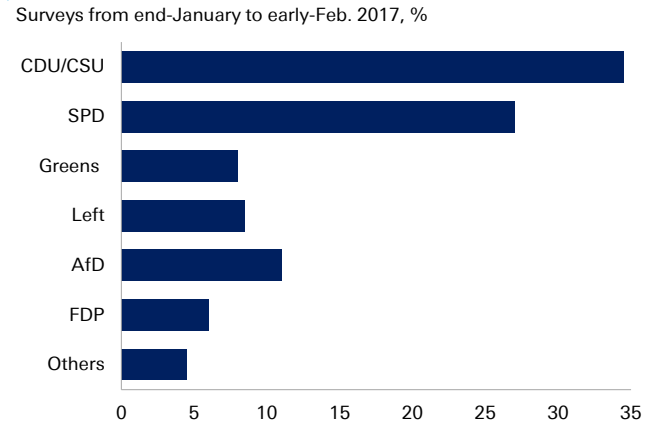


Figure 1: Whom the Germans would elect as chancellor*



* if there was a direct election ** Supporters of the respective party . Source: Infratest dimap: ARD Deutschland-Trend, Deutsche Bank

Figure 2: Major German political parties' popularity*



* Average of major surveys (Allensbach, Infratest Dimap, Forsa, Forschungsgruppe Wahlen, TNS Emnid). Source: Wahlrechte.de, Deutsche bank



Appendix 1

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David Folkerts-Landau

Group Chief Economist and Global Head of Research

Raj Hindocha
Global Chief Operating Officer
Research

Michael Spencer
Head of APAC Research
Global Head of Economics

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International locations

Deutsche Bank AG

Deutsche Bank Place
Level 16
Corner of Hunter & Phillip Streets
Sydney, NSW 2000
Australia
Tel: (61) 2 8258 1234

Deutsche Bank AG

Große Gallusstraße 10-14
60272 Frankfurt am Main
Germany
Tel: (49) 69 910 00

Deutsche Bank AG

Filiale Hongkong
International Commerce Centre,
1 Austin Road West, Kowloon,
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Tel: (852) 2203 8888

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2-11-1 Nagatacho
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Tel: (81) 3 5156 6770

Deutsche Bank AG London

1 Great Winchester Street
London EC2N 2EQ
United Kingdom
Tel: (44) 20 7545 8000

Deutsche Bank Securities Inc.

60 Wall Street
New York, NY 10005
United States of America
Tel: (1) 212 250 2500
