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McLarty Europe Update: Stress Test for the Revived German Government Coalition

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Where do we come from?

Political tensions between the German Minister of the Interior and Chairman of the Bavarian CSU, Horst Seehofer, and Chancellor and CDU party leader Angela Merkel have turned into a serious political power game, risking the fall of the entire government coalition. The official matter in dispute is Chancellor Merkel's migration policy that has been attacked by the CDU's Bavarian sister party for the past two years.

With the recent announcement of his so-called "Migration Masterplan," Seehofer launched a frontal attack on Merkel's approach to work on a concerted European strategy that risks endangering the entire European Union and especially its Internal Market at a very critical point in time. In his plan, Seehofer calls among other things for stricter internal border controls as well as the closure of German borders for migrants and refugees that already registered in another EU Member State.

The CSU's frontal attack on Merkel's migration policy is part of a political campaign that one may call a "Bavaria first" policy, ahead of the state's internal elections in October 2018. With populist parties across Europe constantly winning ground in national elections and their German counterpart, the AfD, represented in German Parliament since September 2017, part of the CSU's leadership seems bent on avoiding losing its current absolute majority in the Bavarian parliament at all cost, even that of the German Federal government's stability.

Where do we stand today?

Last Friday, Angela Merkel returned from a European Summit with renewed credit at home, having achieved all that was possible to negotiate under the circumstances. While leading CDU as well as CSU politicians underlined the fact that the Summit conclusions are a first step in the right direction, Seehofer remained stubborn, speaking publicly about "unsatisfactory results." Late on Sunday night, he offered his resignation as Minister for the Interior. Being increasingly under pressure in Bavaria, with his rivals Söder and especially Dobrindt working to present themselves as successors, Seehofer seemed to have played the game one step too far. Merkel is still strong enough not to be blackmailed and even her

strongest CDU critics, as Health Minister Jens Spahn is, have understood they have (momentarily?) boxed themselves in and have fallen in line.

Where to go? What scenarios to expect?

Meanwhile, the CSU is coming to realize that focusing solely on being the party tough on migration is not translating in the ballot box according to the latest polls. On the contrary, while in previous power games with the CDU, Bavarian politicians at some point applied the emergency breaks, in order not to risk the unity of the so-called "Union" between CDU/CSU, Seehofer seems to have gone too far this time. If he would give in as Minister and remain in office he loses his credibility. If he resigns, as he offered, his rivals seem prepared to take over. Meanwhile, more and more CDU and CSU politicians are raising their voices calling for an end to the bloodbath, underlining that the unity of CDU and CSU is more important than a fight over a migration agenda that, when looked at in details, is not that different from what Merkel has negotiated on a European level.

Monday night will prove decisive, with the leaders of CDU and CSU sitting together in the evening before opening up to the Social Democrats of the SPD for a full government discussion in order to avoid a collapse of the grand coalition and a new period of uncertainty. The last thing Europe needs at this point is an inward looking and powerless Germany.

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