

GERMANY VOTES

SEPTEMBER 2013

ONE WEEK TO THE BUNDESTAG ELECTIONS: WHAT'S AT STAKE?

With just one week to go to the Bundestag elections, substantive policy issues have not been very prominent in the election campaign.

The campaign has focused almost exclusively on domestic policy and the reforms to be made in several areas. The opposition Social Democrats (SPD) have tried to place social justice high on the agenda, whereas the governing Christian Democrats (CDU) has campaigned on the popularity of the Chancellor, Angela Merkel.

The CDU and its Bavarian sister party, the Christian Social Union (CSU) is polling at around 40 per cent of the vote at the moment. However, the low scores of the CDU/CSU's current coalition partner, the Liberal Free Democrats party, means that there is currently a balance between left-leaning and right-leaning parties.

The current opinion polls suggest that neither bloc has sufficient support to form a majority - making a grand coalition a possibility.

OPINION POLLS

With one week to the Bundestag elections, opinion polls place Angela Merkel's centre-right CDU/CSU far ahead of the other parties.

The Social Democrats (SPD), led by Peer Steinbrück, lie almost 15 percentage points adrift. The CDU/CSU's Liberal coalition partner, the Free Democrats party (FDP) seems to be struggling to win the five per cent share it needs to enter parliament.

KEY ISSUES

Minimum Wage: The left-wing parties - the SPD, the Greens, and The Left - want to see a nationwide minimum wage. The CDU/CSU and the FDP fears job losses would result.

Social justice and tax reform: The current coalition wants to decrease the overall tax burden while the SPD, the Greens and The Left see room for redistribution through tax relief for those earning less and increases for the rich and high earners.

Energy: The phase-out of nuclear power announced by Mrs Merkel in 2011 is one area of cross-party consensus. However, with soaring energy prices in Germany the CDU/CSU and the FDP suggest slowing down the transition to renewable energy until infrastructure and storage capacity have caught up.

The left-wing opposition instead wants to accelerate the process, and blames large-scale tax exemptions for energy companies for driving up prices.

Euro crisis: The crisis in the eurozone has played only a minor role in the campaign. The news that Greece will require a third bailout brought about some debate on Europe in recent weeks but all parties - except for the conservative anti-euro Alternative for Germany party (AfD) - remain pro-EU. However, the SPD has criticised the current government's promotion of

austerity in struggling countries in the south of Europe.

Relations with the US: The planned Transatlantic Trade and Investment Package (TTIP) between the European Union and the United States and the revelations regarding the American National Security Agency's PRISM programme have featured in debates.

While the CDU/CSU seem keen to maintain a strong relationship with the US, the SPD and the Greens seem more concerned with affairs closer to home, and so are less committed.

THE RISE AND FALL OF PROTEST PARTIES

With parties requiring a five per cent share of the vote to enter Parliament, smaller protest parties will most likely not be able to gain seats.

However, the formation of and solidification of support for the left-wing Pirate Party and the AfD may well play a role in the outcome, with these parties taking votes from the established parties and therefore having an effect on the final coalition.

THE SLOW DECLINE OF THE GREENS

The Greens stood at 28% in the opinion polls in May 2011 (after the Fukushima nuclear disaster in Japan). Now the party's support stands at just ten per cent, as Chancellor Merkel takes Green policies on a nuclear phase-out, gender equality, expanded childcare and more into the political mainstream.

The party's proposals for tax increases for the highest earners have alienated its middle-class support base.

The Greens' likely refusal to form a coalition with any party other than the SPD has meant that their chances of ending up in government have been

drastically diminished - therefore reducing the incentive to vote Green.

COALITION OPTIONS

Bavarian elections: Elections in Bavaria on 15 September saw the CSU win an absolute majority and the FDP failing to enter parliament. The result indicates that renewal of the current national CDU/CSU-FDP coalition is unlikely - although Bavaria is traditionally different, with a strong CSU and a weak FDP.

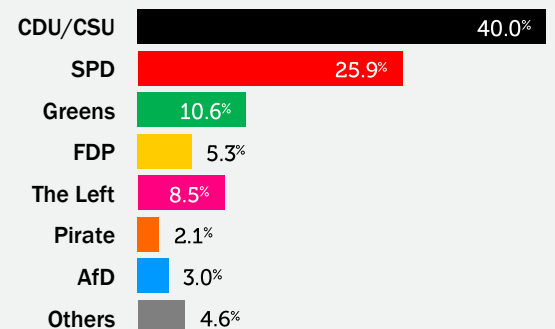
Stand-off of political blocs: With polls at national level suggesting that the main right-leaning and left-leaning blocs enjoy similar levels of support, a stand-off is expected. A victory for Angela Merkel's CDU/CSU is almost certain - but the question is whether she will cooperate with the SPD, FDP, or the Greens.

A 'grand coalition' of CDU/CSU and SPD is preferred by most Germans, according to the polls, and looks most likely.

The potential partners will have to determine what shifts they want in Mrs Merkel's current policy direction. A rather lengthy process to form a government should be expected.

STATE OF THE PARTIES

Average of last week's polls



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