

The Free State of Bavaria and its party: the CSU faces an electoral test

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The Christian Social Union (CSU) has ruled Bavaria continuously for sixty years. The CSU's domination of the province's political scene, together with its influence on federal policies through its partnership with the CDU in the Bundestag, has made the party one of the most effective groups in Europe. In the medium term Bavaria will have to face challenges connected with the transformation and digitisation of industry, which could undermine the province's current economic model. In addition, the CSU is being confronted on the political scene by Alternative für Deutschland (AfD), a grouping which has a similar profile to the CSU in several aspects. The elections on 14 October 2018 could permanently change the balance of power in Bavaria's Landtag, lead to a serious weakening of the CSU's dominance in Bavaria, and affect Germany's federal politics.

The CSU owes its electoral success to a conservative profile combined with the province's economic achievements, as well as the ability to adapt its programme to changing social trends. Voters see the party as both a guarantor of Bavaria's economic success and the advocate of the interests of vulnerable social groups. However, the CSU is undergoing a transformation which may result in it losing its status as a mass party appealing to all social groups. These changes are structural in nature; they result primarily from the aging of its traditional electorate and the inflow into Bavaria of residents from other German provinces. This process is overlapping with a strong polarisation within German society (including Bavaria) regarding its approach to the migration crisis. The biggest beneficiary of these changes has been the AfD. A good result for this party in the elections to the Bavarian parliament could permanently change the balance of political forces there. The CSU would be unable to defend an absolute majority, and it would have to seek coalition partners in order to form further governments.

The CSU is the only province-level party with federal representation, and its road towards federal-level politics led through its success in the province¹. From the beginning the other groups in the Bundestag needed to build up a political position at the federal level, which

to a great extent has been subordinated to the creation of regional structures and efforts to win support for them in successive provincial elections. The CSU has been present in federal politics since the creation after the parliamentary elections in 1949 of its joint parliamentary group with the CDU in the Bundestag. The CDU's coalition with the CSU (and the FDP) was essential to the formation of Konrad Adenauer's first cabinet in 1949–1953. The CSU became quite a disciplined part of the Chris-

¹ Local political parties operate in various provinces (such as the Brandenburger Vereinigte Bürgerbewegungen / Freie Wähler, Bürger in Wut, Freie Wähler in Bavaria in Brandenburg, Südschleswigscher Wählerverband), but they do not participate in federal politics.

tian Democrats' group (while creating its own provincial party), which resulted in the consolidation of the close cooperation between them. The consequence was that the CSU has participated in all the CDU governments (1949–1969, 1982–1998 and since 2005). However, no chairman of the CSU has ever been chosen as the Federal Chancellor, although twice the CDU/CSU's choice for that position has fallen to a politician from Bavaria – Franz Josef Strauss in 1980, and Edmund Stoiber in 2002.

The value of the CDU/CSU alliance

In the Bundestag, the CSU makes up a joint parliamentary group with the CDU. Within this framework, the CSU deputies also make up a provincial group, which *de facto* is a party within a party. Its chairman is usually one of the CSU's most influential politicians and a contender for one of the two main functions in the party, either the president or prime minister of Bavaria. Every few years the threat of the CDU and CSU separating and becoming independent within the Bundestag arises, but due to their mutual interest in maintaining the status quo, this is not a realistic prospect. In the 1970s, as fundamental policy differences and personality conflicts began to arise, some members of the CSU began to demand that they leave the common group in the Bundestag, and also that they should consider running as independents in parliamentary elections in other provinces². The CSU has also raised some of these objections again more recently, but this has primarily served as a way of 'raising the stakes' in coalition negotiations with the CDU, and of disciplining the party and getting it to knuckle under to its leader. The most serious crisis in relations between the parties occurred in 1976, when the Christian Democrats were in opposition. This led to the CSU voting to split the group, but

² The discrepancy was brought about by what the CSU leadership saw as the overly leftist programme of the CDU, as well as the CDU's support for the normalisation of relations with Communist Poland in the 1970s.

after a threat by the CDU's chairman, Helmut Kohl, that his party would be ready to create local structures in Bavaria, the CSU withdrew its decision after three weeks.

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A split would mean losses for both parties. For the CDU, the lack of the CSU's support would mean less political strength at the federal level and make it more difficult to build coalitions; so far the CSU have won between 10% and 20% support for the joint Christian Democrat group in parliamentary elections³. Moreover, the expectation that the CDU will collaborate with the CSU in the Bundestag has also encouraged conservatives from other provinces to vote for the CDU. However, the effects of a split would be more painful for the CSU. The creation of two parties would lead to the CDU establishing local structures in Bavaria, and drain away some of the CSU's voters in provincial and federal elections. This would make it significantly harder for the CSU to form one-party governments in Bavaria, and would likely lead to the end (or a significant reduction) of its presence in the Bundestag. This would weaken the CSU's influence on federal policy, especially if it refused to participate in CDU-led governments, and also reduce its electoral subsidies. The CSU would become a primarily regional party, which neither the party's members nor its voters want. In the Bundestag, the provincial group would probably disintegrate, some of the Bavarian party activists would cross over to the CDU, and the CSU would become marginalised. The CSU used to be the third or fourth biggest political force in Bonn (alternating with

³ In the current term, the CSU has 46 deputies, whereas the CDU has 200.

the FDP), the main adversary of the SPD, and a driver of German public debate (notably in the Bundestag debate between the SPD chairman Herbert Wehner and Franz Josef Strauss in 1975). A CSU standing alone at the federal level would be much less influential; the risk of the CDU coming to an agreement with the Greens and the FDP without the CSU would rise. The establishment of local structures by the CSU in other provinces to strengthen its representation in the Bundestag would be lengthy, costly and extremely difficult, not only because of the existing structures of the CDU, but also in the light of the rise of the AfD.

Bavaria first!

In the German federal system, Bavaria plays a special role – not only as one of the most important states, generating around 20% of Germany's GDP, and as leader of the sixteen constituent Bundesländer in negotiations between the provinces and the federation (for example, regarding federal subsidies in connection with the provinces' burden caused by the migration crisis). It is also the most active defender of the provinces retaining their competence (such as in the fields of education and security), as well as the author of solutions which are then accepted by other provinces or the entire country. The economic power of this province is rooted both in the dynamic growth of its GDP and the lowest unemployment figures in Germany for years, as well as the location of the largest German companies in Bavaria and their international expansion (see Figure 1). Maintaining these trends is crucial for the province itself, as well as for the whole of Germany, for reasons including the boost to the federal budget from its tax revenues, and its support for the more poorly developed provinces with financial transfers. The CSU's participation in federal politics is subordinated to the interests of the group in Bavaria, which often makes it serve as a quasi-opposition within its government coalition with

the CDU. The main lines of dispute between the sister parties now concern migration, domestic security and European policy issues. In the past, the policies disputed included Germany's Eastern policy, the attitude to the US, and the issue of whether Germany should have nuclear weapons, something Franz Josef Strauss did not rule out⁴. The CSU's political presence in the Bundestag not only allows the realisation of projects which are important from the point of view of the Bavarian electorate, but also gives it access to the nationwide media and a presence in different constituent bodies at the federal level⁵. This translates to national popularity for individual politicians in Bavaria and builds a sense of the party's strength. It also strengthens their advantage over other groups in the Bavarian state parliament, and makes it difficult for the opposition to take power in Bavaria.

The CSU's most important objective is to maintain its one-party rule in Bavaria. This is also assisted by initiatives at the federal level.

The CSU's most important objective is to maintain its independent rule in Bavaria. This objective is also served by initiatives taken at the federal level. Poor results in the provincial elections translate to a weaker political position in Berlin, not only within the CDU/CSU in the Bundestag, but also in the Bundesrat and the Federal Assembly. Combining two levels of policy – the federal and the provincial – also generates

⁴ P. Gassert, *Streiten wie zu Strauß' Zeiten*, Die Zeit 3 July 2018, <https://www.zeit.de/politik/deutschland/2018-07/cdu-csu-streit-geschichte-franz-josef-strauss/komplettansicht>

⁵ In the last two terms, policies introduced at the federal level at the initiative of Bavaria have included an annual upper limit on the number of refugees accepted into the country (*Obergrenze*); fees for drivers of cars and camping vehicles using the German motorways and national roads; and the expansion of the beneficiaries of pensions for mothers (*Mütterrente*).

problems. Working for Bavaria's interests at the federal level, promoting the CSU's solutions and engaging in politics in Berlin shows voters how strong and important the party is. On the other hand, the Bavarian electorate sometimes perceives the party's overly intense involvement in federal or European politics as a departure from the CSU's regional priorities. Despite this, the CSU usually aspires to play a significant role in federal politics, shape the policy of Germany as a whole, and implement solutions which affect not only Bavaria, but the entire country. The most important topics for CSU at the federal level, broadly understood, are domestic security, foreign policy and social policy.

The CSU's identity: back to the roots?

Since the party was founded in 1945, two concepts for development have clashed within it. The first favoured the conservative and Catholic character of the party, manifesting itself in the maintenance of close relations with the Catholic Church traditionally dominant in Bavaria (including by reference to the Church's social teaching, participation in events of a religious nature, and the introduction of religious education in schools) without corresponding contacts with the Protestant churches. The second concept proposed the extension of its political offer to moderate voters (especially in the approach to the social elements of the post-war reforms, such as the nationalisation of selected companies and agricultural reform) and taking the sensitivities of the Protestant community into account. The turning point in the dispute came after its only loss of power in Bavaria since 1949, when the SPD won in 1954. This led to changes in the structure and leadership of the party: the new leader Hanns Seidel ended the Catholic activists' dispute with the Protestants over the emphases in CSU policy, creating a more moderate profile for the party. In 1961, Franz Josef Strauss became head of the party, and led it for 27 years until his death in 1988.

His reign and style of government led to the identification of the CSU as the only political representation of Bavaria. Strauss was and remains a legendary figure on the German political scene, and the pillars of his party's policy as he defined them – conservatism, modernisation, regionalism – still stand today.

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The CSU presents itself as the only authentic party with a right-wing profile, treating groups further to the right of itself as extreme and undemocratic. The CSU thus continues the policy of Franz Josef Strauss, whose motto was that "no democratic party may arise to the right of the CSU". The Bavarian group has so far been the main party of conservative views represented in the Bundestag. With the progressive rapprochement of the CDU's policy programme to those of the SPD and the Greens since 2005, the CSU remains the main force shaping public debate on the centre-right. However, this status is currently being threatened by the Alternative for Germany, which entered the Bundestag in 2017 and has appropriated this space, presenting itself as the only party which truly proclaims conservative values.

The process of defending itself against marginalisation and the shift of some of its voters to

⁶ One manifestation of this process was the introduction of the minimum wage, the possibility of having dual citizenship, the professionalisation of the army, rescuing the euro zone, and the policy of energy transition. These actions by the Christian Democrats succeeded in building them a strong position in the political centre, but also made it increasingly difficult to distinguish their program from those of the SPD or even the Greens. See Artur Ciechanowicz, *Predictability lost: the German political scene after the elections*, 'OSW Commentary', 22 November 2017; <https://www.osw.waw.pl/en/publikacje/osw-commentary/2017-11-22/predictability-lost-german-political-scene-after-elections>

the AfD, as well as opposition to its move away from traditional values (as in its migration policy), will force the conservative CSU into defending its identity more seriously than before. This aim was served by the manifesto published at the beginning of 2018 by Alexander Dobrindt, the head of the CSU's parliamentary group in the Bundestag and one of the leaders of the party's traditionalist wing⁷. According to Dobrindt, there is a need for a "conservative revolution" to respond to the "turn to the left" which has been ongoing in Germany since 1968. Dobrindt emphasises that the time of "left-wing ideologies, social-democratic statism and Green prohibitions" has passed away, and that "the new Islamism threatening the freedom of Europe should not get the opportunity to solidify".

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The CSU also accuses the German media of bias in the public debate, which, according to the Bavarian party, has undergone a "left-wing bent". The answer should be the resurrection of the so-called guiding culture (*Leitkultur*), which should be the measure of "bourgeois-conservative change" in Germany. In this way the CSU is drawing upon the main elements of its traditional political programme. These consist of the Christian family as the foundation of social life, Bavarian regionalism, limits to immigration, effective social care and low taxes, and the domestic security which is the traditional watchword of the party.

⁷ A. Dobrindt, *Whirlpool brauchen eine bürgerlich-konservativ Wende*, 'Die Welt', 04.01.2018, <https://www.welt.de/debatte/kommentare/plus172133774/Warum-wir-nach-den-68ern-eine-buergerlich-konservative-Wende-brauchen.html>

The political offer: tradition and modernisation, social policy and Heimat

For the CSU, the synergy of tradition and modernity has laid the foundation of success for both the party and the province. The CSU's slogan of 'Laptop und Lederhosen' symbolises Bavaria's transition from a province of agriculture to one of industry, where high technologies are being developed. The evolution of the party's position has primarily concerned the economy, but has also sometimes involved philosophical issues, including emphasising the prohibition of discrimination on grounds of sexual orientation in its manifesto. One important influence on the programme's evolution was the fact that for years the traditional Bavarian-born Catholic electorate (two thirds of Catholics in Bavaria vote for the CSU) has been shrinking, while residents from other provinces have been arriving, and young people have been turning to social media as their primary source of information. However, the CSU has not shut itself away within the circle of its loyal traditional voters, and is creating a base of policies for the wider electorate. Tradition is being linked to modern regionalism, and modernisation to a more broadly understood security and social policy.

The CSU presents itself as the guarantor of Bavaria's economic success, but also as an advocate for the economic interests of vulnerable social groups. For them, social policy is the second pillar of the German economy next to the free market; the intention is to offer equal opportunities and protect the weakest, especially taking into account the changes to the province's demography and labour market, as well as the challenges of digitisation. The use of slogans about modernisation and supporting entrepreneurship with social funding has in the past prevented a mass exodus of voters to the SPD and won broad support for economic changes. The CSU's social sensitivity has also played an important role in its discussions with

the CDU. In 2003, Edmund Stoiber (the then leader of the party) got the CDU to give up their plans to limit Germany's social policy.

Bavaria conducts the most active foreign policy of all Germany's federal states. It serves the development of the province's trading and cultural relations, and the exertion of influence on the domestic and foreign policy of the federal government.

At present the CSU's priorities in social policy, in addition to broad support for families, include tackling long-term unemployment, as well as providing equal access to public services for people with disabilities. Moreover, its social policy combines slogans about tax relief and a balanced budget with an acceptance of regional regulations concerning selected taxes (such as inheritance taxes), as well as a reduction in taxes for top earners with assistance for the elderly. One of the main elements of the CSU's social policy is to expand the availability of housing and halt the rise in rents, which is a growing problem for large German cities, including Munich.

Bavarian regionalism is still an important element of the CSU's identity as a mass party. This should be understood as a two-dimensional concept: as a commitment to 'small homelands', local patriotism and the traditional regions of Bavaria (Franconia, Swabia and Old Bavaria); as well as the pursuit of balanced development for the whole of the province. The idea of the Heimat, which is the motto of Bavarian patriotism and social solidarity, allows the CSU to act as the voice of the entire province, for residents of both the country and the cities. Most Bavarians live in rural areas (7.1 million, compared to 5.6 million in the cities), and this is unlikely to change in the foreseeable future (over the next two decades the urban population is projected to increase by 9%, and by 3% in rural

areas⁸). The importance of regionalism in the CSU's policy was emphasised by the extension in 2014 of the provincial Ministry of Finance's competence to work towards equalising the standard of living in all regions of Bavaria⁹. This includes the availability of medical services, communications, reducing unemployment in rural areas, and providing educational opportunities outside Bavaria's major urban centres. The aims of this policy were laid out in the strategic programme presented in 2014 (Heimat Bayern 2020)¹⁰. After the CSU took control of the Federal Ministry of Internal Affairs in 2018, the name was changed (as happened to the provincial Ministry of Finance) to the Ministry of Internal Affairs, Construction and Heimat. In Bavaria, regionalism is also considered as a marketing tool: the brand 'Made in Heimat' with which local products are marked is meant to signify the highest quality and show support for local producers.

International activity

Bavarian regionalism and the primacy of provincial issues in the CSU's policy interact with the party's multi-dimensional foreign activity. Bavaria conducts the most active foreign policy of all Germany's federal states. It serves the development of the province's trading and cultural relations, and helps the party wield influence on the federal government's domestic and foreign policy. It also strengthens the sense of identity and distinctiveness of both Bavaria and the CSU. Bavaria acts as a *de facto* equal partner in its relations with many countries, es-

⁸ *Regionalisierte Bevölkerungsvorausberechnung für Bayern bis 2036*, Statistical Office of the Free State of Bavaria, <https://www.statistik.bayern.de/statistik/krise/09462.pdf>, p. 19.

⁹ The full name is Bayerisches Staatsministerium der Finanzen, für Landesentwicklung und Heimat.

¹⁰ *Inhalte der Regierungserklärung Heimat Bayern 2020*, Chancellery of the Free State of Bavaria, 27 November 2014, <https://www.stmflh.bayern.de/landesentwicklung/heimat/Kurzfassung%20Regierungserkl%C3%A4rung%20Heimat%20Bayern%202020.pdf>

pecially in Central and South-Eastern Europe. The CSU does not feel closely bound to its coalition agreement with the federal government regarding Bavaria's foreign activity. This is manifested, among other things, in its maintenance of close relationships with Russian politicians, in its disputes with the strategies developed in the Federal Ministry of Foreign Affairs with regard to the US, and in its cooperation with Hungary and Austria on migration issues, in contrast to Chancellor Angela Merkel's position. Before the elections to the Bavarian parliament, the dispute between the CDU and CSU over the migrant issue brought about one of the most serious crises within the group since Chancellor Merkel took office in 2005. The CSU's search for support from the Austrian chancellor Sebastian Kurz highlighted the party's differences with the CDU over migration policy, and was also intended to stem the loss of its voters to the AfD. The Bavarian party showed that it could mobilise foreign policy allies in defence of its own interests¹¹. Its support for the foreign interests of Bavarian companies and its hosting of foreign delegations in Munich translates into the perception of the CSU as a party that cares about the interests of its voters on a global level.

The CSU's electoral test in Bavaria

Economic growth and low unemployment, together with the commitment to combine traditional values with understanding for the needs of modernisation, as well as the emphasis on security issues, has been quite an effective recipe for the CSU's electoral success. However, the party is experiencing problems in connection with the changes taking place in all the mass parties in Germany, which have translated into

falling support¹² (see Figure 2). The scale of the changes is reflected in the results for the two major parties in Bavaria, the CSU and the SPD. In 1974, these two combined won 92.3% of the votes, but in 2008 they only managed 62.3%. In addition, the appearance of the AfD has threatened the CSU's dominance in Bavaria and is accelerating the latter's loss of voters.

Thanks to the influx of a large number of residents from other provinces, there has been a steady decrease in the proportion of Catholic voters, which is of particular importance to the CSU.

These changes are structural in nature. They are associated with an aging population and changes in electoral habits. Also, the number of people without a permanent political affiliation has increased, and some voters are choosing to vote in order to 'spite' the mainstream parties, in an effort to express their opposition to the *status quo*. This all means that the party's ability to mobilise new voters is weaker than before. Thanks to the influx of a large number of residents from other provinces, there has been a steady decrease in the proportion of Catholic voters, which is of particular importance to the CSU (two thirds of Bavarian Catholics vote for the party¹³). The CSU's effectiveness has also been cast into doubt by personality issues, as well as the way in which the electoral programmes have been presented. All these factors have contributed to a drop in support for the CSU, but it still remains higher than support for the Christian Democrats in other federal states and at the federal level. Another challenge for the CSU, as for the other traditional parties, lies in the new ways of communication

¹¹ Kamil Frymark, Anna Kwiatkowska-Drożdż, *Serious clash between CDU and CSU on migration policy. European implications, 'OSW Analyses'*, 20 June 2018; <https://www.osw.waw.pl/en/publikacje/analyses/2018-06-20/serious-clash-between-cdu-and-csu-migration-policy-european>

¹² Artur Ciechanowicz, *Predictability lost...*, *op. cit.*

¹³ G. Hopp, M. Sebaldt, B. Zeitler, *Die CSU: Strukturwandel, Modernisierung und Herausforderungen einer Volkspartei*, Wiesbaden 2010, pp. 33–40.

via social media, which allow new groupings to reach out to voters more effectively¹⁴. In this respect, an analysis of the party's strategy for the election campaign conducted online before the parliamentary elections in 2017 highlighted a significant advantage for the CSU's main rivals in Bavaria – the AfD¹⁵.

The CSU's rivalry with other parties of a similar profile in Bavaria had previously been local in nature, and for a party firmly embedded in federal policy, it was not too much of a challenge.

The opposition parties in Bavaria do not have much experience in the field of real governance, and their support is fragmented (the average polling for the opposition parties in the Bavarian parliament gives the Greens 16%, the SPD 13%, the AfD 12%, the *Freie Wähler* 10% and the FDP 5%)¹⁶. One of the problems for the opposition – especially the SPD and the Greens – is reaching out to voters outside the cities. Although these parties have managed some electoral success in Munich and Nuremberg (where the SPD governs), they have been unable to mobilise voters from rural areas. Attempts to adapt to the expectations of the more conservative voters outside the large centres expose these parties to charges of imitating the CSU's policies, and in fact have counter-productive effects.

¹⁴ The AfD has 400,000 followers on Facebook, while the CSU has 210,000, third in Germany after the Left Party (die Linke).

¹⁵ *Der mißglückte Online-Wahlkampf*, 'Handelsblatt', 28 September 2017, <http://www.handelsblatt.com/politik/deutschland/bundestagswahl/alle-schlagzeilen/cdu-und-csu-der-missslueckte-online-wahlkampf/20384590.html>

¹⁶ With the exception of the FDP, none of the current opposition parties have formed a government in Bavaria since 1957. Only once since World War II did the SPD create a majority coalition and have a prime minister in Bavaria (1954-7). In 1946-7 and 1950-4 the province was ruled by a grand coalition under the leadership of the CSU.

The AfD: an alternative to the CSU?

The AfD has benefited the most from the above-mentioned changes, and they will pose the biggest challenge to the CSU in October's provincial elections, because their election programmes are similar in profile. In the Bundestag elections in 2017 the AfD took third place in Bavaria as a whole (12.4%, only 2.9 percentage points behind the SPD), but in 17 of 46 constituencies they came ahead of the Social Democrats. By voting for the AfD, the majority of voters want to express their protest (85%) against the erosion of German culture, the excessive social changes caused by immigration, and the excessive influence of Islam¹⁷. At the same time the AfD achieves its success by tactics including exploiting the ongoing disputes in Germany on the understanding of the concepts of the nation, history, and culture of the state, which hitherto in Bavaria had mainly been the CSU's domain. The CSU's rivalry with other parties of a similar profile in Bavaria had previously been local in nature, and for a party firmly embedded in federal policy, it was not too much of a challenge to suborn them. This time, however, the CSU's rival is active at the federal level as well; the AfD has been pointing out the errors made by the Bavarian Christian Democrats, and has shown the way for a departure from the conservative roots and the legacy of Franz Josef Strauss¹⁸. In the face of this criticism, the CSU's closeness to the CDU is proving to be a handicap; the latter party has been accused even more strongly by the AfD of betraying traditional Christian Democratic values, primarily with regard to migration policy, as well as

¹⁷ A survey of AfD voters on the biggest threats that Germany must deal with: *Bundestagswahl 2017. Umfragen zur AfD*, ARD, 24 September 2017; https://wahl.tagesschau.de/wahlen/2017-09-24-BT-DE/charts/umfrage-afd/chart_208795.shtml

¹⁸ B. Neff, *Die verkaufte Seele von Franz Josef Strauss*, *Neue Zürcher Zeitung*, 8 June 2018, <https://www.nzz.ch/international/die-verkaufte-seele-von-franz-josef-strauss-ld.1409073>

security issues both domestically and on the European stage. The rivalry with the AfD, then, means that the CSU needs to make more radical emphases in its manifesto. We may even expect it to take over some of the AfD's demands. Symptoms of this process can already be seen in the hardening of the CSU's attitude in its dispute with the CDU on migration policy¹⁹.

Post-election scenarios

A good result for the AfD in the provincial elections could permanently change the political system of Bavaria. Although all indications are that the CSU will win the elections, winning an absolute majority will be impossible, especially if both the AfD and the FDP enter the parliament. This could mean a change in the current party system, from one where the CSU is dominant, to a coalition and the need to share pow-

er, the results of which would include Christian Democratic weakness in the Bundesrat²⁰.

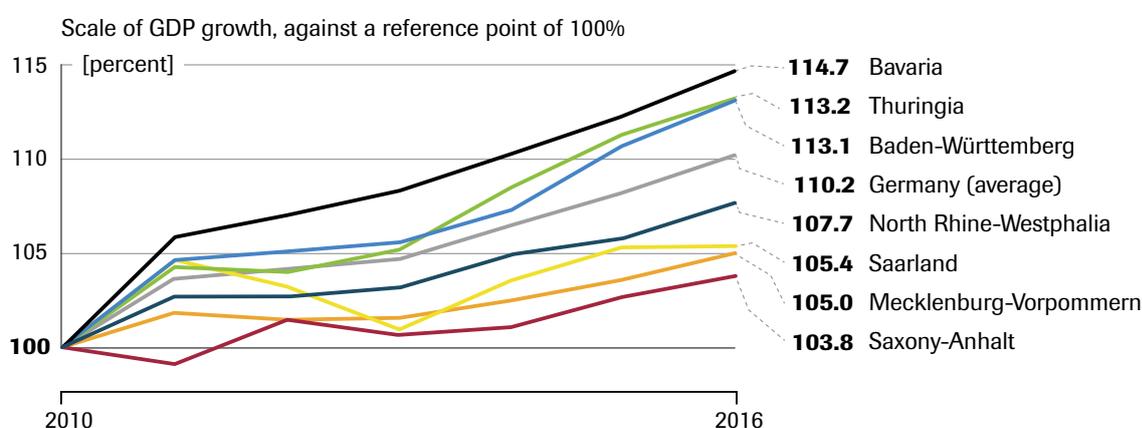
A less likely scenario is that the current hegemony of the CSU will be maintained, as will its absolute majority in the state parliament (for example, if the FDP does not cross the 5% threshold). This would involve the CSU recovering part of the AfD's electorate and returning to its position as the most right-wing party in Bavaria.

At this moment, the least likely scenario would seem to be the total failure of the CSU and a complete change of coalition. The possibility that the CSU might not participate in the Bavarian government (in the longer term) could lead to its withdrawal from the ruling coalition at the federal level, and to refocusing on provincial politics in order to rebuild its position, based on the principle that the primary forum for the CSU's operation is Bavaria.

¹⁹ Kamil Frymark, Anna Kwiatkowska-Drożdż, *Serious clash between CDU and CSU on migration policy. European implications*, 'OSW Analyses', 20 June 2018; <https://www.osw.waw.pl/en/publikacje/analyses/2018-06-20/serious-clash-between-cdu-and-csu-migration-policy-european>

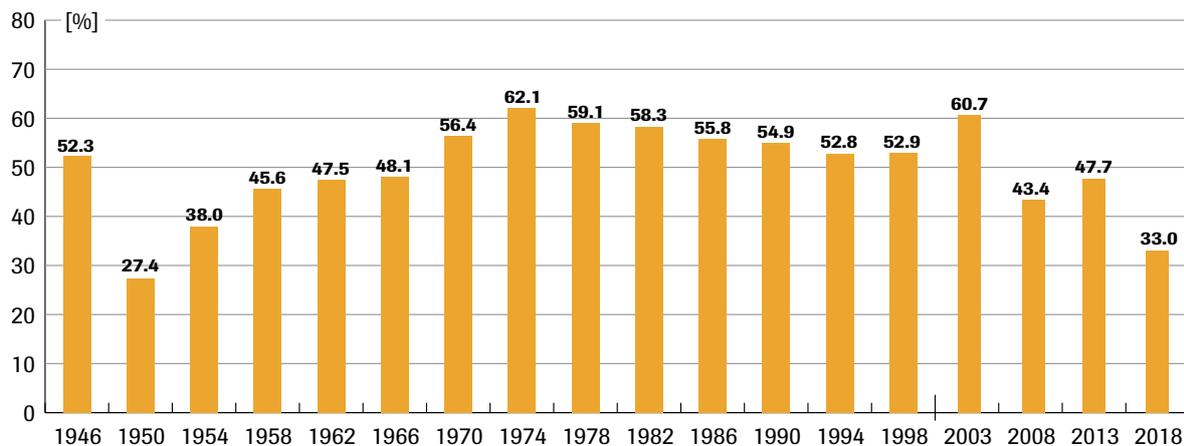
²⁰ When taking decisions in the Bundesrat, coalition governments must take into account the position of the two coalition partners, and in case of disagreement, they are to abstain from voting. So far, Bavaria has been a strong supporter of the Christian Democrats in the Bundesrat.

Figure 1. Bavaria's GDP growth, compared to selected provinces and Germany as a whole, in 2010–2016



Source: www.welt.de, Baden-Württemberg Statistical Office

Figure 2. Changing support for the CSU, 1946–2018



* Based on results from provincial elections and average levels of support in polls from October 2018
 Source: Statistical Office of the Free State of Bavaria

APPENDIX

Bavaria: economic success and new challenges

Bavaria is the largest, richest and fastest growing federal state in Germany. In terms of population (13 million) it is the second largest federal state in Germany. Even in 1950, the country's southernmost province was still a typical agricultural region; at that time a third of all workers were employed in the agrarian sector, although at present it employs only about 4% of the workforce. Bavaria's gross domestic product in 2017 amounted to €594 billion, bigger than that of Poland. Since the crisis and recession of 2008 Bavaria's GDP has risen by 15%, and has shown the fastest rate of growth in Germany. In the quarter century since German reunification, Bavaria's GDP increased by 56%. Bavaria's per capita GDP (€45,810 in 2017) is second only to two *Länder*-cities, Hamburg and Bremen. The Bavarian economy represents 18% of the German economy. 8 of the 30 companies listed on the German DAX index have

their headquarters in Bavaria¹. The municipality with the highest average salary in Germany is located in Bavaria (Ingolstadt, €4635 gross in 2017). Bavaria is also the second largest exporter of Germany's provinces (goods worth €192 billion were exported from Bavaria in 2017). For years it has also boasted the country's lowest unemployment (2.7% in July 2018).

The foundations of Bavaria's thriving economy consist above all of a strong automotive industry, the internationalisation of its businesses, and the province's good demographic situation, which is linked to migration from other federal states. The automotive industry in Bavaria employs about half of the people working in this sector in Germany, around 400,000 people in more than 1100 companies. Industry sales in 2017 amounted to €109 billion, and

¹ The largest joint stock companies in terms of capitalisation and trading index. See M. Dollinger, *München - Die Hauptstadt des Dax*, Merkur, 3 June 2016, <https://www.merkur.de/wirtschaft/prosiebensat1-steigt-erste-boersenliga-auf-muenchen-hauptstadt-dax-6182866.html>

25% of the cars produced in Germany came from Bavaria. Companies such as BMW, Audi & Siemens and MAN have their headquarters in the province. Bavaria's most important industrial sectors, in addition to the automotive industry, are the pharmaceutical industry, technology, and optical electronics. Tourism is also important, generating annual revenues of around €24 billion (2016).

In the medium term, Bavaria also faces challenges related to changes in the way people

work, and adapting to the 4.0 economy. This includes changing business models, enhancing the IT industry and developing start-ups, expanding the participation of emerging markets in exports, changes in education, as well as the availability of LTE Internet and the ability to integrate immigrants. Negligence in these areas could have a negative impact on the economy of Bavaria and threaten its consistent growth, generating additional expenses related to social policy.

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