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The German coalition rides into the sunset

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Chancellor Scholz should quickly pave the way for elections

What a week it has been! When we woke up on Wednesday morning, Donald Trump was on his way back to the White House, and by the time we went to bed, German Chancellor Olaf Scholz had fired his finance minister, Christian Lindner, sealing the fate of the doomed coalition of Social Democrats (SPD), Greens, and the liberal Free Democrats (FDP), referred to in Germany as the traffic light coalition due to the party colours. The developments in the U.S. exacerbate the already difficult situation of the German economy (see last week's [editorial](#)). However, the path to new elections also offers new opportunities.

The FDP leader provokes his dismissal

Lindner put everything on the line to provoke his ousting. Last week, on the letterhead of the ministry, he presented his provocative "Concept for Growth and Generational Justice". I can agree with many of Lindner's points in terms of content. But it seems the content was only a facade. The fact that the paper could only be read on the FDP's website, and not on the ministry's own, suggests that Lindner wanted to force a showdown with the disliked coalition partners.

In the paper, the finance minister made demands that he knew full well were non-negotiable for his (larger) coalition partners: he wanted to abolish the solidarity surcharge for high earners while cutting welfare benefits, paddle back on climate targets, eliminate any deadline for the coal phase-out, and abolish the Climate and Transformation Fund managed by Vice-Chancellor Robert Habeck. And it was surely also clear to him that it is impossible to cut taxes and simultaneously launch an investment offensive while insisting on adhering to the strict debt brake.

High Noon in Berlin

Lindner's concept is the death knell for the coalition

The liberal FDP evidently saw their best chance in its parliamentary survival struggle in blowing up the disliked traffic light coalition. At current opinion poll readings, the party would not surpass the 5% threshold needed for parliamentary representation.

However, the timing of the collapse of the coalition is extremely unfortunate. Next week, the budget is supposed to be passed. Urgent measures are needed to support the languishing German economy and Ukraine, which is existentially threatened by Trump's resurgence. Predictably, Lindner insisted on the debt brake and instead demanded new elections. This was the last straw for the chancellor. He dismissed the finance minister with uncharacteristically clear words. The path is now open for new elections in the spring.

Now there is a chance for a new beginning

It is doubtful that the budget will now find a majority. There is no threat of a shutdown, as would be the case in the U.S. Germany will be able to meet all its obligations within the framework of provisional budget management enshrined in the constitution. However, it cannot incur any new obligations. And this is unfortunate in view of mounting geopolitical and economic challenges.

Scholz plans to ask the vote of confidence, the prerequisite for new elections, only in January. But the remaining minority government of Social Democrats and Greens will probably not be able to pass any legislative proposals through parliament. Since an alternative majority in the Bundestag is not in sight, it would be best to immediately pave the way for quick early elections. The traffic light coalition fought bravely but ultimately succumbed to the growing challenges. The divorce is decided. Now it is essential not to waste any more time.

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The budget as a breaking point

New elections should be called as soon as possible
