



By: *Ferry Biedermann*

Germany's coalition collapse spells out the crisis in mainstream politics



German mainstream politics is out of ideas and that's very bad news not only for Europe's largest economy but also for the rest of the continent. The relatively rapid **failure** of the social-democrat led government in Berlin, signifies a larger malaise in European politics and more broadly in the world's liberal-democracies.

Germany will in all likelihood go to the polls in **February**, after SPD Chancellor Olaf Scholz effectively threw his hat in the ring last week. His incongruous 'traffic light' coalition of SPD (red), Greens and the right-of-centre liberal FDP (yellow) fell apart, ostensibly over long-running budget disagreements but mostly due to the collapse in its support and the inexorable rise of radical parties on both the right and left.

In his statement announcing a confidence vote, Scholz warned of the divisions in the country. Referring also to the recent elections in the US, he said that exploiting these had become "a business model" for some parties.

The far-right Alternative für Deutschland, AfD, and the hard-left Bündnis Sahra Wagenknecht, BSW, together now poll more than the largest mainstream party, the centre-right CDU/CSU.

While supposedly on opposing sides of the political spectrum, they find each other in anti-migrant sentiment and pro-Russian rhetoric.

A pattern seen repeated across Europe

Barring any great surprises, the CDU will win the upcoming elections, making the Scholz era a brief social-democrat interregnum in a long period of centre-right rule. It is a pattern seen repeated across Europe, where right-leaning parties are on the whole much more often in power.

For a long time, the European centre-right appeared to be able to escape blame for the increasing popular dissatisfaction with the functioning of the state and the growing

distrust of authority and democracy.

Even though much of this can be traced back to the financial crisis and austerity, it was the traditional left that was most often punished at the ballot box.

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More recently, this has started to change, with traditional centre-right parties in France, Italy, the Netherlands and even the UK, losing their long-standing dominant or influential positions.

While the centre-right does still look like dominating the next German government, AfD is set to become the second largest party in the Bundestag, the federal parliament. This puts it in position to eventually lead a coalition, as has happened with the far-right in the neighbouring Netherlands.

AfD is regarded as more dangerous than BSW, with Germany's domestic intelligence agency keeping it under **observation** for 'suspected extremism'.

As recently as earlier this month, several members were arrested on suspicion of belonging to an extremist group planning an armed revolt. The party has initiated moves to expel them.

Scholz's government was dealt a very bad hand

With AfD polling second in the upcoming federal elections, and having come out on top in state elections in Thuringia and Saxony in the former East Germany, it is no wonder that Germans are worried about the future of their democracy.

German President Frank-Walter Steinmeier,

who has a largely ceremonial role, recently **addressed** these concerns at a meeting dedicated to strengthening the functioning of the state. "If liberal democracy is being challenged again in our country today, then this certainly has something to do with the fact that people are dissatisfied with the condition and performance of their state," he said.

Bland as his analysis is, the underlying message points the finger at the failure mostly of the current government to get on with business and address the core problems facing Germany. While there might be some disagreement as to what those are, the country's self-confidence is mainly affected by its sputtering economy.

Hit by the corona pandemic and the war in Ukraine, Scholz's government was dealt a very bad hand. It also inherited years of underinvestment in the economy and in infrastructure from the previous centre-right led governments of Angela Merkel.

In a way, Merkel too, was forced into this by the financial crises from 2008 onwards that rocked Europe and almost scuppered the common currency, the Euro.

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Partly to allay domestic concerns over debt and inflation, she introduced the bane of German governments' fiscal flexibility, the 'Schuldenbremse' or debt brake, which is largely responsible for the current government's woes and infighting.

Also known as the balanced budget amendment, the debt brake imposes fiscal rules that are far stricter than even the budget demands of the European Union. In fact, it endangers the EU's drive for more investment over the coming years to boost competitiveness and defence.

The traffic light coalition botched an attempt to extend emergency measures that allowed more borrowing into the 2024 budget, which led to sharp budget cuts and acrimonious disagreement within the government.

The finance minister, of the unpopular liberal FDP, then refused to loosen the debt brake for the 2025 budget, which led to his dismissal by Scholz last week.

If the polls hold, the FDP might well end up below the electoral threshold and not make it back into the Bundestag at all after February. Yet, Scholz's SPD is projected to lose most heavily.

Uncomfortable grand coalition

Because of the rise of parties on the extremes, CDU and SPD are very likely to be forced into an uncomfortable grand coalition after the elections. This will pit the mainstream against the upstart, radical disruptor parties. It is a scenario that has been seen elsewhere and that usually doesn't end well for the old establishment.

Whether in the EU, the US or indeed other democratic systems across the globe, previous outlier disruptor politics is in the ascendency. In the US, the Democrats possibly lost so badly this time around, also because they almost exclusively carried the establishment label, while the Republicans have by now wholly embraced the disruptor tag.



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The leader of Germany's centre-right CDU, Friedrich Merz, was himself for a long time seen as too much of a disruptor and somewhat abrasive. But that image will now probably serve him well and help him secure the Chancellorship. Scholz's plodding, cautious style, ultimately marked him out as too heavily invested in the current status quo.

But those are only externalities. In terms of policy, Scholz has had no problem adopting some of the ideas that were deemed radical and even unacceptable as recently as under Merkel.

He has, for example, taken a tough stance on migration, greenlit deportation flights and re-introduced checks on Germany's borders with its Schengen free-travel zone partners.

These and other attempts at appeasing popular dissatisfaction with the establishment by adopting tough migration policies have not worked in the US, the UK, France and the Netherlands.

Where establishment parties have veered towards populism-light, the voters have mostly opted for the real thing. Germany too, may well be heading that way. Not in the upcoming election, perhaps, but possibly one soon after.