

Scholz's coalition buckles but unlikely to break - for now

BERLIN, Nov 21 (Reuters) - A court ruling that risks torpedoing key aspects of the German government's legislative agenda has further strained the coalition but is unlikely to split it as all three parties currently stand to lose from a breakup.

The constitutional court last week ruled illegal a budget manoeuvre that would have reallocated 60 billion euros of unused pandemic funding to green initiatives, unexpectedly blowing a hole in the government's financial plans.

The decision has increased tensions within Chancellor Olaf Scholz's coalition, in particular between junior partners the Greens and the Free Democrats (FDP).

The former favour generous spending to help with the transition to a carbon neutral economy, even if it means suspending the debt brake that restricts the public deficit to 0.35% of GDP, while the FDP emphasises fiscal rectitude.

Some party members are questioning if it makes sense to keep sticking together.

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