German government imposes war costs on working class

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If the German government has its way, the working class will pay for the cost of its participation in the Ukraine war and the biggest rearmament programme since Hitler with mass poverty and the loss of hundreds of thousands of jobs.

Decades of social cuts, the enrichment of the financial oligarchy as well as exploding inflation and inhumane pandemic policies have already led to an unprecedented social crisis.

In its latest issue, *Der Spiegel* asks the anxious question, "Is Germany going to the barricades?" "Food and fuel prices are rising, heating is becoming more expensive, the social crisis is coming to a head," the article says. "Lower income groups are being hit particularly hard." What is different is that "the acute social need is increasingly catching up with new population groups. Not only those who are going to the food bank. In the meantime, things are getting tight for people who have somehow managed to make ends meet with their money up to now: Single parents, single earners, pensioners, students."

The sanctions with which Germany and the EU are trying to ruin Russia economically are exacerbating this social crisis. They affect not only the people of Russia, but also those of Germany and all of Europe. The consequences of the sanctions are being dumped on the working class, while energy and arms companies are swimming in money and the danger of a third world war is growing.

The EU Commission is finalising a sixth package of sanctions against Russia, which will see a complete ban on imports of crude oil and oil products from Russia by the end of the year. Only Hungary, Slovakia and the Czech Republic will be subject to longer deadlines. The embargo became possible because Germany gave the green light for it. A year ago, the EU had still purchased a quarter and Germany as much as 35 percent of its oil imports from Russia.

The economic consequences of the embargo are devastating. Economists agree that it will further fuel inflation, which is already at 7.4 percent. Back in March, when discussions about a possible embargo drove the price of oil to $140 a barrel, Gabriele Widmann, commodities expert at Dekabank, warned in an interview with broadcaster RTL/ntv: "In extreme cases, we may have to pay up to three euros per litre of fuel." Cheap energy from Russia is now a thing of the past, he said. Car drivers would have to get used to diesel and petrol prices of more than €2 per litre in the long run.

However, price increases are not only affecting petrol, heating oil and other oil products, which have already become horrendously more expensive, hitting households on low and medium incomes particularly hard. Since oil also serves as a raw material in the chemical, pharmaceutical and other industries and the price of energy determines transport and production costs in all sectors, prices are also rising there. Food is becoming more expensive due to rising fertiliser and transport costs. Energy-intensive industries such as steel and glass production are threatened with collapse.

The east of the country—whose oil supply, dating back to the days of the former German Democratic Republic (GDR), is completely dependent on Russia—is particularly hard hit. The PCK refinery in Schwedt an der Oder, on the border with Poland, for example, is threatened with complete closure. This would directly destroy 1,200 jobs and indirectly thousands more in the structurally weak region in northeastern Brandenburg.

The refinery began operation in the GDR in 1960, and from 1963 until today has processed oil from the 3,000-kilometre-long pipeline Druzhba (Friendship), which runs to the Ural region. It is technically equipped to process heavier Russian oil. Switching to other types of oil, which would have to be transported by ship from the Polish port of Szczecin, would be very costly. Moreover, the refinery's majority owner, the Russian oil company Rosneft, is unlikely to be interested in making such investments.

The second East German refinery in Leuna (Saxony-Anhalt) is also used to process crude oil from the Druzhba pipeline. Annually, Schwedt and Leuna each processed up to 12 million tonnes. However, at the Leuna refinery, which is owned by the French energy company TotalEnergies, a technical changeover is considered easier.

If both refineries cease production, all oil products would have to be imported from western Germany, which would make prices much more expensive and endanger many more jobs. The East Brandenburg Chamber of Industry and Commerce warns that if the refinery in Schwedt no longer supplied raw materials for further processing, road construction, the chemical industry and plastics processing would be affected.

Brandenburg's State Economics Minister, Jörg Steinbach (Social Democratic Party, SPD), said that Schwedt "supplies northern Germany, BER Airport and regions in western Poland with diesel, petrol and paraffin. Without PCK, there would largely be a standstill there." State Premier Dietmar Woidke (SPD) warned that a sudden oil embargo "would have catastrophic regional effects that we cannot cushion in any way in the short term."

Deutsche Welle reported on the mood in the city: "I know from my friends who work at the plant that they are afraid for their jobs," the broadcaster quoted a young woman as saying.

"The closure of the refinery would not only be terrible news for the people who work there, but for the whole town," according to the owner of a small grocery shop. "We are talking about thousands of employees of the plant and various suppliers, and many of them are my regular customers. If they leave to find work elsewhere, I can close my shop."

The federal government has promised help, but it is completely unknown how this will happen. Schwedt is directly affected by the oil embargo, but hardly a day goes by without other, indirectly affected companies announcing mass layoffs.

For example, the detergent manufacturer Henkel (Persil, Schwarzkopf, Schauma, Pattex, etc.) announced 2,000 job cuts. The reason given was the increase in raw material prices by more than 20 percent and the withdrawal from Russia, where the company had operated 11 production sites.

Far more devastating than the oil embargo would be a gas embargo against Russia, which Germany and the EU are also seeking in the longer term. It is also possible that Russia will react to the oil embargo by turning off the gas tap on its own initiative.

The Leibniz Institute for Economic Research Halle (IWH) has calculated the consequences of an immediate Russian gas supply stop. According to this, the economy would shrink by 2 percent in 2023, net domestic product would fall by €200 billion, which would correspond to the loss of 2.7 million jobs.

The German government and the EU justify the oil embargo by saying that "Putin's war chest" should not be financed. But this hides the real reasons.

The official narrative that NATO is defending freedom and democracy in Ukraine against an imperialist aggressor is false and mendacious. In reality, it is waging a proxy war in which the Ukrainian population serves as cannon fodder.

The Russian attack on Ukraine is reactionary and must be rejected. But it was systematically provoked by NATO—through the wars in Yugoslavia, Iraq, Afghanistan, Libya and Syria, which were contrary to international law and with which the US wanted to secure its world domination, and through the systematic advance of the most powerful and aggressive military alliance in the world towards Russia.

NATO has not only provoked the war, it is doing everything to prevent a ceasefire and negotiated peace. It is flooding the country with weapons and supporting the Ukrainian army with advisers and intelligence information. Its goal is the complete defeat of Russia and regime change in Moscow to gain unhindered access to the country's vast land mass and valuable raw materials. Geostrategically, the war against Russia serves to prepare for war against China, which the US and the major European powers regard as their most important economic and political rival.

Economically, the consequences of the oil embargo for Russia are rather minor. Although many Western traders stopped buying oil from Russia in April, the country shipped more oil than usual. India, which urgently needs it, bought large quantities. Thanks to the high world market price, Russia was even able to grant discounts without making losses. Although the EU wants to ban tankers flying the flag of an EU member state from transporting Russian oil, this will have little effect.

The real reason for the oil embargo is that Germany wants to disentangle and reorganise its global economic relations—as the former editor-in-chief of finance daily *Handelsblatt*, Gabor Steingart, put it—to make a world war "manageable."

"Whoever wants to make the world war manageable must first unbundle world trade," Steingart stressed in his *Pioneer Briefing*. "Economic independence is more important than more billions for the Bundeswehr (Armed Forces). So, it is not only the soldiers and their military equipment that must be gathered into an offensive formation, but also the economic resources."

Since the 1970s, Germany and the Soviet Union—and from 1991, Russia—maintained a so-called privileged partnership, with energy relations at its core. Germany began to break with this as early as 2014, when together with the US, it supported the right-wing coup in Kiev. Now, as in 1914 and 1941, it is again using military force to pursue its imperialist interests in the East.

To do this, the German ruling class must also declare war on the working class, which is to bear the costs and burdens of militarism, while arms and energy companies and other profiteers enrich themselves from the war and high energy prices.

Shell announced record profits on Thursday. The oil giant earned \$9.13 billion in the first quarter of 2022, 43 percent more than in the same period last year. BP posted a quarterly profit of \$6.2 billion, up 138 percent from \$2.6 billion a year earlier. BP CEO Bernard Looney called the energy market a "money machine." Exxon Mobil, Chevron and TotalEnergies also reported profits in the billions. Their shares rose by an average of 58 percent last year.

Only the defence industry did better. The shares of the German arms company Rheinmetall have risen by 150 percent since the beginning of the year.

It is time to put an end to this madness. The struggles against wage theft, social cuts and war must be united into a powerful movement of the international working class fighting to overthrow capitalism and build a socialist society.