German government's energy policy means billions in aid for corporations, unbearable costs for consumers

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The German parliament is planning to pass a package of laws this week giving energy companies billions in aid from the state treasury but this will mean financial ruin and cold homes for working class families. The government introduced the legislation on Tuesday and is thus passing on the costs of the proxy war that NATO is waging against Russia in Ukraine to the general population.

On May 21, the Energy Security Act, originally ratified in 1975 in response to the oil crisis at the time, was renewed. The new version allows energy companies to pass on price increases along the supply chain to end customers, even if they have committed themselves to fixed prices in long-term contracts. They must only announce the increase one week in advance. The prerequisite is that the Federal Network Agency—Germany's regulatory office for electricity, gas, telecommunications, post and railway markets—invokes the second or third stage of the emergency gas plan.

The new laws go even further. They provide for the introduction of a levy, with which the price increases of particularly hard-hit companies can also be passed on to the gas customers of all other companies. The levy is in addition to the price increases that are already expected.

The increase in heating and gas costs that will result will be unbearable. About one in two homes in Germany is heated using gas. Last year, about 30 percent of all gas in Germany was consumed by private households. "Many consumers will be shocked when they get a letter from their energy supplier," Klaus Müller, President of the Federal Network Agency, told Funke-Mediengruppe newspapers. He spoke of a possible tripling of prices.

Udo Sieverding of the North Rhine-Westphalia Consumer Centre has also cited this figure, saying, "We assume that gas prices could triple compared to pre-crisis levels." Many suppliers had already raised tariffs for private consumers: from six or seven cents per kilowatt hour to an average of about 13 cents, and for new customers even to 20 to 25 cents, he said.

And prices are continuing to rise. "Prices are already high, and we have to be prepared for further increases," said Federal Economics Minister Robert Habeck (Greens).

This will result in an additional annual burden of several hundred or thousand euros per household. According to the Verivox consumer comparison website, an average household with an annual consumption of 20,000 kilowatt hours paid just under €1,200 for gas a year ago. If the price tripled, this would result in an additional annual burden of €2,400. In contrast, the government's one-time flat rate energy payment of €300 to private households, with which it wants to compensate for the cost increase in September, is a joke.

While private consumers at the end of the supply chain will have to bear the full burden of the price increases, distressed energy companies will be supported by a rescue package worth billions. Under the new laws, they will be propped up—like the banks in the financial crisis and companies like Lufthansa in the pandemic—with generous state loans and equity investments.

The Düsseldorf-based Uniper Group alone, Germany's largest gas importer, is currently negotiating a rescue package worth €9 billion with the German government.

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Uniper is in trouble because gas deliveries from Russia have failed to materialise. Since mid-June, only 40 percent of the possible volume has flowed through the Nord Stream 1 Baltic Sea pipeline because—according to Gazprom—a Siemens turbine that was being serviced in Canada fell victim to anti-Russian sanctions. Starting next Monday, the pipeline will be out of action while being serviced for 10 days and there are doubts whether it will resume operations after that.

To fulfill its supply contracts, Uniper has been forced to buy gas on the spot markets. Prices there have exploded; with speculators making a fortune. On the Dutch TTF trading exchange, a megawatt hour currently costs over €170. In the past, long-term contracts were concluded at €20 to €30.

But instead of drying up the speculation, the German government is fuelling it by providing billions in subsidies to the energy companies and enacting new laws to pass on the costs to end consumers. Tackling speculation would require close international coordination. But this is strictly rejected by the governments of the imperialist powers. While they spare no effort to intensify the war against Russia, the speculators' profits are sacrosanct.

Many working class families will freeze this coming winter simply because they can no longer pay their gas and heating bills. But the new laws also provide for coercive measures to curb the heating supply. They give the government new powers to prescribe "the saving and reduction of consumption" of coal, oil and gas by legal decree.

The *Süddeutsche Zeitung* reports that a housing cooperative in Dippoldiswalde, Saxony, has already announced the rationing of hot water to its tenants. At night, in the morning and in the early evening, water is only available cold. This is "a small foretaste of the coming winter—the time for which the government is also feverishly making preparations," the newspaper comments.

Contrary to official propaganda, the current energy crisis is a consequence of the government's policies. It is the price being imposed on the population to intensify the war against Russia and for Germany to once again become the leading military power in Europe.

Since German corporations and the government of the Soviet Union signed the Natural Gas Pipe Contract on February 1, 1970, the Soviet Union, and later Russia, has always reliably supplied the agreed quantities of gas throughout all economic and political crises. But in recent years, this has been sabotaged more and more openly by the German side in order to expand its own military and economic influence in Eastern Europe.

Now the gas flow from Russia is threatening to come to a complete standstill—with catastrophic economic consequences. Not only would private households and countless small businesses be affected because they can no longer afford the energy prices, but there is also the threat of a deep recession taking off.

The head of the Bavarian Chamber of Industry and Commerce, Klaus Josef Lutz, sees entire industries and domestic production of basic foodstuffs in danger due to the current "economic war." "If we don't have the appropriate gas supply, we may not only be talking about short-time working, but also unemployment," he warned.

Bavarian state Premier Markus Söder spoke of needing emergency "energy and gas measures for our state." And the Bavarian Business Association predicts losses in German economic output of 12.7 percent in the event of a halt in Russian gas supplies.

But this will not stop either the federal coalition government of the Social Democrats (SPD), Liberal Democrats (FDP) and Greens, or the Christian Democratic (CDU/CSU) opposition from further intensifying the confrontational course against Russia. They all see Russia's reactionary attack on Ukraine, deliberately provoked by NATO, as a welcome opportunity to put their great power and militarist plans, long cherished, into practice. To this end, they are also declaring war on the working class in their own country.

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