

Germany: Workers Shouldn't Have to Pay the Costs of the Energy Crisis

Tuesday 1 November 2022, by [SCHADT Peter](#), [URBAN Hans-Jürgen](#), [ZOBEL Hans](#) (Date first published: 25 October 2022).

Olaf Scholz's government has announced relief measures to help Germans pay their energy bills. But what they really need is wage rises — and government action that stops gas giants from profiting from this crisis.

The Russian attack on Ukraine and resulting Western sanctions are leading to rising inflation in Germany. The prices for gas, oil, and electricity are becoming increasingly unaffordable for many workers. The so-called "[Gasumlage](#)," a measure which would have enabled the importers of gas to pass on their rising cost, has been brought down in parliament. Yet many fear that even [the cap on energy prices](#) will not stop rising poverty. In addition, a dispute has flared up over a [return to nuclear power](#).

But if there's a rising pressure on working-class living standards, what can trade unions do about it? One first step was on Saturday, as over twenty thousand people joined protests backed by the German Trade Union Confederation (DGB) in six cities.

Hans-Jürgen Urban is a member of the executive committee of IG Metall, Germany's largest single union. He spoke to Peter Schadt and Hans Zobel about what the crisis means for workers, in an article for left-wing monthly magazine [Konkret](#).

PETER SCHADT | HANS ZOBEL | The rising prices for gas, electricity, and food are unaffordable for large parts of the population. In August 2022, the inflation rate in Germany was 7.9 percent. What are the unions planning?

HANS-JÜRGEN URBAN | We are in the middle of collective bargaining process for the metal and electrical industries. This was preceded by numerous debates by our members in the factories and collective bargaining committees. The result is that our colleagues want to enter the negotiations demanding an 8 percent wage increase.

When you look at the inflation rate and energy prices, it is clear how much pressure there is on these negotiations. However, collective bargaining policy is completely unsuitable as a fallback guarantee for an inadequate policy. We are facing existential hardship in many parts of society. This cannot be prevented by an agreement in the metal and electrical industry. This is where the political mandate of the unions is needed.

PETER SCHADT | HANS ZOBEL | Doesn't inflation compensation have to be part of every collective bargaining agreement?

HANS-JÜRGEN URBAN | As a rule it is. Our wage demands don't just fall out of the sky. They are based on the benchmarks for medium-term price and productivity development. Another factor is the redistributive component. It is no secret that galloping inflation is an extreme challenge.

PETER SCHADT | HANS ZOBEL | Politically, the unions are calling for restraint, and Social Democratic prime minister Olaf Scholz spoke of “noticeable onetime payments instead of major wage increases.” So, will Germans be “freezing for peace”?

HANS-JÜRGEN URBAN | IG Metall will certainly not adopt this somewhat simpleminded slogan. The autonomy of collective bargaining is not suspended by the current situation. The logic of onetime payments assumes that the price increase in the energy sector is a temporary phenomenon. But that is very unlikely. Ultimately, onetime payments are attractive primarily to companies because they save them money in the long run. For employees, onetime payments mean foregoing permanent rate increases. But that is exactly what the union base expects: a permanent increase. I see no reason for anticipatory obedience and willingness to forego.

PETER SCHADT | HANS ZOBEL | Economists warn of the “[wage-price spiral](#).” What’s the point?

HANS-JÜRGEN URBAN | Nothing. This argument from neoclassical textbook economics has always been used to stir up opposition to wage increases. Inflation is rising not because of wage increases, but because of rising prices for energy and other everyday goods. Goods that employees cannot simply substitute. What we are actually seeing is a profit-price spiral. In many cases, higher prices are imposed, not because costs have risen, but because the markets allow it and profits can be increased. That’s just how capitalism works, if you let it.

PETER SCHADT | HANS ZOBEL | Inflation, the development of gas and electricity prices, is driven by the war and the sanctions against Russia. What are the unions’ views on the sanctions, the cost of which is now being paid by workers?

HANS-JÜRGEN URBAN | Well, rising energy prices also reflect the shortage of oil, coal, and gas resulting from the so-called economic war between the West and Russia. But there are other more significant factors: the pricing power of large corporations, the free-rider profits of companies that can still impose higher prices even when their costs barely rise, and, finally, financially driven speculation on spot markets. This can only be corrected by direct intervention through price caps and the comprehensive skimming of windfall profits, i.e. extra profits.

PETER SCHADT | HANS ZOBEL | So, a simple yes to the sanctions?

HANS-JÜRGEN URBAN | The issue of sanctions against Russia is more complicated than it seems. Of course, the West is also acting here with a hidden agenda. The sanctions are part of the struggle for the redivision of economic and political spheres of influence that is taking place primarily between the United States, the European Union, Russia, and China. NATO, too, represents not only security interests, but economic and power-political interests.

Nevertheless, it should be noted: the economic war through sanctions is based on a very real war with weapons, emanating from Russia as the aggressor. I think it is understandable to look for economic sanctions that put Putin and his oligarch clique under pressure and increase the chances for a ceasefire. That makes more sense than joining the ever louder calls for more arms deliveries. This moralizing warmongering is driving the world into a new global rearmament spiral. And nothing good can be expected from it.

It is crucial that sanctions are specific and effective. If the interplay of sanctions and counter-sanctions means that the Russian state treasury is fuller than before, while at the same time the economy and the population in Western countries suffer massively from skyrocketing prices, something is wrong. We would do well to discuss the question of an appropriate response to this

dilemma calmly and with expertise. However, returning to business as usual as before the war is certainly not a sensible strategy either. It would probably be seen by the Russian government as encouragement to continue the war.

PETER SCHADT | HANS ZOBEL | IG Metall welcomes the [third relief package](#), calling it “effective for low incomes.” For DGB chairwoman Yasmin Fahimi, the “principle of social justice” is “clearly recognizable” in this measure. Yet even with this package, the standard of living for many will be drastically reduced. Still, there is no outcry from the union.

HANS-JÜRGEN URBAN | This is not correct. Certainly, the measures of the government are discussed differently in the DGB. But Verdi (the United Services Trade Union) and IG Metall, for example, have clearly criticized the package. There is no doubt that €300 or €200 in increased housing and child benefits — and other things for students, pensioners, and those on low incomes — are too little. But they are not nothing. Nevertheless, the overall package is far from sufficient. One-off amounts do not help against permanent additional burdens. No immediate relief is provided for employees, a gas price cap is missing, and how exactly the electricity price brake is supposed to work is anything but clear.

What is missing is support for blue-collar workers and, above all, elements of a redistribution policy that collect the funds needed from companies and the wealthy. In addition, there are some unparalleled regulatory and distributional moves. I am referring, for example, to the “Gasumlage” [allowing gas importers to pass on any cost rises to consumers], which blatantly redistributes funds from the bottom to the top. As if it were normal for consumers to pay money to energy companies that, thanks to the lack of an excess profits tax, can make profits with it and get rid of their entrepreneurial risk. This is absurd. It would make more sense to use the energy supply crisis as an opportunity to discuss nationalization of energy companies that cannot secure energy supplies. The German government would do well to take this into consideration. Otherwise, its loss of reputation among the population could continue.

At the same time, the expansion of renewable energies must be driven forward decisively. The irresponsible calls to delay the exit from nuclear energy especially by the Greens leaves one speechless. IG Metall has put pressure on the industry for tangible relief with a campaign under the slogan “Put a lid on it — skim off the crisis profits.” There is still a lot to come.

PETER SCHADT | HANS ZOBEL | Why should employees become members of a union at this moment?

HANS-JÜRGEN URBAN | For the same reason they always should. Because being part of a strong organization increases their chances of asserting their interests and rights. In the short term, this is about protecting dependent labor from the consequences of the current crises. In the medium- and long-term, it is about more: we are facing a task of the century. It consists of transforming the way of production and life of contemporary capitalism in such a way that producing, consuming, and living are compatible with ecological sustainability needs. Many financial companies have discovered their heart for a [green stakeholder capitalism](#) and want to invest only in ecologically sustainable companies. Not, as the CEO of the world’s largest asset manager, Larry Fink, [put it](#), because they have suddenly become environmentalists, but because they want to remain capitalists and invest their money where global capitalism will prosper in the future.

I see this more as a threat than a promise. After all, declaring decarbonization to be the new global business model does not mean that the threat of climate collapse will be stopped. Under the dominance of capitalist markets and politics, dependent workers remain the losers. This is exactly what must be prevented. It is about social counterpower to the destructive dynamics of capitalist

growth. This requires strong trade unions that are capable of conflict. This is another reason why you should become a member of a trade union.

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