

Fossil Fuel Companies Get Subsidies From the German Government

Again



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It likely has not escaped anyone's attention. Fuel prices have taken a sharp turn upwards recently. In Germany, you can rarely get any fuel for less than 2 Euros per liter anywhere. The sanctions on Russia are restricting supply. However, Fossil fuel might do a bit of price gouging as well.

If you are in doubt, whether fossil fuel companies were playing dirty, the proof came this week.

The German government had the idea to give a tax break to fossil fuel companies. They decided to reduce the energy tax for a period of three months. The hope is that the fossil fuel companies pass on the tax break to consumers. I wonder, if our leaders really are economic illiterates or if they just wanted to give a subsidy to big oil.

It is obvious, that no sane capitalist would pass up the chance to pocket a

few extra euros from that tax break. They will not pass the savings all the way to the end of the supply chain. If I were a big oil CEO, I would probably pocket the difference as well. That is economics 101. Use every chance to seize a profit. The shareholders are celebrating.

If you want to know, who the real winners of the Ukraine war are, look at big oil and weapons manufacturers.

Fossil Fuel Companies Tricked Us Again

The tax break went into effect on June 1st. Prices at the pump did drop. But what is also true is that fuel companies raised prices in the days prior. They simply built up a price cushion. When they finally dropped the prices, the media and politicians fell for the trick. It's the oldest trick in the book. In fact, this trick is applied every year on Black Friday as well. Yet, our leaders seem completely oblivious to the dirty tricks of capitalists.

But that is not all. Since then, fuel prices have been rising again. The tax rebate has already fizzled out. And we are only a week in. Just like expected.

Guess what is going to happen, once the three months have passed.

This entire charade cost us 3 billion Euros. And the vast majority are going to end up with the shareholders of Big Oil.

I am lucky. Because I am not depending on a car to get around. But many others are. What was advertised as a gift to poor households turned out to be a lot of hot air. As usual.

All there is to do for people is to reduce their dependency on fossil fuels in any way they can. Thankfully, the 9-Euro ticket offers at least a temporary relief.

But we should be prepared. Fuel prices are probably not going to drop anytime soon. If ever.