

One week to 2009 elections

Millions in Europe sink into unemployment and poverty

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The elections to the European parliament on June 7 take place in the midst of the deepest crisis of capitalism since the 1930s and an extremely tense social situation. Many millions are being plunged into unemployment and poverty, while a small minority of shareholders, stock market speculators and managers have been able to acquire enormous wealth.

The gross domestic product in Europe sank in the first quarter of 2009 compared to one year previously by 4.4 percent. The German economy, which is strongly dependant on exports, declined over the same period by 6.9 percent. The Eastern European countries have been particularly hard hit. In the Baltic States, GDP has plunged by between 10.9 and 18.6 percent.

Twenty years after the reestablishment of capitalism, the Eastern European member states in the European Union (EU) have entered an advanced stage of economic and political collapse.

Although official statistics invariably underestimate the real extent of the situation, the available figures make clear the catastrophic extent of the social decline. Rapidly rising unemployment, increasing misery and the pauperisation of whole regions are an indictment of the antisocial policies of the European Union and its respective national states.

None of the official parties dares to address the problems afflicting millions of EU citizens. Instead their election campaigns have concentrated on a bombastic hymn of praise for the EU institutions in Brussels. Against this background the broad antipathy for the European elections is hardly surprising. It is an expression of increasing opposition in the population and augurs major class struggles.

The election campaign of the Socialist Equality Party (Partei für Soziale Gleichheit, PSG) is based on a conscientious analysis of economic, social and political conditions in Europe, and fights on this basis for a socialist perspective.

Mass unemployment and poverty

Official unemployment rates have risen considerably across Europe. According to Eurostat, the statistical office of the European community, unemployment in the member countries of the EU in March 2009 totalled over 20 million. This represents an increase of 4 million compared to March 2008.

These official figures do not accurately reflect the real situation. First of all, no current figures are available for some countries and, secondly, all governments use various statistical tricks to exclude many millions of unemployed persons.

In Britain, nearly 1.5 million people applied for unemployment benefit in March. This figure represents a more than 80 percent increase compared to one year previously.

In Spain, the official unemployment rate stands at 17.4 percent compared to 10.5 percent in May 2008. Unemployment has doubled over the same period in Ireland, while unemployment has trebled in the Baltic states of Estonia, Lithuania and Latvia in the space of one year.

In countries such as Germany and Austria, the growth in unemployment has been largely delayed by the widespread introduction of short-time working. In April 2009, 2 million workers were working short-time in Germany. The Organisation for Economic Co-operation and Development (OECD) forecasts a drastic rise in unemployment in Germany to over 5 million in the coming months.

The EU and all European governments are using mass unemployment in order to implement cuts to wages and social conditions. This applies to all governments irrespective of whether they are social-democratic or conservative. The European Commission has become synonymous with deregulation, liberalisation and the dismantling of employee rights.

The “Bolkenstein Guidelines” of the EU have circumvented traditional minimum and contract wages as well as workplace standards. The “Flexicurity” demanded by the EU (a hybrid of flexibility and security), has given companies the possibility of imposing dismissals and wage cuts. At the same time, this measure has been implemented to withhold financial support for the unemployed.

Allegedly this withdrawal of unemployment benefit is to encourage the unemployed to find work more quickly. In reality, the measure is aimed at forcing the unemployed to accept cheap wage jobs and facilitating drastic cuts to general wage levels.

In an EU report released in March of this year, the authors write: “The recent data show that 16 percent of Europeans are still threatened with poverty. Although a good job is still the best protection against poverty, the fact that 8 percent of those in gainful employment are poor means that a job does not necessarily offer this protection.” The 16 percent of Europeans living in poverty—according to official figures—amounts to 80 million EU citizens.

In every EU country the main victims of unemployment and poverty are children and young people. Another section of the EU report reads: “In the EU children face a higher risk of poverty (19 percent) than the total population. The situation has not improved since 2000.” In March 2009 the unemployment rate for under 25-year-olds was

about 18.3 percent across Europe. In Spain, more than one third of this age group is without job. Increasing numbers of high school graduates are unable to find adequate work and are forced to take two or three cheap wage jobs in order to survive.

These averages statistics, however, fail to describe the full extent of the social misery, which prevails in large parts of Europe. If one examines the poverty in individual countries, individual regions and even individual cities, then an enormous geographical divide between rich and poor is evident. In every European country there are regions that are sinking into bitter poverty: southern Spain, southern Italy, East Germany, and large regions in all other countries. Entire regions are plagued by mass unemployment, with social welfare and poverty levels averaging 25 to 50 percent.

Entire suburbs of major cities and former industrial centres in Europe have fallen into ruin. In cities like Paris, Athens, Warsaw or Rome, in the former workers' and immigrant quarters of Amsterdam, London, Berlin or the German Ruhr district, unemployment and poverty is often two or three times higher than national figures.

Wealth

While whole regions sink into poverty and misery, a small layer has been able to profit. The figures given by Eurostat on income distribution in Europe are outdated and of limited validity.

National statistics are more reliable, even though they culminate in the year 2007. According to the German Institute for Economic Research (DIW), in 2007 the richest 1 percent of Germans possessed 23 percent of all social assets; the richest 10 percent possessed over 61 percent. Half of the German population either lacks any wealth or is in debt.

This still does not reflect the entire extent of social inequality. Within the richest 1 percent (82,000 citizens) there are a handful of mega-rich. According to one wealth distribution researcher, if wealth were measured on a chart in which €100,000 corresponded to two centimetres, then the average annual income wealth of all adults in Germany (i.e., €88,000) would measure a distance of 17.6 millimetres. In contrast, the wealth of Germany's richest man, Karl Albrecht, owner of the Aldi retail chain, would measure exactly four kilometres on this scale.

This situation finds a similar reflection in every European country. There are currently a total of 196 billionaires in Europe, 52 of whom reside in Germany.

The rich and their companies have been able to profit mainly from interest and shareholder dividends. Basically they have been able to profit from the growing pauperisation of the European continent. In particular, the big concerns use the nationalism of the trade unions to play off workers in the individual countries against one other and force through the pro-business measures passed by national governments and the EU bureaucracy. As the crisis deepens and the assault on jobs and wages intensifies the trade unions line up even more closely with their respective governments and company managements.

When was the last time one heard the traditional slogan "The same wages for the same work!" from the mouth of a union official or a works council? In the past few decades, the wage differential in Europe has grown enormously. One working hour in Scandinavia, Germany, Britain and France costs between €25 and €30; in Poland, €5; in the Baltic States and Slovakia, €4; and in Bulgaria, which entered the EU at the beginning of 2007, just €1.40.

This wage differential is to be found across a small geographical

region. From the German capital of Berlin it is only 100 km to the Polish border and slightly more than 1,000 km to the Latvian capital of Riga. There exists a wage differential of over 90 percent over a distance of 1,000 km.

The widespread social decline has created conditions in which rightist political tendencies seek to stir up racism and win influence. In Italy, Spain and Germany, but particularly in Eastern Europe, there is a growing wave of violence directed against foreign workers and socially disadvantaged layers.

In the new Eastern European, members of the EU, former Stalinist bureaucrats, have cooperated with major Western companies to expropriate all former socialised property and accumulated outrageous fortunes, while the population sinks into mass poverty and increasing misery. Further attacks on democratic rights and pervasive corruption create conditions in which openly fascist forces are able to gain influence.

Socialist perspectives

The resistance against mass redundancies, plant closures and social pauperisation is increasing in all European countries. In Lithuania, Iceland and Belgium the economic crisis has already led to the fall of national governments.

The rebellion against the European Union and national governments requires, however, an international socialist perspective. In the European election the German Socialist Equality Party stresses: "The PSG fights for the unity of the international working class. In order to meet the attacks of globally operating companies workers must unite internationally. We decisively oppose all attempts to drive a wedge between German and foreign workers or to incite German workers against their fellow workers in Eastern Europe or Asia."

The present crisis cannot be overcome by reforms or repairs to the nation-state system as proposed by the German Left Party, or the French NPA (New Anti-capitalist Party) and its European allies. The only viable solution is a transformation of social relations and the building of a socialist society. In Europe this requires a struggle against the European Union and its institutions, and for the United Socialist States of Europe. This is the perspective put forward in the current European election by the International Committee of the Fourth International and its German section, the Socialist Equality Party.

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