

Europe's fuel tax protests begin to recede

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The anti-fuel tax protests that have paralysed much of Europe during the last week began to recede over the weekend.

To satisfy the demands of big business and international investors, Europe's mainly social democratic governments have slashed corporate and wealth taxes whilst increasing taxes on consumer items such as fuel. "Stealth" taxes fall especially heavily on working people. As a result the protests against fuel taxes had massive public support and were able to "roll" from one country to another.

Beginning in France a fortnight ago, fishermen, road hauliers, farmers and taxi drivers organized a series of blockades to protest the heavy tax duty on fuel—varying between 50 percent and 75 percent across Europe. In response, the Socialist Party-led government of Lionel Jospin, although refusing to lower fuel taxes generally, did agree a targeted package of subsidies and compensation for small businesses.

The concessions ended the French protests, but encouraged the outbreak of similar actions across the Continent. In a domino action, "go-slow" protests by hauliers, farmers and others, spread across Europe's major cities and roads.

Worst hit was Britain, which has the highest petrol prices in the world. Protestors staged symbolic "blockades" of oil refineries that, with the sympathetic support of many oil tanker drivers, effectively brought the country to a standstill. Within three days, more than 90 percent of all petrol stations were dry and the Confederation of British Industry estimated that businesses had lost £1bn. The Blair-led Labour government declared a national emergency.

Ireland —By Friday the government announced emergency talks with hauliers, after protests caused traffic chaos. Some 1,200 truck drivers staged go-slow protests in Dublin, Rosslare port and other cities.

Netherlands —31 wildcat blockades were established across motorways and major roads. Hundreds of truck and taxi drivers encircled government buildings in The Hague on Friday, blasting their horns in protest, and early

morning traffic to Schipol Airport near Amsterdam was halted for several hours.

Scandinavia —Lorry drivers set up a blockade at Helsingborg and threatened to disrupt ferries at the ports of Malmo, Trelleborg and Gothenburg ahead of a meeting between haulage federation members and the government next week.

Spain —Barcelona came to a standstill for three-hours as convoys of lorry drivers and farmers blocked roads. Farmers took similar action in the south-western town of Merida, whilst protestors picketed the Spanish-German summit in the city of Segovia, in central Spain, between Prime Minister Jose Maria Aznar and German Chancellor Gerhard Schroeder.

Germany —Despite laws that enable crippling claims for damages to be made against those responsible for disrupting business, several city centres were brought to a standstill for hours. On Friday, lorry drivers jammed the northern city of Bremen for the fourth day running. Demonstrations were organized at refineries near Hamburg and the North Sea port of Wilhemshaven and 50 tractors managed to briefly block the entrance to the Veba Oel's refinery at Lingen near the Dutch border, causing queues of oil tankers several kilometres long.

Belgium —On the main A44 motorway to Germany, lorry drivers blocked the road for several days. Earlier in the week, trucks had blockaded the capital of Brussels, only withdrawing early Friday morning after Belgian Prime Minister Guy Verhofstadt agreed an \$83m compensation package with the unions involved.

The action also spread to Eastern Europe, with protests in Poland, Hungary and the Czech republic.

Europe's leaders had sought to take a united "hard line" against the protests, warning that the actions were "bad for business" and that cuts in fuel taxes would mean less money for schools and hospitals. At the Spanish-German summit at the weekend, Chancellor Schroeder said fuel prices were an international issue. With protests against high duties also breaking out in the Philippines and Haiti, and Israeli truck drivers threatening to strike on Sunday,

Schroeder said the group of seven industrial nations (G7) would ask the oil-producing countries to increase output in order to bring down fuel prices.

In a joint statement, Schroeder and Spanish Prime Minister Aznar said that cuts in fuel duties were not the “right response” to increase prices and that government policy should “not be set by demonstrations”.

With social provisions being cut back in every country, and Europe's government's receiving three times as much revenue on every barrel of oil as the major exporters from the Gulf States, such arguments only fuelled public anger. By Sunday most governments had agreed Jospin-type concessions to bring the protests to an end.

The Belgian government combined threats to physically break the blockade, with pledges to introduce a compensation package for hauliers if they ended their action. In a televised national address, Prime Minister Verhofstadt said, "The people's patience is at its end. Our economy, the prosperity of our people, is in danger." Similarly, the Dutch government said that whilst diesel taxes would remain unchanged, hauliers, taxi operators and bus companies would be liable for compensation. In Italy, mass protests aimed at Rome were averted only after the government agreed a direct reduction in fuel prices for lorry drivers.

Only Britain appeared to buck the trend. The fuel protests were largely ended by Friday September 15; although many petrol stations remain dry and official estimates are that it will be a fortnight before things return to normal.

Whilst most European governments made some sort of peace with the protesters, the Blair government appears set on a confrontation course, with potentially explosive political consequences. Several opinion polls at the weekend found that nearly 80 percent of respondents blamed the government for the crisis and 73 percent of Labour voters sided with the protesters.

The Blair government has refused to make any concessions, warning that international investment would dry up if it were seen to give in to popular protests. With indirect taxation levels amongst the highest in the world, yet one of the worst funding records for public services, Labour was clearly concerned that more widespread social unrest may develop.

Blair was able to rely on the trade union bureaucracy to enforce his hard line. Labour and trade union leaders described the protesters as “quasi-fascists”, motivated by political hostility to a “left-wing” government. The Trade Union Congress supported threats to use troops to break

the blockades, instructing drivers to make deliveries and making it clear that their unions would not defend them if they refused and consequently lost their jobs.

With the government indicating that it may look at fuel taxes in November's pre-budget review, the protestors called off the action, but served notice that it would resume again in 60 days if nothing was forthcoming.

Immediately Blair set up a “task force” of haulage contractors, oil companies, unions and the police under Home Secretary Jack Straw to “learn the lessons of what has happened”. On Monday the task force will hear proposals to make oil tanker supplies an “essential service”, making it a criminal offence for drivers to refuse to deliver fuel. The government could also commandeer tankers to ensure the continuity of supplies, particularly to the health service, fire fighters and police. The Essential Services Act would also apply to water, gas and other key public services now controlled by private monopolies. “We must never again find ourselves in the position where 2,000 protesters can hold the country to ransom,” a government spokesman said.

The legislation is expected to be in place before the 60-day time limit expires. Chancellor Gordon Brown has also indicated that there would be no immediate change in fuel taxes. Ruling out “short-term” policies, he said he was “not minded” to make changes. Government would follow “the normal Budget process...we won't make decisions as a result of blockades”, he said.



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