

EU leaders cancel “jobs summit” to avoid protests

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Heads of state and government of the 27 European Union countries have decided to cancel a meeting, originally scheduled to be held in the Czech capital of Prague on May 7, to discuss employment policy in the EU. The meeting was due to bring together national heads of state with business and trade union leaders to discuss measures to combat growing unemployment throughout the continent.

The extraordinary summit had originally been proposed in February by the Czech Republic, which currently holds the EU's six-month rotating presidency.

Less than a week ago, European Commission President José Manuel Barroso insisted that it would be a "fundamental error" not to hold the summit. On March 18, Barroso declared: "Our public opinion would not understand, it would be unacceptable that EU leaders meet at the highest level and that they discuss the problems of the banks and not social problems. That they discuss the problems of the financial sector and not that of employment, that would be really unacceptable."

At their spring summit last week, however, EU leaders agreed to cancel the meeting. A full-blown jobs summit is "not the best way of handling things," said an EU official, who added that this was the "general feeling around the table."

Explaining the decision, a spokesperson for the Czech EU presidency declared, "A number of countries felt it would raise too optimistic expectations before the European elections."

The French delegation at the summit made clear that the main reason for cancelling the summit was to avoid further protests and demonstrations against EU leaders.

According to one French official at the talks, "Mr. Sarkozy was most emphatic that he did not wish to

provide French people or trade unions with another opportunity to protest."

Nicolas Sarkozy was one of a number of leading European politicians to advocate the "jobs summit" in Prague. But one day before the EU spring summit, France was rocked by a wave of demonstrations involving 2 million to 3 million protesters. The mass demonstrations—reflecting the growing anger and opposition in France to the government—prompted the French president to urge the cancellation of the meeting planned for May.

According to a report in the *Daily Telegraph* newspaper, the French proposal to junk the summit was immediately supported by the British delegation. "The British response to Sarkozy was 'wa-hey to that.' "

Unemployment in western Europe

The official rate of unemployment in the EU climbed to 7.6 percent in January and is expected to rise significantly this year. In common with many national statistics, the EU figures do not include underemployment and many types of joblessness, such as those persons who have given up looking for work but are not officially registered as unemployed. This means that the real rate of unemployment is significantly higher than the official figures.

Business Europe, an umbrella group for businesses, declared last week that the EU is set to lose an additional 4.5 million jobs this year, but this prediction is also likely to be a gross underestimation of employment trends in Europe.

Last week, the latest official figures were released for

unemployment in Britain, where the number of unemployed rose by a record amount in February. The increase was the largest monthly rise since records began in 1971 and far higher than predicted. Unemployment in the UK now exceeds 2 million and is expected to exceed 3 million in 2010.

In France, the statistics institute, INSEE, has forecast that the country's economy will contract by 1.5 percent in the first quarter of 2009 and by 0.6 percent in the second, with corresponding consequences for the rate of employment. The official jobless rate in France has risen to over 2 million, nearly 9 percent, and is expected to exceed 10 percent with a further 350,000 layoffs expected by the end of this year.

In Germany, large-scale increases in unemployment have been avoided so far by the extensive introduction of short-term working in major industries, but the latest prognoses for German economic development predict a huge rise in unemployment.

According to the chief economist of the Commerzbank, Jörg Krämer, unemployment in Germany will rise to 4 million in 2009 and 4.75 million in 2010. In December, German unemployment was just over 3.1 million. Major companies such as the tire maker and auto supplier Continental AG and ThyssenKrupp have announced plans for factory closures and thousands of redundancies. At the start of this week, Bremen shipyards announced it would be shedding more than half of its workforce.

EU leaders are worried that a jobs summit a few weeks before the European elections planned at the start of June—with unemployment set to soar across the continent—would provide a focus and venue for massive protests against EU policy and the discredited governments of Europe. This is behind the decision by EU leaders to abruptly cancel their planned jobs summit in Prague in May.

The crisis has already claimed the governments of Latvia and Iceland and produced serious political tremors in Hungary, where Prime Minister Ferenc Gyurcsany offered his resignation last weekend. Major demonstrations—and in some cases riots—have already taken place in a number of countries, including Bulgaria, Greece, Ireland, Lithuania, and above all last week in France.

The alarm of the European political elite at the prospects of a political rebellion in opposition to their

policies was summed up in an editorial in the newspaper *Luxemburger Wort* on the opening day of the EU spring summit. Headed "A Dangerous Breeding Ground," the paper writes: "International labour organisations estimate that as a result of the turbulence 50 million people will lose their jobs worldwide this year. The worst affected will be less qualified workers in export-oriented sectors. This applies to China, India, and also Europe. The economic downturn could drive unemployment in Europe up to double-digit levels this year. And as the bitter experience of the 1930s taught us, mass unemployment can provide a dangerous breeding ground for extremists."



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