Europe’s trade union heads meet with Merkel

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A meeting between German Chancellor Angela Merkel and trade union leaders from across Europe Thursday discussed the euro zone debt crisis.

There are no reports of what was said, other than statements to the press by union leaders stressing the need for a “social Europe” and a “social bailout fund” to protect economies facing collapse.

But Merkel’s public rejoinder, that the crisis is “an opportunity to set the right course for the future” and “strengthen growth and employment in Europe permanently”, indicates what was discussed behind the scenes. Merkel will have instructed the union heads that there will be no retreat from savage cuts and austerity, and that, in the face of rising opposition, they must push through reforms designed to make it easier to fire workers and cut wages.

The union leaders were pathetically grateful for the opportunity to whisper into Merkel’s ear.

“It was important that these talks took place at all,” said Michael Sommer, Germany’s top union official in the DGB. “From my point of view, it was a necessary piece of confidence-building, and more must follow.”

As well as union officials from France and Belgium, Sommer was joined by his counterparts from Spain, Greece, Italy, the Czech Republic and Ireland.

These countries are seeing drastic cuts imposed, yet all that Antonio Ferrer of Spain’s UGT union could muster by way of oppositional rhetoric was to declare, “Of course, we are grateful for the fact we were received, but at the same time we expressed our differences on the policies that are being directed by the European Union and with the leadership of the chancellor.”

Ioannis Panagopoulos, head of the General Confederation of Greek Workers (GSEE), spoke of the “disastrous effects” of relentless tax increases, pay cuts and job losses, but this did not stop him from penciling in a meeting with Merkel later this spring.

The meeting will not have involved dialogue at all, but Merkel laying down the law. The day before, she declared that the euro zone crisis is “not over”, but in one of its “various phases”. The central question was, “How are the conditions and how much hope can investors in Europe, in America, in Japan who put their money in these [euro zone] countries have of seeing their money again?”

The answer is further brutal attacks on working people. As Merkel insisted in January, “Europe can only succeed in international competition with rising powers like China and Brazil when it is as competitive as Germany.”

The scale of cuts required in order to be competitive with China is eye-watering.

The fiscal compact agreed by 25 heads of government requires all 17 euro-zone countries to bring their deficits down to between 0.5 percent and 1 percent of GDP within a year of ratification, or they will face massive fines and be denied access to any European Central Bank funds. Presently, Spain is struggling to meet a deficit target of 5.3 percent and Ireland 8.6 percent.

Moreover, the present demands for cuts assume that the European and world economies will not suffer a further catastrophic slump like that following 2008, when all indications are that this is an ever-present and growing threat.

Billions have already been slashed from public spending, driving up unemployment and poverty and, in the process, hastening the plunge of Europe’s economies into a downward spiral of recession. So far, Ireland, Greece, Belgium, Portugal, Italy, the Netherlands and Slovenia are all officially in recession, and growth in Britain, France and even Germany is flat-lining.

Greece is being used as the testing ground for the measures being rolled out across Europe. The €130 billion it was recently loaned is in fact all earmarked to be paid to banks and other investors, with Germany, France, the United States and Britain among the main beneficiaries.

For workers, in contrast, all that is on offer is unending and escalating pain.

Germany has now proposed the establishment of "free trade zones" in northern Greece, where it is proposed that the minimum wage is slashed from €500 to €300, and corporation tax is set at two percent instead of 20 percent.

Greece is committed to ever-deeper austerity measures during a fifth year of recession, involving slashing the minimum wage, pension benefits and health service funding. Official unemployment is already 23 percent, and is over 50 percent for young workers. Yet Athens has now been instructed to sack 15,000 public servants every year for the next decade.

In Ireland, slashing public sector jobs and pay is the basis for this tiny country paying back €3.1 billion to its creditors every year until 2023, two percent of GDP, with interest payments raising the figure all the time.

In Hungary, which this month became the first country to be denied a loan by the EU, the IMF and ECB, households already spend three percent of GDP on loan interest.

Unemployment levels in Spain are almost identical to Greece, while in Italy more than 30 percent of 18 to 24-year-olds are unemployed and only 57 percent of all Italians have a job. The Spanish government is unceremoniously shutting down 24 public companies, under conditions where the crisis has already driven 200,000 firms into bankruptcy.

In Greece, Spain, Italy and Portugal, identical rafts of labour legislation are being imposed that will mean further job and wage cuts.

If Europe's corporations and their governments get away with this, then responsibility rests with the trade union bureaucracy. The well-heeled functionaries who met with Merkel this week are all busy ensuring that the austerity agenda of the ruling elites goes through.

Where the unions cannot avoid taking action, they mount ineffectual one-day protests—of which there have been numerous examples—that serve only to demoralize the workers involved and convince them that nothing can be done.

Even this is too much for many of these rotten organisations, such as the CISL in Italy, which stands fully behind the unelected government of Mario Monti, or the Socialist Party-aligned General Workers Union (UGT) in Portugal, which refused to participate in Thursday's general strike against the new labour legislation. The German trade unions act as de facto coalition partners of Merkel. And in Britain, the Trades Union Congress has backed just two public sector-only protest strikes in the past two years and betrayed and sabotaged attempts to mount another.

European workers face being dragged ever further into a social nightmare. Unemployment and homelessness have reached epidemic proportions, and social services are being gutted and privatised. Unending poverty and job insecurity are the order of the day, with the employers holding the whip and hiring and firing at will.

In the fight that must now be waged, the trade unions will continue to work for the enemy. New class struggle organisations and a new party must be built to lead Europe's workers in a united offensive for workers' power and socialism.

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