The EU and the attack on European workers' wages

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Five years after the Wall Street crash of September 2008, figures compiled by Britain's House of Commons Library on wage rates in the 27-member European Union show that workers' living standards have been thrown into sharp reverse.

The statistics belie claims that the euro zone has "turned the corner" with a modest rise in growth over the last quarter. The situation is particularly acute in those countries that have been subject to the dictates of the "troika"—the EU, the European Central Bank (ECB) and the International Monetary Fund (IMF)—which has overseen massive cuts in social spending as demanded by the international banks.

In Greece, wages have fallen by 11.3 percent since the autumn of 2010. The UK's Institute for Fiscal Studies has described this decline as "unprecedented." The austerity drive has pushed millions into poverty and driven up the official unemployment rate to a record high of 27.6 percent. Among those aged 15 to 24, the official rate is a staggering 64.9 percent.

Even so, the country is subject to relentless demands for further cuts. Only last month, the Greek parliament approved a new round of cuts that will slash wages again and wipe out an additional 15,000 public-sector jobs by 2015. Having cut the minimum wage for under-25-year-olds by 32 percent, to just 500 euros a month, Athens is reportedly considering further reductions.

Portugal had the second biggest fall in wages over the same period—8.1 percent. With some 13 billion euros in cuts implemented since 2008, Lisbon is following the Greek path of rising poverty and declining social provision. Reports are spreading of people going without health care due to lack of funds and pharmacies finding themselves unable to replace stock.

Spain and Cyprus—also on the receiving end of the troika's austerity "medicine"—have seen wage rates decline by 3.3 percent and 3 percent respectively. In Spain, where unemployment is at 27 percent and over 50 percent among youth, the central bank is calling for the minimum wage to be suspended. This is part of a drive to overturn legal protections for workers in line with IMF demands for additional wage cuts of up to 10 percent.

As for Cyprus, a plan to "save" Cyprus Airways includes the sacking of nearly 50 percent of the national air carrier's 1,000 workforce and wage cuts of 17 percent.

This assault on workers is by no means confined to the so-called "peripheral" countries. The Netherlands and Britain, supposedly among the "richest" countries, took third and fourth place on the falling wages table.

Wages have declined by 5.8 percent in the Netherlands since 2010. Rising unemployment and under-employment have helped reduce labour costs and social benefits. In June, the jobless rate rose to a 30-year high of 8.1 percent.

In the UK, the average hourly wage fell by 5.5 percent. Nominal wage rates have fallen for a record 35 consecutive months under the Conservative /Liberal Democrat government, with the decline greater than even during the Great Depression. As elsewhere, the assault on wages is inseparably bound up with the government's austerity measures, now standing at £166 billion ($248 billion) and rising.

Some 700,000 jobs have already been lost in the UK's public sector, but this is expected to rise to more than one million by 2018. Falling wage rates are accompanied by the growth of temporary and zero-hour contracts, which account for almost half of all new jobs since 2010. It is expected that by 2015, in real terms, workers' annual incomes will have shrunk by £1,520

($2,357).

These figures are the result not simply of objective economic forces. The ruling classes of Europe, in line with the American ruling elite, have pursued a policy of using the economic crisis to dramatically restructure class relations in their interests.

As the European commissioner for Greece, Maria Damanaki, said at the time of the Cyrpus crisis in April, “The strategy of the European Commission over the past year-and-a-half or two has been to reduce the labour costs in all European countries in order to improve the competitiveness of European companies over the rivals from Eastern Europe and Asia.”

What has taken place thus far, however, is only the beginning. Huw Pill, head of Goldman Sachs’ economics team in Europe, recently said that the policy of “internal devaluation” being implemented to make the euro zone “sustainable” requires that in Greece and Portugal “wages fall by at least 50 percent relative to Germany (from their level at the start of 2011).” Relative wage reductions of 30 percent and more are needed in Spain and France, he added.

The reference to German wage levels is misleading. While, according to the House of Commons report, Germany is one of the few EU countries that recorded an increase in hourly wage rates (2.7 percent), nearly one-quarter of all employees in Germany are in low-wage jobs, with half of them earning less than €7 ($9.30) an hour. Wealth distribution inequality in Germany is the highest in Europe.

With the general election just one month away, there are demands from the German ruling class that the official parties make clear their readiness to implement the type of unpopular measures that have been carried out in Greece. *Der Spiegel* magazine recently wrote that Berlin’s insistence on severe cuts in southern Europe would be more credible if Germany itself were ready to implement similar measures.

Where Greece goes, the rest of Europe follows in a never-ending race to the bottom.

This historic shift in relations between capital and labour underscores the crisis of leadership in the working class. The trade unions and the rest of the old “labour” organisations function as the primary mechanisms for enforcing the diktats of international capital.

Whether in Greece, France, Spain or the UK, the trade unions at the most organise toothless protests, while entering into agreements with the employers and their respective governments to slash workers’ living standards in order to boost the “competitiveness”—i.e., profits—of the corporations and the fortunes of the super-rich. Everywhere the social democratic parties are officially committed to austerity.

A central role in this gang-up against workers’ living standards is played by pseudo-left organizations such as Syriza in Greece, the New Anti-capitalist Party in France, and Die Linke in Germany. They staff much of Europe’s trade union apparatus. In their political line and their practice, these organisations seek to suppress the class struggle and block the emergence of an independent political movement of the working class in opposition to capitalism.

The defence of workers’ living standards and social rights requires a break with these rotten organisations and the launching of a continent-wide mass movement for the overthrow of capitalism and the establishment of workers’ governments within the framework of the United Socialist States of Europe.