Up to 150 million in Europe threatened with poverty

Stefan Steinberg
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In a report released September 12, the Oxfam aid agency warns that the poverty trap in Europe, which already encompasses more than 120 million people, could swell by an additional 25 million if austerity policies continue.

The report, *A cautionary tale: Europe's bitter crisis of austerity and inequality*, notes: "The European Union is in a bitter crisis of unemployment and inequality that is driving economic instability and social despair," adding that "One in two working families has been directly affected by the loss of jobs or reduction of working hours."

The report continues: "Already by the end of last year, more than 24 percent of Europe's population, 121 million people, were living at risk of poverty. We predict that number could rise by up to 25 million by 2025 unless austerity policies are scrapped and an alternative course set."

The report compares the austerity policies introduced by the European Union (EU) and IMF in the wake of the Lehman Brothers crash in 2008 to "a medicine that sought to cure the disease by killing the patient."

The Oxfam report then goes on to identify the manner in which austerity policies have resulted in a massive redistribution of wealth within the past five years. The wealthiest layers of the European elite and finance world have been able to profit mightily from the same crisis that has cast tens of millions into poverty.

"Greece, Ireland, Italy, Portugal, Spain and the UK—countries that have pursued budget cuts most aggressively—are soon reaching the rank of most unequal countries in the world", the report declares. According to Natalia Alonso, the head of Oxfam's EU office: "The gap between rich and poor in the UK and Spain could soon become the same as in South Sudan or Paraguay".

The effect of austerity policies has been to devastate the economies of many countries across the continent, in particular those situated in southern Europe. A separate study states that the relative share of southern Europe in the global economy will halve to about 6 percent by 2018 compared to around 12 percent in 1980.

Parallel to the process of soaring profits for the banks and stock markets, the wages and purchasing power of working families in Europe have been slashed.

During the period 2010-2012, real wages in the UK and Portugal fell by more than 3.2 percent, with the real value of wages in the UK back to the level recorded in 2003. Italy, Spain, and Ireland also recorded decreases in real wages over this period, with Greece occupying first place with an average fall in real wages of more than 10 percent.

The corollary of such an onslaught on incomes and jobs has been a dramatic increase in child poverty and also the spread of poverty to those in work who fail to earn enough to cover their basic living costs.

One of the most revealing indicators of the growth of poverty in Europe is the decline in new births. The growth of mass unemployment and the attack on wages in Europe has been accompanied by the decimation of public spending programmes and the abolition of many of the welfare and health care benefits, including those for young families and children, established in the postwar period. Couples are increasingly fearful of their prospects for the future, and the birth rate in Europe is plummeting.

At the end of August, the EU Eurostat office published a report predicting a so-called baby recession in Europe. The report featured graphs showing a pronounced decline in the birth rate across Europe since the onset of austerity policies.

According to the latest figures from the Greek Health Ministry, the birth rate in Greece has fallen by more than 10 percent since the start of the debt crisis in 2009. It currently stands at about 1.3 children per woman and is continuing to decline. It is estimated that that a birth rate of around 2 children is necessary to sustain a steady population and economic growth.

Additional studies released last week confirmed the trend towards recession across the continent. Figures published last Friday reveal the number of people out of work in the euro zone went up 1 percent in the second quarter of this year compared to the first three months, while EU-level unemployment rose 0.5 percent. Separate statistics indicate that industrial production across both the euro zone and EU is continuing to fall.

While warning of a massive explosion of poverty, the Oxfam report makes clear that the touted aim of the EU's austerity programmes—to reduce the indebtedness of national states—are having the opposite effect. Imploding economies, mass unemployment and shrinking tax revenues combined with the high rates of interest to repay EU and IMF loans have led to a ballooning of national debt in many countries. Greek debt levels are expected to reach 180 percent of GDP by the end of this year, and are hovering around 120 percent in Italy and Portugal. Last week, officials announced that Spanish debt had reached an all-time record level.

At its end, the Oxfam document puts forward a series of proposals, including investment in jobs and a fairer tax system, which it claims could reverse the trend towards growing poverty.

Similar proposals have been raised on numerous occasions by NGOs and trade-union-affiliated organisations in recent years and have all ended up in the waste-paper bin of EU bureaucrats in Brussels and Berlin. The European elites have no intention of reversing the social counterrevolution that has proved so profitable for their constituency—the rich and super-rich.

The Oxfam report was released one day before a two-day meeting of European finance ministers in Vilnius. The assembled ministers devoted no time at their meeting to the plight of the tens of millions living in poverty in Europe. Instead, they discussed new mechanisms to protect the banks and finance community in the event of a renewed crisis.