Economic costs of climate change soar in Europe, leaving working class to pay

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The costs of Europe's summer of heatwaves and wildfires have begun to be counted, and projections made of the losses likely to be suffered in the rest of the decade.

These should be laid at the door of the fossil fuel companies and national governments. The effects of climate change are known and have been for years; the technology for a green transition exists and has done for years. Every month of inaction trades lives and livelihoods for profits.

Early estimates of the excess deaths caused by extreme heat are being steadily revised upwards. Germany's figures are the most shocking, with 11,900 heat-related deaths reported by the Robert Koch Institute through July. France reported over 5,700 up to July 2. By themselves, these two countries outstrip the figures initially projected for all of Europe.

More deaths will follow as the worst of the heat moves east, with Slovakia, Austria and Hungary recording record temperatures upwards of 40 degrees Celsius. As the heat, fires and droughts drag on later into summer, the economic damage is also starting to mount.

Causes are wide-ranging. Drought and extreme heat have an obvious impact on agriculture. Roughly €2 billion of grain (9 million tons) has been lost already, with the biggest hits suffered by France, Hungary and Spain.

Rivers are running dry, bringing water levels to record lows and impeding the passage of freight, with ships forced to carry lighter loads. The Rhine water levels are at an historic low. Barges have had to reduce their loads by as much as 80 percent, forcing Thyssenkrupp steel to cut production. Deutsche Bank warns disruption to the Rhine could cut 0.2 percent from Germany's national GDP growth this year—as much as it managed to grow in the entire second quarter.

Low water levels also pose problems for the cooling systems of nuclear reactors, forcing shutdowns and compounding the strain placed on gas and coal installations by the heat. A typical gas plant's output falls some 7-12 percent on a 30C day. The Kozienice and Po?aniec coal-fired power plants in Poland have had to be closed due to critically low water levels in the Vistula River.

Workers' productivity suffers, too, especially in factories and the delivery sector, and on building sites and farms. This is due in part to the breakdown of machinery but mostly to the strain and sickness caused by labouring in the hot weather, or the fatigue caused by struggling to sleep in it. German statistics show a 3.5 percent increase in sick days when temperatures exceed 30C, and 6 percent during prolonged heatwaves.

Wildfires compound the damage, already costing European countries €3 billion this year across the five worst-affected countries, according to the *Financial Times*—well above the European Commission's estimated average of €2.5 billion a year across the whole of the European Union (EU). In France, up to 150,000 workers were put on government-subsidised short workweeks during the crisis. Close to 500,000 people were temporarily displaced, with thousands of homes, farms and other private infrastructure destroyed at yet unknown costs.

German research firm Prognos calculates that the country's economy suffered total climate-related losses of €6.32 billion in just the last two weeks of June. Researchers noted that the estimate did not include higher energy prices, machine breakdowns, supply chain disruptions and long-term infrastructure damage.

These economic shocks are no longer freak events. According to the leading European economic thinktank Breugel, between 1980 and 2024, direct economic losses in the EU due to climate and weather extremes totalled €822 billion. A full *quarter* of that damage came in just the last four of those years.

Moreover, Breugel notes that “these estimates only include direct damage, such as the destruction of infrastructure and housing, not indirect costs, such as lower output and productivity or increased healthcare costs,” meaning they are substantial underestimates.

According to the Prognos research, the very real prospect of three-four heatwaves a year, with each day above 35C costing roughly €1 billion, could cost Germany €20 billion a year going forward.

Broadening the focus to Europe as a whole, including the effects of severe floods made more serious by climate change, a study by the European Central Bank and the University of Mannheim found a 0.3 percent climate-related hit to economic output in 2025, expected to rise to a regular 0.8 percent a year by 2029.

Just last year, damages amounted to €43 billion. Historical patterns suggest this cost will mount to €126 billion by 2029, as the impact of reduced investment and capital accumulation—caused by weather-related business losses, insurance price rises and uncertainty—fully tells.

In May, Germany’s Allianz SE, the world’s largest insurance company and the largest financial services company in Europe, published figures of a “stress test” estimating the impact of the five hottest years to date, between 2014 and 2024, taking place one after the other in 2026-2030. Cumulative GDP losses were $240 billion for France, $147 billion for Italy, $131 billion for Germany and $120 billion for Spain. This represents a staggering cumulative GDP loss of up to 7 percent.

Governments are doing little to mitigate these enormous losses, with EU member states spending just €29 billion a year on climate change adaptation, less than half of the European Commission’s own €70 billion a year estimate of what is required. Disaster funding is even worse, projected at just €5 billion for 2028–2034, when damages are already running into the tens of billions.

Bruegel warned of a “climate sovereign doom loop”, whereby, as Euractiv explains, “the mounting financial costs of the climate crisis are eroding the fiscal strength of sovereigns, lowering growth and shrinking tax revenues; deteriorating credit ratings and investor nerves then push up the cost of borrowing, constraining their ability to invest in climate adaptation, and so leaving them even more exposed to the costs of the next disaster.”

The additional strain falls on economies already being brought to breaking point by the parasitic growth of the super-rich oligarchy and its monopolisation of social wealth, coupled with the rapacious demands of the military. Something must give, and the bought-and-paid for parties of the capitalist class have decreed it must be wages, labour rights and spending on healthcare, education and social security.

Capitalism steals from the victims to reward the arsonists. Profits at the eight largest oil companies exceeded $90 billion in the first quarter of this business year: $700,000 a minute. Yet more is promised, with the six largest expecting second quarter profits *twice* Q1 levels, according to Oxfam. Annual 2026 profits are expected to exceed those of the previous 21 months.

The charity notes that a 50 percent tax on the profits of the world’s 585 major oil and gas companies would raise $400 billion a year—enough to foot the climate adaptation bill for the Global South, 88 percent of the world’s population.

Nothing of the kind can be achieved while these companies remain in private hands, fuelling the fortunes of the oligarchy which runs society in its interests. They must be expropriated by the working class, which must come to see the fight against climate change, its effects and its causes, as a question of class struggle.

A start can be made by refusing to bear the costs of extreme weather while the rich carry on turning a profit, as bus drivers in North London have now done. Over 1,500 have given notice of 26 days of strike action over the next three months to secure cool, safe working conditions. Their cabs have been breaching 40 degrees Celsius.

Owners Arriva, with an operating profit of €127 million, have refused to improve inadequate air cooling systems which reduce temperatures by just two or three degrees.

Similar actions must be taken continent-wide. An international industrial campaign would provide the platform for a political offensive challenging the right of a super-rich few to decide the future of the planet. Only a socialist society, with economic life planned democratically in accordance with collective human needs, can secure a liveable climate for all.