

Europe sees unprecedented social polarisation

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28 September 2012

The giant consumer goods company Unilever has announced that it has begun employing its “third-world” marketing strategy in Europe. This is eloquent testimony to the growing social inequality now besetting the continent.

Jan Zijderveld, head of European operations, stated bluntly that the decision had been made because “poverty is returning to Europe”.

The group would begin producing the smaller, cheaper packages that it sells in Africa and Asia for the European market. “In Indonesia, we sell individual packs of shampoo [for] two to three cents and still make decent money,” Zijderveld said. “We know how to do that, but in Europe we have forgotten in the years before the crisis.”

Unilever has already adopted the strategy in Greece and Spain, two countries targeted for draconian austerity by the troika—the European Union, the International Monetary Fund and the European Central Bank. The troika’s austerity policies have only compounded the economic crisis in these countries, causing mass suffering. Youth unemployment is 53.8 percent and 52.9 percent in Greece and Spain, respectively.

But mass hardship is by no means confined to southern Europe. Two recent reports on conditions in Britain and Germany reveal sharp social polarisation in Europe’s “core”.

Who Gains from Growth?, drawn up by the Institute for Fiscal Studies (IFS) and the Institute for Economic Research (IER), forecasts that living standards for Britain’s low- and middle-income households will fall sharply over the next eight years, even if the country manages to emerge from its current double-dip recession.

Such households will see their incomes fall by up to 15 percent by 2020. A typical low-income family currently struggling on £10,600 per annum will see its

net income fall in real terms to £9,000 at the end of the decade, while a middle-income family on £22,900 per annum will see a 3 percent decline. In contrast, the rich will see a rise in living standards.

These projections are all the more damning given that the report takes as its scenario annual growth rates of between 1.5 and 2.5 percent up to 2020 and no further spending cuts. In fact, conditions are likely to be far worse.

The Conservative-Liberal Democrat coalition has recently signalled that it intends a further assault on welfare benefits. Chancellor George Osborne is expected to announce a further £10 billion reduction in welfare, on top of the £18 billion cut already underway.

The measures come under conditions where 2.5 million people are officially out of work and where the majority of workers have been subjected to wage cuts and pay freezes. Some 3.6 million children are officially counted as living in poverty. A survey earlier this year saw four out of five teachers report pupils going without food.

In contrast, this year’s *Sunday Times* Rich List revealed that the combined wealth of the richest 1,000 people had risen to a record £414.260 billion.

A four-yearly report drawn up by Germany’s labour ministry, *The Wealth and Poverty Report*, shows that the gap between rich and poor is widening in the country that is usually proclaimed to be Europe’s sole economic success story.

The share of total wealth owned by the wealthiest 10 percent of the population rose from 45 percent in 1998 to 53 percent in 2008. Half of all households owned just 1.0 percent.

With nearly 16 percent of the population “at risk” of poverty, the report states, “Hourly wages that are no longer sufficient—even if someone is working full time—to feed a one-person household are exacerbating the poverty risks and undermining social cohesion.”

The two reports received an anxious response from sections of the media.

Britain's *Observer* newspaper editorialised, "We need to avert this polarisation of Britain".

"This polarisation, and the hollowing out of the already struggling middle Britain, is damaging for individual citizens, the body politic and social cohesion and for the future health, wealth and well-being of UK plc. It must not be allowed to occur," it warned.

Responding to the German labour ministry report, the *Frankfurter Rundschau* opined that the gap between the rich and poor was widening as the result of a "re-deploying" of assets from the "bottom to the top". Forecasting that without remedial action the next report would show the wealth gap had become even greater, it asked: "How long can society tolerate the rich getting richer? Nobody knows the answer."

Beyond their complaints, however, neither newspaper had any remedies. The *Frankfurter Rundschau* wrote, with an air of desperation, "Since we have no solutions, we need to find them. We must try. Experiment."

The *Observer* suggested a "national debate on...a new social contract," but this consists of only vague and minimal proposals like "vocational education, childcare and a living wage."

Such calls are as meaningless as they are bankrupt. They are directed to the same ruling elite that has seized on the global economic crisis it has created in order to carry out a social counterrevolution across Europe.

This scorched-earth strategy is led by the German and British bourgeoisie and, as the recent reports make clear, applies to workers at home as much as to those in southern Europe.

The *Observer* and *Frankfurter Rundschau* are correct that this is a recipe for major class confrontations and social explosions. But their appeals for the ruling elite to come to its senses and introduce certain palliatives to ameliorate class tensions fall on deaf ears.

The ruling class and its political representatives have repudiated any notion of social reform. Whether conservative, liberal or social democratic, they are all oriented to the super-rich and committed to a policy of class war. The European "social model" is now one of impoverishment without limit, policed by the trade unions and backed by police violence and state repression.

It is not a question of how long "society" can "tolerate" this state of affairs, but what the working class can and must do to change it. The only genuine solution to the catastrophe being visited across Europe lies in its own independent class action and programme.

The stranglehold over economic and social life exercised by the financial oligarchy can be broken only by a conscious, revolutionary struggle by the working class for the overthrow of capitalism and the formation of workers' governments based on socialist policies in the fight for the United Socialist States of Europe.

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