

# Europe Protests Bitter Cuts

By David Bacon | April 8, 2004

Europe's war between unions trying to protect the remnants of the welfare state, and governments bent on shredding them further, brought a million people into the streets on Sunday. Half a million came out in both Berlin and Rome, while smaller numbers demonstrated in France and other German cities. For the first time, they've coordinated demonstrations in a multi-country response.

This is no longer a simple war of left versus right. In Italy and France, labor federations are defying the rightwing Berlusconi and Chirac governments. But in Germany, unions are fighting with the party they themselves created, and its chancellor, Gerhard Schroeder.

Left or right, European governments have been proposing similar reforms, from Paris to Stockholm, Berlin to Rome. They want to cut payments to retired workers, and ask people to work longer. They want benefits to the unemployed to drop as well, even while unemployment rates average over 8% in Germany and 10% in Italy.

In front of the Brandenburg Gate in Berlin, thousands of workers created a sea of red flags and banners, carrying the symbols of IG Metall, the German industrial federation, and Ver.di, the social services and public sector union. But in a most un-German fashion, many came with their own hand-lettered signs, voicing deep resentment and a growing scorn for the chancellor their votes put into office.

On one, the abbreviation of the Social-Democratic Party, which in German is SPD, was given another meaning: Social Plunder Party. Another made an ironic comparison between the death benefit Schroeder's relatives will get when he dies, about 20,000 Euros (\$25,000) and the average benefit a worker's relatives receive, about 500 Euros (\$625). Schroeder's Agenda 2010 reform package would cut this benefit. A third banner demanded that the well-paid university economists, who provide the scholarly justification for cuts, take the medicine they prescribe for those further down the salary scale.

The most common hand-made sign had no slogan—just an extended middle finger with Schroeder's

name on the palm. Voicing the sentiment of the huge crowd, Jurgen Peters, the head of IG Metall, declared, "we're fed up with so-called reforms that we pay for, but which benefit others."

Wolfgang Mueller, a union representative for IG Metall in high-tech industry, explained the anger. "In Germany right now the so-called welfare state is being destroyed," he said. "It started a long time ago with minor cuts. Now the Red/Green government is starting to do real damage, with big cuts."

## Defending the Welfare State

German labor is still politically strong, representing 28% of the country's workers (in contrast to 12% in the U.S.). One result of that strength is that workers in Germany's equivalent to Silicon Valley belong to unions. In plants belonging to both U.S. companies like Hewlett-Packard, and big German semiconductor and equipment producers like Infineon and Siemens, companies must bargain with a vocal and organized workforce. High-tech workers from Munich and southern Germany were well represented in Sunday's demonstration, and Mueller has helped lead them through an entire, year-long guerilla campaign to derail Schroeder's plans.

An articulate man in his early 40s, Mueller smiles and waves his arms, growing heated in explaining the anger he obviously shares. "We elected Mr. Schroeder, not management," he insists, "and he won for two reasons. First, he was against the U.S. war in Iraq. Second, he promised to secure the welfare state, especially for the lowest-paid people. Now he is betraying this second set of promises, and people in the unions, in the Social Democratic Party, feel betrayed."

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Mueller and his coworkers see Schroeder, not just as an individual, but as a representative of a political class. They point out that a normal pension for a male worker in Germany averages 1,100 Euros, and the average for women is half of that. In contrast, a member of the Federal or state parliament qualifies for a pension of 5,000-7,000 Euros a month after only eight years.

Unions say Agenda 2010 hits hardest at the poorest and most vulnerable. Under present German law, companies that lay off workers have to select those with few years of service, or who don't care for relatives and children. Schroeder proposes to allow companies to use more subjective, "performance-based" criteria. Current unemployment benefits, which are much less than a normal working wage, last for 32 months. Schroeder proposes to cut them to 12 months.

The most galling change for workers is in sick pay. Under current law, employers pay the first six weeks of illness. Then a social security system pays 80% of lost wages for as long as the illness lasts. That system is financed by workers, who pay 1% of their salary for it. Schroeder proposes to require workers to buy private insurance to cover these payments, if they can. Workers are incensed, since they've already paid for these benefits over the years.

"Schroeder promises that with these reforms there will be more jobs, but experience shows there is no

relation between cuts in social security and higher employment," Mueller counters. "On the contrary, workers will be forced to save money to cover these risks, which will cut consumer spending. The reforms will deepen our economic recession."

Schroeder has told the press that not only will he not withdraw Agenda 2010, but if dissenters in his own party derail it, he will resign. Yet since proposing it, the SPD's popularity has dropped. The next national election is scheduled for 2006, but were it held now, the party would likely lose. It faces 13 regional elections this coming year, and may even lose SPD strongholds like North Rhine/Westphalia, where it's governed for 39 years. In France, Chirac's party suffered a devastating loss in March's local elections, directly due to its own reform proposals.

Nevertheless, Schroeder's advice to Germans in a radio interview the day before the demonstrations was to stay the course. "When you organize a reform process, you have a problem," he told them. "The burdens become apparent immediately. The positive effects will come later."

Workers don't believe it. "They think he's a liar," Mueller says.

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