Austerity drives up European unemployment to record levels

Stefan Steinberg
9 January 2013

The policy of unrelenting austerity adopted by the European political elite has driven up unemployment across the continent to record levels, as shown in data released Tuesday by the Eurostat statistics agency.

Unemployment in the 17 European countries that make up the euro zone rose in November to 11.8 percent, with the number of jobless workers hitting 18.8 million. This is the highest figure since the single currency was introduced in 1999.

Euro zone unemployment rose by 0.1 percent compared to the previous month and was up by 1.2 percent from November 2011. Joblessness across the 27 members of the European Union was 10.7 percent and topped 26 million for the first time.

The biggest increases in unemployment have occurred in those European countries that have been selected by the International Monetary Fund (IMF) and the European Union for economic shock treatment. Joblessness in Greece soared to 26 percent in September, an increase of over 7 percent from September of 2011. The European leader for unemployment, however, is the continent’s fourth largest economy, Spain, where 26.6 percent of the work force was registered as unemployed in November.

Commenting on the latest European statistics, the chief economist at the British Institute of Directors, Graeme Leach, said, “It is clear that the economic implosion of several member states continues at a troubling pace… The headline figures spell bad news, but that is compounded by the political and human impact of terrifying levels of youth unemployment in Spain, Greece and Italy.”

According to the Eurostat figures, youth unemployment is currently hovering around 50 percent in Greece and Spain and topping 30 percent in Italy. All of the leading economic indicators point to a worsening of the economic situation in Europe and a further increase in unemployment in 2013.

The bald statistics fail to reveal the enormous suffering and despair gripping tens of millions of families across the continent. The inevitable consequence of record levels of unemployment is levels of poverty in some of the most developed economies of Europe on a scale unseen since the 1930s.

In a recent report, the Oxfam Aid charity warned that the austerity measures introduced by the Spanish government at the end of last year, which include severe cuts to unemployment benefits, could drive the number of people categorized as living in poverty to 18 million, or 40 percent of the population, over the next 10 years.

In Greece, more than a third of the population now lives below the poverty line, according to official estimates. Soup kitchens have become commonplace in major cities, and bartering communities have been established in parts of the country to enable the income-less poor to exchange commodities.

At the end of January, a series of cuts to the incomes of pensioners and civil servants will take effect as part of the latest cuts package approved by the government in Athens. Many workers’ incomes, which have already declined by 40 percent in recent years, will fall further.

Aliki Mouriki, a sociologist at the National Centre for Social Research, warns of the political consequences of the austerity policies imposed by the EU and IMF: “Joblessness will continue to grow, the recession will get worse, more businesses will close. The big question is who will survive?... Anger and despair are building up… unless people see a way out of this deplorable situation there will be an explosion.”

In fact, mass unemployment and widespread poverty have been factored in by the European ruling elite in the course of drawing up plans for what one economic commentator has described as “perma-austerity.”

At the end of the year, German Chancellor Angela Merkel suggested that when it came to determining the wages and social conditions of European workers, China was the bench mark. A huge army of unemployed living on the brink of destitution is being created in order to push down the wages of those still employed and achieve the levels of super-exploitation found in the free trade zones of China. The extremes of social devastation and poverty prevailing in Greece, Spain and Italy are to be exported across the entire continent.

Merkel’s own government is drawing up plans for the introduction of drastic austerity measures in Germany in 2014, following federal elections this autumn. The recent adoption of the German debt brake, which strictly limits levels of debt, will force all other euro zone countries to take the same path.

Outside the euro zone, British Chancellor George Osbourne has made clear that the Westminster government intends to maintain its own program of “fiscal pain” until at least 2018. Not least among the cuts planned for this year by the Conservative-Liberal Democrat coalition government is the introduction of a ceiling for welfare payments, which will mean massive cuts to the incomes of the poorest layers of society.

All of these attacks across the continent have been made possible by the compliance of the trade unions, which support the policy of the European ruling class of slashing workers’ wages and conditions to close the labor exploitation gap with China.