Unemployment hits new record in euro zone, personal income plummets in US

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Economic statistics released this week reflect a further weakening of the world economy and a further fall in the living standards of the international working class.

Reports on unemployment, manufacturing activity, economic growth and personal income in Europe, China and the United States point to an overall slowdown in economic growth and a rise in unemployment and poverty. They coincide with new moves by the European Union and the Obama administration in the US to slash social spending and public-sector jobs and wages. These measures mark an escalation of the class-war policies that have fueled the economic slump and already brought untold suffering to hundreds of millions of workers.

On Friday, the European Union statistics agency Eurostat reported that unemployment in the 17-nation euro zone hit a new record in January of 11.9 percent, up from 11.8 percent in December. For the 27-nation European Union as a whole, the official figure for January was 10.8 percent, up from 10.7 percent the previous month.

There were nearly 19 million unemployed people in the euro zone, an increase of 200,000 from January, according to official figures. In the whole of the EU, there were 26.2 million jobless workers, 222,000 more than in December. The real situation is even worse than these staggering figures indicate, since they do not take into account millions of people who have dropped out of the labor market.

The highest reported rate was in Greece, at 27 percent. Spain was close behind, at 26.2 percent. The jobless rate in Italy shot up to 11.7 percent in January, marking the country's worst unemployment level since 1992.

Youth unemployment in Europe is at Depression levels. Across the euro zone it stood at 24.2 percent in January, up from 21.9 percent in January of 2012. In the EU as a whole the unemployment rate for people under 25 rose to 23.6 percent from 22.4 percent.

The jobless rate for Greek youth was an astounding 59.4 percent. In Spain it was 55.5 percent and in Italy, 38.7 percent.

It is no accident that the countries with the most disastrous jobless rates have been the focus of successive packages of austerity measures by the European Union, the International Monetary Fund and the European Central Bank, which are acting as agents of the global banking giants and hedge funds.

Separate reports released Friday showed a marked slowdown in manufacturing activity in much of Europe in February. In the euro zone as a whole, the gauge of factory activity was unchanged from the previous month at 47.9. (Any reading below 50 indicates contraction). This marked the 19th consecutive month of shrinking manufacturing.

The figure for Germany was marginally higher, but Italy's dropped sharply to 45.8 from 47.8. The most stunning decline was in the United Kingdom, where factory activity fell to 47.9 from 50.5 in January, confounding economists' predictions of an increase. Factory payrolls in the UK declined at the fastest rate in more than three years.

Another indication of the gathering slump in Europe is a report issued Wednesday by the European Central Bank showing that euro zone loans to the private sector contracted for the ninth month running in January. Loans fell 0.9 percent from the same month in 2012.

In the US, the Commerce Department on Thursday upwardly revised its estimate of gross domestic product (GDP) growth in the 4th quarter of 2012 from minus 0.1 percent to plus 0.1 percent, meaning the US economy has stalled from its previously anemic pace. The US gross domestic product grew by only 2.2 percent in 2012—a pace far below that required to significantly bring down the unemployment rate.

Government austerity was the main factor in sharply slowing economic growth from the previous quarter, as federal outlays fell at a 14.8 percent annualized rate.

The most stunning indication of the depth of the social crisis was provided by a US Commerce Department report released Friday showing that personal income fell by 3.6 percent in January, the largest monthly drop since January of 1993. Taking taxes into account, personal income plunged by a record 4.0 percent. The report said that outlays for payrolls for manufacturing, goods producing industries, services producing industries and government agencies all declined in January from the previous month.

Another report, issued by the Labor Department's Bureau of Labor Statistics on Tuesday, showed that layoffs by US manufacturers increased last month. There were 357 mass layoff events during the month, resulting in 43,068 initial jobless benefit claims, an increase of 22 percent from December.

The global slump is also hitting China, the world's second largest economy. Two separate reports on Chinese manufacturing activity released Friday showed a marked slowdown in the rate of growth. The official Purchasing Managers' Index was 50.1 for February, the weakest reading in five months and down from January's reading of 50.4.

A separate gauge published by HSBC Holdings and Markit Economics dropped to a four-month low of 50.4, down from 52.3 in January.