European unemployment rises for 22nd consecutive month

Stefan Steinberg
4 April 2013

The latest figures from the Eurostat statistics office confirm that the continent's deepening economic recession is taking a rising toll on jobs and living standards.

The Eurostat agency declared Tuesday that unemployment in the 17 nation euro zone rose in February to 12 percent, compared to the original figure for January of 11.9 percent. The January figure was retrospectively revised upwards to 12 percent and it is likely that the latest figures will follow the same pattern. The current figures, for example, do not include the repercussions for the European labour market of the most recent economic and banking crisis in Cyprus.

The 12 percent figure is the highest since the founding of the euro zone and is already close to the peak of 12.2 percent predicted by the European Union for 2013. In the full 27-member EU unemployment in February rose to 10.9 percent from 10.8 percent, with over 26 million out of work. Unemployment in Europe has now risen consecutively for the last 22 months.

The bland statistics conceal a mounting social crisis and misery for millions of families across Europe. Soaring unemployment is a massive indictment of the polices of the European Union and all of its supporters, first and foremost the trade unions. Every recent summit of European leaders has begun with pleas by the trade unions for measures to staunch the hemorrhaging of jobs across the continent. In exchange for a measly worded appendage to the summit resolution and a few million euros for jobs programs, the unions then slavishly agree to continue to support their support for the EU's austerity policies.

The 12 percent total unemployment applies to those who are officially registered and have applied for benefits. It does not include those no longer able to obtain benefits, and also does not include underemployment. The official total is a drastic underestimation of the real problem of unemployment in Europe. Amongst the lowest rates of unemployment in Europe is Germany with an average of 5.4 percent. This figure neglects to take into account, however, that over 7 million Germans are employed in very low wage work and employed informally.

Leading the Eurostat unemployment tables are those countries which have been subjected to a succession of drastic austerity programs by the troika (European Union, European Central Bank and the International Monetary Fund).

In February, unemployment rates in Spain rose to 26.3 percent and in neighbouring Portugal to 17.5 percent. Greece remains the worst-hit with 26.4 percent, but once again this figure is outdated and stems from last December. Following the latest tranche of austerity measures, the Greek numbers have undoubtedly risen further this year.

Once again those hardest hit by the austerity-driven recession are youth. According to Eurostat, nearly a quarter of all those under the age of 25 are out of work in the euro zone, with only a slightly lower figure (23.5 percent) for the EU as a whole.

Southern European countries lead the table for youth unemployment with well over half of young workers unemployed in Greece (58.4 percent, figure also from December) and Spain (55.7 percent). Portugal is in third place with 38.2 percent, followed by Italy with 37.8 percent. The rate of unemployment amongst youth who are unlikely to find work in the foreseeable future has already led a number of bourgeois commentators to refer to a "lost generation."

On the same day as the release of the Eurostat statistics a separate analysis demonstrated that the trend towards recession in Europe is deepening. The Markit Eurozone MP Managers Index fell in March to 46.8 points. The index reports employer's confidence in the economy and any figure under 50 percent is regarded as a pointer towards recession.

The euro zone economy has contracted for the last five quarters and the Markit index, together with the latest employment figures, makes clear that this trend to recession will continue, and is likely to deepen in the course of this year.

While the plague of mass unemployment spreads across the continent, stock markets across Europe had a bumper day on Tuesday. Germany's DAX index rose by 1.9 percent, the British FTSE 100 index gained 1.2 percent, and the French CAC 40 finished 2 percent higher. Another leading index, the Stoxx Europe 600, jumped 1.3 percent.

Commenting on the stock market gains, financial analyst Nicholas Spiro noted that "the surge in joblessness coupled with this morning's grim PMI surveys are a glaring example of the extent to which market sentiment towards the euro zone has become detached from economic fundamentals".

In fact there is no such "disconnect". The stock markets are celebrating the huge re-division of wealth across the continent which has plunged millions into poverty while a small minority have been able to significantly increase their portfolios.

The growth of inequality in Europe is charted in a separate recent Eurostat study entitled "Population and social conditions." The author of the study concludes that living standards fell in 15 out of the 27 EU member states in 2010 compared with a year earlier. The steepest fall took place in poorer countries like Bulgaria, Latvia, Greece and Spain with the unemployed and the poorest fifth of society suffering the largest cuts in income.

The study cites the decrease in income in a number of European countries and concludes that a growing number of European families could no longer afford a meal with meat, chicken, fish or a vegetarian equivalent every second day.

While incomes declined on average across the continent, the same study notes that the richest fifth of the population were able to mark up large increases in wealth in a number of European countries.