European unemployment hits new high

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2 November 2013

According to new figures issued by the Eurostat data agency, unemployment across the 17-country euro zone hit a record 12.2 percent in September. An additional 60,000 people registered as unemployed, bringing the jobless total in the euro zone to 19.5 million. Eurostat also revised upwards its jobless figure for August from 12.0 percent to 12.2 percent.

The official jobless rates in both Greece and Spain are well over 25 percent. Unemployment in France rose to 11.1 percent in September from 11 percent in August, while in Italy the rate climbed to 12.5 percent from 12.4 percent.

In the 27-member European Union, the official jobless rate was unchanged in September, remaining at 11 percent for the fourth straight month.

The Eurostat figures notoriously underestimate the real level of unemployment, not taking into account those who have given up looking for work or the millions who want full-time employment but have been forced to take a part-time job.

The situation for youth seeking employment is even more disastrous, although not accurately reflected in the Eurostat figures on youth unemployment. The agency reported that youth unemployment in Greece in September was 57 percent. But according to the Hellenic Statistics Authority, youth unemployment in Greece had already reached 64.9 percent by last May. Since then, following further budget cuts, the situation for youth in Greece has worsened.

The news is grim in many other countries. Youth unemployment levels in Spain are approaching those of Greece, and levels of over 50 percent are registered in Bosnia, Macedonia and the new European Union entrant Croatia.

The Eurostat figures, especially with regard to youth unemployment, are an indictment of the European Union. Last June, EU leaders met in Brussels and wept crocodile tears over the plight of the continent's unemployed and underemployed youth. They issued a "Call to Action on Youth Unemployment."

To the applause of trade union leaders and NGOs, the European heads of state promised to set up special funds that, it was claimed, would provide a substantial percentage of youth with either a job or proper job-training. Since then, the situation for the unemployed in general and for youth in particular has only worsened.

Two days before issuing its new employment report, Eurostat acknowledged that the ongoing economic crisis across the continent had disrupted the EU's long-term strategic targets for poverty-reduction and employment.

The report issued October 29 stated: "Without adequate policy measures to rapidly reverse this escalating poverty trend, the EU risks moving away from the Europe 2020 headline target on poverty."

A report issued by Oxfam in September had already warned that up to 150 million Europeans could be condemned to poverty by the year 2025. (See: "Up to 150 million in Europe threatened with poverty")

While most attention has been paid by the media to the figures on unemployment, the EU agency's statistics on inflation are also important, pointing to increasing deflationary pressures. According to Eurostat, inflation in the euro area fell to 0.7 percent in October. This compares to 1.1 percent in September and 1.6 percent in July.

The slowing rate of increase in prices reflects workers' shrinking wallets and falling purchasing power, linked to austerity policies, mass unemployment, and downward pressure on wages. Such statistics refute recent claims that the euro crisis is nearing an end, with "light at the end of the European tunnel."

The fall in consumer spending reduces government tax revenues, already depleted by high levels of unemployment. In turn, the declining revenue base of

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national governments increases their debt levels.

Italy, Greece, Ireland and Portugal all currently have public debt levels exceeding their annual economic output, and the average ratio of debt to gross domestic product in the euro zone stands at a record high 95 percent—a level regarded by economists as unsustainable for any prolonged period of time.

Far from retreating from their relentless imposition of austerity measures, which have created a social catastrophe for tens of millions in Europe, politicians in Brussels and Berlin are planning to intensify them. According to the latest edition of *Der Spiegel*, German Finance Ministry officials are currently drafting a so-called "solidarity pact," which will require European countries seeking fresh bailout money to implement "harsh" structural measures aimed at improving competitiveness, i.e., new attacks on jobs, wages and working conditions.

The same article in *Der Spiegel* notes that German Chancellor Angela Merkel is relying on close collaboration with her "new darling," the Social Democratic president of the EU Parliament, Martin Schultz, to realize her plans.

Huge profits for major companies, fueled by declining wages, plus virtually interest-free loans to the banks from the European Central Bank have driven up stock markets across the continent. Last week, the German DAX index passed the 9,000 point mark for the first time in its history.

At the same time, the huge sums of money being made available to investors by the European Central Bank and the world's other central banks is fueling new speculative bubbles. Noting that no serious measures had been taken over the past five years to rein in the banks and speculators, financial commentator Wolfgang Münchau concluded his recent column in *Der Spiegel* as follows: "Once again, cheap credit, toxic financial products, a financial spree, and political unwillingness [to rein in the banks] coincide with one another. We are back in the casino, and we all know how that ends up."

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