



ECONOMY

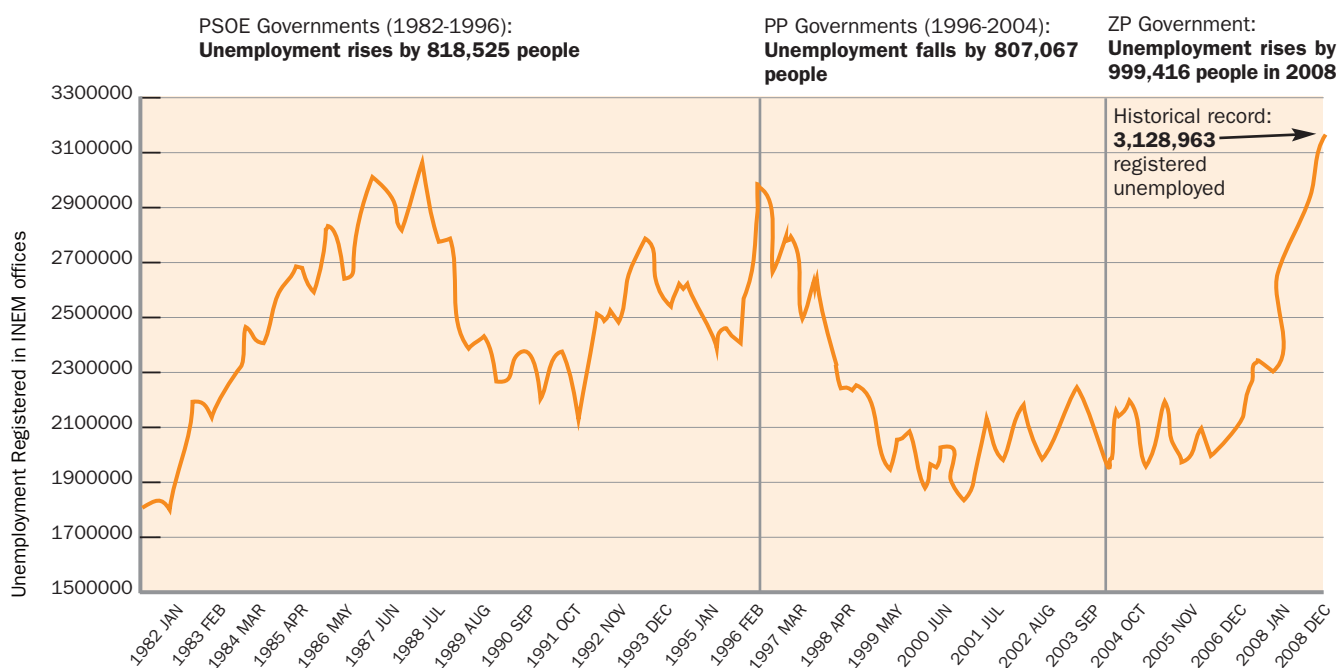
ON THE ROAD TO 4 MILLION UNEMPLOYED

Deconstructing Zapatero's lies

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Once again, under Socialist leadership, Spain is highly surpassing the figure of three million unemployed. Zapatero has breached the commitment he made to the Spanish people of attaining full employment and is destroying instead 7,000 jobs per day. Spain is going full speed towards the figure of 4 million unemployed. Zapatero has created 1 million new unemployed in one year. 95% of the new unemployed in Europe are generated in Spain. Unemployment feeds especially on women and youths and shows Zapatero's true social policies. Unemployment is rocketing in all sectors, not only or mainly in the building sector. With Zapatero, Spain is returning to the worst stages of massive unemployment reached by Felipe Gonzalez's Governments.

Table 1. Evolution of unemployment registered in Spain since 1982



SOURCE: BANK OF SPAIN
using INEM data

The end of 2008 left us with a new record achieved by Zapatero's Government. This time the focus of attention was unemployment, as the data for December 2008 gave a bleak image: an increase of nearly 1 million unemployed (999,416) in that year and an unemployment figure registered in the INEM never seen before, 3,128,963 people, as this figure surpasses the register of January 1988 when there were nearly 3.07 million people unemployed. Not only are we currently facing the highest figure of unemployed people registered in the INEM of all our history, last year's rise, 1 million new unemployed, is also an unheard of fact. More facts for the group of bad economic and labour data of this Government.

The rise of unemployment in Spain is majorly due to the Socialist Governments in Spain which show a complete lack of concern about economic orthodoxy and about developing economic reforms which benefit the country as a whole. In consequence, during the first stage of Socialist Governments which lasted 13 years, unemployment registered in the INEM offices rose by 818,525 people; meanwhile Zapatero, during his 5 years in office, can congratulate himself for having largely surpassed this figure; since his Government is in office in Spain, unemployment has grown by 966,558 people.

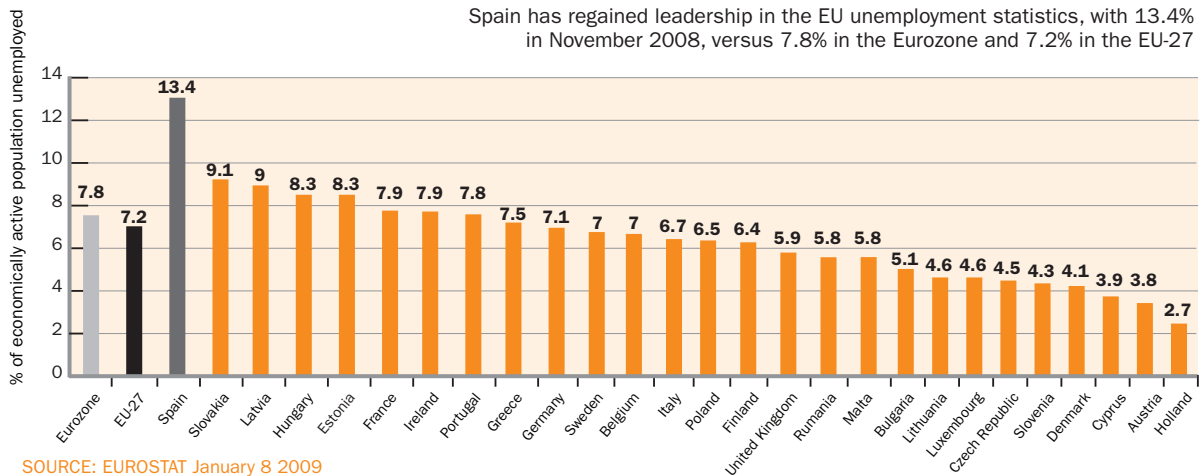
To be precise, the major rise of unemployment during Zapatero's time has taken place in 2008, as when he arrived in office up until 2007 the unemployment figure had barely decreased in Spain, in spite of world economy enjoying the best years of growth since World War 2, and the Spanish economy continued with the momentum of the economic policies implemented when the Partido Popular was in office, years where thanks to the strong and consistent momentum of the reforms, the figure of unemployment decreased by more than 807,000 people.

With the economic recession in sight and the strong increase of unemployment it would bring, the Government, far from implementing measures to encourage the economy and to curb the rise of unemployment, chose to do what it knows best: sidetracking and blaming others.

Thus, to begin with, the Government blamed the international financial crisis for the increase of unemployment in Spain. Granted, this crisis could well have had a negative incidence in Spanish unemployment, but the Government forgets to mention that Spain is going through its own personal economic crisis which began well before the outbreak of the financial crisis in the summer of 2007 and which is generating a singular behaviour, a euphemism to evade saying "much worse behaviour", of unemployment in comparison to the rest of Europe.

It should be said, to start with, that all along 2008 Spain has regained an outstanding leadership in the EU unemployment statistics. The latest available data for November 2008 show that the Spanish rate of unemployment, the highest in the EU, practically duplicates that of the EU27, with 13.4% the former versus 7.2% the latter. The next country with the highest unemployment rate, Slovakia, with 9.1% is well below Spain by more than 4 points.

Table 2. Unemployment rates in Europe

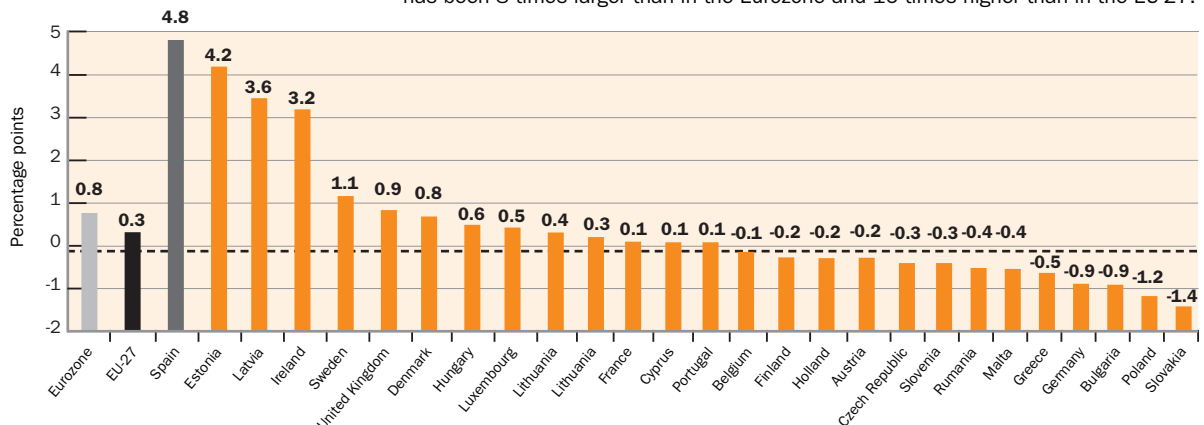


The four major European countries show unemployment rates ranging between 7.9% in France and 5.9% in the UK, all of them well below the level of Spain.

Unfortunately, the bad news given by the international comparisons do not stop at Spain being the country with the highest rate of unemployment. The fact is that, on top of that, we are the country of the EU-27 where the said variable has grown most over the previous year. It should not be forgotten, to begin with, that in 13 of the 27 EU countries unemployment rates have decreased over the previous year, so by no means can it be said that the rise of unemployment is the general trend in Europe. Among the countries which show a decrease of the rate is, for instance, Germany, that has seen its unemployment rate decrease along 2008 from 8.0 to 7.1%.

Table 3. Change in unemployment rates over the previous year in Europe (Nov08/Nov07)

Last year's unemployment rate has dropped in 13 of the 27 countries of the EU. Only in 5 countries the unemployment rate has increased by more than one point. In Spain the rise has been 8 times larger than in the Eurozone and 16 times higher than in the EU-27.



Besides, in most of the 14 countries experiencing an increase of the unemployment rate the said increases have been moderate. Only in 5 of them the growth has exceeded 1 percentage point, and we find Spain at the head of them with a rise of nearly 5 points in its unemployment rate with respect to the previous year's rate.

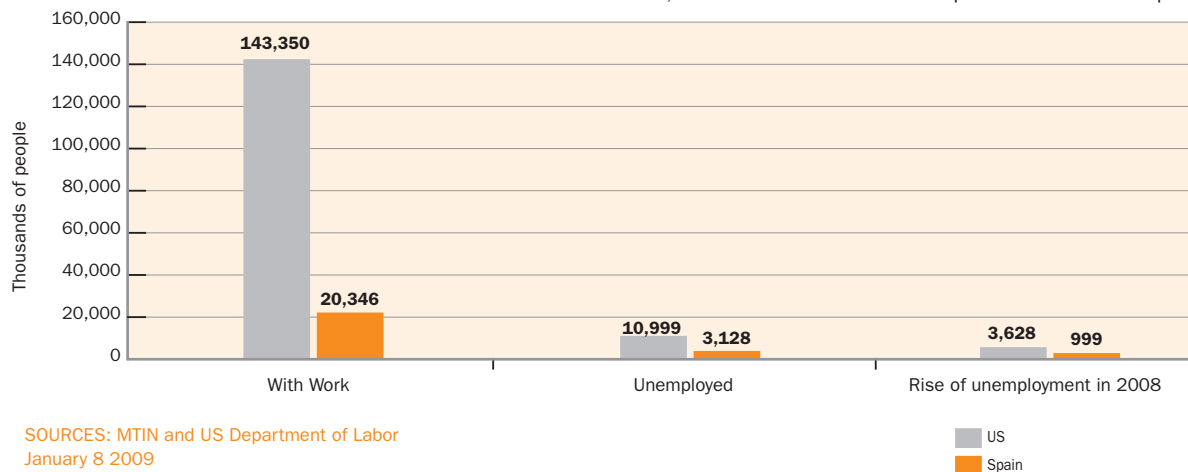
Therefore, confronting the Socialist lie, we find reality: the rise of the unemployment rate in Spain has been 8 times larger than that of the Eurozone and 16 times higher than that of the EU-27.

One further example of Socialist demagoguery is based on comparing the evolution of labour markets in Spain and the US. Basically, the argument they use is that "it is true that unemployment has grown in Spain, but in the US it has grown even more". Currently, approximately 143.35 million people work in the US, which means its market is 7 times the scale of our labour market, where 20.35 million people work, according to the latest Labour Force Survey. The number of unemployed is also higher, nearly 11 million, but this figure is only 3.5 times larger than the current number of unemployed in Spain. Besides, in 2008 unemployment grew in the US by 3.63 million people, while in Spain the increase was of 1 million, 3.6 times less.

In other words, unemployment has behaved much worse in 2008 in the Spanish labour market than in that of the US, as unemployment has grown much more than it should have if we bear in mind the dimension or scale of both our labour markets. If the Spanish labour market were to have shown an equivalent decline to that of the US –and which Barack Obama does not hesitate to qualify as unacceptable– the growth of unemployment in Spain would have been of approximately 518,000 people, nearly half of the real unemployment figure in Spain. How should we therefore qualify the decline of

Table 4. Comparison of labour markets in Spain and the US

143 million people work in the US, seven times more than in Spain. The number of unemployed in the US is only 3.5 times higher than in Spain. In 2008 unemployment grew in the US only 3.6 times more than in Spain. The unemployment rate in December 2008 in the US was of 7.1%, below that of the EU and five points lower than in Spain



SOURCES: MTIN and US Department of Labor
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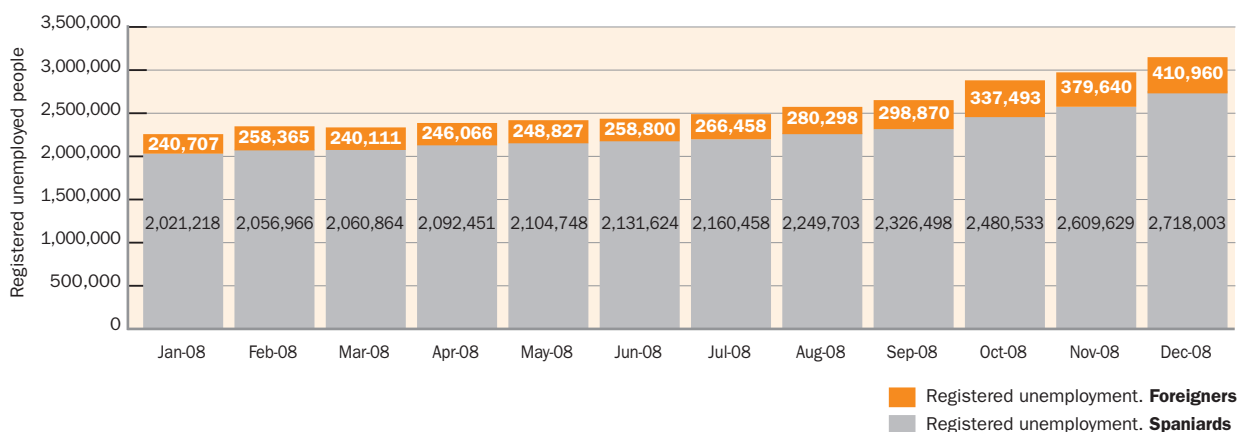
the Spanish labour market if it is nearly two times worse than that of the US? How should we catalogue the person who conceals from the Spanish population this appalling situation? I leave the value judgements to the sound logic of the people reading this.

The Government has also tried to deceive Spaniards –and let us not forget that they were the ones with the right to vote in the elections of March 2008 and who once again must vote in several elections before the summer of 2009–telling us that the unemployment problem only related to some population groups and activities: foreign workers and the construction sector.

Reality once again refutes the Government. One thing though is true: the number of foreign workers without a job has increased significantly over the previous year, specifically by 170,253 people. But this rise reflects only 17% of the whole unemployment increase in Spain in 2008, that is, 1 million people. The immediate conclusion is that to the present day, there are 829,163 more unemployed workers in Spain than by the end of 2007. The increase of unemployment in 2008 has especially affected Spanish workers, an irrefutable reality and which totally questions Zapatero’s Government approach.

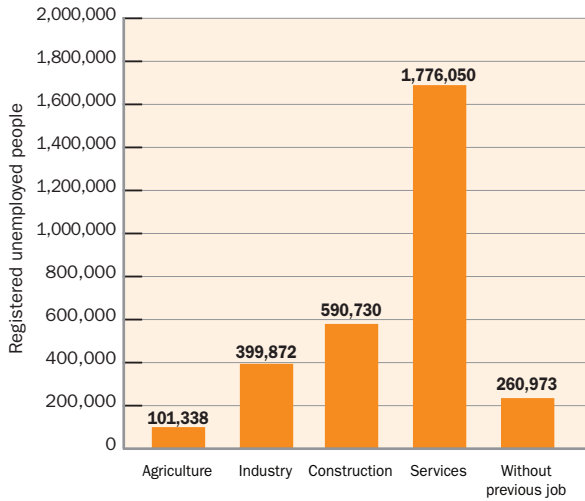
Table 5. Only 17% of the new unemployed in 2008 are foreigners

Unemployment registered in 2008 has increased by 999,416 people, only 17% of these are foreigners (170,253)



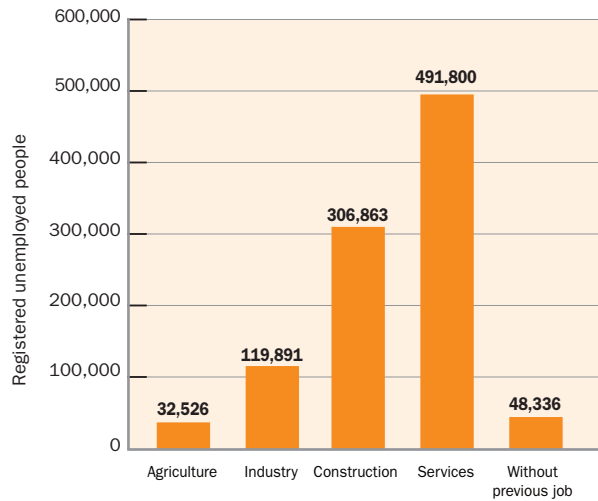
Neither is the million people rise in unemployment in 2008 exclusively due to the negative evolution of the construction sector, as the Government tries to show in that never-ending trend of theirs, so difficult to understand, of demonizing that sector and blaming it for all the ails of our economy.

Table 6. Registered unemployment (Dec 2008) by sectors



SOURCE: Ministry of Work and Immigration

Table 7. Increase of unemployment registered in 2008 by sectors

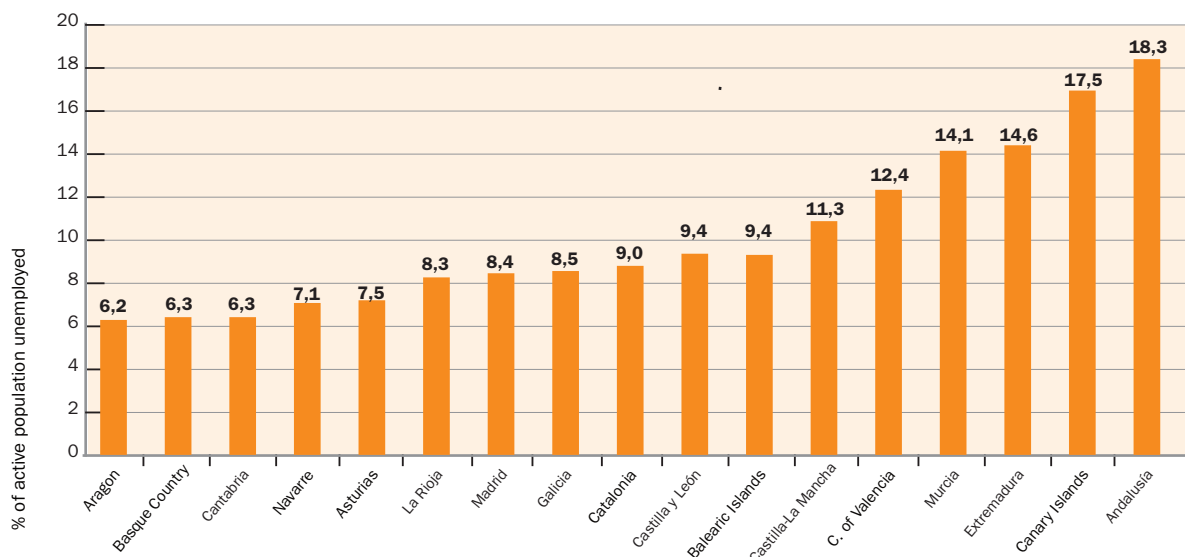


SOURCE: Ministry of Work and Immigration

In fact, not a single sector has escaped from the rise of unemployment in Spain over the previous year. Unemployment in the services sector has grown by nearly half a million people (+491,800) over the last twelve months, followed by the construction sector (+306,863), industry (+119,891), unemployed without a previous job (+48,336) and agriculture (+32,526). It is true that the impact suffered by the construction sector has been stronger than on other sectors, but only 30% of the rise of unemployment in Spain relates to the construction sector.

Neither has unemployment affected all Autonomous Communities in the same way. To name just one case, Andalusia, a region thoroughly pervaded by PSOE's way of governing and implementing economic policies, not only leads the communities ranking in unemployment rates, with an unemployment of

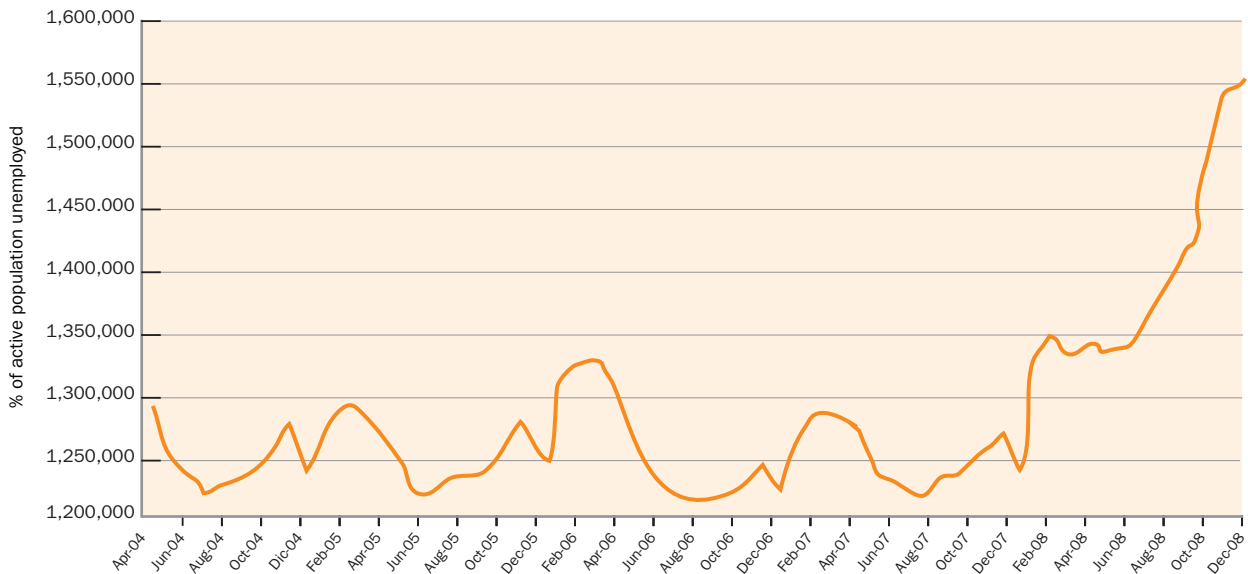
Table 8. Rates of unemployment by Autonomous Community. Third Quarter of 2008



SOURCE: INE, Active Population Survey

Table 9. Evolution of unemployed women since April

In 2008 unemployment among women rose by 308,088 people, this sets the figure of unemployed at 1,552,496 women

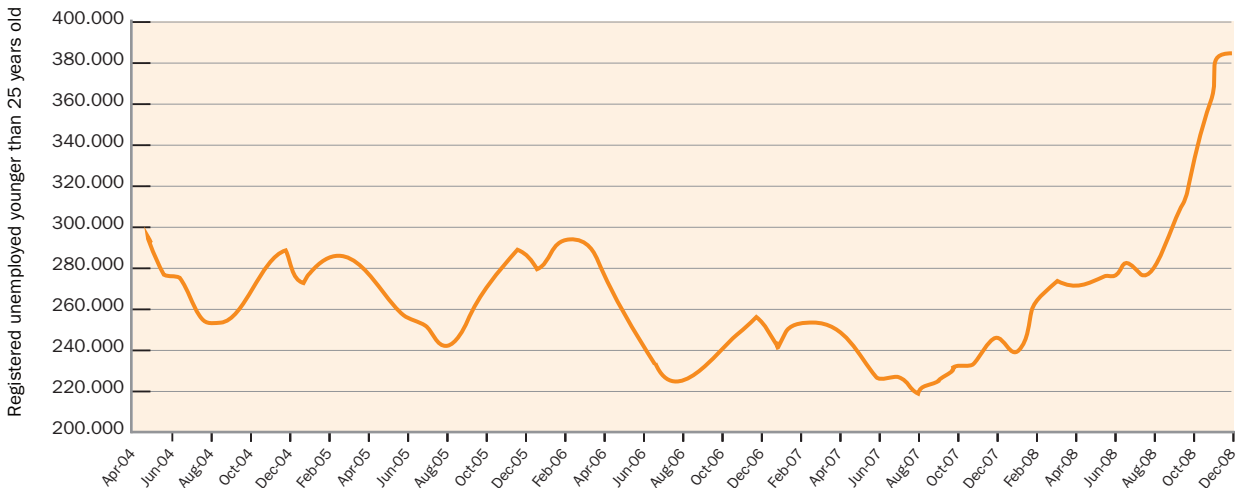


SOURCE: Ministry of Work and Immigration

18.3% of its active workforce, but it has also been the region generating most unemployment in 2008, as 208,561 new unemployed out of the million come from this region. On top of this, Andalusia also has the lead with respect to the concealment of unemployment data in Spain, since the “Caldera effect” was put into practice in February 2008. Approximately 62.8% of the increase of DENOS (non-employed job seekers) in 2008 which do not account as registered unemployed are located in this region. On top of this being a stratagem to conceal the real unemployment data, the allocation of many workers into this category constitutes a real attack against their dignity, as the

Table 10. Evolution of youth unemployment in Spain (<25 years old) since April 2004

In 2008 unemployment among youths younger than 25 years old increased by 144,747 people, which means a total of 385,130 unemployed youths in Spain



SOURCE: Ministry of Work and Immigration

Government is assuming that their education levels stops them from performing any type of job in Spain.

Last but not least, an analysis of figures by age and gender offers a new example of the “social policies” of Zapatero’s Government, the one that is really important for citizens: we have today 308,088 more women unemployed than a year ago, a growth of 24.8% which consolidates the figure of unemployed women in over 1.56 millions. In the sake of equality, we must acknowledge this to Zapatero, he has managed unemployment of men to increase to such astronomical numbers in 2008 (691,328 new men unemployed) that the number of men unemployed (1.57 million) is practically the same as that of women unemployed. Once again, Socialist equality policies in misfortune are being taken to paroxysm.

Another of Zapatero’s social accomplishments in 2008 is having managed to add nearly 145,000 youths, younger than 25 years old, to the 240,000 unemployed youths already registered by the end of 2007 in the unemployment lists. Thanks to this feat the figure of unemployed youths has increased to 385,130. This, according to Eurostat, places our rate of youth unemployment at 29.4%, far above the European average (16.4%). All in all, the evolution in 2008 of registered unemployment shows a consistent upward trend, setting us on the road to reaching the figure of 4 million unemployed in 2009. We have already heard members of the Government say, among them the President, that it is completely impossible to reach such a figure, and that as of March we will experience an intense creation of jobs. Nonetheless evidence, yet again, will prove to be stubborn.

Our economy will grow much less in 2009 than in 2008. In fact, the most moderate outlooks point to a GDP drop of 1%. And since in 2008, with a GDP growth of around 1%, unemployment grew by 1 million people, it does not seem too insane to speculate that this year may bring a rise of unemployment exceeding 871.000 people, which would make us surpass the 4 million unemployed.

Possibly, an important motivation for Zapatero and the members of his Government to continue deceiving the Spanish population arises from the commitments made during the election campaign this spring. But as the Republican President Abraham Lincoln said “You cannot fool all the people all the time”, much though Zapaterio tries.