MASSIVE UNEMPLOYMENT IS BACK

Zapatero’s lies cannot continue hiding the soar of unemployment

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The worst unemployment forecast will always be better than the best one of the Partido Popular*. The false prediction belongs to José Luis Rodríguez Zapatero, President of the Government. He announced it last April to the Federal Committee of his party. His unfortunate role as oracle has crashed yet again with the reality of data, whichever he may use. The total figure of unemployed people contradicts him, the unemployment rate contradicts him. And what is even worse, the sharp rise of unemployment we have witnessed these last few months also contradicts him: the evolution of unemployment has been historically bad, much worse even than in the 1993 crisis.
The unemployment figure in April, increasing by 37,542 people in Spain, broke a trend which had continued undisrupted for the last 23 years, where unemployment had consistently decreased in April. The last time unemployment had increased during the said month was in 1984, but it amounted to 2,348 people, an increase of 0.1%, compared to 1.6% during April 2008.

“This year’s unemployment figures are the worst of the last decades”

The terrible April figure is not an isolated case. Unfortunately, it is starting to become the rule that this year’s unemployment figures are the worst of the last decades. In May, unemployment increased by 15,058 people, in spite of it being a month where unemployment has historically decreased — indeed, the average reduction during the months of May from 1980 to 2007 surpasses the 52,000 people —. The last time unemployment increased during May was not with Aznar. Or with Felipe González. Neither was it with Calvo Sotelo... it took place in 1979.

However, it seems that the evolution during those two months did not change the outlook of the oracle. In an interview dated June 29 in a national paper, Zapatero gave the journalist an unforgettable headline: “it is a matter of opinion whether there is or there is not a crisis”, sentence which will go down in history as the biggest lack of connection between economic reality and a President of a country. Already by the end of June Zapatero was ratifying himself in his optimistic unemployment forecasts for this term of office, and refused to reject his statement that his worst unemployment registries would always be better than those reached by the previous Government.

Graph 1. Evolution of unemployment registered as of March 1996

Source: Bank of Spain
But reality is tough and on July 2, barely three days after such an unforgettable interview was published, the Ministry of Labour and Immigration published the unemployment figures of June and refuted Zapatero’s idyllic fantasy: unemployment increased by 36,849 people, a very serious increase for a month where unemployment had consistently decreased for 24 years. The same thing happened with the figures of July and August. In August alone unemployment increased by more than 103,000 persons, the largest raise in that month during the whole historical series of unemployment. Granted, this increase, in percentage points, 4.2% had been exceeded previously, but it was a very long time ago, in August 1974.

“Today we have in Spain 501,705 more people unemployed than twelve months ago”

The result of this months’ soaring of unemployment is that today we have in Spain 501,705 more people unemployed than twelve months ago. Half a million people that should indeed feel outright insulted by a President that says that the fact that there is a crisis in Spain is a matter of opinion. Probably José Blanco was precisely thinking about them when he recently said, just after the unemployment figures of August were published, that the Spaniards now live much better than ever before. If we add to the new unemployed the homes that suffer every day the loss of purchasing power — which entails a bigger mortgage burden, an increase of the price of electricity of 11% during the last year, and much higher prices of basic products than a year ago — and who do not make it to the end of the month, ¿do we really have several millions of Spaniards living much better now than ever before thanks to the Socialist Government?

Promises vs. Realities: getting further away each time from full employment

Source: INE and Funcas (forecasts)
But maybe someone could say that, in fact, what Zapatero was referring to when he compared his unemployment figures with those of the previous Government was the unemployment rates. Since the number of employed workers in Spain, in spite of the job destruction of the last months, is still higher than in 2004, the unemployment rates are still somewhat lower even though unemployment is increasing. This seemed to be what Zapatero had in mind when he compared in his June interview the unemployment rate at that moment with the lowest one achieved in times of Aznar.

"With his full employment campaign promise, Zapatero lied to us"

Well, the lowest rate ever achieved during José María Aznar’s term of office was of 10.29% during the second quarter of 2001 (and please note it decreased from a 23% rate of unemployment, left as inheritance by the previous Socialist Administration). The INE (National Statistics Institute) also refutes Zapatero’s thesis: according to the Economically Active Population Survey, the unemployment rate during the second quarter of 2008 is of 10.44%. And the forecasts of all organizations point to a worsening trend: according to Funcas (foundation of savings banks), 2008 will end with a rate of 12.5%, and 2009 may reach 15%.

In short, listening to Zapatero boasting about the achievements of his Government with respect to unemployment, and comparing them with those attained by Aznar’s Government only causes perplexity and embarrassment.

Reality cannot be hidden, and whereas the unemployment registered in Spain decreased by 787,926 people during Aznar’s eight years in office, during Zapatero’s term, unemployment lists have swelled by 348,455 people and it seems sure that this figure will continue increasing non-stop for the next year and a half. And while we are talking about unemployment rates, the comparison is also insulting: with Aznar in Government that rate reduced from 22.8% to 11.5%. With the Socialist Government we know where that rate was in 2004, at 11.5%, but we do not know where the drop will end. With his full employment campaign promise, Zapatero lied to us. One more reason not to believe.