

Joblessness reaches plateau in eurozone

Key figures

9.8%

October's unemployment rate in the eurozone bloc

<4%

Unemployment rate in the Netherlands

20%

Proportion of Spanish workers hunting a job

By Stanley Pignal in Brussels and Bertrand Benoit in Berlin

Eurozone unemployment levelled off at a 10-year high in October, according to data released yesterday, with separate figures from Germany even indicating a small fall in the jobless figures last month.

The uninterrupted rise in joblessness in the 16-nation bloc since February 2008 pushed the October unemployment rate to 9.8 per cent on a seasonally-adjusted basis, the same as updated September figures.

The rise in unemployment has been much more muted in the eurozone than in the US, thanks to government-sponsored short-time working schemes that have encouraged employers to hold on to workers in the recession.

The headline eurozone figure for October hides considerable divergence between member states. Unemployment in the Netherlands remains well below 4 per cent, whereas nearly one in five workers in Spain is seeking work.

Countries in the eurozone have 15.6m unemployed, the most since the European Commission began compiling data in the mid-1980s, and up 3m on a year ago.

Germany surprised economists with a further fall in unemployment in November. Seasonally-adjusted unemployment fell by 7,000, according to national statistics, bringing the jobless rate from 8.2 per cent to

8.1 per cent, the first rate drop in three months.

In spite of the steepest downturn in the German economy in almost a century, the crisis has had little impact on the labour market so far, vindicating the government's decision to expand its short-time subsidy scheme, which covers more than 1m workers.

Nick Kojucharov, economist at Goldman Sachs in London, wrote in a comment that employment schemes had so far "shielded the labour market" from the recession.

"In light of Chancellor Merkel's announcement ... that these short-shift schemes will be renewed in 2010, it appears that large-scale labour hoarding by

firms is poised to continue."

In spite of a return to growth in the eurozone in the third quarter, economists expect unemployment to reach double digits in the first half of 2010.

France and Germany continue to power the recovery in continental European industry, according to details of the latest eurozone manufacturing purchasing managers' indices, also published yesterday.

Spain and Greece reported output contracting faster than in October. Diverging economic performances across the eurozone are complicating the task of the European Central Bank as it prepares to withdraw the exceptional measures taken to support the financial system.



La disoccupazione raggiunge un picco nella zona dell'euro (pds)