Greek unemployment on the rise amid severe financial crisis

Fri, Jan 15 2010 11:11 CET

Unemployment in Greece reached 9.8 per cent in October 2009, a 0.7 per cent rise from September and a 2.4 per cent higher than October the previous year, Greek media said, citing information from the Greek national statistics service on January 15 2010.

The total workforce towards the end of October amounted to 4 505 100 while the number of people out of a job was 491 139, or 123 935 people more than the same time a year earlier.

Simultaneously, the Greek government said that it would announce on January 21 2010 the measures it plans to implement in support of the unemployed and those living below the poverty line, Greek labour minister Andreas Loverdos told local media.

Loverdos expressed concern that the unemployment was rising rapidly and that by the end of 2010, there could be as many as one million out of work.

Towards the end of 2009, Moody's Investors Service Inc. lowered the sovereign-debt rating for Greece to A2 from A1, a move which was influenced by an earlier action by Standard & Poor's Corp. and Fitch Ratings Inc.

The newly elected PASOK government is faced with a tough battle in which they have to persuade the population that the cuts in public spending are necessary, the trimming of public services and government administrations is vital and that the defence budget must also be slashed – and simultaneously, they have to find a way to prevent unemployment from ballooning.

However, the country must also tackle its budget deficit which is spiraling out of control, and bring it in line with European Union rules within three years under increasing pressure from financial markets and European authorities who are demanding that the country sorts out its financial mess.

Greek finance minister George Papaconstantinou vowed that the administration would decrease the budget deficit from an estimated 12.7 per cent of gross domestic product in 2009 to below three per cent by 2012, or twelve months earlier than the previously designated target, initially set for the end of 2013.

"The goal is difficult and it will have a high cost in terms of growth," Nikos Magginas, an economist at the National Bank of Greece, was quoted as saying by the Wall Street Journal

"However, it will be very beneficial for Greece in the medium term."

Meanwhile, amid the struggle for financial survival, prime minister George Papandreou is facing growing opposition within his own PASOK party, according to Greek daily Kathimerini.

Papandreou presented his assessment of the government's first 100 days in power on January 14 2010 where he tried to sound as positive as possible about the future economic forecast. He emphasised that his administration had inherited a country in financial turmoil, implying that this was largely the doing of the previous New Democracy-led government.

Regardless of the inheritance from the previous administration or the expensive legacy of the Olympic Games in 2004, the Greek government will have a massive mountain to climb, in which they will have to tackle spending, improve financing, keep the economy afloat and most importantly, prevent unemployment from skyrocketing.

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