

Spanish PM hails end of job destroying trend
Malaysian Insider
May 6, 2014

Spain's Prime Minister Mariano Rajoy declared today that a job-wrecking trend had been snapped after new figures showed a record slump in the jobless queue in April.

Nevertheless, the decline in the ranks of the unemployed in the eurozone's fourth-largest economy was "absolutely insufficient", he said.

The number of registered unemployed fell by 111,565 people from March to 4.68 million in April, the Labour Ministry said.

It was the steepest drop for the month of April since existing records began in 2001, it said.

"I am hopeful about the future because I think we have broken a trend of destruction of employment and we are already heading in the opposite direction," Rajoy told Cadena Ser radio.

"But we still have a lot to do because there are still many people who have not found work," he said.

The government figures show how many people are registered for unemployment benefits.

But Spain's overall unemployment rate actually rose to 25.93% in the first quarter of 2014 from 25.73% in the previous three months, according to a broader, household survey.

Many people left the country in search of work or simply gave up looking for a job, slashing the workforce, the figures showed.

Unemployment remains a daunting challenge for Rajoy's conservative government, six years after decade-long property bubble imploded in 2008, wiping out millions of jobs and sparking a double-dip recession.

Spain's economy emerged slowly from a two-year downturn in mid-2013, posting 0.4-% quarterly growth – the fastest pace in six years – in the first three months of this year.

But the government has forecast only a mild reduction in the jobless rate to 24.9% in 2014 and 23.3% in 2015.

'It was not easy'

Despite the elusive employment recovery, Rajoy touted a sharp change in the economy's fortunes since mid-2012 when many believed the nation was on the brink of financial collapse.

"We managed to avoid a bailout and believe me it definitely was not easy but at least we avoided what unfortunately happened to other countries," the prime minister said.

Rajoy pointed to the European Commission's latest report this week boosting its forecast for Spanish economic growth to 1.1% from 1.0% in 2014 and to 2.1% from 1.7% in 2015.

"The European Commission said that we Spain will grow more than France, than Italy, than Germany," he said.

"Overall the Spanish economy is quite a lot better," the prime minister said. "The key thing is that there is change in the trend," he added. "But it is absolutely insufficient."

The conservative government last month raised its official economic growth target to 1.2% this year from 0.7% previously. For 2015, the target was raised to 1.8% from 1.2%.

Despite struggling to meet past targets to cut its public deficit, the government said it now expected to trim the shortfall to the equivalent of 5.5% of economic output in 2014 compared to a previous target of 5.8%. With unemployment high and incomes under stress, sluggish demand within Spain has kept down the price of goods and services, raising fears of a deflationary spiral.

Latest data showed Spanish consumer prices rose at an annual rate of just 0.3% in April, a turnaround from the previous month's 0.2-% decline yet still far below the eurozone's inflation target of nearly 2.0%. – AFP, May 6, 2014.

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Source: <http://www.themalaysianinsider.com/business/article/spanish-pm-hails-end-of-job-destroying-trend>