



Press Release



Latest Unemployment Figures and the Eurocrisis

2nd May 2012 12.53 CET

Please find below our quick comments on the latest unemployment figures from the Eurozone and the general worsening of the Eurocrisis.

Comments attributable to Sony Kapoor, Director Re-Define, an Economic Think Tank

“The recent data confirms what we have feared and predicted for a long time now – that the Eurocrisis is worsening.”

“The question is how long EU leaders will continue to pursue a deeply flawed strategy in the face of mounting evidence that this is leading us to social, economic and political disaster.”

“With catastrophic unemployment levels in Spain, Portugal and Greece that are still rising, the real question is, how long before the social fabric gives way?”

“While the combination of austerity and structural reforms may be sufficient to pull a small open economy with a flexible exchange rate out of trouble, it is a fantasy that the same would work at the level of the Eurozone or indeed for the whole of the EU 27.”

“That is why at Re-Define we have been advocating the adoption of a [growth compact](#).” “While our ideas are catching on slowly as more and more leaders start paying lip-service to growth, it’s not clear that they grasp the urgency of the situation.”

“The EU needs a [growth compact](#) more than anything else in order to stem the downward spiral of falling growth, rising unemployment and weakening banking systems that has currently taken hold.”

“While the ECB's LTRO provided temporary relief and saved the banking system for

certain collapse, it has [made some other problems worse](#).”

“The [links between banks and sovereigns](#) in the EU are now stronger than before increasing the risk of weak banks and troubled sovereigns pulling each other down as already seems to be happening in Spain.”

“The rising unemployment will put further pressure on the [quality of bank assets](#) which in turn will worsen the credit crunch and cast a dark shadow on already troubled governments that may need provide life support to weakening banks.”

At the same time, the politics is getting worse as can be seen by the rising anti EU sentiment across the Eurozone.

“The [rising economic divergence](#) between Germany and the troubled economies of the Eurozone is making a political solution to the crisis ever harder.” “The political space in the Eurozone is shrinking even as the size of the economic problem is rising.”

Our more recent pieces can be found here:

[European Banking - The Perfect Storm](#)

[The Eurozone Dumbbell Trap](#)

[A Growth Compact for the EU](#)

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