

The EU's unemployment problem

EU has come to mean European Unemployment. The Euro seems to stand for European Unemployment and Recession Organisation. One of the main reasons the Euro and the Euro elite are under attack in so many Euro countries by new political forces challenging the project is their insouciance to the economic problems created by or co-existing with their single currency and single market.

If the Euro and the single market were all they are cracked up to be by the EU elite governing parties and senior officials they would have banished high youth unemployment and general unemployment in Greece, Spain, Italy, Portugal and others by now. They would have boosted the zone's growth rate up at least to that in the USA, UK, and the other leading non Euro advanced western countries. Instead Greece remains mired in a long recession punctuated by the odd quarter or two of slow growth. Italy languishes well below the levels of GDP achieved before the 2008 banking crash. They have no convincing explanation of why half the young people in Greece are out of work, or why one fifth of the Spaniards are still out of work after a year or so of recovery.

I first realised that the single market was not going to add jobs and incomes to the UK or anywhere else when I became the UK's single market Minister. I had accepted the verdict of the referendum in 1975 that UK voters wanted to be in a common market free trade area, though I had cast one of my first votes against, as the Treaty did not say it was going to be a free trade area. It looked in those early years like a Customs Union, with asymmetric relaxation of trade in goods where the UK was relatively weak and little or no relaxation in services where the UK was strong.

So it proved, with our big balance of payments deficit with the EU becoming a permanent feature based on the continental car industry and others outcompeting the UK. I tried to make it more like the free trade common market people had been promised. With so many matters settled by majority vote it became more and more difficult for the UK to stop measures which simply added to costs and made the EU less able to create jobs.

Instead the single market became the method by which large multinationals based in the EU lobbied to secure rules, laws and regulations that suited their existing way of doing business, and made market entry for competitors dearer and more difficult. The Common Agricultural Policy was well protected by heavy tariffs against cheaper food from poorer countries, and the Common Fishing Policy turned the UK with one of the richest fisheries in the world into an importer of fish. The single market was invoked as a reason for the EU to undertake wide ranging legislation on the environment, movement of people, transport, research and much else. The UK growth rate slowed after we joined the EEC and slowed again after the completion of the single market. The EU's Exchange Rate Mechanism did particular damage to our economy, costing us many jobs and lost output. The Euro crisis more recently hit the Euro badly and had some knock on effect to us.

The EU elite tell all those who are unhappy about Euro area growth rates, unemployment and wage levels that it works fine for Germany so the others just need to get their national governments to cut wages more and get on with competing. They've been trying this for years and it doesn't work economically. They may be about to find out it does not work politically for them either. The future of Euro and the zone's economic policy is now effectively on the ballot paper in national elections in several countries.