

German jobless rate at new record

More than 5.2 million Germans were out of work in February, new figures show.

The figure of 5.216 million people, or 12.6% of the working-age population, is the highest jobless rate in Europe's biggest economy since the 1930s. The news comes as the head of Germany's panel of government economic advisers predicted growth would again stagnate. Speaking on German TV, Bert Ruerup said the panel's earlier forecast of 1.4% was too optimistic and warned growth would be just 1% in 2005.

The German government is trying to tackle the stubbornly-high levels of joblessness with a range of labour market reforms. At their centre is the "Hartz-IV" programme introduced in January to shake up welfare benefits and push people back into work - even if some of the jobs are heavily subsidised. The latest unemployment figures look set to increase the pressure on the government. Widely leaked to the German newspapers a day in advance, they produced screaming headlines criticising Chancellor Gerhard Schroeder's Social Democrat-Green Party administration. Mr Schroeder had originally come into office promising to halve unemployment.

Still, some measures suggest the picture is not quite so bleak. The soaring official unemployment figure follows a change in the methodology which pushed up the jobless rate by more than 500,000 in January. Adjusted for seasonal changes, the overall unemployment rate is 4.875 million people or 11.7%, up 0.3 percentage points from the previous month. Using the most internationally-accepted methodology of the International Labour Organisation (ILO), Germany had 3.97 million people out of work in January. And ILO-based figures also suggest that 14,000 new net jobs were created that month, taking the number of people employed to 38.9 million. The ILO defines an unemployed person as someone who in the previous four weeks had actively looked for work they could take up

immediately.