

YEARENDER: Gloom haunts Europe amid crisis, austerity

By Miao Xiaojuan, Rahul Venkit

BRUSSELS, Dec. 18 (Xinhua) -- Lola Olmedo, a divorced single mother in southern Spanish city of Seville, finds herself hardly in a festive mood as Christmas draws near.

"I could be fired as early as next year. I might have to do odd jobs, such as cooking meals for other people, or whatever else I can manage," said the 53-year-old who now works for a public company planning on redundancy.

"My salary dropped from 2,000 to 900 euros, and I am saving for my kids' university fees. The future is completely black," she added.

Her frustration was shared by many others from eurozone countries in the middle of a three-year-old sovereign debt crisis and unpopular austerity measures.

For the past months, the single currency zone was on track to establish a fiscal union and a banking union as a long-run solution for the debt crisis, while Athens was granted 50-billion-worth new aid to avert a catastrophic default.

But still, high unemployment and welfare cuts had triggered widespread social discontent over austerity and economic recession over recent years.

Dozens of large-scale protests took place in 2012, particularly in such countries as Greece, Spain, Italy, Portugal, France and Belgium. Most of them failed to block governments' austerity plans, but led to massive economic losses nevertheless in the process of venting public anger.

November 14 saw a European-wide protest organized by labor unions, during which protesters in Madrid clashed with police, Portugal was nearly paralyzed by a general strike, while Italian police arrested a few people, among others.

Austerity measures, often imposed upon troubled economies in exchange for bailout funds from the EU, were accused of aggravating recession and mass unemployment through salary and welfare cuts, investment shrink, tax hike among others.

In fact, an increasing number of eurozone countries were trying to shift their focus from spending cuts to economic growth and structural reforms this year, as they realized the function of austerity as a double-edged sword that could hurt investment, jobs and consumption.

The current unemployment rate, increasingly high and yet disproportionate among eurozone countries, largely resulted from tough austerity measures and labor market reforms as well as economic stagnation.

"It is hard to find a job in Brussels, but in my home country Spain, it is seen as a miracle... Going back is no longer an option or solution for me," said Esteban Perez Resina, a graduate student in Belgium.

EU statistics showed the eurozone's unemployment rate, expected to peak by next year, stood at 11.7 percent last month, while youth unemployment rate was nearly 24 percent on average. The figure is even higher in southern Europe.

According to Dr. Stephanie Hare, senior analyst with global consulting firm Oxford Analytica, unemployment will continue to rise next year, mainly hurting those under age 25 and women who tend to work in public sectors.

"There is a rise in poverty levels, a widening gap between the haves and the have nots... There will be further protests," she said in an interview with Xinhua.

The eurozone is forecast to remain in recession and the 17-member bloc's GDP is expected to mildly contract next year. Even the economic powerhouse of Germany is likely to witness flat growth in 2013.

Earlier this month, European Central Bank president Mario Draghi also warned that Europe would not leave the crisis until the second half of next year by the earliest.

"It depends on whether Europe gets its act together on the reforms and finds innovative ways to get people working again... It also depends on growth prospect in the US and emerging economies," Hare said.

In the year 2013, EU leaders are scheduled to continue hard negotiations on the 2014-2020 budget plan as well as on completing fiscal and banking union, while two heavyweight member states -- Germany and Italy -- will go through national elections.

The bloc is also expanding itself in spite of crisis and skepticism, as Croatia is set to become the EU's 28th member state next year and Latvia will be preparing to join the eurozone in 2014.

Olmedo, as the only breadwinner in her family and with little clue of EU economic and political affairs at the highest level, put all her hope on the next generation.

"I don't see prospects for 2013... All I want is a better future for my children," she said.