

4. EUROPE'S YOUTH = EUROPE'S FUTURE

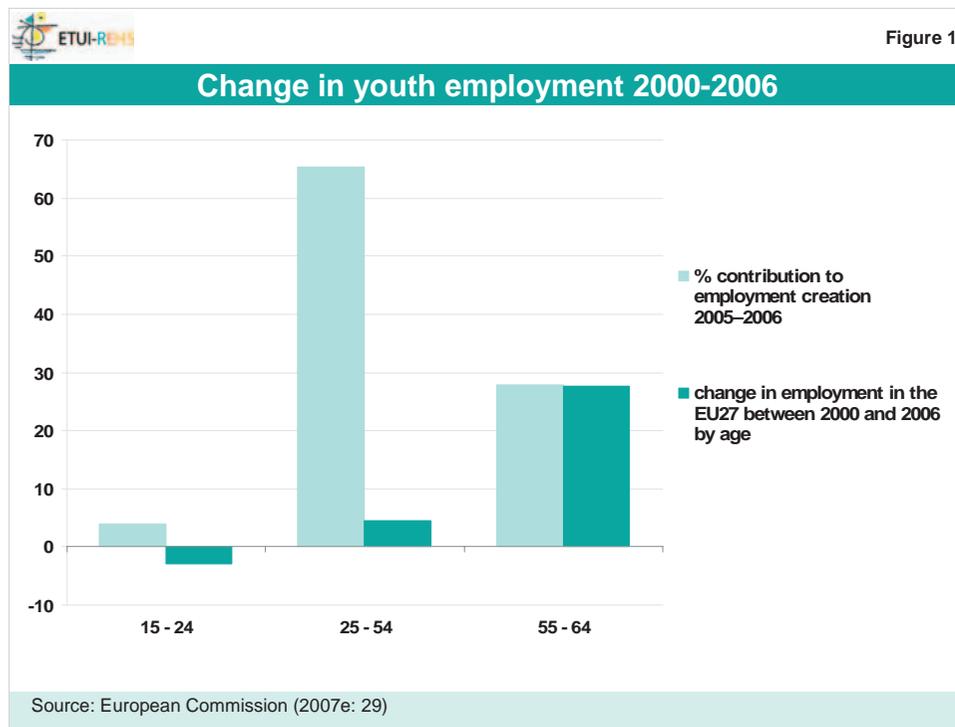
Comparison of unemployment and employment figures across the EU member states reveals some striking similarities, but also persistent differences (compare Chapter 1 of this report). Similarities include, first of all, the improvement in the recent past – with very few exceptions – of the employment situation of young people across the European Union. Between November 2006 and 2007 the unemployment rate for this group decreased by 1.6 percentage points for the European Union 27 (Eurostat 2007d), settling at around 15%. Continuing differences are apparent with respect to the difficulty of breaking free from path dependency. This means that European Union countries that had above-average and very high youth unemployment some years ago still today have very high unemployment rates compared to the other countries. Countries with low youth unemployment, meanwhile, have succeeded in reducing it still further.

In this chapter we argue that the failure to implement sufficient reforms designed to foster integration of youth into the labour market is an obstacle to future growth potential in Europe. This could in turn threaten social peace, as a result of unequal access to labour market and life opportunities among the younger generation. There is no evidence of a direct trade-off between employment of older workers and employment of younger ones in countries or in firms. The direction of employment trends tend to be the same, but magnified for youth. Similarly, as we show here, business cycles have a stronger effect on youth employment and unemployment rates than on the corresponding rates for the population as a whole.

Themes

- 4.1. Youth employment: the forgotten employment target?
- 4.2. Youth not in employment mainly due to education
- 4.3. Changes in youth unemployment
- 4.4. Macro-economic change and youth unemployment
- 4.5. Differences of integration paths across Europe
- 4.6. Conclusions

4.1. YOUTH EMPLOYMENT: THE FORGOTTEN EMPLOYMENT TARGET? FROM CHEAP TALK TO TARGETS AND ACTION NEEDED

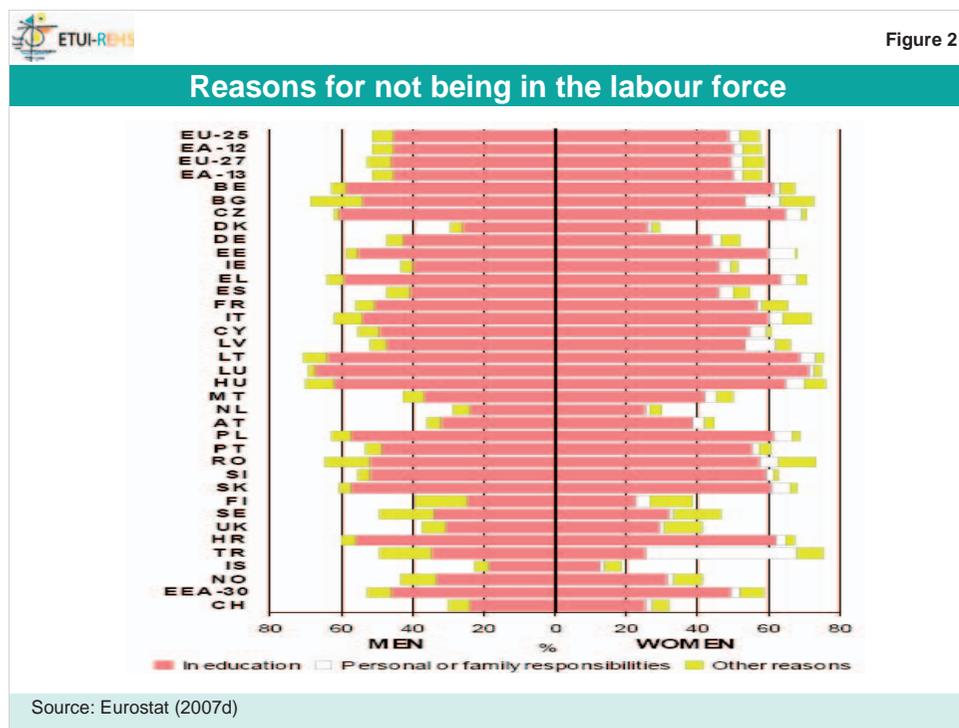


Achievement of the basic EU employment targets by the year 2010 requires substantial annual job growth. As there is no specific employment or unemployment target for the integration of youth into the labour market, policy-makers have placed little emphasis on this aspect. There is an EU target concerning an average rate of no more than 10% early school-leavers; at least 85% of 22 year olds in the EU should have completed upper secondary education by 2010; and every unemployed person is to be offered a new start before reaching six months of unemployment. Thus, while numerous policy efforts are aimed at improving the school or training system in member states, policy-makers seem to neglect the “critical transition” from the education system to the labour market. This transition has actually turned into an integration process of considerable duration in most EU member states, displaying a range of distinct integration paths (Lefresne 2003; Brzinsky-Fay 2007).

Data presented in the report “Employment in Europe 2007” (European Commission 2007e: 29) show the contribution to employment creation in the EU27 between 2005 and 2006 by age group (compare Figure 1). The age group between 25 and 54 has seen the largest share in the employment growth, with sizeable increases also having been achieved for ‘silver’ workers. The small increase for youth (column 1 in Figure 1) highlights a serious policy deficiency, considering that not all young people can, want or should be in education until the age of 25. Change in employment in the EU27 between 2000 and 2006 by age group, taken from the same source, shows a medium-term evolution. Employment of youth has been shrinking relative to the year 2000.

Preparing youth for the labour market is not the sole function of a country’s education system. However, for youth to be assured an equal part in society in the 21st century requires equal access and a rapid transition to the labour market, and access to career-oriented employment. The challenge for youth is to acquire up-to-date knowledge and relevant skills, at the same time as valuable work experience, so as to be able to compete in rapidly changing and globalising labour markets.

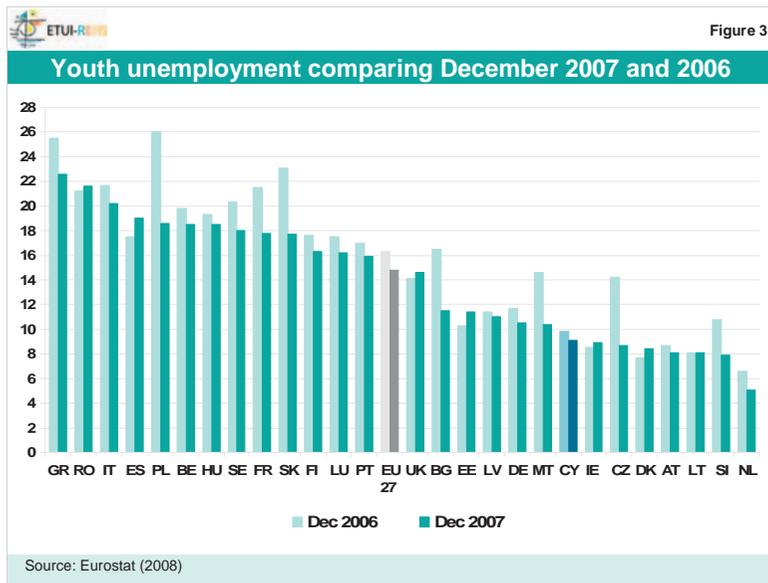
4.2. YOUTH NOT IN EMPLOYMENT MAINLY DUE TO EDUCATION BUT MANY ARE LEFT OUT ALTOGETHER



Many persons aged 15-24 are not active on the labour market (compare Figure 2). In 2006 51.5% of men and 57.6% of women in that age category in the EU25 were not in employment and were defined as inactive according to conventional Eurostat classifications (Eurostat 2007d). In total, 30.7 million young men and women were outside the labour market, mainly because they were still in education or training. Overall, the rate of ‘not in employment’ in this age group ranges, among men, from 23% in Iceland and 29% in the Netherlands to 71% in Lithuania. Youth not in employment in Iceland and Denmark are 20% and 31% respectively, the highest figure – 77% – being found in Lithuania. The differences between countries are mainly due to the country-specific numbers of students having a job at the same time.

Contrary to many views, young and ‘silver’ workers do not compete for the same types of job in the labour market, so that improving the situation for one of these two groups is not to the disadvantage of the other. Most of the countries with a high youth employment rate achieve high employment rates for silver workers also. The two groups have a complementary position in employment, rather than one being a substitute for the other.

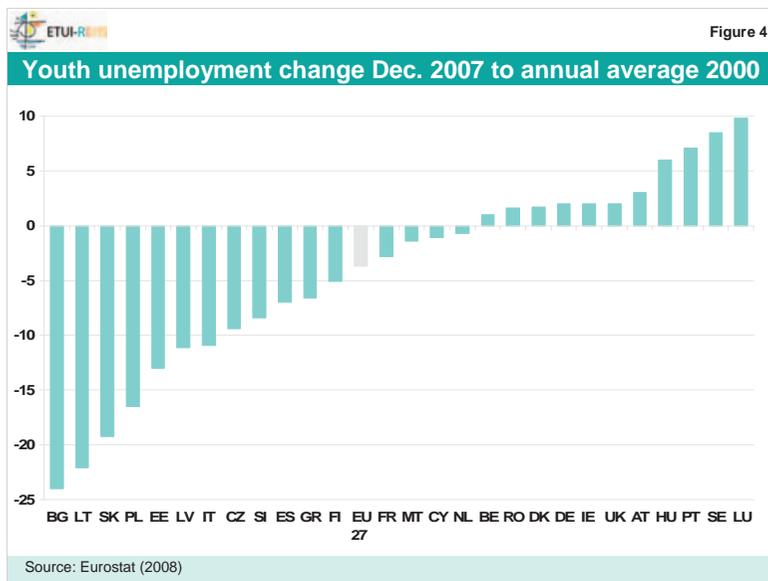
4.3. CHANGES IN YOUTH UNEMPLOYMENT ... ALREADY RISING AGAIN IN SOME COUNTRIES



Youth unemployment is almost double the total unemployment rate (compare Chapter 1 of this report) in most industrialised countries. The upward trend of the 1990s has been halted, and seasonally adjusted unemployment for young people (aged 15 to 14) in the EU27 fell from around 16% in December 2006 to just below 15% in December 2007.

There is a wide discrepancy between youth unemployment in the European Union and this has not changed much over the last 12 months. While some countries have achieved sizeable reductions, five already had increasing rates of youth unemployment towards the end of 2007 (compare Figure 3).

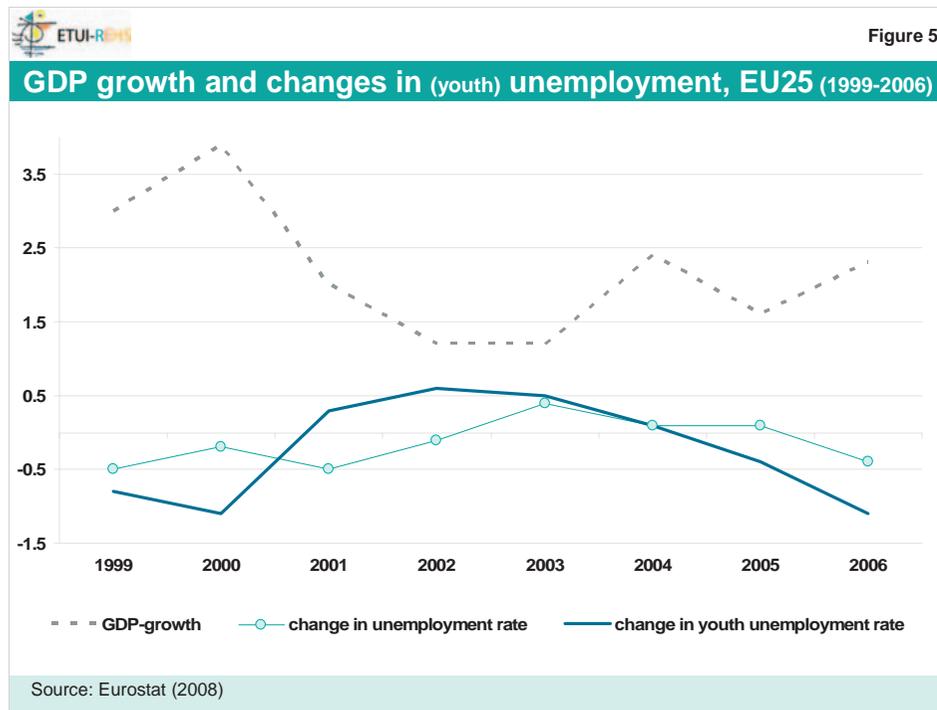
Comparing, over a period of almost seven years, the December 2007 rate with the annual unemployment rate for youth in the year 2000, a longer evolution can be observed. Figure 4 represents this medium-run evolution, showing that 11 countries display increases between these two points in time. Hence the positive recent developments do not always reflect positive changes over the longer term. The eastern European countries in particular have made good progress in better integrating their youth into the labour market.



Across the European Union as a whole, the labour market integration of second-generation migrants remains a policy challenge. Generally, school-to-work transitions of second-generation migrants compared to natives are less successful, resulting in even higher unemployment rates for youth from a migration background. Even in Sweden the unemployment rate of second-generation women whose parents were born in non-European countries is 21% (compared to 9% among native women), while the rate for the male group with the same migration background is 18% (as against 7% among natives) (Rooth and Ekberg 2003).

4.4. MACRO-ECONOMIC CHANGE AND YOUTH UNEMPLOYMENT

... YOUTH SUFFER MORE UNDER WEAK GROWTH



It is an accepted fact that positive macro-economic developments, such as sufficiently strong economic growth, will lead to increases in employment. However, a limited economic upturn has not always led to increased employment, given the lower employment intensity of economic growth in recent decades. The strength of growth in the last two years in the European Union has indeed resulted in overall job growth. But what can be expected from the more uncertain economic conditions in 2008? And what are the likely effects for youth?

The volatility of youth labour markets and their dependency on favourable economic conditions result in stronger exposure of youth to changing economic conditions. Reduced job growth and the non-replacement by firms of those who quit jobs cause higher volatility of the youth labour market. Youth suffers more, and more rapidly, than other categories of employees from these overall economic insecurities. Similarly, in the event of economic decline, many firms apply a 'last-in, first-out' strategy. Figure 5 shows the change rates of GDP, unemployment and youth unemployment over eight years. The variation of youth unemployment is larger than the variation of overall unemployment. Rising GDP means shrinking unemployment and even stronger decline in youth unemployment for the EU25.

The obverse of this trend is the worrying part, in view of the slowing of growth forecasts in the European Union. In periods of slow economic growth youth unemployment is overshooting the rise in unemployment for all employees in the European Union, with the result that deteriorating economic growth will even more rapidly reduce chances for youth reintegration.

4.5. DIFFERENCES OF INTEGRATION PATHS ACROSS EUROPE ... BUT UNEQUALITY ACCESS PERSISTS

Figure 6

Classification of countries according to school-to-work transition

General qualifications	Extensive vocational training systems	Lower level of educational attainment
United Kingdom, Ireland, France, Belgium	Austria, Denmark, Germany, The Netherlands, Sweden, Finland	Italy, Spain, Portugal, Greece

Source: Gangl et al. (2003)

Most European countries have established vocational training programmes as part of their education and training systems, but cross-national variation is still wide in this respect (Schömann and O’Connell 2002). National vocational training systems differ in (1) the nature of vocational specialisations on offer; (2) the number of occupations trained for; (3) the level of entry qualifications required; (4) the dominance of school-based vs. dual forms of training; (5) the extent and nature of provision for work experience during training; and (6) the extent and nature of direct or indirect employer involvement in design and provision. Based on these characteristics, we can identify three typical patterns of school-to-work transition (compare Table 1).

The general qualification system is principally characterised by a higher proportion of persons failing to progress beyond secondary level. The extensive vocational training system is characterised by a low proportion of persons failing to progress beyond compulsory schooling, a significant proportion with tertiary qualification, and that the gaining of vocational qualifications by upper-secondary-level school-leavers. In lower level education attainment systems, development of vocational training systems is weak. This category mainly includes the southern European countries, which are faced with high youth unemployment. More efforts to study the integration systems in the eastern European countries are needed to gain a clear picture of training and integration efforts, taking account also of the widespread tendency in these countries to migrate in order to seek better labour market integration paths elsewhere.

Skill mismatches at entry into the labour market are a costly waste of human resources. It is vital, therefore, to speed up the process of matching the skills and experiences of youth across the European Union with firms' skill needs. The appropriate design of education and training systems as well as structured transitions to the labour market can enhance the integration of youth with and without a migration background. It is a well established empirical fact that unemployment in early life may permanently impair the employability of youth. Already among young people one out of three unemployed persons in the European Union experiences long-term unemployment. Moreover, even within well performing countries, youth unemployment figures in some regions are well above 20%. Due to relative lack of data on the difficulty of integrating second-generation migrants into European labour markets, policies tend to accord little priority to this issue. Despite good job growth in the last year, throughout the European Union unemployment among youth remains at a level higher than among the population at large.

Youth benefits from overall job growth, but is more vulnerable at times of slack economic growth. With reduced growth forecasts for 2008, the risk of precarious entry into the labour market is liable to increase once again unless specific policy targets are also agreed upon across the European Union. Currently young persons, particularly those from a second-generation migration background, bear the greatest risk of mismatch with employers' expectations, a situation that is compounded in some cases by discrimination. Building reliable bridges between the sphere of education and the sphere of employment should figure higher on the policy agenda, and the lack of a "Lisbon target" in this field is beginning to show its detrimental effects. Reviving social pacts with the aim of improving the integration of youth might be one way forward.