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### Youth Unemployment and EU: A Love-Hate Relationship

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# Youth Unemployment and EU: A Love-Hate Relationship<sup>1</sup>

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## Abstract

Youth unemployment remains a key concern for the European Union's member-states, especially the weakest, for at least 10 years. Although the European Union has taken initiatives in the past, young citizens throughout the European Union are still facing the serious problem of unemployment every day. And statistical findings do not look promising of a better or more steady future, even though EU is aiming to invest even more money in the field of youth employment. Therefore, the dynamic of youth unemployment is having a major socioeconomic consequence. This is the reason why realistic measures and initiatives need to be taken in order to avoid the repeat of 2008. Youth unemployment in the European Union as well as the measures and the initiatives that have been taken both during the Economic Crisis and the COVID-19 pandemic are being analysed in the current policy brief.

**Keywords:** youth; youth unemployment; European Union; labor; COVID-19; Next generation EU; Youth guarantee; Early Post-Covid World.

## Introduction

Young people are often looking for work so that they can contribute to family income, maintain their student housing, prepare for their future profession, or simply have extra pocket money. But what is the harsh reality? Opportunities in the labor market were already limited and uncertainty prevailed before the COVID19 pandemic which did not come to make things easier. Youth unemployment in 2020 has skyrocketed. In particular, before the pandemic, youth unemployment in the EU stood at 14.9%, down from the highest level of 24.4% in 2013. In August 2020 it stood at 17.6% and further growth is expected. We, therefore, understand that before 2020, measures of EU seemed to be paying off, measures that will be analysed subsequently. But the pandemic came to reverse and further delay their performance (Amadeo & Anderson, 2020).

It is crucial to understand this urgent situation, given that young Europeans must be ready to be the European workforce of the near future. They need immediate support from the European Commission. The special characteristics of youth unemployment<sup>3</sup> make the intervention of the Commission even more necessary and urgent:

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<sup>3</sup> Youth unemployment defines the professional condition of a person (15-24) who, while able and willing to work, cannot find work.

1. The youth unemployment rate<sup>4</sup> remained always double or higher than general unemployment (Allen, 2010).
2. The integration of a stable labor market started to take longer, due to job-to-job transitions and fears of precarious work (Allen, 2010).
3. Vulnerable groups, such as youth of ethnic and racial minorities or young people with disabilities, continued to be disadvantaged throughout the last decade (Council of Europe, 2005).
4. Youth inactivity did not show an analogous decrease as youth unemployment.
5. The consequences of unemployment at an early age can have devastating impacts on the life of a young person. Beyond the immediate negative effects of unemployment on individuals and public finances, youth unemployment has been shown to have longer-term effects known as “scarring effects”.

The time has come for young people to play a major role in the European economy and society. Having realized the seriousness of the situation, it is time to focus on what the EU has done and what can be done in the future in order to avoid an unemployed “lockdown generation”.

### **Current situation**

To tackle the problem, we must first accept that it exists. The figures are the most graphic means of capturing how youth unemployment affects the daily lives of millions of our fellow human beings. One is that the Great Recession and the European debt crisis have had the most salient impact on youth unemployment. Since 2009 unemployment has been rising steadily<sup>5</sup>. The pandemic of COVID19 brought back this disaster and desperation prevailed. Within a year unemployed young people increased by 456,000 in the EU. Specifically, in November 2019 the unemployed under 25 reached 3,711,000 while the following year (2020) they exceeded 4,000,000. In any case, the figures are far from the disastrous unemployment of 2013 of close to 23% but still at the same level as in the first quarter of 2009. At the time, youth unemployment had reached 18.3% (Hernanz & Jimeno, 2017). Therefore, every day around 4 million young Europeans live without work or seek salvation in undeclared work. And the problem is becoming increasingly acute in young people who have mobility, mental or psychological problems. Therefore, bearing in mind that the Covid-19 pandemic

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<sup>4</sup> Unemployed people are those who report that they are without work, despite the fact that they are available for work and that they have taken active steps to find work.

<sup>5</sup> Youth unemployment rate is the number of unemployed 15–24-year-olds expressed as a percentage of the youth labour force. This phenomenon appears when there is a redundant job offer. In a way the unemployment rate is the number of people unemployed as a percentage of the labor force.

will not subside quickly, but also that youth unemployment tends to be twice as high as unemployment in general, Europe must act immediately, in a coordinated and above all united way to deal with the consequences of the pandemic.

The EU had become aware of the problem and in the past has taken several valuable measures, initiatives, and set up programs ready to tackle youth unemployment. For example, the first program Youth Guarantees (2013) has had results, as it has created opportunities for young people and has acted as a powerful lever for structural reforms and innovation. Youth Guarantees has helped more than 24 million young people since 2013. The improved economic situation in Europe has been beneficial for young people too. To continue with, the Youth Employment Initiative (YEI) is one of the main EU financial resources to support the implementation of Youth Guarantee schemes (European Commission, 2009). The YEI is easily characterized as a success given that has directly helped over 2.4 million young people across the EU. “The EU and member-states are investing an estimated €22 billion in youth employment operations for the whole 2014-2018 programming period” (Europa, n.d.a).

In 2020 EU commission pathed again the way and set the standards for the future. The recovery plan that was proposed “Next Generation EU” has young people at its heart (Europa, n.d.b):

- 1) Reinforcement of the European youth guarantee (Europa, n.d.c): all Member States are committed to the purpose that via the reinforced Youth Guarantee it is ensured that every young person, under the age of 30, who signs up to the youth guarantee should receive a high-quality offer of job education, apprenticeship, or traineeship in just four months. In more detail:
  - employment
  - continuing education
  - apprenticeship within 4 months of subscription to the programme (by apprenticeship is meant time-sharing between work and school. Companies often guarantee a contract and a salary worthy of your work. By the end of the apprenticeship, students benefit from a diploma and a full qualification) (Europa, n.d.d)
  - traineeship within four months of being unemployed or leaving formal education (Europa, n.d.e).
- 2) Along the line of offsetting the impact on youth employment, on the 1st of July 2020 the European Commission, also, proposed the initiative "Supporting youth employment- A Bridge to employment for the next generation". The Bridge to Employment will be more inclusive to avoid all forms of discrimination, and will cover more broadly the most vulnerable

- groups, such as young people from racial and ethnic minority groups and will provide personalized advice and guidance (Europa, n.d.f).
- 3) The European Alliance for Apprenticeships (EaFA) unites governments and key stakeholders intending to strengthen the quality, supply, and overall image of apprenticeships across Europe, while also promoting the mobility of apprentices (Europa, n.d.g).
  - 4) Modernization of vocational education and training to make the transition from school to work smoother. Over the next five years Commission is aiming to see more than four out of five graduates from vocational education and training employed (Europa, n.d.h).
  - 5) European Network of Public Employment Services and the Action Plan for the Social Economy are aiming to deal with the unemployment of youngsters. Additional measures to support youth employment include, in the short term, incentives for employment and the start-up of new activities, and, in the medium term, capacity building, networks of young entrepreneurs, and inter-operational training centers (Europa, n.d.i).
  - 6) Erasmus Young Entrepreneurs is a cross-border exchange programme that offers young or ambitious entrepreneurs the opportunity to learn from experienced entrepreneurs who run small businesses in one of the participating countries (Erasmus, n.d).

All the above are intended to be financed through the Next Generation EU and the long-term EU budget. At least €22 billion should be spent on youth employment support. The Commission urges Member States to step up and support youth employment.

However, it is crucial to understand the urgency of the situation, given that EU competitors are gaining in labour-intensive products, the EU needs to invest in employment. The solutions that the EU proposed are set to be implemented in the following years. The important question that arises, is: Is this enough?

## **Recommendations**

From the previous analysis, then, we became aware of the influence of unemployment on Europe's economic and social life, but at the same time we browsed into the useful tools used or about to be used by the EU to combat youth unemployment. So, it is time for suggestions. Let us take a realistic and creative look at what more can be done in areas that have been neglected. European Commission needs to turn her attention to seven (7) important measures/investments:

- 1) Encourage entrepreneurship in young people (Talend Rise, 2017). The ambitious who start businesses play a major role in the economy. Therefore, from an early age, entrepreneurship should be promoted. This can cover a range of things, from

knowledge in how to start and run a business effectively, to soft skills such as creativity and problem solving or even how to deal with bureaucracies and legal obligations. All highly necessary attributes when it comes to starting a business that the majority of young people are unaware of should be accessible. Moreover, it would be wise if the EU could give a generous monetary amount to enterprises supported or staffed by young entrepreneurs in order to cope with the first difficulties caused by the crisis of COVID-19.

- 2) Decision-makers and stakeholders of the EU need to cooperate with lawmakers to give motives to businesses to hire young people. These motives could be given:
  - a) via tax deduction,
  - b) Payment of the salary of new young employees 50% by the state and 50% by the EU.
  - c) public investments (Heimberger, 2019).
- 3) Expand apprenticeships. European Union as it has already been mentioned is increasingly interested in expanding apprenticeships in the workplace. That is why all EU Member States can follow Germany's example. Apprenticeships are a well-known measure in Germany, one of the EU members states with the lowest youth unemployment rate. In the German case, companies pay a large part of student training, and the Federal Government is responsible for the payment of the remaining amount. A very useful measure that is being exported and attempted to other countries, such as the United States or Great Britain. Why not in the European Union?
- 4) Correction of the poor funds' management by the member-states. European Central Bank and EU Commission need to intervene and ensure 80% or more absorbency of the funds given to support youth employment by each member. This can be done either by increasing the fines for non-absorption or by creating more opportunities and work programmes for young people in labour-deprived sectors.
- 5) Focusing on the education of new technologies since the skills that were once considered optional are now necessary.
- 6) Training of teachers and trainers in VET, particular in the digital field and support mobility of VET learners, teachers, and trainers across Europe.
- 7) Support young athletes.

## Conclusions

From the present Policy brief we induce that the road is long, given that the rate of youth unemployment will certainly show an increase due to COVID19, but fortunately the first steps have been taken. All that is required right now is to increase the speed of these steps. The European Union has indeed been dealing with the problem of youth unemployment for years, sometimes with tangible and concrete results, but other times with unproductive results. The important next step should be to take the necessary measures and initiatives. So young people, who today make up a small percentage of our Union, will be able to make up the 100% of the future. The European Union will not fail if it aims too high and does not reach it, but if it aims too low and content itself on it. Let us work hard and collectively so that young people can bring hope to the post-COVID19 era.

“I think that no idea is so outlandish that it should not be considered and viewed with a searching, but at the same time, I hope, with a steady eye” (Winston Churchill).

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