

A stylized world map composed of a grid of grey dots, with several dots highlighted in red to represent specific countries.

## We Are Excluded

Current country studies by the Friedrich-Ebert-Stiftung analyse youth unemployment in Europe

**A detailed look at the background to this problem with examples from Spain, Germany, Italy, France and Poland**

- The debt and economic crisis may be increasing youth unemployment in many European countries, but it is not its structural cause. The current academic country studies by the Friedrich-Ebert-Stiftung (FES) from 12 European countries show that a growing proportion of young people in the EU have no longer been successfully making a smooth transition from school to permanent, paid employment.
- Instead of quickly gaining a lasting foothold in the job market, young people throughout Europe are wasting valuable years in an unsatisfactory situation of bouncing backwards and forwards between education, unemployment and precarious jobs, and this does not enable them to make definite life and career plans.
- It is a mass phenomenon. Instead of a permanent job, many 15 to 24-year-olds are only finding precarious part-time or temporary jobs or posts with fixed-term contracts in the increasingly deregulated job markets of the EU. They are therefore the first to lose their jobs in periods of economic volatility.
- The current economic crisis is also hitting them the hardest. In the countries of the EU, an average of 22 per cent of young people are unemployed, approximately twice the average figure for adults. A proportion of Europe's youth has therefore gradually become a lost generation, which makes it even harder for this generation to embark upon careers.

### In times of crisis, the policy of »last in, first out« is applied

One of the crudest examples of how in the job market it is the young people who are hit the hardest by any economic crises can currently be seen in Spain. There more than half (52 per cent) of young workers under the age of 25 were without a job in the first half of 2012. After Greece, Spain has the second highest youth unemployment in the EU, states the rapporteur who compiled the FES country report on Spain, Fernando Rocha Sánchez. Spaniards aged between 16 and 24 are twice as likely to be unemployed as their older compatriots. Nearly two million of them lost their jobs between 2008 and 2012. One reason for this is that young workers are especially likely to work in low or moderately skilled jobs in industries that were hit particularly hard by the crisis in Spain: construction, production and retail. 66 per cent of employees who recently lost their jobs in these three fields were aged between 16 and 29, states Fernando Rocha Sánchez.<sup>1</sup>

### The crisis increases youth unemployment but its roots lie in precarious jobs

The crisis has had a dramatic impact on youth unemployment in Spain. However, just one look at the background to the situation there – and in many other EU countries – and it becomes clear that the root causes of the weak presence of young people in the job market lie elsewhere. The reason often lies in reforms of the job market, through which the state allows constant deregulation of working conditions. This deregulation made it increasingly more difficult for people entering the job market to find a secure, fairly paid and long-term job. Precarious employment is now increasingly often the rule for young people in the first few years of their working lives. In their search for a secure job, an increasing proportion are killing time in long, unpaid internships, bogus self-employment, undeclared employment and very low paid jobs far below their qualification levels. In particular, the percentage of young people who have jobs with fixed-term contracts is extremely high in Spain. And it was precisely these jobs that employers cut in the crisis or did not extend. 57 per cent of the jobs lost by

young people aged between 16 and 24 since 2008 had fixed-term contracts. At the start of the crisis, as many as 80 per cent of the jobs lost by people under the age of 24 had fixed-term contracts.

The current conservative government is attempting to tackle unemployment through yet more deregulation of employment. However, the previous attempts at flexibilisation through job market reforms in the last few decades never resulted in more permanent jobs but only in more precarious jobs, reports Fernando Rocha Sánchez. In view of the debt and economic crisis in particular, in 2012 the government again impinged upon workers' rights, especially those of young workers, when it weakened participation rights and the rules on protection against dismissal. The government also changed the conditions for training contracts in such a way that it is now feared that trainees are often not introduced to a career but are merely exploited as cheap labour, says Sánchez.

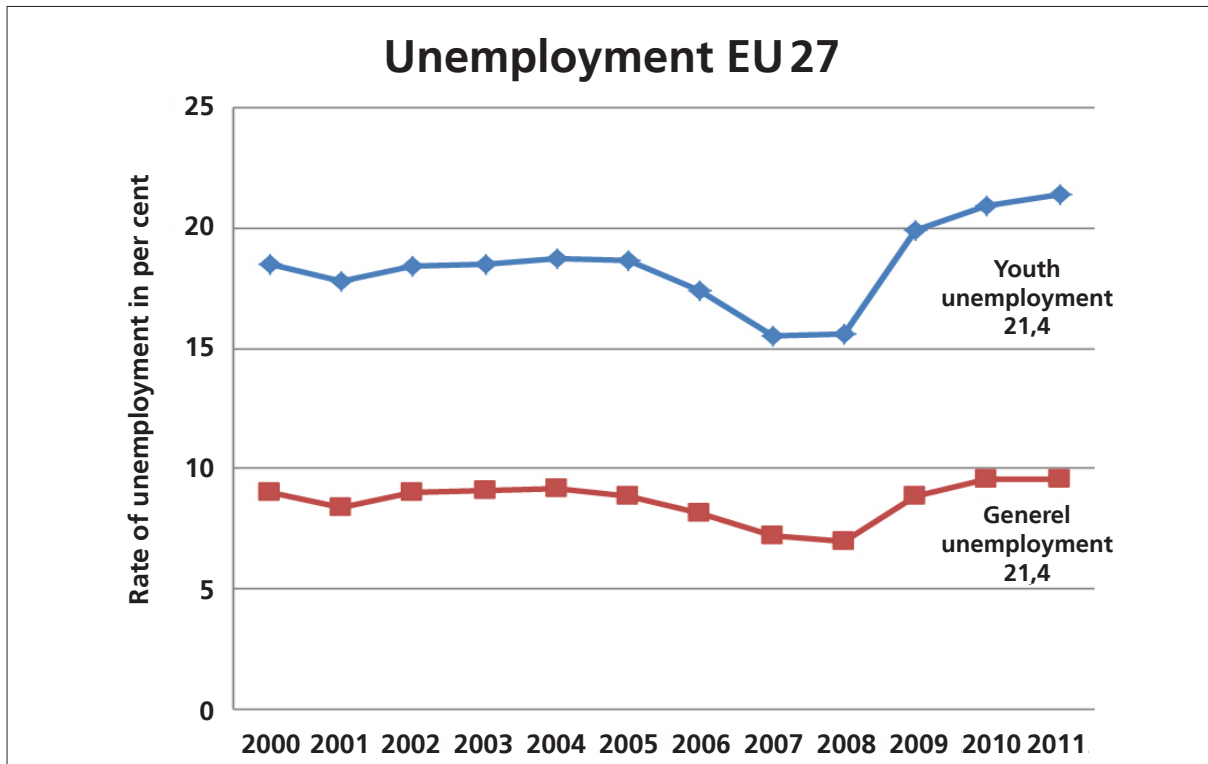
### Condemned to doing nothing right at the start of their professional lives: Spain's »ni-ni generation«

Across Europe, it is young men who are losing their jobs particularly frequently at present. Before the crisis, their rate of unemployment was significantly lower than that for young women. In Spain too, more young men are unemployed than young women – and between 40 per cent and 50 per cent of them remain unemployed for one year or more. There is a particular risk of poverty and social exclusion for one group of young unemployed people: those who are without work and are not bridging this period in either training or education but are literally doing nothing. In 2012, 19 per cent of unemployed people under the age of 24 and as many as 27 per cent of unemployed 25 to 29-year-olds belonged to this »ni-ni generation« (*»ni trabajan, ni estudian«* or, in English, »neither working nor in education or training«).

### There is too little system to the German transitional system

By contrast, in Germany young people who are unable to find a place in education or a job on leaving school end up on the street much less often. In the transitional system, as it is known, they are offered a wide range of publicly subsidised programmes and training courses,

1. You can find his complete study at <http://www.fes.de/lnk/youthunemployment>.



Source: <http://appsso.eurostat.ec.europa.eu/nui/setupModifyTableLayout.do>.

which are intended to improve their social, school and vocational qualifications. In 2011, the percentage of young school leavers who did not directly find a training place in Germany but ended up in programmes of the transitional system, stood at nearly 30 per cent, says the author of the FES country report for Germany, Bettina Kohlrausch.<sup>2</sup> These young people do not appear in the unemployment statistics and are not technically considered to be unemployed. However, as to whether all the measures of the transitional system actually help them to enter the job market, this is a matter of dispute among experts.

Although at 9 per cent youth unemployment in Germany is only half that in the majority of European countries, significant difficulties have been arising in this country over a number of years when it comes to integrating young workers into the job market. Since as early as 1994, youth unemployment has regularly been higher than adult unemployment. On the one hand, it is true that the dual system of vocational education and train-

ing – in which employers and vocational training schools jointly ensure the qualification of a trainee – is still having a very stabilising effect on the job market. As Kohlrausch reports, a majority of those managing to get onto a dual education and training programme have a good chance of finding a regular job afterwards. However, on the other hand, in 2011 this was only possible for just over half of school leavers. By contrast, nearly every second school leaver did not manage to find a vocational training place in the dual system straight after leaving school. For them, their working life began in vocational training schools or in training courses of the transitional system

Access to the dual system is the basis for a good start to a career

The transitional system, which is supported by job centres, vocational training schools and private providers, is criticised for the fact that it does not provide a guaranteed transition to the job market for young people and, in particular, that it is not very effective. Often participants in the programmes are not able to improve their social and professional qualifications according to their deficits and

2. You can download her complete report at <http://www.fes.de/lnk/youth-unemployment>.

needs but pass through a number of standard training courses that do not build on one another and help them little or not at all in their search for a vocational training place. A large number of the programmes offered in the transitional system are therefore regarded by critics more as futile way of killing time than as useful measures to increase employment. On the other hand, representatives of employers criticise the fact that school leavers often lack the personal maturity and basic knowledge for a training place in the dual system and they therefore support the general preparatory training courses.

In order to ensure a smooth transition to working life, access to the dual system is the decisive factor in Germany. Young men, young people with a poor school education and immigrants are more often than average excluded. It is above all in strengthening this system – and not in expanding the transitional system – that action needs to be taken to combat youth unemployment, writes Bettina Kohlrausch. The school system must therefore prepare young people in a more targeted way for being able to carve out a regular path to a training place. According to Kohlrausch, it is also necessary to offer more qualification modules in the transitional system that young people could use to begin the dual training system. Political discussion is also focusing on a training-place-guarantee for young people who wish to eliminate possible shortcomings in terms of their readiness for training through preparatory training measures.

In Italy, the transition from school to work is one of the longest in the world

While in Germany, school education and vocational training go hand in hand in many places, the two have been separate worlds in Italy for a long time. There the transition from school to a permanent job has been one of the most difficult and longest in the world for several decades. This phase lasts a good 50 months in Italy, nearly twice as long as the European average, writes FES rapporteur Francesco Pastore.<sup>3</sup> The unemployment rate among Italy's young people rose by 24 per cent in 2007 to over 39 per cent in the first half of 2012, and it was three times as high in the south of Italy as in central or northern Italy. The phrase »last in, first out« is also true

in Italy's job market than in scarcely any other country. Or it is a case of not even being able to get in in the first place. More than 60 per cent of unemployed people in Italy belong to the category of individuals who are entering the job market. There is also a high proportion of temporary, atypical employment in Italy.

As in other Mediterranean countries such as France, Greece, Portugal and Spain, in Italy too an inflexible school and education system is blamed for the long transition to job independence. It is thought that this system has been relying too heavily and for too long on theoretical knowledge, with practical professional experience not playing a part here, unlike in the dual training system in Germany. However, in financial terms it is not the state that supports the long professional orientation phase in Italy, but the family, says Francesco Pastore.

### Reforms bring a more practical approach to school education

In previous years, reforms in Italy have primarily addressed the deregulation of employment by relaxing the rules on protection against dismissal and allowing atypical employment. However, more recent reforms were aiming at improving school education and better matching actual labour market requirements. Mario Monti's government reformed the school and education system in 2011, ensured more practical relevance and announced further measures in this vein. A reform of the job market in 2012 set out to increase costs for temporary employment and reduce the costs for a permanent job through further relaxing of the rules on protection against dismissal, for example.

One of the few groups of young people in Italy whose rate of unemployment has fallen is those with a university degree. However, Italy is at the bottom of the table in Europe when it comes to the number of university graduates. This is surprising given the fact that 75 per cent of young people in Italy have a post-secondary school diploma entitling them to pursue further studies. Nevertheless, only a small proportion manage to obtain a degree, more than half drop out of university; the duration of studies is very long. Those who persevere may have good chances of finding a job, but more often than average they initially take a job for which they are over-qualified and underpaid.

3. You can read his complete country report on Italy here: <http://www.fes.de/Ink/youthunemployment>.

## France: Even a brilliant formal education does not open up many career prospects

Across all EU countries, young people from a migration background and young people with a poor school education are the groups that are particularly disadvantaged in the job market. However, even a brilliant education often does not guarantee young job starters any career prospects. Example from France: There young people have a considerably higher level of formal education than their parents' generation, but – like Italy's university graduates – due to a lack of other opportunities they often work far below their qualification levels in precarious jobs for little money. »Unfortunately, the social ladder on which young people are climbing higher and higher is gradually sinking into the ground«, is how the rapporteur of the FES France study, Florence Lefresne, describes the situation.<sup>4</sup>

Germany's neighbour also has a deep-rooted structural problem when it comes to integrating its young workers into the job market. In the last 30 years, the rate of unemployment among under 25-year-olds in France has never fallen below 15 per cent, but it has usually been above 20 per cent. In December 2011, nearly 24 per cent of young people were unemployed whilst the general rate of unemployment was well below half that. In France too, the percentage of young people in fixed-term, precarious and poorly paid jobs was and remains higher than average, which is why they become unemployed more quickly during crises. Overall, it is apparent that in France each generation finds fewer stable jobs than the generation before them. The various French governments have long been aware of the problem and have tried various approaches to solve it. As a result, in 2010 a quarter of young workers benefitted from state-subsidised employment contracts.

## Each year, 130,000 young people leave the French school system without a diploma

In contrast to countries such as Germany, Austria, the Netherlands or Denmark, France does not have a broad-based vocational training system that alternates between practice and theory. Young people in France learn

first and work later, writes Florence Lefresne. The situation in the school system presents a mixed picture. While a very high number of young people – predominantly girls – are gaining high level diplomas, at the same time, each year 130,000 young people (some 17 per cent) are leaving school without a diploma. This last group was hit particularly hard by the cutting of 50,000 teaching posts that the French school system was forced to bear under the Sarkozy government and which Francois Hollande now intends to counteract with new appointments, says Lefresne. Whilst a good diploma is still a major prerequisite for finding a good job, it is providing school leavers with increasingly less protection from unemployment or a poorly paid job. In 2010, three years after embarking on their careers young French workers were earning an average of EUR 1,200 and a quarter of them were even earning less than EUR 1,000. In particular, young women benefit little from the fact that they have significantly better school diplomas than men. They earn a good 24 per cent less than their male colleagues.

French governments have tried to make employing young workers more attractive to employers by allowing special contract conditions and announcing state support and reductions in social contribution requirements. Small firms with less than ten employees particularly take advantage of this. Nevertheless, a fixed-term or part-time job is still the main way into the job market for young people. Politicians' ambitious goal of creating more education opportunities was not successful and this was due in particular to the economic crisis. The number of trainees fell between 2007 and 2011 from 418,000 to 390,000.

State support for the employment of young people has not yet had any lasting impact on youth unemployment, which remains 2 to 2.5 times as high as the general rate of unemployment. Nevertheless, the Holland government is focusing on this instrument and is promising employers relief where social security contributions and taxes are concerned in return for employing young workers. However, Florence Lefresne recommends that this should focus on the severely disadvantaged groups of young people and should be accompanied by clear demands upon the employers benefitting from the scheme. During the crisis, the author argues, it is of particular importance to support new professional standards that aim to improve both the quality and security of employment.

4. You can find her complete analysis here: <http://www.fes.de/lnk/youth-unemployment>.

## Poland: Working poor with a first-class education

Like France, Poland also has a young generation with a very good level of formal education. 80 per cent of school leavers have a diploma entitling them to study at university. But there too, 15 to 24-year-olds have for some years been experiencing great difficulties in becoming integrated into the job market. Both youth unemployment and the proportion of precarious jobs and jobs that do not provide a livelihood and result in poverty is increasing in Poland, writes FES country rapporteur Michal Polakowski.<sup>5</sup>

Since 2008, the economic crisis has also had an impact in Poland, albeit not as dramatically as in the southern European countries. Youth unemployment currently stands at nearly 28 per cent but, at the beginning of the 2000s, it reached entirely different proportions with a rate of well over 40 per cent. Nearly three million jobs were lost between 1990 and 2003, mainly in farming and industry. From 2004 onwards, the Polish economy recovered slowly; the rate of unemployment among young people fell to 17 per cent in 2008. But since then, the rate has risen again and precarious jobs have increased dramatically.

### 66 per cent of Polish employment contracts are fixed-term contracts

Short-term contracts are particularly widespread in Poland. In 2011, the proportion of fixed-term employment reached 66 per cent. It is primarily young people with a low level of school qualifications who are working under such contractual conditions. Fixed-term contracts are particularly common in the service industry and in retail where they represent over 40 per cent of employment contracts. These jobs are generally not springboards to regular employment. They are instead a trap and a path to greater job insecurity, as a fixed-term contract is generally followed by further fixed-term contracts, reports Michal Polakowski. As far as in-depth vocational training is concerned, it is only a minority of employers that are active here. In 2010, just 23 per cent of Polish companies were collaborating with schools or centres for practical training.

5. You can download his complete analysis on the situation in Poland here: <http://www.fes.de/Ink/youthunemployment>.

Another feature of note in the Polish job market is special employment contracts under the Civil Code («Civil Code Contracts») with below-average social security arrangements. In contrast to the contracts under employment law, these contracts do not cover risks in terms of illness, pregnancy or unemployment, nor are there any regulations concerning minimum salary or specific guidelines on working hours. It is primarily young workers who are concluding contracts on the basis of this template.

A high percentage of young Poles are seeking jobs abroad. In 2011, approx. two million people emigrated from Poland, mainly to the UK, Germany and the USA. Half of them were aged between 20 and 29 years old. Poland therefore not only has to cope with a »brain drain«, but also with what could be termed a »brain waste«, a waste of knowledge. This is because among the young emigrants are many with a high level of education, but who often work far below their qualification levels when they emigrate. Only one in ten migrants with a university degree finds a job that matches their qualifications. However, due to the surplus of university graduates as a result of Poland's education boom, the loss of skilled workers to emigration remains far more painful for the labour market.

### First sign of an active job market policy to combat youth unemployment in Poland

To date, Polish job market policy has not been very active when it comes to supporting unemployed people. Only a very small number of young Poles receive unemployment benefit as many never make it to the required minimum period of employment of 12 months within an 18-month period. One instrument that is intended to finance job market measures is the *Fundusz Pracy*, a fund into which 2.45 per cent of the gross income of all employees is paid. It is full to bursting and could be used for active job market policy. However, during the crisis, as a cost-saving measure, the government cut expenditure from this fund by half. Michal Polakowski recommends that this decision be reversed quickly. According to him, more state-financed training measures are needed in order to strengthen the qualifications of young jobseekers in Poland and help them to enter the job market. In 2012, the government took a first step in this direction

with a systematic programme offering young unemployed people vouchers for vocational training courses and mobility allowances.

### Europe's »Lost Generation«

The political approaches are as varied as the backgrounds to youth unemployment in the European countries, emphasises Hans Dietrich, who provides a summary of the situation in the EU.<sup>6</sup> While in countries such as Greece, Italy and Spain unemployment is at a record level, in countries such as Germany, Austria, the Netherlands, Luxembourg and Malta it has fallen since 2007 or remained stable. Extreme differences can be seen within the individual countries, where youth unemployment varies from region to region. Although it takes different forms, the problem of a »lost generation« of young people that has serious problems making the transition from school to working life is one that has been apparent for several years throughout the EU. Overall, young people are affected much more quickly and much more severely by any economic crises than adults.

### Social exclusion: adult life does not begin

For many young Europeans, a direct path from school into a secure job is no longer the rule. Instead temporary and scattered episodes of employment are becoming increasingly common. Young people are constantly bouncing backwards and forwards between education, training, precarious employment, unemployment and internships. »Young people therefore do not develop a clear picture of what type of job and what level of income they can aspire to«, says Hans Dietrich. Their dependence on financial support from their family, with whom they continue to live for a long time as grown-up children, also prevents them from being mobile in their search for a job. Young people are more likely to feel socially excluded by their unemployed status than just »poor«. »Life does not begin«, is how Dietrich puts it. Not being part of the job market in your younger years has a greater psychological impact than being unemployed as an adult.

6. His FES report *Youth unemployment in Europe* can be downloaded from [http://www.fes.de/themen/jugend/publikationen\\_jugendarbeitslosigkeit.php](http://www.fes.de/themen/jugend/publikationen_jugendarbeitslosigkeit.php).

### A pan-European problem that requires country-specific solutions

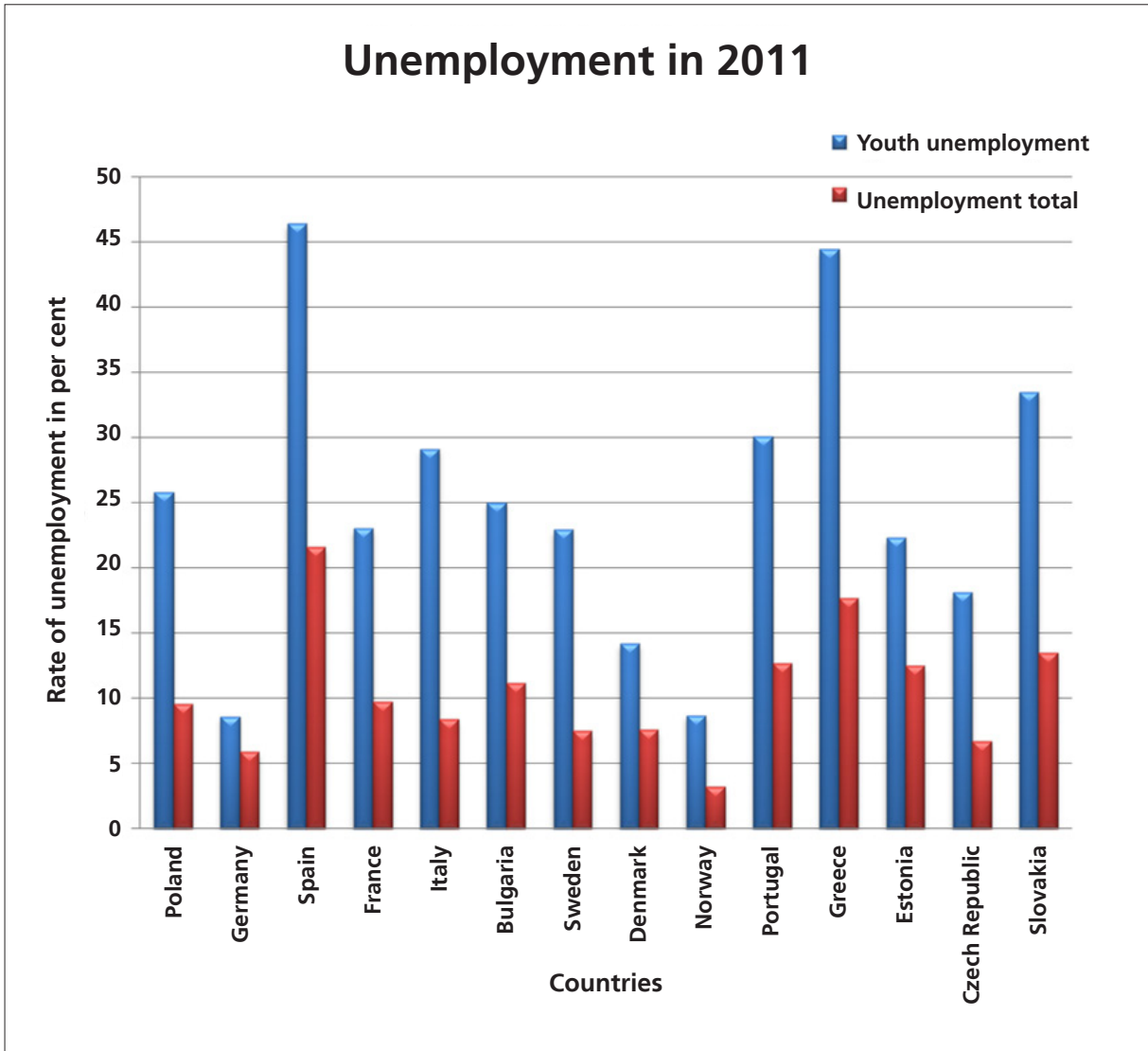
Youth unemployment is a pan-European problem. Nevertheless, country-specific solutions have to be found, suggest the FES country reports. They provide information about sensible approaches to this.

The FES rapporteurs don't see further deregulation of working conditions, which some governments wish to push through during the crisis, as a solution but rather as a part of the problem. It has already become evident throughout Europe that young people are being forced into precarious jobs and are becoming the flexible »reaction mass« in the job market as a result – at the expense of their future prospects. It is the young who are suffering far more greatly from the current impact of the crisis than all the other workers.

The general tenor of these studies is that solution strategies must therefore set different priorities. There seems to be a Europe-wide consensus that education systems need to be reformed and vocational training systems need to prepare participants for the job market in a more systematic way. The precise ways of achieving this may differ in the individual countries, be a matter of dispute and most certainly require country-specific priority setting.

However, a large number of the studies also suggest that job market policy should not just be restricted to improving the supply side. Country-specific elements of an active labour market policy must be developed as a priority. Within the EU countries, there is a broad, albeit heterogeneous, range of experience for this. The FES' Germany-study by SOFI-Göttingen provides clear indications of how the transitional system (from school to work) could be improved in Germany. However, at least for those countries where demand for young workers has fallen below the critical margin, finding ways of creating jobs that go far beyond this will become an increasingly urgent matter.

Above all, the conclusion of the country reports is the following: The countries of the EU need to quickly address this protracted problem and not by simply confining the search for solutions to the supply side of the labour market. Their future is at stake.



Source: <http://appsso.eurostat.ec.europa.eu/nui/setupModifyTableLayout.do>.





**The following studies are being prepared:**

**Europe**, Hans Dietrich; **Germany**, Bettina Kohlrausch;  
**France**, Florence Lefresne; **Italy**, Francesco Pastore;  
**Bulgaria**, Yordan Dimitrov; **Scandinavia**, Jonas Olson  
und Eskil Wadensjö; **Portugal**, Maria da Paz Campos Lima;  
**Greece**, Annie Tubadji; **Estonia**, Marge Unt;  
**Poland**, Michal Polakowski; **Spain**, Fernando Rocha;  
**Czech Republic**, Pavel Janicko; **Slovakia**, Michal Palenik

The FES studies can all be viewed via the following link:  
<http://www.fes.de/lnk/youthunemployment>

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Friedrich-Ebert-Stiftung | Dept. for Center and Eastern Europe  
Hiroshimastr. 28 | 10785 Berlin | Germany

Responsible:  
Jörg Bergstermann, Coordinator for Trade Union Programs  
in Europe and North America

Phone: ++49-30-269-35-7744 | Fax: ++49-30-269-35-9250  
<http://www.fes.de/international/moe>

To order publications:  
[info.moe@fes.de](mailto:info.moe@fes.de)

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