



Research finding summaries

WP4 Youth Employment Crisis and Inclusive Growth

Insights on understanding “the different and changing modes of governance (and their long-term effects)” by exploring the latest developments in policies and debates in relating to youth (un)-employment and linked social policies?

What are those developments? Where do they lead?

Youth employment has always been part of the EU agenda, but at the time of the crisis, it served as an example of concerted EU action and an exercise in high-level policy coordination. It remains an open question whether the crisis response to youth unemployment will be in time incorporated into a long-term employment strategy or whether most of the response components will be characterised as relevant only for crisis mitigation.

Are there means to ensure intergenerational equity or solidarity?

The EU has the capacity to identify where social risks are higher and concentrate action and resources there. Experiencing rising employment among the older workers and sharply rising unemployment (and also increasing risk of poverty) among youth justifies stronger focus of policy action in the area of school-to-work transition, and the pursuit of retirement (and not just pension) reform and meaningful active ageing policies at the other end.

After analysing the “geography of skilled work” for the young, can you map the brain drain in Europe?

What are the mobility trends emerging from the slow and fast burn phases of the crisis?

The main observations are as follows: there is an East-to-West movement of labour which, since the 2004 enlargement, resulted in a twofold increase in overall intra-EU labour mobility. This was a trend even in the pre-crisis phase, with the crisis leading to a fall of labour demand in large receiving countries (especially in the UK and Spain) and a consequent (though temporary) fall in East-to-West migration. At the same time, the Eurozone crisis resulted in rising South-to-North migration, with a higher share of people with tertiary education.

The research indeed highlights a distinction between an Eastern drain of skilled workers moving West and a Southern drain of skilled workers moving north. To be sure, not all mobility equals brain drain, but these two trends each carry a risk of brain drain in specific sectors and regions of the sending countries. The trends are also caused by different factors: the Eastern drain by differences in wages and working conditions, the Southern drain by the financial crisis and subsequent austerity measures. We can consider the Eastern drain slow-burning and the Southern one fast-burning (and subsiding now that the worst of the crisis has passed and the South is recovering). The Eastern drain still presents challenges to European integration and solidarity. The Commission is mostly addressing this through a rhetoric of skills and entrepreneurship, but it is an open question as to whether this will offset deeper-lying macro-economic differences or gaps in the levels of social rights and protection offered.

Research finding summaries



How has demographic change impacted employment levels in the Eurozone?

For the time being, demographic change has affected employment patterns rather than levels. Demographic change is slow and the labour market is able to adjust. In the long-run, however, both patterns and levels are uncertain. While some countries experiencing low birth rates and rapid ageing (e.g. Germany) are considering demographic change as a long-term issue, in some countries of Eastern Europe, the effects of low birth rates, coupled with migration by members of the younger generation, are already visible. This will affect the geography of work, especially at a time of rapid technological change, which is also considered an important source of change for how Europeans will work.

What is the role of professional networks and EU social partners in policy creation to address the challenges of demographic change and youth unemployment?

Can you point out who are the protagonists?

Professional networks on demographic change are emergent but operate in a very 'thin' institutional environment. The research has identified four main areas of policy activity: skill gaps and human capital; pension reform; work-life balance and policies enabling choice on family formation; and active/healthy ageing. For both authorities and the European public, issues relating to demographic change exhibit involve uncertainty about whether Europe will have enough skilled workers with the right type of skill where they are needed; concern about pension provision and large numbers of needy elderly falling into poverty; the ability of people of reproductive age to reconcile work and family and afford housing; the logistics in place for an older society in urban and rural environments. The 'crises' are identifiable but attract passing attention and little funding. Expertise on these issues is growing (and there is little disagreement on the causes of the demographic change trends at play in Europe) yet the expertise is not consolidated and frames exist in some areas but not others. With the exception of pension reform, there is little in the way of policy programmes. Authority on these issues is highly diffuse, policy timelines fragmented, and funding support scarce. In addition, there are initiatives hosted through the Presidency, some of which have transgressed into taboo territory with heavy natalist and nationalist overtones. There is noticeable absence of private sector input on these policy areas in Brussels.

Indeed, of all the policy issues linked to demographic change, retirement is a crucial issue for the social partners, private and otherwise. Employers in many countries remain to be convinced that longer activity and flexible retirement arrangements are also in their interest. Likewise, trade unions have reservations about some of the "active ageing" discourse, unless it is coupled with assurances about maintaining the value of pensions and investing in skills and workplace health of an ageing workforce. Many of the usual umbrella organisations active in Brussels have a very diverse membership and have not been innovators, on demographic change in particular. Ideas about work, life cycles, transitions, etc. have been discussed for some time without much progress being made on the content of policies. Questions about entrenching structural inequalities, in particular, are not being addressed. Civil society organisations representing youth and the elderly are also important stakeholders at both EU and national levels and are often more creative.

Research finding summaries



On youth unemployment, the social partners (especially trade unions) are significantly more active.

Where are their policy-recommendations heading?

Investing in life-long learning and occupational safety and health are the most important policies that support active ageing and an adaptation to demographic change in Europe. For youth, access to competitive skills, gaining employment that enables early start to social security contributions are the key recommendations.

Have any supranational efforts towards youth employment succeeded?

Why or why not?

Recent years have seen fall in overall unemployment in Europe but often an even faster fall in youth unemployment rates. A great variety of actions and reforms have been launched in member states for the benefit of inactive or unemployed youth which are explicitly linked to EU policies. Importantly in an EU context, these efforts are linked to a commitment to limit the length of under-25 unemployment to 4 months, which would help close the gap between overall unemployment rates and youth unemployment rates where it is very wide (especially but not exclusively in Southern Europe). It should be noted, however, that cross-country comparisons show national differences; for example, there has been more implementation in Spain and Portugal than in Italy.

What does that mean for the EU?

Mostly, it means there is an experience on which the EU can build. One recommendation could be that this experience should consolidate the concept of the Youth Guarantee and incorporate it in a shared vision of a European Social Model. This is what practically happened under the European Pillar of Social Rights. The EU can also continue its work on ensuring job quality for youth (potentially through legislation), and maintain the financial instruments in its budget to support related actions. A second recommendation should be that the EU-level social dialogue must keep youth employment among its priorities; this also implies continuing dialogue between the EU institutions and youth representatives. The EU can also push harder for national and regional dialogue between authorities, social partners and youth organisations.

How do supranational policies stand next to national ones?

Supranational policies are often based on national comparisons and highlight best practice. In the case of youth unemployment, the Austrian and Finnish models were identified as inspiration for the EU level initiative. Technical assistance from the EU level for designing and implementing national programs has also been crucial. EU level meetings of heads of state and government gave a clear signal to bureaucracies that change must happen and will be monitored. EU financial tools (incl. the Youth Employment Initiative) resulted in more attention and resources to youth employment projects in regions in greatest difficulty.

Research finding summaries



What provokes the mismatch between “aspirations for an EU-wide labour market and practical realities in the movement of people”, as you assumed in one of your hypothesis.

The EU allows for a free labour market but to take advantage of such opportunities people need to speak other languages (well) and need to be well informed. There are various tools for creating and developing this transparency of labour demand and supply (public and private employment services, EURES) but these barriers remain important, together with other types of relocation costs (housing, transport). Couples and families moving together brings further complications. Consequently, mobility can only play a limited role in resolving labour market (and broader developmental) imbalances in the EU context.

More specifically, the aspiration is that free labour mobility will lead to better matching and better allocation of skills across borders. Free labour mobility has increased the employment chances particularly for mobile young people from Central and Eastern European countries and more recently the Southern countries hit by the economic crisis. The employment rates of recent young EU migrant workers are close to those of nationals and in some countries – the UK is a good example - even higher than those of nationals which might have to do with their more open labour markets in terms of the use of general rather than specific skills. On the other hand, we also observe a lot of over-qualification of recent EU migrant workers who on average have rather high skills but report overwhelmingly that the jobs they are carrying out are not matching their skills. This can be linked to language barriers but also barriers such as discrimination, or insufficient recognition of professional qualifications (though this is less of an issue in an intra-EU labour mobility context than when considering third country migration). The research on these issues is ongoing and currently being tested is the impact of these barriers on subjective over-qualification. The research also shows finding employment through a social network (even though it is likely to increase the chances of finding a job in the first place) often leads to worse outcomes in terms of over-qualification. This is also the case for nationals. Recent EU migrant workers are however more likely to use a social network-type job search method. This suggests that so-called niche employment is important, that is the existence of migrant worker communities which tend to cluster in specific jobs that are often manual and require low skills.

What is the societal impact on the legitimacy of political actors of the youth employment crisis?

Youth unemployment rates have been high but the under-25 unemployed have represented a smaller portion of the total unemployed in all countries. Thus the youth unemployment crisis has had an ambiguous impact on the legitimacy of political actors. On the one hand, because of the high rates, together with many other consequences of the crisis (rising poverty and income inequality) it has eroded the legitimacy of political actors responsible for economic governance: high unemployment rates of young entrants was seen as a sign of ignorance. On the other hand, excessive focus on youth unemployment as opposed to overall unemployment (i.e. the majority) can also be seen as a sign of escapism and cynicism, which also causes disappointment and contributes to the erosion of legitimacy.