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“Teach a Man to Fish” – What to Do About EU Youth Unemployment?

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Almost seven million EU citizens age 15 to 25 are NEETS, that is, neither employed nor in education or training. The highest numbers are in Europe’s troubled South: 55.9% of young people in Spain are unemployed, 38.3% in Portugal, 38.4% in Italy, and 59.1% in Greece. The media have started to talk about “a lost generation.”

The first item on the agenda of the June 27 European Council meeting in Brussels will be the issue of European youth unemployment. On July 3, a meeting of all 27 EU Labor Ministers in Berlin will tackle the same problem. They will be joined by the highest EU officials, such as Commission president Jose Manuel Barroso, Council president Herman van Rompuy, as well as German Chancellor Angela Merkel and French President Francois Hollande.

The efforts to tackle this problem at the European Union level are led by Germany. “We need a program to eliminate youth unemployment in Southern Europe. Barroso has failed to do so,” said former German Chancellor Helmut Schmidt.

The German VET Program

VET stands for Vocational Education and Training. The program is based on a system that has served Germany well since the Middle Ages; it has much to do with the consistency of the famed German work quality and precision. Apprentices in one of the program’s 344 skilled occupations, ranging from tailor to car mechanic, work in private companies like BMW 3-5 days a week and go to school 1-2 days. At the end of the three year program, students have to pass an exam in order to get certified.

There are currently 33,000 available apprenticeships in Germany that could be filled with students from the Southern countries, however, language differences and pride keep that from happening. In France and Spain for example, vocational school is considered less prestigious. The VET program has been successfully exported in the past, and credited for economic success in other European countries with low youth unemployment, such as Denmark, Switzerland, Austria, and the Netherlands.
In February 2013, Germany has launched Mobipro EU, a program for young Europeans interested in German VET programs. Dual International Training Cooperation agreements have been signed with Spain, Greece, Portugal, Italy, Slovenia, and Latvia. If successful, the program can reverse the brain drain into brain building, and lead to the creation of new opportunities and increased expertise in Southern Europe.

**EU Projects for the Unemployed Youth**

Brussels' most ambitious project is the Youth Guarantee scheme, a program that promises to offer employment, continuing education, apprentice- or trainee-ship to anyone under 25 within four months of becoming unemployed. A €6 billion fund ($7.8 billion) for 2014-2020 is already set up for the program, which is expected to generate an additional €60 billion, although officials in Luxembourg quoted by Der Spiegel limit that amount to €20-30 billion. The program will link EU employment services, schools, small and medium enterprises (SMEs) and other actors, and will prioritize citizens of countries with youth unemployment higher than 25%. A redistribution of €16 billion in unspent money from the 2007-13 Structural Funds and Cohesion Fund will also be used for projects regarding youth employment.

Brussels also wants to give a boost to small and medium businesses. The European Commission started a consultation program with more than 1,600 SMEs to identify top ten most burdensome regulations for them. The findings will help rewrite EU laws after the June summit. Additional facilities given to SMEs hiring youth under 25 might become available after the June and July meetings.

Germany has announced a €1 billion program to offer loans to SMEs in Spain, from the state development bank (Kreditanstalt für Wiederaufbau, KfW), a bank set up in 1948 as part of the Marshall Plan. Greece and Portugal are also interested in being offered similar programs.

Other proposed measures to tackle youth unemployment are aimed at stimulating inter-EU worker mobility and expanding the ERASMUS student mobility program.

**Causes of Youth Unemployment**

The unemployment problem was influenced by the global meltdown; however, it also has deep local roots. In Spain and Italy, rigid employment laws and strong unions keep companies from offering full contracts. Instead, they offer short-term contracts, which are low paid, have no benefits and no job security. In Spain, 25% of the workforce is on such contracts. In France, high social security charges (as much as 20% higher than in Germany) and cumbersome work rules are causing low competitiveness. The pre-crisis economic boom and housing bubble in Spain created many victims: more than 30% of Spanish youth left school without earning a degree, attracted by the quick money-making opportunities of the construction sector – a “historic mistake” according to sociology professor Luis Garrido.

**May 2014 European Parliament Elections**

The dangers are real: increasingly radicalized by the economic crisis and austerity measures, youth in Southern EU countries are voting with right or left wing extremist parties. In Greece, for example, SYRIZA, a “Coalition of the Radical Left” rose from 3.3% of the votes in 2004 to almost 27% in 2012, while the right wing extremist “Golden Dawn” party rose from 0.29% in 2009 to almost 7% in 2013. “The long-term prospects of young people in the crisis-ridden countries are extremely grim. This increases the risk of radicalization of an entire generation,” warns Joachim Möller, director of Germany’s Institute of Employment Research.

The May 2014 elections for the European Parliament could bring the rise of Eurosceptic parties in Italy, the UK, and...
even Germany with a larger share of the votes. Led by comedian Beppe Grillo, the anti-establishment and Eurosceptic Five Star Movement in Italy won 25% of the votes in February 2013. A new anti-Euro party in Germany, “Alternative for Germany,” has notable supporters, albeit not a big share of votes yet.

*EuroPoint*: Where there is a will, there is a way. The youth unemployment issue has the potential to affect the European project. There are solid models that have worked well in the past. With funding guaranteed and a strong political will, what has been for the last four years one of Europe’s biggest problems, has the potential to rejuvenate Europe.