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Youth Unemployment and the Economy: A European Perspective

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This is a thesis about youth unemployment in Europe and especially about youth unemployment in the Nordic countries. Overall effects and causes of youth unemployment are concluded from a variety of studies and articles about youth unemployment in Europe to understand and highlight the current problems and future predictions as they relate to the unemployed of the youth. This thesis is part of the Metropolia’s bachelor’s degree in International Business and Logistics (IBL).

The main objective of this thesis is to find out if there is a youth unemployment problem in Europe and to analyse the future possibilities of youth employment and the overall social situation more generally. What can be said is that there is a bigger youth unemployment problem coming in the next ten years or so. Europe’s current political situation will affect it and even if there are some policies and frameworks already in place to help the youth they will not be effective enough to mitigate the long term costs that the society, economy and the current youth will have to face in the future. If the situation is not fixed soon European countries will have a big disaster on their hands that will most likely take too long to fix (if fixable at all). The current problems in the youth unemployment are the fault of the European policy makers and the governments that have not been able to respond to the problems that today’s youth are having with education and in the labour market. Europe’s youth need more than has been provided for them in the ever changing and complex world that is not able to address them.

Keywords: Youth Unemployment
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1 Introduction

Youth unemployment is a social and economic problem that has been a significant issue ever since there has been any labor market data made available to be analyzed. Youth unemployment is a problem that can have devastating effects on both a country’s economy and the wellbeing of its citizens. Unemployment more generally is an issue but the youth unemployment more specifically has more devastating effects for those who are long term unemployed. These can be problems with mental health or financial ruin for the rest of the individual's life. Unemployment and especially youth unemployment is caused by many different factors in Europe such as economic crisis, EU policies and how well governments deal with country specific problems relating to youth unemployment.

There has been worrying data such as increases in EU unemployment rates and in the Nordic countries specifically. This is a problematic issue when observing that Nordic countries in particular have highly funded welfare systems in place and their level of education is considered to be among the world's finest. One of the most worrying aspects about both current and future youth unemployment is the fact that there has been some disturbing data showing that youth unemployment rates and problems will increase in the coming decades. Nordic countries could possibly even see the lost generation effect happening. The EU policy and governments of member states are in charge of fixing the youth unemployment.

The financial crisis of the 2008 did have an effect on youth unemployment in the Nordic countries as well as in most economies overall. But youth unemployment problems did not start because of the financial crisis. Nevertheless, since the financial crisis of 2008 there have been some positive actions taken by the European policy makers. Post financial crisis phase has seen the rise of the different European countries focusing on strategies that could help fix the rising youth unemployment problems. This trend seems to start around 2010 to 2011 onwards. And these strategies and policies have even had positive effects, but it remains to be seen whether these different youth employment programs are good enough. The youth of today need more than the European Commission and policy makers have been able to provide. And if the youth unemployment is not addressed soon, the next couple of decades will prove extremely difficult for the EU countries. But what can be said so far is the fact that next few years will be crucial for the youth and for the European Union as a whole.
2 Research material about youth unemployment in Europe

There are many studies and official research papers published about youth unemployment, including from the point of view of the EU itself. And there seems to be a lot of opinions and discussion about the current youth unemployment situation in Europe. Because it is such a topical issue, and most importantly it is a public issue, there is very wide range of data available regarding youth unemployment in Europe. However the only problem is that the research papers are sometimes more heavily focused on unemployment in general and youth unemployment is usually a sub topic. And youth unemployment studies in general show analytic data rather than country specific problems on a micro level. Research on youth unemployment is also heavily dependent on governments’ willingness to share information so there can some kind conclusion drawn in these research papers. And many of the official research papers and studies made by or supported by the EU and can in some cases focus too much on the positive aspects of youth employment programs and initiatives. To balance this out for this thesis different research papers and many different studies had to be considered to get a real understanding of the issue and cross reference similar topics. This thesis is heavily affected by what kind of information has been released so far and the main problem for talking about the current and future direction of the EU and the youth unemployment is the fact that EU is at very crucial point in time right now. There has been rise of anti-European Union sentiment across the member states of the EU, and for example the UK Brexit is scheduled to occur at some point in spring 2019 at the time of writing. No matter how things turn out, what can be said is that they will affect the youth unemployment in Europe. Also many of the youth focused programs like Youth Guarantee (see chapter 3) and European 2020 strategy are still ongoing and information about their success or failure is somewhat limited. The only way to get a good solid and objective understanding is to look for what information that has been published officially by the European parliament and look for positive and critical studies on these youth focused programs. The research material in thesis that was used is not always studies that were funded by or done by the EU. This is was intentional choice because to get better result in studying all the availed data that is present must be taken in to a grain of salt, especially which had the interest of the EU.
3 What is youth unemployment?

Someone is classified as unemployed if that person is not able to find work even as they are actively looking to find employment. Youth unemployment is defined as the unemployment of people between the ages of 15-24. However, youth unemployment can include different age groups depending on a given country. Perhaps a better way to describe youth unemployment is to say the individuals between adolescence and adulthood who do not have work or employment available. But the official definition of youth unemployment is the unemployment of the ages of 15-24 year olds. So that is the definition that that thesis is related on. It should be also noted that the EU parliament and the OECD (The Organisation for Economic Co-operation and Development) and other sources also use this definition as well. (Cinalli and Giugni, 2013)

Youth unemployment has been documented as a real identifiable issue since any measure has been putting in to analyzing the different variables of the work environment and the issues in the society. It is not easy to say when youth unemployment was first identified as a problem in its own right, but it can be stated that it is an old issue that continues to this day, and there are now easily ways to make sure that young people are not left out to be unemployed and affected by associated problems, like social exclusion, economic problems, and even mental problems.

(Juneja, n.d.)

3.1 What causes unemployment for the youth?

There are many reasons and factors that cause youth and unemployment in general. But in order to understand the next several topics factors the reasons for youth unemployment should be identified to get a better understanding of this complex issue.

Economic background can affect access to employment. If a person does not come from a stable economic background, their access to higher education and ability to land a well paying job are much more limited than those with a good stable economic family background. Even in countries like Finland where education is free. not having a stable economic background can affect a person’s chances to gain access to higher education and not knowing how to navigate job markets and social networks lowers the chances as well. It is a well-known fact that poverty can be and in most cases is inherited by
children from their parents. When a person comes from a low income family there is a high chance that that poverty will pass on to these children as well. Income of the parents affects the younger members of the family and their chances in life. (Juneja, n.d.)

Youth unemployment might not directly spawn from the economic background of the person’s family but it can be affected by the education of the person when they are looking for employment. Those with higher qualifications are more likely to find a job in their professional field. If the person does not have good educational background or marketable skills they have a harder time finding employment. It could be said that education systems in any given country have a huge importance in relation to the youth unemployment as well. How the education system reflects the actual labor market and what is considered to be a good degree or marketable skills vary according to industry and country.

Other areas that can affect the youth unemployment are things like political factors, labour laws, and framing of policies. These are very country specific and there can be many variables that taken together are too complex to analyze when discussing such a large concept. But overall the law and the political factors do have important effects on unemployment. Specific policy or the law can help or harm the youth’s chances in the society and in the labor market. For example Bill Mitchell, an economist from the University of Newcastle, wrote in his website about the youth unemployment policies in Europe, stating that European policy makers have problems in addressing the real problems in the youth getting employment. Major problems in addressing unemployment of the youth is that the policy makers in Europe do not seem to understand that the lowering taxes and certain regulations of companies do not automatically translate into youth or anybody gaining employment. This was the plan of the European policy makers to encourage big companies to create new jobs by lowering the taxes that they have to pay. But this only led to the fact that the big companies got a tax break and the youth unemployment problem was not fixed by doing this, at all. This only benefited the large companies not the unemployed youth. The policy that is mentioned by the Bill Mitchell and the European court of auditors is the Youth Guarantee that was introduced in December 2012. Bill Mitchell says in his own worlds that the Youth Guarantee is a “grossly underfunded failure”. Problems that the policy introduced by European Commission had was that as stated before it was underfunded and that many of the steps proposed by the European policy makers were not solid solutions in fixing the youth
unemployment in Europe. These steps focused on four different areas: more training, more information about available jobs, addressing the poor signaling from the applicant to possible employer, and wage grants. And it is not hard to see why the Youth Guarantee is viewed by some critics like Bill Mitchell as a failure. Many of these steps are in no way related to the creating of jobs, nor do they really address or benefit the unemployed youth. If the companies are not creating new jobs and taking a chance with the younger generation, the solution is not to make a better CV or to lower the cost for the employer when hiring a younger workforce. After all mass unemployment is not the result of excessive wages. More focus on what kind policies could be introduced to fix the youth unemployment problem and ways to fix Youth Guarantee can be found under the topic possible solutions (chapter 7 below).

(Mitchell, 2017), (Hammer, 2003)

3.1.1 In short, what causes youth unemployment?:

<table>
<thead>
<tr>
<th>Factors:</th>
<th>Reason:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social</td>
<td>Depending on the country, the social implications of not having employment can have impact on youth’s life and choice making. This can be lead in to many negative things in the youth’s life.</td>
</tr>
<tr>
<td>Economic and politic factors</td>
<td>How well the economy is doing is linked to the jobs available and compensation from the work is affected by it.</td>
</tr>
<tr>
<td>Policies</td>
<td>Policies can either help or make it more difficult to youth to find employment. Policies can also limit the opportunities of people they are supposed to help.</td>
</tr>
<tr>
<td>Education system</td>
<td>Education can be a huge help to find employment and the lack of education and opportunities in education can limit gaining employment for the youth.</td>
</tr>
</tbody>
</table>
Finance support

Financial support and understanding can help the youth early on. And depending on the background of the person can help them or drag them down. Meaning that good financial can support youth in efforts to get employment and lack of funding in these financial support systems can make it difficult for the youth gain stability in their life. If there is not employment availed.

(Juneja, n.d.)

4 Why is youth unemployment an important issue?

As mentioned before, youth unemployment can have serious consequences if it is not addressed or fixed. Youth unemployment can affect the youth in the long term. It also should be noted problems that arise from youth unemployment can be cultural, for example not allowing girls to attend schools or participate in the workforce can affect the youth unemployment rates. But this problem is mainly outside of Europe, which this thesis is not focused on.

4.1 Mental health

Youth unemployment can have long term effects like depression and other mental illness that affects a person’s life. In the most serious cases it means not being able to function in the society, leading in the most severe cases to self-harm and even suicide. When a person is unable to have the same access to employment and to support themselves it can lead them to be outcast from the society. Not being able to work early on in the youth’s life can lead to negative long term effects. When youth does not have any work experience they are more likely not to be hired, and in the worst case scenario this can lead to long term unemployment, which means relative poverty for early adult life. It has been reported in the study “Unemployment and psychological distress among young adults in the Nordic countries” published by the Nordic School of Public Health, that youth are vulnerable in the markets because they lack the necessary experience and, in most cases, the education that could otherwise enable them to gain what is considered to be
a “good job” and not a low end minimal wage one. The study is made from data and research from the Nordic countries so it can be used in analyzing Nordic countries' youth unemployment. What is most particularly relevant in the study is that young people are in a high risk area when it comes to the topic of long term unemployment. This can affect the youth long term, from early to late adulthood. (Hammer, 2003)

Also in the study done in Sweden study by Hagquist and Starrin, in 1996 comparing the mental well-being of unemployed and employed youths in the Nordic countries, it was noted that youths who are employed are more likely to feel satisfaction in their life than those who are not employed (Hagquist and Starrin, 1996). This 1996 study was also used in the Swedish study done in 2003 comparing the results in the Nordic countries when doing a new analysis (Bjarnason and Sigurdadottier, 2003). Different Nordic countries had small differentiating result between them, for example in the 2003 study it was noted that Denmark had the lowest levels of unemployment of all of the countries and low stress level in finding employment because the social security placed in Denmark. And overall Denmark economy was doing well. Economic status of a given country and social security benefits hugely impact the youth’s mental health. (Reneflot and Evensen, 2012)

4.2 Lost generation & long term effect of youth unemployment

Lost generation is a term in reference to a generation that was lost in the aftermath of World War One. It can also be in a reference to a generation of the youth that were coming in maturity in time of economic or general instability. (Encyclopedia Britannica, 2019)

For the context of this thesis the lost generation is the generation of people who were left outside of the labour markets and are experiencing youth unemployment. There is a very big risk of the youth today experiencing long term unemployment, why this is a serious issue is because a lot of youth, especially males, are left outside of the education or even outside the society. This increases the likelihood of never being able to grasp adult life and not being able to contribute to the society at large. It also removes access to well paying jobs down the line because employers in general are not looking into hiring people with limited work experience. Youth who experience long term unemployment share common features like not having work experience or little formal education beyond
basic secondary school level. They also come from a low social status and the possibility of them not having completed their education is very common. Lack of completing schools in the secondary and higher studies is directly linked to having a harder time finding jobs in the labour market. In the Nordic countries having a diploma or certification makes huge differences in the labour market. This was noted in the study done by the young jobseekers about the youth unemployment in the Nordic countries (Nordic Social Statistical Committee, 2011). Poor basis in these areas means that the youth can experience long term unemployment and it affects their chances to get into higher education. It also makes them a high risk in becoming dependent on welfare. Dropping out of education before graduation is very bad in the Nordic countries both socially and in the labour market because employers look at these individuals as “unstable” and are not likely to hire them. In worst cases the youth experience more difficulties finding a long-term employment because they did drop out from secondary or higher education. Social exclusion is also possible, but not directly linked with education.

Why youth unemployment puts youth in a high risk area is because the youth becomes financially dependent on others like parents and state social benefits. It also limits their own choice in life, for example where to work and study. Youth unemployment can also lead to long-term youth unemployment and associated problems, like beforehand mentioned social and mental health problems. Long term unemployment can affect the youth in the areas of financial stability, mental problems, high level of psychological stress, depression and low confined levels of individual abilities. These issues might not seem all that different from what adults might be facing in their life, but for the youth this can lead to a life time of problems and disappointments. As stated before long term youth unemployment means for the youth that grasping the labour market becomes more and more difficult because the youth become marginalized in the labour markets. Long term youth unemployment leads to loss of qualifications and the likelihood they would never be able develop a career of any kind beyond just seasonal work, or even nothing at all.

(Nordic Social Statistical Committee, 2011, pp.13-14, 15; Reneflot and Evensen, 2012)

4.3 Youth unemployment is a government problem

Youth unemployment not only affects the youth themselves but also the society as a whole. Because youth are not able to work or contribute to the economy and society
there are no taxes collected from the youth. From the point of view of the economy the youth that are unemployed cost the government and therefore other taxpayers money in the form of the benefits that the youth receive during the time that they are unemployed. Youth that are unemployed make problems for the governments in the areas of lower tax income and lost production. And it raises the problems in the income distribution, redistribution and social conditions. It should be noted that these are maybe variable across different countries. In the Nordic countries there is a very generous welfare system when comparing it to rest of the world but this does not limit or exclude the problems in the youth unemployment. Youth unemployment does affect countries economy because of the unemployment grants and other programs that are in place to help the unemployed.

(Nordic Social Statistical Committee, 2011, pp. 19-20)

5 Current rates and problems in the EU & Nordic countries youth unemployment

Current rates of the youth unemployment can be attributed to the 2008 financial crisis. Because of the global financial crisis of the 2008 it is easy to understand why the youth unemployment numbers rose so rapidly, in line with unemployment across the world. The 2008 Financial crisis affected the EU significantly, spawning two recessions in 2009 and from 2011 to 2013.

Even though the EU has seen a somewhat good post financial crisis period, it should be noted that the current rate of the unemployment is relatively high when comparing it to the unemployment rate in the 2008. Figure 1 on the left shows the unemployed rates from 2000 – 2018.

Figure 1. EU-28 unemployment rate has nearly returned to pre-recession low. (Krogstad and Flores, 2018)

Youth unemployment has an effect on graduates and youth skilled workers. It also affects those without educational background and without
labor market skills more. Labour markets are variable and there must be efforts in place to make sure that youth are not excluded from the labour market or from education and training.

There is a huge disparity in the youth unemployment in the EU. Major countries that are suffering from youth unemployment are suffering also from overall unemployment. For example in the Greece where there is economic stress and the overall unemployment is very high the youth unemployment rate was 59 percent. For contrast Germany, Austria and Netherlands youth unemployment has been around 10 percent. But these countries do not have a suffering economy like Greece, and they also have a better social support systems in place for the youth. But as said before there is better funding for them also because economy is doing better in countries like the Austria and the Netherlands than Greece. (Publications Parliament UK, 2014)

The figure on the right shows us that EU youth unemployment rates across the different European countries. This figure is from 2012 and shows the youth unemployment over 25 percent in red and fewer than 25 percent in pink. The Mediterranean countries in the EU have a harder time when it comes to youth unemployment. This is because there exists what is called “dual labour markets”. What the dual labour market means is that the labour market in a given country is segmented. (Publications Parliament UK, 2014)

Figure 2. Distribution of youth unemployment in the EU28 (2012), Source: European Commission. (Publications Parliament UK, 2014)

(Krogstad and Flores, 2018; Nordic Social Statistical Committee, 2011)
5.1 Is the youth unemployment crisis a long term problem in Europe?

The short answer to this question is yes. The 2008 financial crisis impacted all of the world’s economy and youth were affected by the financial crisis as well. For example in Greece the economy’s problems do not seem to get any better since the country’s economy has crashed, and so it will be easy to expect that youth will suffer the long term effects of the youth unemployment and Greece will have to deal with the long term problems arising from this. There is however some uncertainty about the long term youth unemployment in Europe overall. Is youth unemployment a short term problem in Europe or is it long term? However, it has been noted by the European Commission that youth unemployment has been a long term problem and it comes from the structural problem in Europe and how to address youth unemployment in each given country. Financial crisis has caused a lot of problems in Europe and across the world but it was not the single cause of the current youth unemployment problem, it only aggravated it. The problems of youth unemployment were already existing before the 2008 financial crisis and have been getting even worse in the some countries in Europe, like Spain and Greece for example, but the current rates and issues were not alone caused by the financial crisis. And for example in the southern countries in European Union the problem of youth unemployment comes from the structure of the labour market itself. In the Nordic countries and in the United Kingdom the problems in youth unemployment come from the historic structure of their labour markets. Professor Maguire described in report “Youth unemployment in the EU: a scarred generation?” that problems in the United Kingdom’s youth unemployment is the result of the decline of the manufacturing sector during the 1980s and 1990s. The decline of the manufacturing sector impacted the labour markets so significantly that what is called a traditional labour market had to change. Because of the decline of the entire manufacturing industry and globalization many of the “old jobs” in manufacturing and mining were transferred overseas where the labour is much cheaper. This left the unemployed youth in the UK who do not have educational background out of a job and raised the likelihood of increased long term youth unemployment problems in the UK. Similar developments happened in Finland where many of the old industries died because it was cheaper to export them from overseas or transfer them to overseas countries. (Publications Parliament UK, 2014; Youth Unemployment in the EU: A Scarred Generation?, 2013; Reneflot and Evensen, 2012)
5.2 Financial crisis did not cause the current problems in the youth unemployment in the EU

As stated before the youth unemployment problems did not start with the financial crisis of the 2008. The youth unemployment problems have been a long term issue in the member countries of the EU. Financial crisis did impact the problem of the youth unemployment in many countries. The problems of youth unemployment come from the each country’s historic and structural labour market features that date back to the mid-1990s or earlier. Globalization can be one of the problems that have caused unemployment because a lot of the old jobs and industry has moved to overseas markets. Many European Union countries, among others, have had to adapt to this change that globalization has brought. Education also has an importance, since having an education or certification has also changed how labour markets work. The 2008 financial crisis did affect countries’ youth unemployment like the previously mentioned Greece, but in most European countries it remains a fact that there is a problem in addressing the issues due to very country specific aspects in relation to youth unemployment. Many of the European countries also struggle in fixing these problems because they are structural problems. And fixing them is not a one way solution.

(Publications Parliament UK, 2014; Nordic Social Statistical Committee, 2011),

6 Problems in fixing unemployment for the youth

Long term structural problem is one of the key factors in addressing the youth unemployment issues in the Europe and in the Nordic countries to be more precise. The main problem in addressing youth unemployment in Europe seems to be related to the labour market policies. These are in place to ensure that everyone who is able to and willing would have a fair chance of finding employment. Labour market policies are always adapting and the goal of these policies is to increase the quality of the workers. Labour market policies also include financial encouragements and other similar incentives that would help the unemployed to continue to look for work. It should be noted that Nordic countries especially are heavily invested in labour market policies and try to keep them as active as possible.
6.1 Active labor market policies in the Nordic countries

In the Nordic countries the labour market policies have changed from non-active to active ones. What this means is that there is a certain obligation when receiving help and government grants. It is the tenacity of this more active model to prevent social exclusion and encourage youth to be more active in the complex labour market. Different countries have tried to address the problem of the youth unemployment in different ways, including labour market initiatives and social assistance. Focusing on the problems that the youth have in addressing the structural forms and ever changing labour market helps them to better adjust to what is needed from them. When youth have the necessary qualifications to succeed in the labor market there is less chance that the youth are left out of the labor market and the long term effects of the youth unemployment do not play such a huge role in their lives. It should be noted that youth usually in the Nordic countries take a huge portion of the employment initiatives that are in place and are in need of government assistance. Initiatives can motivate the youth in finding work and be more willing to be a “flexible worker”. Nordic countries' social workers also can make the youth accept professional roles in life that they originally were not willing to take, meaning that Nordic countries social workers will try and make sure that the youth are employed. (Nordic Social Statistical Committee, 2011, pp 23-24)

6.2 Politics of youth unemployment

European Union is comprised from 28 member states in total. And even if these countries are considered to be under one room there is a lot difference from langue, social and economy positions. So it is no surprised that many countries have different resolutions how to fix their country specific problems in youth unemployment. Cinalli & Giugni wrote an article called “New challenges for the welfare state: The emergence of youth unemployment regimes in Europe? And what were discussed in the article were the welfare states of the European Union. Europe has named the welfare states because their focus on funding of different types of programs that benefits those are need of government assistance, these programs range from unemployment benefits, different policies, etc. But what has been noted in the article was the fact that the European welfare states might be in bit of and trouble and the complex differences between the EU countries unemployment problems. One policy that Sweden and France have in common is the fact that both countries have a flexible labour market. The labour market
is able to change with the society and with the economy. These countries also have a big focus on the unemployment programs that help the unemployment. This is what is called the “social protection model.” In contrast, Italy and Portugal have totally opposite model in place where there are not unemployment programs in place and the labour market is somewhat flexible. Their model is what is called “economic protection” model. And in Germany there is a very flexible labor market, but they do not have bog focus on the unemployment and youth unemployment programs. Germanys is called “precariousness model”. It is not hard to see that European countries have totally different labour market policies and country specific problems in the unemployment and in the unemployment of the youth. And the employment therefore can also be varied, for example in the Sweden the 47 per cent of the youth that were employment were part time employees in 2010. Also 26 per cent of the people were working as part timers in 2010. It should be noted that youth and people in general lose their unemployment benefits if they do not accept the work given them by the social workers. Most European countries that have somewhat flexible labour market usually share the common focus on the insurance type of youth unemployment benefits or more liberal driven youth unemployment benefits. However this is not always the case. For example Sweden also has a flexible labour market in place but is focused on the social democratic aspects of polices and therefore unemployment benefits, in Italy and Portugal there is insurance type of benefit for those that are unemployed. But this insurance focused unemployment benefits is very hard to get. (Cinalli & Giugni, 2013)

We can concluded from this that there overall problems in the Europeans youth unemployment can be simple explained by saying that from the policy and labour market structure of each given country is a very complex. And one solution to other countries youth unemployment problems is not an answer to another.

6.3 Recent rates of unemployment in the Nordic countries and country specific problems in youth unemployment

Overall in the Nordic region the employment rate was 73.4 per cent in 2014, while the EU average was 64.6 per cent. Unemployment in Iceland and Norway has almost always been very low. On the other hand Finland and Sweden have very high amounts of unemployment, especially in the northern areas of both countries. This could be explained by saying that many of the beforehand mentioned old jobs have disappeared because of globalization. But the bigger metropolitan areas in Sweden and in Finland
are also experiencing high amounts of unemployment. The average unemployment rate in the Nordic countries was 7.0 per cent, which is lower than the European average of the 10.2 per cent, in 2014. The main concerns in all of the Nordic countries are in relation to the urban and capital region of each given country. Nordic countries in general have very different problems in the youth unemployment and rates can vary considerably. But a common demographic problem seems to be the youth that are not involved in education or who have no work experience or vocational skills. Each country should invest more in labour market policies that address the problems in each Nordic region and help the disfranchised youth to enter education or in to the labour markets.

Denmark suffered greatly because of the financial crisis and it directly affected the youth unemployment of the country. Denmark’s problems in unemployment are mostly with the youth themselves, meaning that youth are not active enough. There is a problem with younger people who have not received any vocational training and youths’ overall work related skill is lacking. There is also a large trend of the youth dropping out of education before they have finished degree or university studies. Denmark has also focused in recent years on getting the youth that are unemployed to be involved in the labour markets. In 2013 the capital region in Denmark had the highest rate of unemployment at around 14.4 per cent. In region of Halsnæs which had 28.7 per cent youth unemployment, the youth that were unemployed had no work skill or no education background.

The highest problem area when it comes to the unemployment in the Nordic countries was found in the northern and eastern parts of Finland and northern areas of Sweden. In Finland the unemployment rate was 8.7 per cent in 2014 and there was a rise in the youth unemployment as well as's among the older, a trend that has continued to this very day. But Finland problems with unemployment come mostly from the weak public finance, demographic developments and long term sustainability problems. In Finland and Sweden there is a real need to introduce policies that could help youth to get in to the labour markets or into education. At the moment there are not policies purposed by the governments, but that could change soon. There is also a real threat of a lost generation happening with the youths of today, especially among the males in both Finland and in Sweden regardless of the age demographic. There is also disparity in the male and female unemployment in Finland. Males tend to be more likely to be unemployed with the unemployment rate of 22 per cent while the female unemployment
rate is only 12 per cent in 2014. In Sweden there were not big disparities between the genders and problems seem to be related in the areas of growing size of the labour market. Even now in Sweden the demand for domestic products has been growing but the current size of the workforce has not been growing.

Norway has a low unemployment rate, but Norway has still identified a problem in that there are a lot of youths that are not enrolled in education or being active in the labor markets. It has been noted that youth start working life relatively later than other Nordic countries, as the average Norwegian youth starts working after age 21.

(Karlsdóttir, Norlén and Rispling, 2016, pp.50, 55, 57, 59)

6.3.1 Non-homogeneous youths of the Nordic countries

It should be noted that youth that come outside of the homogeneous background of any of the Nordic countries have a more difficult time in finding work and getting access to education. That could be due to the fact the youth that do not come from the homogeneous background of the Nordic countries have much different issues regards to the education system and society related problems. Also the fact is that Nordic countries have issues in addressing xenophobia in the labour markets and in society because there are negative views about immigration in the Nordic countries overall. The largest problems and rates in unemployment are in the areas were immigration rates are the highest. (Karlsdóttir, Norlén and Rispling, 2016, pp 57; O'Reilly et al., 2015)

6.4 Summary and patterns

In the Nordic countries there are similar factors when it comes to youth unemployment. The most critical time of a young person’s life that can impact their future is from the ages of 16 – 20. This time period for the youth is very important because this is the age where they will make the most significant decisions of their lives in areas of education, work and the future. These choices will have an impact on their life in the long term.

Until the 1980s it was believed that youth unemployment in the Nordic countries is simply caused by the socioeconomic issues outside of youths’ control. However this is a very simplistic way of looking for causal patterns in what leads to youth unemployment. The problem for today’s youth also lies in the fact that there is more required in getting
yourself employed. Education is more important now than it was 30 years ago. For example, there is more importance on having high education to be ensured in the modern labour markets. And the barrier to entry is very high in the early years of the youth. The youth with “poor” education and non-vocational skills have difficulties to get any work experience if they are unemployed for a long time. Also the fact that globalization has taken away jobs and continues to take jobs away from the high income countries. Globalization has also affected the labor markets and different industries in the Nordic countries. Because a lot of the jobs have been transferred to overseas countries there is less opportunity of work available. This increases the competition for the available jobs in the labour market. Globalization has been a problem for the people in Nordic society since the early 1990s.

The Nordic countries operate in certain social democratic way and their labour market policies reflect that. There is a relatively generous welfare system in place and governments are actively trying to educate their people and adapt to benefit the wellbeing of the citizens. However there are variables between the each of the Nordic countries on what their exact youth unemployment problems are and how policies address that. There are also some variables between the countries on education. For example when it comes to education Finland and Sweden have school based vocational training programs placed in the education system, whereas other Nordic countries have apprenticeship programs linked in with the regulated system of trade licenses. Apprenticeship training is a no guarantee system but it still has a very high competing rate. Sweden has a huge problem in youth not completing their studies and therefore dropping out of education. For example in Denmark, Finland and Norway there is not a huge problem in youth not completing their education, compared to Sweden. This mostly due to the fact that these three countries have many more options in various levels of education than Sweden does. And what also helps to minimize the drop out rate is the fact that Denmark, Finland and Norway do not have age limit or time limits for upper secondary studies, everyone regardless of age and time they need have a fair chance to complete their education. It should be also noted that Sweden also does not heavily invest in the labour market policies that help towards youth getting employment. This is why youth unemployment rates in Sweden are high: lack of resources in labour market policies and the dropout rate contributes in to this. (OLOFSSO and WADENSJÖ, 2012)

(Albk et al., 2015, pp 272-278)
6.5 Is youth unemployment an issue?

As mentioned above, is youth unemployment really a problem in the Nordic countries if the youth unemployment rates are lower than the European standard?

The answer is, yes it is a problem. This is because youth are more high risk when it comes to unemployment and its long term effects than middle-aged and older workers. Older workers’ unemployment is usually short term, and with the older workers they have gained work experience and have established themselves in the labour market. And for youth the unemployment in early life can affect a person’s career and more importantly their life, as well as income. It was reported in the Youth, Education and Labor Market in the Nordic Countries study made by the Jonas Olfsso and Eskil Wadensjö in 2012 that there has been a trend in the Nordic countries during the past 20 years of education playing a more important role for the youths in their careers and early working life. Education as well social skills play much more important roles in a young person’s life now than ever before, they are the factors that will help or lack of them will harm the youth’s chances in life. Youth of today have to be more ready to well trained, organized and linguistically knowledgeable. The youth of today are highly skilled also in technology based skills that the older workers and still the youth unemployment is a problem. (OLOFSSO and WADENSJÖ, 2012, pp 7-8)

In Figure 3, we can see that unemployment levels are very different from country to country. In Finland and in Sweden youth unemployment rates have been very high and only in recent years have started to drop, following the 2008 financial crisis. In Sweden we can also see a very negative curve when it comes to the youth unemployment, in fact the youth unemployment has gotten worse since the 1990s. Denmark’s and Norway’s unemployment rate was not affected by the financial crisis much, but it should be noted that the youth unemployment rate does not count youth in apprenticeship programs being unemployed.
Figure 3. Open unemployment among those under 25 years of age in the Nordic and EU15 countries, 1990–2011.

For comparison, we should analyse the employment of middle-aged and older workers to get a better understanding about the situation in the Nordic countries. On the right there is a graph showing the employment data of the 25-64 age workers. Figure 4 shows that unemployment for the youth is twice as high than the middle-aged and older workers’ unemployment. Denmark and Norway are doing well according the statistics, but for Sweden the relative youth unemployment has grown. And the unemployment is four times higher than with the older age group of 25-64 years of age.

Figure 4. Relative youth unemployment (the proportion of unemployed in the workforce aged between 15 and 24/the proportion of unemployed in the workforce aged between 25 and 64), 1990–2011

Analysing Nordic youth unemployment it is very important to understand, even if the rates are relatively low when compared to the EU average, that there is a difference and we cannot compare the EU average to the Nordic countries youth unemployment rate. There are more countries involved in the average EU rate and some of these countries are still in middle of economic crisis, like Greece and Spain that raise the EU average rate. And issues that are present in the Nordic countries cannot be explained by only analyzing rates and the EU average. EU countries are different according to population as well as economic structures, education and social problems.

(OLOFSSO and WADENSJÖ, 2012)

6.6 Antagonist in the youth unemployment

What has caused the youth unemployment across the Europe? There are country specific problems that have arisen because of globalization but overall the blame game could be pointed to the European parliament and the policy makers in charge. It should be noted that the economic downturn in Greece and Spain has also overloaded the EU and the policy makers, as well the
financial industry. The financial crisis affected youth unemployment across Europe and, like Greece and Spain, some of the Nordic countries. Germany has been very successful avoiding economic crisis and youth unemployment in general, but it has become the focal point of most important decision making in Europe and in certain industries like logistics.

During the financial crisis from 2007 to 2013 the youth unemployment rate across Europe rose 9 per cent, which is double the rise in the overall unemployment rate. Greece and Spain entered the financial crisis with rates of 23 per cent and 18 per cent respectively. In Germany, the country perhaps considered to be at least affected by the financial crisis, youth unemployment actually dropped to 8 per cent from 12 per cent from 2007 to 2013. The financial crisis and the economic crisis in general could be regarded as causes of youth unemployment. But economic crisis alone is not the cause the problem.

(European Central Bank and Draghi, 2017)

Firms themselves can be blamed for youth unemployment. Innovation is driven by their pro-activeness. And considering that youth are more educated now than the earlier generations it is a very strange that firms and companies alike are not more willing to hire youth and train them. This could be because several issues, for example the firms do not want to take chances with younger employees because for now there are older workers who can do the job. But what happens when the older generation retires and companies only have highly educated people with not enough work experience? It was also noted by the European Central Bank and by Samuel Bentolila et al in the study “Reforming an insider-outsider labor market: the Spanish experience” that when companies hire younger people to their work force it is more likely they see more innovation and productivity. Youth unemployment takes innovation away and makes it so that the youth are not gaining important knowledge and work experience early on their careers. Youth could gain a lot from working with older workers and this would limit the risk of a lost generation happening in Europe. (Bentolila, Dolado and Jimeno, 2012)

Another thing that works against eliminating the youth unemployment across Europe and in the Nordic countries is the unsatisfactory financial policies and the economic policies. There are structural problems that can differ from country to country, but European officials have failed to provide solutions that could help the youth to gaining employment
or getting access to education. The beforehand mentioned “Youth Guarantee” is the prime example of policies that did not help the youth unemployment in the Europe or in the Nordic countries. (Quintini, 2014)

In the worst case scenario the youth unemployment can lead to social unrest. However when it comes to rioting and protest there are bigger, more important issues present. The youth unemployment does not lead to these directly. Recently there have been in France “yellow vest” protests relating to youth unemployment and immigration. One of the concerns of the yellow vest protest has been for the youth to get better opportunities in the labour market.


7 Possible solutions

Youth unemployment is a very complex issue and the answer is not simply that the youth of today are lazy or not motivated enough to enter education or the labour markets. Youth today are much more educated than ever before. They are also more ready to work in the global markets where to their technology skills and linguistically knowledgeable are a must. Addressing youth unemployment properly could lead to positive outcomes for many countries.

The EU in general should invest more in economic growth across the regions. One way to do this could be addressing the youth unemployment problem that many EU countries are having. Youth should be encouraged more in the labour markets and labour markets should start to look in to how to get more youth to be employed or to enter education that will benefit them in the future, because when the youth are more invested in the labour markets there should be economic growth and less reliance on the welfare states of Europe. Social inclusion could be an overall goal for EU policy makers if they want to address the problem of unemployment seriously. (Le Prioux, 2018; & Koulouris, 2019)
7.1 Education in relation to the labor market

Education plays a huge role in the lives of the youth today. The youth of today are more educated and internationally orientated than their parents’ generations. Having a completed degree is very important in the labour markets across Europe.

The program for international student assessment (PISA) is a global level survey that monitors how well the youth are doing in their education in a given country. The Nordic countries have done well on the international scale according to the PISA reports. But there have been some worrying patterns happening. Finland was placed very high in the PISA reports for years. However there has been decline in the years 2009 and in the 2012, but Finland has remained on top in the Nordic countries in the PISA reports. Every other Nordic country has been experiencing decline in the PISA reports since 2003, all but Norway. Sweden has seen the biggest decline in the PISA reports. Decline for Sweden has been so bad that it goes below the average OECD rating. Some of the Nordic countries are experiencing early school leavers with higher rates of leaving or not ever completing their studies. So the possibility of the youth to continue their education or go to the higher learning becomes more difficult, as does competing in the labour markets. This is a problem that will continue happening in the future. The European Commission has also said that the people leaving education are the connection between how the society and development happening in the future. What is meant by that is the fact that the education places a huge role in the society’s development and in the life of the youth. Youth are leaving the education in the most causes because the education will not benefit them in the labor market or something happening in their personal life. And as advanced as the Nordic education system is this is a worrying sing that the youth of today are less and less interested in the education system. Nordic countries can only build future for themselves if the builders are skilled and knowledgeable. If they are not Nordic countries will see a big social class in the future that does not have secondary or further studies complete and are not able to find work because of that. There are individual youth that do not need high education to succeed in life but these are only small portion of larger population. This is not a doomsday scenario in process of course but there still should be actions in relation to youth dropping out of education.

One of the Europe 2020 strategy goals is to minimize the early school leavers to 10 per cent. In the several Nordic countries this goal has been obtained. In the Faroe Islands,
Greenland and parts of Norway the youth leaving education is over 15 per cent. It should be also noted that most youth that leave education in the Nordic countries are male. The males in the Nordic countries that leave education early usually come from the economic areas of the given country where there are some opportunities outside of the educational system to find employment. The higher the early school leaving rates are the more likely it is males that are leaving education whereas females very generally speaking complete their education.

(Karlsdóttir, Norlén and Rispling, 2016, pp 60-64)

7.1.1 Youth overeducated and under skilled in the labor market.

In today’s labour market having education is very important, as has been stated before. But one question that has not been identified yet relates to the issue of whether the youth are overeducated for today’s labour market? Youth who actively take part in education and then leave for the labour markets after graduation have to (in most cases) take entry level jobs when starting their career, and this does not count the youth that continue their education after graduation and are in a very interesting position where they do have education for the field that they work for but very limited actual work experience. This places the youth in a position where they have to start from the bottom and climb towards to the top, which is very common for every job. But there is also problems that when youth are in education they are missing the time that they could use in achieving work experience and after their education is finished they have to start again in the career ladder. Employers want a worker that has some real work experience in the field and educational background that matches the field. This has been noted by Swedish researchers in the studies made in the years 2003, 2011 and again in the research by O’Reilly et al (2015) that youth in the so called overeducated youth demographic who graduated in 1981 were still in an early entry level job after ten years. Later in the labour market this made up 61 per cent of the 18 to 29 year olds who had studied in the 1990s. It could be argued that for the youth the first employment they receive after graduation are very much in line how their careers go.

The easiest way to explain why the youth of today might be overeducated in the labour markets is the fact that during the past decades there has not been rapid enough change within the structure of the labour market in many of the Nordic countries. Youth of today might be too educated and the labour market itself cannot compensate for the most
educated of the youth as it has done in the past. The youth enter the labour market after graduation and do not have that much work experience in the field that they studied for and getting start with the career might be difficult. And some of the Nordic countries have reported that the youth leave the given country to go overseas to find employment that fits their education more. The labour markets in the Nordic countries should be able to address the youth who are just starting their careers after graduation and employers should take note more in hiring the youth. It is a lost opportunity to the youth and Nordic countries’ society if the youth do not find good employment after graduation and have to move overseas. Those that leave Nordic countries cannot contribute to the welfare system if they are not taking part of the Nordic countries labour markets.

(O’Reilly et al., 2015, pp 4-5)

7.2 The Youth Guarantee

Youth Guarantee is a program that founded by the European Commission in 2005 but was only properly implemented in 2012. The main objective is to help the youth from the ages of 16-25 to find employment. The main factors that the Youth Guarantee implicates can be financial aid and training for the youth that are struggling in the labour markets.

The Youth Guarantee might be a possible solution for addressing some of the problems in youth unemployment like social exclusion. Youth Guarantee has worked in the past for countries like Austria and Finland. Finland’s Youth Guarantee has been reported to help in the efforts to get youth access to the education system or in gaining employment. Employment assistance or training was reported to be successful in Finland. The Sweden Youth Guarantee helped the youth that were actively involved in the program, more so than the ones that were not. In June 2013 European Council demanded that the countries with over 25 per cent youth unemployment rates submit their National Youth Guarantee Implementation Plan (NYGIP). Despite the European Council’s demand there has not been a huge improvement in addressing the youth unemployment with the Youth Guarantee in the countries that have over 25 per cent youth unemployment. As stated before the Youth Guarantee has had good effects in some of the Nordic countries. But overall there is not enough proof of the long term effects in the Nordic countries to justify that the Youth Guarantee is a solid fix for youth unemployment problems in Europe and in the Nordic countries. Youth Guarantee was also heavily criticized by the
economist Bill Mitchell. One of the key points that Mitchell mentioned was the fact that wage subsidies have usually terrible results. Wage subsidies are the result of inadequate wages. And there is no evidence present in firms and companies alike to have more openings for the youth if part of their salary is paid by the government funds. So subsidizing will lead to the youth doing the same labour with less income. Wage subsidies are part of the Youth Guarantee and are in place in some of the Nordic countries. It should be noted that youth that work with the wage subsidies usually have short term employment, and this short term employment does not lead to long term employment.

(Mitchell, 2017)

Overall the Youth Guarantee has worked best with the youth that have not been long term unemployed. Youth that are new entrants in the labour markets are more likely to benefit from the Youth Guarantee than those that are long term unemployed. This leads the youth that are long term unemployed or do not have education to be marginalized. Another reason why Youth Guarantee has not been more successful is that the program is lacking in funding. The Youth Guarantee has failed to meet expectations according to the European Court of Auditors (ECA). They concluded their research after visiting and investigating countries like Ireland, Spain, France, Croatia, Italy, Portugal and Slovakia. Iliana Ivanova said in the research paper that there is a mismatch in expectation from the EU and limited resources that have been put into the Youth Guarantee. Also it was noted in the ECA press release that in the EU budget, clear milestones and effective strategies are missing from the current Youth Guarantee.

(O’Reilly et al., 2015, pp 10-11; EUROPEAN COURT OF AUDITORS, 2017, pp 1-2)

7.2.1 How to fix youth guarantee according to the ECA

Member states should set clear goals and strategies about what are their country specific problems and how to address them. They should perform market analysis and improve their reporting and monitoring of the youth that are suffering unemployment. Member states should also seriously address the funding problem that their country is having because the Youth Guarantee is grossly under-financed. Member states should also make sure that for the youth the training that they received is something that they can use in their labour markets and would lead to employment. The EU Commission and EU
policy makers should not only invest more in the Youth Guarantee but also make sure that the funding they give are to member states that have identified real problems in their youth unemployment and plan to fix those problems with the funding. However it should be noted that European Commission has acknowledged the lack of funding being a problem, but there are no plans right now to increase the funding for the Youth Guarantee. (EUROPEAN COURT OF AUDITORS, 2017, pp 1-2)

7.3 The youth employment initiative (YEI)

The YEI is maybe the Europe’s most heavy resources-driven financial aid program. It was put in place to support the Youth Guarantee in 2012. Its purpose is to support the youth in the areas of Europe that have a youth unemployment rate higher than 25 per cent. The YEI is intended to guarantee a good working wage for the youth and helps them to find employment, education or training quickly. The YEI reported funding for the 2014 to 2015 was 3.2 billion euros. The scope of YEI is in 120 regions and in 20 EU member states.

It is reported that YEI has since it was put in to use that the NEET rate of the highest risk youth unemployment countries has dropped from 16.9 percent to 11.5 percent in the years 2014 to 2016. And NEET itself means “neither in employment nor in education or training”. The EU is already adding 1.2 billion euros for the next budget for 2017 to 2020. However the YEI is fighting a tough battle considering that most high critical areas of unemployment in the Europe are where the unemployment is over 25 per cent. The only thing that can be said for sure is that YEI most likely helps individual cases of youth unemployment but it perhaps cannot fix the main problems associated with youth unemployment in given countries. Main problems that are most likely in the best interested of countries like Greece and Spain are related to how to fix the economy, youth unemployment is just a small part of it. And at this moment it can be only speculated how much overall the YEI will fix the youth unemployment problems in the Europe. But it is a positive thing that European policy makers are putting funding behind the program and there seems to be focus on the youth unemployment and helping those individual youth that are in the high risk economies like Greece and Spain. (Christofides, 2018, pp 16-19)
7.4 The Europe 2020 Strategy

The Europe 2020 is strategy that is in use to get more economic growth in Europe. With this program the EU wishes to improve the importance of mobility and that the skills match the expectation of the given countries labor market. The Europe 2020 strategy also aims to encourage younger workers into entrepreneurship. The strategy is also focused on the how school affects the youth, for example the strategy is trying to figure out how to decrease numbers dropping out of education and providing education possibilities that could lead to better employment. (O'Reilly et al., 2015, pp 8-10)

Europe 2020 strategy tries to complete the following goals by the year 2020 by focusing on education, the school to work period in the youth’s life, and financial and training programs for the youth.

Goals from 2020 strategy that could help in youth employment:

- Reduce the early school leavers to below 10%
- Employment rates for recent graduates being 82 per cent

(Christofides, 2018, p 23)

Main reason for the European parliament to start the Europe strategy is based on the 2008 financial crisis. The rise of the unemployment rates and long term effects of the financial crisis forced the Europe to look their European economy in the new contexts. The Europe 2020 strategy was submitted in the spring of 2010. The strategy’s main goal is to improve the competitiveness of Europe in the context of globalization and international markets. However the 2020 strategy does not directly address the youth unemployment problems present in many European countries. Overall the 2020 strategy has very little to do with fixing the youth unemployment problems. This is not necessarily a bad thing, but in context of the youth unemployment problems in Europe the 2020 strategy is not a sufficient solution for fixing the youth unemployment. And it is very hard to say how well will the actual goals turn out with the 2020 strategy. The goals for Europe in the 2020 strategy could be said to be too high and non-reachable at this point. Europe is still trying to stabilize after the global financial crisis and trying to make up new policies that could help in the future for the possible next financial crisis. Europe is still at risk for
next financial crisis and will most likely be affected if it happens, but at least what can be said is that 2020 strategy is a step somewhat in the right direction. If Europe will ever be self-assured when the next financial crisis transpires it could be good for the youth that Europe would not be so dependent on how well the world economy is doing. This is however an unlikely scenario. (Bongardt et al., 2010)

7.5 Is there a possible solution for youth unemployment problem in Europe?

There is not a single answer that would solve youth unemployment across Europe, or one that could fix the problems in the Nordic countries. The most problems that for example the Nordic countries are having are in relation to the how the labour market operates and addresses the youth, whereas the problems that Greece and Spain are having are so massive because of the economic crisis that these countries are facing. Therefore the same solutions do not work for different European countries. The Youth Guarantee might be the best solution for fixing countries' individual problems when it comes to the youth unemployment, but as stated before the Youth Guarantee at this moment is underfunded. The best solution for youth unemployment across Europe would be to follow the steps suggested by the ECA in how to fix the Youth Guarantee. But it is very unlikely that European Commission would put more money in to the Youth Guarantee because there has not been a significant result so far in the Youth Guarantee program. Youth unemployment problem will become bigger and more important in the upcoming decades, especially as the rates of men engaged in education will most likely drop even more and there are as yet no real steps taken to address that.

In 2013 the youth unemployment rate in the EU was at 24 per cent, which is relatively high for Europe. The Youth Guarantee was created in the same year and ever since youth unemployment has decreased to 16 per cent in 2017. It should be noted that this decrease might have also happened because since 2017 has been the post-recession period also. The Youth Guarantee has had big effects on countries like Finland and Norway where one of the Youth Guarantee goals was focused on the “school to work” tactic that as the name suggests focuses on how to get youth employed after they shift from education to working life. But overall the opinion about the Youth Guarantee is that it has not met the requirements needed to address youth unemployment and its problem in large enough scale in Europe or in the Nordic countries overall. Many critics point to the fact that that Youth Guarantee has been underfunded from the beginning and the
positive results that are talked about and highlighted are the result of the economic cycle after the recession period, so the Youth Guarantee has not helped out as reported. Lost generation is not happening yet for the youth of today but “macroeconomic aggregate data” shows that this is starting to happen in many of the European countries. Many studies have pointed out the youth unemployment and so called Euroscepticism in Europe can be the early causes and signs for lost generation. UK Brexit and rise of nationalism are just few example how unemployment in general has started the downwards trend for Europe.

The better funding for Youth Guarantee could help to fix some of the problems that many European countries are having, but this is very unlikely because it seems that EU policy makers are not heavily invested in seeing the Youth Guarantee through. It also does not help that the EU does not seem to be taking youth unemployment issues all that seriously and many of the policy makers in Europe do not have plans to address the issue specifically.

(Vanholme, 2018)

8 Future for the youth

The next couple of years is very important in relation to youth unemployment. At this moment we do not know what kind of future the Europe Union will have. But what can be said is that youth unemployment will be affected in a major way in just a few years. Brexit - the UK leaving Europe - has not officially happened and it is very uncertain if it will happen at all at the time of writing. Spain and Greece are still in economic crisis and the trend is not going to change any time soon. Youth unemployment is heavy influenced by the economic trends, so the next economic boom or crisis could have positive or negative effects correspondingly.

The international labor organization (ILO) has stated that there are 75 million youth who are looking for a job at the moment. And their future prediction is that 212 million people will be unemployment and the unemployment will most likely to happen to the younger workers around the world. The ILO has also said that they expect the year 2025 to be a crucial year because unemployment will be at around 100 million around the globe. Young people and the youth are generally stuck with the low quality jobs and progression
out from those low quality jobs seems to be impossible. And switch from the education to full time work is not as simple as it was. The youth will be stuck in jobs that do not take advantage of their education background and they may have to undergo a ridiculous amount of years before maybe landing in a position where their education will not be wasted. The world has changed in recent decades and we have seen huge evolution in technologies used in many of the industries and in manufacturing sectors of the labour market. This has changed the need of the labour intense based skills and increasing the unemployment of the people in many of the countries because there are fewer jobs for these manufacturing based industries. The ILO has estimated that because the 2008 financial crisis that affected so many industries globally there needs to be 600 million jobs created on the global scale in next decade to compensate for the financial crisis and to ensure that not just the youth but populations in general have jobs. This will be a huge problem in the future because as stated before many of the old industries have changed in a way where not as many workers are needed or those industries and jobs have just disappeared. And also there is a problem of globalization that moved industries and jobs to overseas markets where the labour laws are not as prevalent as in many of the European countries. (Future Agenda, 2019)

In the year 2011 the total loss in GDP (gross domestic product) to Europe attributable to the youth unemployment was 1.2 percent. The 2011 was also critical year for Europe in starting to address the youth unemployment, as member states began focusing on programs that could benefit the youth gaining access to education or getting in to the work force more frequently. So there has been a positive development in that youth unemployment is starting to be addressed. There has also been according to the ILO positive adjustment in how companies hire and train their younger workers and are more interested in hiring younger workers. But the so called formal sector which is jobs that are taxable and long term employment is not creating enough jobs for the population. And the informal sector employment that is income that does not come from normal source, meaning jobs that are unpaid (for example internships) are not also able to provide jobs for population either. It is also estimated by the ILO that in the “non-developing” countries that third of the under 24 years are just temporary contracts, and for the estimated for the “developing” countries like Zambia for example that number is high as 99 per cent of working youth in Zambia. (Future Agenda, 2019).
There is a huge risk that youth of today and beyond will become the next big lost generation. This could be a very volatile situation for Europe itself that is juggling multiple issues to do with immigration, economic problems and member states leaving the EU. If the lost generation will happen for one of the generations current and in the future, it could lead to very devastating long term effects, both economically and socially. Overall it is very hard to think that there will be a generation of people that were let down by their peers and their incompetence in addressing the current situation of youth and youth unemployment.

(Christofides, 2018, pp 16-17) & (Vanholme, 2018)
9 Conclusion

Youth unemployment poses a high risk for the youth that stay long term unemployed and outside of education. There is a risk and effects that could impact the young people's financial future and mental health. Youth unemployment can lead to a lifetime of disappointment and financial ruin if the European Commission and policy makers do not address the current situation soon, as in just a decade the EU will have more difficulties in addressing youth unemployment and its long term effects. Europe itself is still suffering from the global financial crisis and the possibility of the next crisis has forced the EU to plan for the future. At the moment the situation for youth employment seems bleak.

Nordic countries have seen worrying developments in the youth unemployment rates and trends, and they are rising. The problems that youth unemployment could possibly bring are starting to worry the governments and societies as a whole. We do know also how long term youth unemployment can affect a person’s future and possible income level. The youth that transfers from education to work are in a critical point in their lives because that first employment could be the one that affects how well they do in the labour market. And speaking of the labour market there has been a problem at least in the Nordic countries where education does not address the labour market and vice versa. The youth that are highly educated and possess many of the skills that they have learned in their education do not work well enough in the labour markets because the labour market structure. Youth that should be able to taken on responsibilities after their finish their education and not be relegated to starting jobs that they will do for the next ten years or so that they cannot be part of the innovation. If the European companies and governments want the prosperity in Europe to continue a lot of care should be taken in to how entry level jobs function in relation to the education that the youth have revised. There is a very dangerous trend in the Nordic countries on how recently graduates have taken entry level jobs in companies and it is not able to them to continue the career ladder upwards. Youth are too depended on their first job in the labor market and it affects the youth’s chances in continuing their careers after education. This might not seem a significant problem to even mention but what is really the point of the education if the world best education system is not able to help the youth gaining employment that would match their education they have received.
However the positive aspects that can be concluded from this thesis is that the 2008 global financial crisis has open the eyes of many European policy makers to the rising problems that youth unemployment can cause. We have seen attempts to start to fix the unemployment rates of the youth in many of the European countries during the post financial crisis phase, especially 2010 and onwards. We do not have a solid solution however to effectively diminish the likelihood of a lost generation happening for youths in today’s society and for those that are now just stepping in to the workforce and to education as well for those in future. But there are steps taken in the right direction. And it is hard to say how the Youth Guarantee’s success or failure and other youth related programs will affect the future of these EU funded programs that are related to youth unemployment.

The current situation for the youth in Europe and for future of Europe itself is at a very interesting position at the moment. We have seen rise of anti-European sentiment in the many of the countries in Europe like the UK and Brexit that is still happening. How the current situation plays out in Europe will have an effect on the youth and their direction in the future. But what can be stated is that there needs to be more work done in how the EU addresses youth unemployment in its member state countries, and these youth employment programs need more funding and focus on how they will address the country specific problems in youth unemployment. There are many reasons why the youth unemployment will be a more prominent problem in the future. This is not end of the European Union yet and there is still time to fix the problems that the youth are having.

Youth unemployment needs to be fixed in the Nordic countries and overall in the EU countries. As stated before there have been positive changes in how the youth unemployment is being addressed but it remains to be seen how well programs like Youth Guarantee and the Europe 2020 strategy will affect the youth unemployment and the economy. Youth’s future is uncertain at the moment but there will be more talks and more studies made about youth unemployment problems in Europe. If the European policy makers want to fix the youth unemployment problem before it becomes a bigger issues best way to due this would be the focusing on the Gouth guarantee program and the funding for it. Also the Youth Guarantee could have more of an effect in helping the youth and youth employment in general if the guidelines from the ECA would be followed.
There will be more talk about youth unemployment in the future when Europeans and Nordic countries will hit the critical point in time when addressing the youth unemployment is more of a pressing issue than it is now. Unemployment in general will get worse in the next few decades and with it the youth unemployment will be much worse. Hopefully this will not be the endpoint for the European Union and we will see more dramatic turns of events where youth employment will become important and youth will be taken more seriously in the labour market and by the governments as well. But at this very moment that remains to be seen. Youth and younger people in general are the building blocks of the future. Investing in the youth is investing in the future prospects of Nordic and European countries.
10 Bibliography


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