

Opinion on youth unemployment

(96/C 18/11)

On 23 February 1995 the Economic and Social Committee, acting under the third paragraph of Rule 23 of its Rules of Procedure, decided to draw up an Opinion on youth unemployment.

The Section for Social, Family, Educational and Cultural Affairs, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 17 July 1995. The Rapporteur was Mr Rupp.

At its 329th Plenary Session (meeting of 25 October 1995), the Economic and Social Committee adopted the following Opinion by a majority vote, with four abstentions.

1. Youth unemployment in the EU: the challenge

1.1. The unemployment rate among the under 25s in the European Union is around 21,2% ⁽¹⁾, making it double the adult rate. About 32% of the total number of unemployed are young people. The hard core of youth unemployment, which now exceeds 10% in the vast majority of Member States, is too high given its psychosocial consequences and the psychological effect it has on young people.

1.2. Compared to the peak in 1985, when 43% of the total numbers unemployed were under 25, the rate of youth unemployment relative to adult unemployment has hardly changed. The problem of youth unemployment remains particularly acute among young women and in Southern Europe and Finland where respectively 34-42% and 34% ⁽¹⁾ of young people are without jobs. In 1992, one third of young people in the EU had been unemployed for over a year.

1.3. Youth unemployment is one facet of overall unemployment in the EU; it is of particular importance because it excludes new generations of potentially skilled labour from the prospect of employment in the medium and long term. This usually means that young people are denied access to skilled jobs and prevented from playing a role in society. Young people in particular need this contact if they are to identify with society and see themselves as capable of taking on risks and surmounting difficulties. Limited job prospects hamper the development of these young people reducing their prospects for a stable life. Unlike former times even a vocational qualification or a university degree is no guarantee of good job prospects nowadays.

1.3.1. European labour markets are characterized by large wage differentials and a wide range of skill profiles.

Young people are not always as mobile as they should be, even though this often causes new problems (consequences of migration). These problems are encountered both at national and transnational level, necessitating strategies for action at local and regional level.

1.3.2. We must assume that, in future, lifelong learning will be a decisive factor in opening up career prospects. Vocational training must be regarded as a priority here, but it must not be seen as a panacea.

1.3.3. Times of crisis call for different forms of cooperation between business and public authorities. National differences also necessitate more comprehensive strategies.

1.4. One problem is that one out of every five young people in the European labour market is unable to find work today. In addition, many are trapped in low-paid unstable and sometimes precarious jobs without the prospect of finding anything better. Youth unemployment and underemployment represent a considerable waste of human resources and a potential threat to the social and economic cohesion of Europe, and possibly to democracy itself. The young unemployed have been robbed of the chance to contribute to society. Ever-increasing numbers of new generations of future skilled manpower have been 'lost' and would appear to be permanently condemned to unemployment and exclusion from society. The symptoms of this exclusion are low income, a lack of social recognition and involvement, loss of identity, growing isolation and falling self-esteem. Insecure jobs, marginalization and exclusion provide a breeding ground for juvenile crime, drug abuse, extreme nationalism, intolerance, xenophobia and racism. Youth unemployment therefore affects us all and must not be ignored by the EU.

1.5. Too many young people in the European Union leave school without the necessary qualifications to follow a course of further education or training, or to

⁽¹⁾ Eurostat 'News Release', No 31/95, 12. 6. 1995.

get a job. Young people of all skill levels, ranging from the disadvantaged to those eligible for higher education, are affected to varying degrees. For this reason a wider range of training options is required, as well as programmes promoting vocational training, such as the Leonardo and Socrates programmes.

1.5.1. In recent years youth unemployment has taken on many different facets, affecting all young people, ranging from the 10% who leave school with no qualifications at all at the bottom of the scale up to university graduates. With a shortage of jobs in all EU countries, it is not only the many generally disadvantaged groups on the labour market who are threatened and hit by unemployment; an increasing number of young people with qualifications are also affected.

2. EU initiatives and proposals

2.1. The widening gulf between education and employment and the inadequacy of training in some cases are key factors impeding young people from getting jobs and becoming properly integrated into working life. In this context, the White Paper on Growth, Competitiveness and Employment and the White Paper on European Social Policy highlighted the need for more systematic and comprehensive basic training strategies, better linking school education and working life. Particular attention should be paid to counteracting the social impact of unemployment, among young people in particular, which leads to exclusion and the loss of their place in society. On this point the White Papers suggest the following:

- more initial vocational training centres as possible alternatives to higher education establishments, with shorter, more practical forms of training linked to apprenticeship and in-service training in firms;
- anticipating skill needs more correctly and in good time;
- reorganizing educational and training resources in association with employment services;
- generally greater involvement of businesses, the social partners and public authorities in the development of 'genuine' training policies and with possible fiscal and legal incentives;
- improved prevention and combating of social exclusion.

2.2. The White Papers (White Paper on Growth, Competitiveness and Employment, chapter 8, point 8.8(e); White Paper on European Social Policy, chapter 6(b), point 15) specifically called for a range of measures concerning 'national' education and training structures,

and the prevention of social exclusion (which were recently set out in the Commission Communications of 23 November 1994 entitled 'Turning Growth into Jobs: Brussels Action Plan'). The measures included:

- A Community-wide guarantee that no young person may be unemployed under the age of 18: they should be guaranteed a place in the education and training system or in a linked work and training placement.

(The following texts in italics represent the Committee's comments on the Commission's positions).

The example of the Netherlands (cf. also Denmark and Sweden), where this kind of guarantee has been put to the test in practice for several years, should be examined to determine to what extent it could be applied in other Member States, as should the right to a training placement in the dual vocational training system operating in Germany. Any guarantee should include employment as an alternative or follow-up to training. The need for a Community-wide guarantee is supported by a great deal of scientific research which all confirms that unemployment during the transition from school to vocational training and employment has striking consequences regarding the possibility and expectation of finding a stable job and building a career. (While assuming that six months' unemployment is the tolerable limit for people with some work experience, all studies conclude that young people and those making the transition from school to working life should not be exposed to unemployment.)

- The elimination of basic illiteracy and lack of other basic skills among school leavers.

The types of measures which have proved effective here are those which set out to broaden knowledge in the transition between school and working life and seek to provide practical experience through work experience placements.

- Raising the status of initial vocational education and training, and the ability to use new technologies.

It should be borne in mind here that, as indicated above, different groups of unemployed young people, ranging from those with incomplete schooling to those with A-levels and university degrees, each require specific measures and corresponding access routes to using new technologies at different levels.

- Extending the scope and range of existing apprenticeship schemes.

What needs to be examined particularly closely here is to what extent and under what conditions the apprenticeship schemes found in the northern Member States can be applied in other Member States, and to what extent they can be made to fit in with the school systems there.

- Improving the coordinated provision of guidance and placement services.

The important thing here is to use the final stages of school curricula to make young people more aware of career opportunities by providing information on job profiles and training courses and improving the basis and motivation on which decisions regarding vocational training are taken.

- Encouraging universities and other higher education institutions to collaborate more intensely with industry and commerce.
- Examining tax incentives for firms and individuals to persuade them to invest in their continuing training.
- Encouraging the social partners to conclude collective agreements, including agreements at European level, in order to extend access to, and participation in, continuing training, drawing appropriately on Objectives 3 and 4 of the European Social Fund which places a strong emphasis on anticipative training.
- Preventing and combating social exclusion, which requires comprehensive mobilization of all forces and the combination of economic and social measures.

2.3. As regards the age limit for a Community-wide guarantee, which the Member States will have a political obligation to honour, there is a proposal which has the agreement of Commissioner Flynn to raise the age from 18 to 20. This will provide a guarantee for young people in Member States with arrangements for post-secondary school training, who face unemployment after that. Furthermore, there is a pressing need for networking in the field of vocational training in cases where state and private-sector initiatives are being developed. Private-sector initiatives must be reinforced and state support measures and action to set standards for vocational training must also be introduced.

2.3.1. Finally, there is the question of whether it will be advisable to recommend that Member States provide basic vocational training as a first step after secondary education and prior to practical on-the-job training. This would provide an opportunity to gain a basic qualification in selected areas of activity, thus improving access both to vocational training and work.

3. European action against youth unemployment

3.1. The recent Brussels, Corfu and Essen European Council Summits all identified the fight against youth unemployment as a key priority for the European Union.

The Council Resolution of 5 December 1994 on the quality and attractiveness of vocational education and training⁽¹⁾, drawing on the White Paper proposals, established a basic framework of principles necessary for the development of effective and efficient vocational training policies which should help combat youth unemployment. In the meantime, Objectives 3 and 4 priorities have been clearly set out in terms of anticipated labour market trends, training and guidance. The Leonardo programme should also help to improve access to training and jobs and avoid the undue proliferation of programmes.

3.2. Alongside a skills-acquisition offensive, the most important goal of youth employment policy initiatives must be to find or promote new employment opportunities for young people so as to make a visible contribution to reducing the shortage of jobs in the countries of the EU.

3.3. The Economic and Social Committee has already commented extensively on such matters. It has also registered, in general Opinions on growth and employment, that in the final event, whilst improved training is vital, it is the number of real jobs open to young people which ultimately counts. It is not the purpose of this Own-initiative Opinion to cover all these major points again.

3.3.1. The concept of a Community-wide guarantee that no young person may be unemployed under the age of 18 should be extended to become a Community-wide guarantee to all young people under the age of 20, so that they are offered a viable remunerated alternative to unemployment and inactivity. Nevertheless, the best way to prevent youth unemployment is to improve choice and to increase the training opportunities on offer in business and industry.

3.3.2. Further proposals for other EU schemes, programmes and actions must be part of a comprehensive EU employment policy with the same criteria as hitherto, e.g.:

- inclusion of at least 50% training in the measures;
- low-threshold schemes must be made available to particularly excluded groups (e.g. to fund literacy courses and the opportunity to retake school-leaving exams);
- equal promotion of vocational and social integration;
- improvement of work placement opportunities;

⁽¹⁾ OJ No C 374, 30. 12. 1994, pp. 1-4.

- measures geared towards women and disadvantaged groups such as the disabled, ethnic minorities, etc., who have particular difficulties in gaining access to the labour market, finding a place on training courses or acquiring qualifications;
- these objectives are translated into programmes such as 'Education for all', etc. in Denmark, combining training with new work organization methods as in the Belgian construction industry collective agreement, aids to accompany training as in Germany and other examples;
- the European Commission collects information on the experience to date in the Member States with a view to drawing the necessary conclusions and making sure that these conclusions are translated into policies.

4. The proposals of the Economic and Social Committee

The Economic and Social Committee also discusses and recommends other proposals which do not come under labour market initiatives exclusively, but which constitute an extension to European employment and labour market policy and the fight against youth unemployment.

4.1. *Wage-cost subsidy scheme for young people*

The Committee recommends setting up a wage-cost subsidy scheme for young job seekers. The aim of the scheme should be to contribute to the creation and safeguarding of new jobs and to the implementation of a guarantee of employment for young unemployed persons by supporting newly-created jobs for the young over a limited period.

4.1.1. Young people who have been out of a job for longer than six months and who have not started some form of training should be given the chance to gain access to the mainstream labour market by means of practical work experience.

4.1.2. This support should continue for at least a year and cover up to 50% of the wage rates laid down by collective agreement. An unlimited contract of employment should be a prerequisite for such support. Transnational employment should merit special consideration in the scheme.

4.2. *European Community Service scheme*

4.2.1. The Committee proposes to explore the idea of a voluntary European 'Community Service Scheme' open to all under 25-year olds. This could be supplemented by a trainee programme with the emphasis on business exchange experience. The Economic and Social

Committee and the Committee of the Regions must be involved in putting together the Community Service Scheme. Once again, see the Commission's proposals of 23 November 1994 entitled 'Turning Growth into Jobs: Brussels Action Plan' and the medium-term social action programme of 12 April 1995.

4.2.2. This could include the same sort of public/private partnerships, but within a more comprehensive European framework. The Commission is urged to involve the European Youth Forum and other corresponding NGO forums to an appropriate degree in the implementation of the scheme.

4.2.3. The starting point for such a scheme could be a kind of social partnership (rather like a social contract) between the public authorities, businesses, the social partners and young volunteers in the regions in order to combine, as touched upon in the White Paper proposals, public/private partnerships, part work and part income support models. Such 'partnerships', encouraged by tax exemptions and social security schemes and involving socially useful activities, could be 'sponsored' at the European level through transnational pilot projects, as in other programmes. An examination should be undertaken of whether the existing MECU 300 Youthstart programme, which supports young people under 20 in transnational experimental projects, should be opened up to include a programme of the kind described from 1996 onwards, when there will be an interim appraisal of on-going European Social Fund programmes. This would achieve one of the original objectives of the Youthstart programme.

4.2.4. When implementing the Community Service Scheme, there will have to be some regulation of the legal basis for voluntary service by young people, and these regulations will have to be agreed upon by the social partners. At the same time, minimum benefit payments must be prescribed for young people so that they can make ends meet while doing voluntary work.

4.3. *'Workplace Europe' action programme*

4.3.1. The Committee also suggests setting up an action programme entitled 'Workplace Europe'. The purpose of this new European labour market policy initiative would be to provide young people who are preparing for a career, receiving vocational training or who have qualified with no job to go to, with the opportunity to do a traineeship leading to qualifications, of at least three months in an EU company. When the 'Workplace Europe' action programme is implemented, the necessary networking with the Leonardo programme should be established, allowing the programmes to be exploited together.

4.3.2. This action programme is particularly intended to support: the preparation, realization and follow-up

of traineeships within companies, if these last at least three months, as well as the improvement of language skills (a second initiative running concurrently with the traineeship taking up at least ten hours per week) and the exchange of ideas between young people. Traineeships may be arranged along national, transnational or European lines.

4.3.3. The results of the proposed traineeship lasting a minimum of three months, coupled with the language support scheme, should be officially recorded and acknowledged by means of a recognized certificate. As an additional element, participants could follow a one or two-week internship in a European organization to familiarize themselves with its work and to deepen their European thinking.

4.3.4. The programme should be open to all groups of young people and it should be financed out of the European Social Fund budget. It should be based on experience gained in the Sesame programme, or indeed incorporate the latter.

4.4. A coordinated procedure should be followed to identify, encourage and select commendable 'community service' pilot projects and transnational exchange schemes, both in urban and rural areas, with a view to

engaging young unemployed people in a tangible, identifiable and worthwhile European-wide community project for:

- environmental protection;
- urban and rural regeneration;
- restoration of cultural heritage;
- social services;
- caring and service activities not properly catered for by the traditional labour market.

4.4.1. The proposed voluntary European 'Community Service Scheme' and the 'Workplace Europe' action programme would also require a generalized and versatile system of official diplomas recognized throughout the Union.

5. The Economic and Social Committee's Opinion on Youth Unemployment draws attention to the growing difficulty of integrating young people into working life. It sets out to increase awareness of the need to network labour-market initiatives and programmes to tackle youth unemployment, thereby launching a political offensive to guarantee a better future for young people.

Done at Brussels, 25 October 1995.

The President
of the Economic and Social Committee
Carlos FERRER
