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Unemployment in Europe: Young People Affected Much Harder Than Adults

by Karl Brenke

The crises of the past few years have led to a significant increase in youth unemployment in Europe. This, in turn, has highlighted the long standing phenomenon of well above average youth unemployment. In some countries, the youth unemployment rate reached unprecedented levels, although the rise of unemployment among young people was no more significant than among adults. Furthermore, the media portrayal of young people's situation is sometimes more negative than the reality, failing to take into consideration that the majority of young people are not even on the labor market but still completing their education. Nonetheless, across much of Europe, youth unemployment has become a more pressing social problem than it was a few years ago.

In the EU as a whole, the youth unemployment rate is more than double the unemployment rate affecting the general population. Only in some countries is this connected with—alongside other factors—inadequate qualifications among young people because, even with training, young people are more likely to be unemployed than adults. However, in countries providing a high degree of professional training, employment prospects are not as poor as in those focusing predominantly on educational qualifications. Practical vocational training is obviously a potential tool for creating better job prospects for young people. The German labor market is the most open. In Germany, the fact that the youth unemployment rate is only slightly above average is solely the result of skills deficits. Young people in Italy, Romania, Sweden, the UK, and Poland are generally at a particular disadvantage compared to adults.

The crisis in large parts of the eurozone has put youth unemployment back in the public eye. However, high youth unemployment is a persistent problem in many countries. Due to the thriving economy in the middle of the last decade, it simply receded into the background.

The present article will examine the position of young people on the EU labor market (including the associated States) in more detail. According to the definition in common international usage, young people are considered to be those aged 15 to 24. The data used for the study are drawn from Labour Force Surveys conducted in the individual countries according to a common concept. The information is taken from the Eurostat database. The analysis uses annual as opposed to monthly data which are more reliable as the sample incidence rates are higher. The International Labour Organization (ILO) definition of an unemployed person is applied, according to which persons are defined as unemployed if they have no form of paid employment, they are available for work immediately, and they are seeking a job, i.e., they were actively looking for work in the four weeks preceding the survey. It is irrelevant whether or not they are registered with one of the official public employment services.

Dramatic Rise in Youth Unemployment—But Increase No More Marked Than Among Adults

Last year, there were 5.3 million young people unemployed in the EU. Their unemployment rate was 21 percent, whereas the rate for those aged between 25 and 64 was eight percent. Youth unemployment was, therefore, more than twice as high. However, this is nothing new but rather a fact that is already well known. Also outside Europe—in the US, Japan, or Australia, for example—

youth unemployment is well above average.¹ In the last decade, the development of youth and adult unemployment rates in the EU followed a similar trend, although over the course of time, the upturns and downturns in youth unemployment were far more dramatic (see Figure 1). The generally positive economic situation in the EU in 2006 and 2007 was accompanied by a significant decline in youth unemployment. However, as a result of the global financial crisis, since 2008, the unemployment rate has shot up—more dramatically for young people than for adults. Youth unemployment even continued to rise slightly over the last year, while adult unemployment remained stable.

However, if the absolute number of unemployed is examined, a rather different picture emerges—the increase in unemployment among young people was less significant than among adults and there was no further increase over the last year (see Figure 2). On the one hand, these differences in development correlate with labor force behavior. The labor force participation rate (persons employed or unemployed as a percentage of the population of the same age range) for young people in the EU declined significantly—from 44.3 to 42.7 percent—between 2008 and 2011. There is a general trend among young people in the EU to stay longer in school or university education, leading to a decline in labor force participation. However, in some of the countries that have

experienced a particularly noticeable increase in unemployment over the past few years, the labor force participation rate also fell sharply (see Figure 3). Thus, labor force behavior is also determined by the economic situation and the development of the labor market. This is particularly evident in the case of Spain where, as a result of the favorable economic development in the middle of the last decade, the labor participation rate increased considerably (see Figure 4). Some young people might have been attracted by the high earning potential and decided to accept a paid position instead of continuing their education. However, due to the financial and economic crisis, labor participation declined again. The new generation of young people is now more likely to remain in education, as in the past.

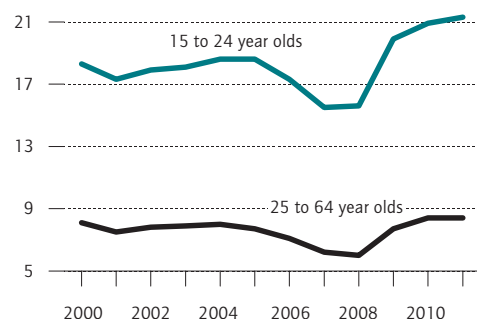
On the other hand, there has been a demographic decline in the population of 15 to 24 year olds. Overall, the number of young people in the labor force (employed and unemployed) declined by seven percent—i.e., the base value used for determining the unemployment rate. Thus, the number of young people on the labor market has fallen, which, in turn, has slowed the rise in the number of unemployed and, at the same time, in purely arithmetical terms, also increased the unemployment rate.

However, during the same period, the labor force participation rate among 25 to 64 year olds increased (from 76.7 to 77.2 percent) and the population also expanded slightly, leading to labor force growth of two percent. If

¹ See OECD, OECD Economic Outlook 2012, (Paris: 2012).

Figure 1

Youth and Adult Unemployment Rates in the EU
In percent



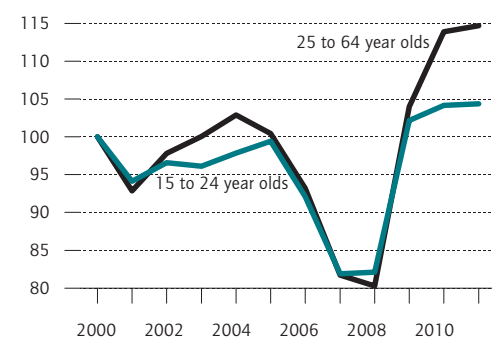
Source: Eurostat.

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The youth unemployment rate is considerably higher than average.

Figure 2

Number of Unemployed Young People and Adults in the EU
Index 2000 = 100



Source: Eurostat, calculations by DIW Berlin.

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Growth in unemployment among young people has been no more marked than among adults.

all these factors are taken together, it is evident that the growth of youth unemployment has been neither stronger nor appreciably weaker than among adults.

Large Discrepancies in Scale of Youth Unemployment Across Europe

Young people's position on and the development of the labor market varies dramatically across the different European countries. The highest youth unemployment rate is in Macedonia, followed by Spain, Greece, and Croatia (see Table 1). The rate is lowest in parts of Central Europe—in the Netherlands, Switzerland, Austria, and Germany. Very few countries had a youth unemployment rate that was lower in 2011 than in 2008; Germany is one of the exceptions here. There was rapid growth of youth unemployment in the Eurozone crisis countries, i.e., Greece, Spain, Portugal, Ireland, and Cyprus but, after 2008, the same development was also observed in a number of other countries—particularly in Eastern Europe. Most countries experiencing an increase in youth unemployment also saw a decline in labor participation and in the youth labor force. Therefore, a greater proportion of young people stayed away from the labor market and remained in education.

On the whole, it appears that the scale of youth unemployment closely correlate with poor labor market prospects, also among adults. A higher adult unemployment rate also means higher youth unemployment.² Furthermore, a stronger increase in adult unemployment is also accompanied by a stronger increase in unemployment among young people.³ In this respect, youth unemployment is not an independent phenomenon. Yet, youth unemployment is way above average in every country. However, the differences between the two groups vary from country to country: In Sweden and Italy, the youth unemployment rate is more than four times higher than the adult unemployment rate—Germany is at the other end of the scale with youth unemployment one and a half times higher than among adults.

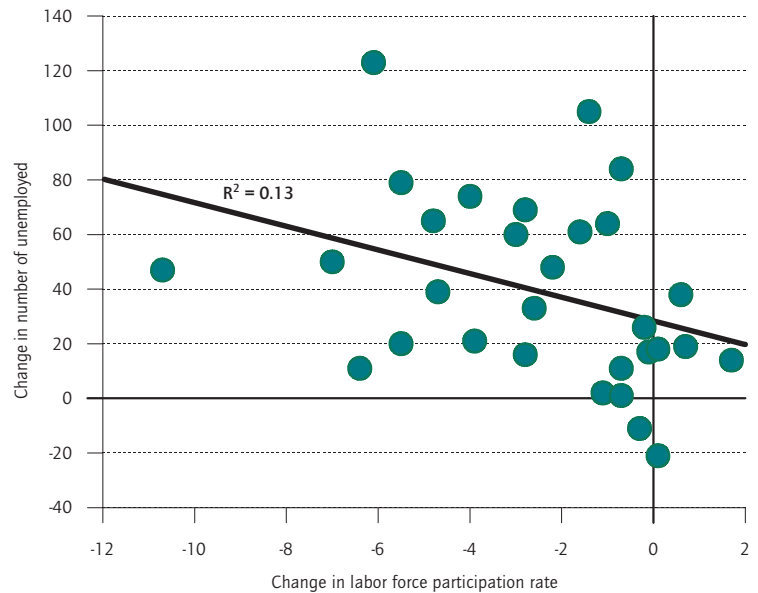
Many Young People in Education Instead of Labor Market

When examining the position of young people on the labor market, two points must be borne in mind. Firstly, a significant proportion of young people are not on the labor market as they are completing their school or

Figure 3

Change in Labor Force Participation Rate and Number of Youth' Unemployed in Europe from 2008 to 2011

In percent



1 Aged 15 to 24.

Source: Eurostat, calculations by DIW Berlin.

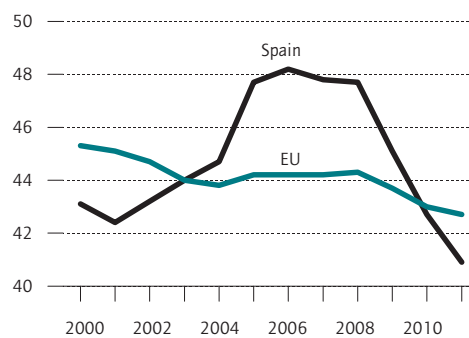
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In general, participation in the labor force declines with increasing unemployment.

Figure 4

Youth Labor Force Participation Rates in Spain and in the EU Overall

In percent



Source: Eurostat.

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Spain temporarily experienced a dramatic increase in its youth labor participation rate.

2 For 2011, the linear correlation between youth and adult unemployment was 0.82.

3 The linear correlation for the period from 2008 to 2011 was 0.63.

Table 1

Development of Number of Unemployed and Unemployment Rates for Young People and Adults

	Young people (aged 15 to 24)					Adults (aged 25 to 64)					Unemployment rate among young people as a multiple of unemployment among adults ¹	
	Number of Unemployed			Unemployment Rate		Number of Unemployed			Unemployment Rate			
	Index 2008 = 100			In percent		Index 2008 = 100			In percent			
	2009	2010	2011	2008	2011	2009	2010	2011	2008	2011	2008	2011
Macedonia	95	87	85	56.4	55.3	97	100	98	30.7	28.7	1.8	1.9
Spain	142	144	150	24.6	46.4	166	189	206	9.8	19.5	2.5	2.4
Greece	117	143	184	22.1	44.4	127	172	244	6.7	16.0	3.3	2.8
Croatia	112	147	146	21.9	36.1	105	135	159	7.0	11.5	3.1	3.1
Slovakia	136	161	148	19.0	33.2	124	150	143	8.5	11.8	2.2	2.8
Lithuania	211	238	205	13.4	32.9	249	334	285	5.0	14.0	2.7	2.4
Portugal	112	114	160	16.4	30.1	126	147	166	7.2	11.8	2.3	2.6
Ireland	163	156	147	12.7	29.4	205	243	260	5.0	13.0	2.5	2.3
Italy	113	120	121	21.3	29.1	116	126	126	5.6	7.0	3.8	4.2
Latvia	240	229	174	13.1	29.1	220	241	201	6.9	14.0	1.9	2.1
Bulgaria	121	163	169	12.7	26.6	119	177	191	5.0	10.1	2.5	2.6
Hungary	130	130	126	19.9	26.1	127	148	146	6.9	9.9	2.9	2.6
Poland	118	134	138	17.3	25.8	116	143	144	6.0	8.1	2.9	3.2
Romania	111	115	119	18.6	23.7	122	131	131	4.7	6.0	4.0	4.0
Sweden	122	126	117	20.2	22.9	143	145	129	4.2	5.3	4.8	4.3
Cyprus	149	180	223	9.0	22.4	145	173	215	3.2	6.5	2.8	3.4
Estonia	213	234	161	12.0	22.3	262	329	251	4.7	11.6	2.6	1.9
France	129	125	118	18.6	22.1	124	130	131	6.1	7.9	3.1	2.8
EU	124	127	127	15.6	21.3	129	142	143	6.0	8.4	2.6	2.5
UK	124	125	133	15.0	21.1	143	149	153	4.0	5.9	3.8	3.6
Eurozone	126	126	125	15.6	20.7	130	140	143	6.6	9.0	2.4	2.3
Finland	124	121	116	16.5	20.1	131	135	124	5.0	6.2	3.3	3.2
Belgium	120	123	102	18.0	18.7	112	121	105	5.9	6.1	3.1	3.1
Czech Republic	171	178	164	9.9	18.0	150	164	151	4.0	5.9	2.5	3.1
Luxembourg	111	71	89	17.9	16.8	106	101	114	4.0	4.1	4.5	4.1
Turkey	125	108	94	18.5	16.7	139	123	106	8.0	7.4	2.3	2.3
Slovenia	120	123	120	10.4	15.7	139	180	204	3.7	7.6	2.8	2.1
Iceland	181	188	165	8.2	14.4	300	315	293	1.9	5.6	4.3	2.6
Denmark	150	173	179	8.0	14.2	189	239	241	2.6	6.5	3.1	2.2
Malta	116	105	111	12.2	13.7	117	126	115	4.7	5.1	2.6	2.7
Norway	117	119	111	7.5	8.7	124	153	140	1.8	2.4	4.2	3.6
Germany	104	89	79	10.6	8.6	103	95	80	7.2	5.7	1.5	1.5
Austria	123	106	101	8.0	8.3	127	120	114	3.2	3.5	2.5	2.4
Switzerland	123	115	114	7.0	7.7	126	150	131	2.8	3.6	2.5	2.1
Netherlands	126	158	139	5.3	7.6	126	166	172	2.2	3.8	2.4	2.0

¹ Unemployment rate for those aged 15 to 24 divided by unemployment rate for those aged 25 to 64.
Source: Eurostat, calculations by DIW Berlin.

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Youth unemployment rates are far higher than among adults—two and a half times on average.

university education. By definition, they are excluded from the calculations of unemployment. Secondly, a large number of employed young people are undergoing vocational education, specifically workplace training.

There is no unified education system in Europe. There are only similarities between university education systems, while vocational education varies dramatically from country to country. For example, in some coun-

tries—particularly in Eastern Europe—vocational training is largely integrated into the school education system. In parts of Central Europe, on the other hand, dual vocational education is the norm. Furthermore, there are also hybrid forms—such as school education with a tem-

UNEMPLOYMENT IN EUROPE: YOUNG PEOPLE AFFECTED MUCH HARDER THAN ADULTS

Table 2

Employment Status of Young People in Europe in 2011

Share of population aged 15 to 24, in percent

	Labor force					Inactive persons			For information only:
	Total	Employed			Unemployed	Total	In education	Not in education	Persons in vocational training or school education ¹
		Total	In education	Not in education					
Iceland	73.1	62.6	37.0	25.7	10.5	26.9	23.4	3.5	60.4
Netherlands	68.8	63.5	43.3	20.2	5.3	31.2	28.7	2.5	72.0
Switzerland	68.1	62.9	35.0	27.9	5.3	31.9	27.9	4.0	62.9
Denmark	67.1	57.5	37.8	19.8	9.5	32.9	29.1	3.8	66.9
Austria	59.9	54.9	23.7	31.2	5.0	40.1	36.4	3.7	60.1
UK	58.8	46.4	14.4	32.0	12.4	41.2	34.5	6.7	48.9
Norway	55.6	50.8	26.2	24.6	4.8	44.4	41.4	3.0	67.6
Sweden	52.6	40.5	12.8	27.7	12.1	47.4	43.9	3.5	56.7
Germany	52.5	47.9	24.3	23.6	4.5	47.5	43.2	4.3	67.5
Malta	51.8	44.7	7.4	37.2	7.2	48.2	42.8	5.4	50.2
Finland	50.5	40.4	19.5	21.0	10.1	49.5	44.8	4.7	64.3
EU	42.7	33.6	12.4	22.0	9.1	57.3	51.0	6.3	63.4
Eurozone	42.2	33.5	12.9	20.7	8.7	57.8	51.7	6.1	64.6
Spain	40.9	21.9	4.5	17.4	19.0	59.1	53.5	5.6	58.0
Estonia	40.6	31.5	9.8	21.7	9.1	59.4	53.9	5.5	63.7
Ireland	39.9	28.2	9.1	19.1	11.7	60.1	51.4	8.7	60.5
Portugal	38.8	27.2	4.6	22.5	11.7	61.2	56.7	4.5	61.3
Turkey	38.5	32.0	6.9	25.1	6.4	61.5	36.8	24.7	43.7
Latvia	38.4	27.2	8.3	19.0	11.2	61.6	54.2	7.4	62.5
France	38.4	29.9	8.6	21.3	8.5	61.6	56.8	4.8	65.4
Cyprus	37.8	29.4	3.2	26.1	8.4	62.2	55.2	7.0	58.4
Slovenia	37.4	31.5	18.8	12.7	5.9	62.6	59.4	3.2	78.2
Poland	33.6	24.9	8.2	16.7	8.7	66.4	61.1	5.3	69.3
Macedonia	32.1	14.4	2.1	12.3	17.8	67.9	59.4	8.5	61.5
Belgium	32.0	26.0	4.3	21.7	6.0	68.0	61.2	6.8	65.5
Croatia	31.4	20.1	1.7	18.3	11.3	68.6	63.7	4.9	65.4
Romania	31.1	23.8	2.0	21.8	7.4	68.9	58.4	10.5	60.4
Slovakia	30.2	20.2	1.4	18.7	10.0	69.8	65.7	4.1	67.1
Czech Republic	30.1	24.7	2.8	21.8	5.4	69.9	66.2	3.7	69.0
Lithuania	29.4	19.7	6.2	13.5	9.7	70.6	65.7	4.9	71.9
Greece	29.2	16.3	2.0	14.2	13.0	70.8	64.7	6.1	66.7
Bulgaria	27.4	20.1	2.9	17.2	7.3	72.6	56.7	15.9	59.6
Italy	27.4	19.4	2.0	17.4	8.0	72.6	59.9	12.7	61.9
Luxembourg	24.9	20.7	5.8	14.9	4.2	75.1	73.1	2.0	78.9
Hungary	24.7	18.3	1.4	16.9	6.4	75.2	67.9	7.3	69.3

¹ Excluding people attending education initiatives such as training programs for the unemployed, etc.
Source: Eurostat, calculations by DIW Berlin.

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In almost all countries, the majority of young people are in education.

porary internship.⁴ Both between and within the individual countries, the different forms of education vary considerably depending on the profession.

In the EU as a whole, two thirds of young people are in education—whether school or vocational (see Table 2). In almost all countries, the share is significantly more than half. Turkey and the UK are exceptions to the rule here. Luxembourg, Slovenia, the Netherlands, Lithuania, and Denmark have a particularly large proportion of young people in education. Furthermore, as expected, a high share of young people undergoing vocatio-

⁴ For an overview, see J. Gries, M. Lindenau, K. Maaz, and U. Waleschkowski, „Bildungssysteme in Europa. Kurzdarstellungen,“ Institut für Sozialforschung, Informatik und Soziale Arbeit, working materials (Berlin: 2005).

Table 3

Skilled and Unskilled Unemployed Young People and Adults in Europe in 2011

	Unemployment rate in percent				Proportion of unskilled ¹ unemployed as a share of total unemployed, in percent		Unemployment rate among young people as a multiple of unemployment among adults ³	
	Skilled ¹		Unskilled ²		Young people ⁴	Adults ⁵	Unskilled ¹	Skilled ²
	Young people ⁴	Adults ⁵	Young people ⁴	Adults ⁵				
Belgium	31.0	12.1	14.5	4.5	42.5	41.5	2.6	3.2
Bulgaria	49.1	25.5	23.2	7.6	24.1	34.8	1.9	3.0
Denmark	16.3	8.9	11.7	5.9	62.9	25.6	1.8	2.0
Germany	12.4	13.9	6.1	4.7	57.7	26.7	0.9	1.3
Estonia		26.4	28.3	10.2		19.9		2.8
EU	28.2	14.8	18.2	6.6	40.6	38.0	1.9	2.7
Eurozone	26.9	15.4	17.1	6.8	47.4	43.4	1.7	2.5
Finland	31.5	11.3	14.6	5.5	51.1	23.1	2.8	2.7
France	35.3	12.9	17.8	6.4	39.0	38.1	2.7	2.8
Greece	43.2	17.0	44.8	15.5	26.3	33.0	2.5	2.9
Ireland	48.9	21.7	25.4	10.8	28.6	33.4	2.3	2.3
Iceland	17.0	7.3	9.5	5.0	77.0	34.9	2.3	1.9
Italy	32.8	9.4	27.3	5.7	36.5	48.3	3.5	4.8
Croatia	52.7	15.8	34.7	10.7	11.7	22.3	3.3	3.2
Latvia	37.0	25.8	26.9	12.7	27.8	18.8	1.4	2.1
Lithuania	46.9	37.3	30.5	12.9	20.9	12.3	1.3	2.4
Luxembourg	25.5	6.1	11.8	3.6	55.4	28.6	4.2	3.3
Malta	18.5	7.4	8.5	2.0	70.3	83.5	2.5	4.3
Macedonia	59.0	36.0	54.2	26.1	24.6	33.4	1.6	2.1
Netherlands	10.7	5.4	5.2	3.3	61.4	31.8	2.0	1.6
Norway	10.8	5.2	6.8	1.9	58.8	33.2	2.1	3.6
Austria	12.0	7.1	6.2	2.9	52.2	27.4	1.7	2.1
Poland	31.8	16.9	25.0	7.4	15.2	14.8	1.9	3.4
Portugal	32.6	13.3	27.7	9.4	53.0	68.8	2.5	2.9
Romania	18.7	6.9	25.9	5.8	24.4	22.4	2.7	4.5
Sweden	38.6	11.0	17.4	4.3	43.7	31.8	3.5	4.1
Switzerland	7.9	7.6	7.5	3.0	45.9	26.3	1.0	2.5
Slovakia	63.7	39.2	30.2	10.2	17.2	18.4	1.6	3.0
Slovenia	24.8	12.7	13.5	7.0	30.5	18.1	2.0	1.9
Spain	53.2	26.4	38.8	14.7	60.3	55.8	2.0	2.6
Czech Republic	45.3	21.6	14.9	5.0	25.5	19.2	2.1	3.0
Turkey	13.2	7.4	22.1	7.4	47.9	62.8	1.8	3.0
Hungary	42.0	23.1	22.6	8.0	29.2	29.5	1.8	2.8
UK	36.2	10.4	17.3	4.9	34.6	32.6	3.5	3.5
Cyprus	14.5	7.5	24.1	6.2	11.7	24.8	1.9	3.9

1 ISCED 0 to 2.

2 ISCED 3 to 6.

3 Unemployment rate for those aged 15 to 24 divided by unemployment rate for those aged 25 to 64.

4 15 to 24 year olds

5 25 to 64 year olds

Source: Eurostat, calculations by DIW Berlin.

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In almost every country, the unemployment rate is higher for skilled young people than for skilled adults.

nal training⁵ is accompanied by a low share of school attendees—and vice versa.

⁵ A precise demarcation of those undergoing vocational training is not possible on the basis of the available data. It is specifically not possible to exclude those who are attending school or university and, at the same time, have part-time jobs. However, this figure is unlikely to carry any significant weight in the analysis.

Consequently, the life situation of most young people is determined by their education. For young people, unlike for adults, the labor market per se, i.e., employment that is not combined with training, only plays a marginal role. If those undergoing vocational training are excluded, the labor force participation rate in the EU among people aged from 15 to 24 is around a third. The UK is on one end of the scale with 49 percent and Lux-

embourg is on the other end with 21 percent. Thus, the margin of fluctuation here is much smaller than with the general labor force participation rate which also includes those attending vocational training; this ranges from 25 to 73 percent. To a great extent, this reflects the differences between the vocational education systems in the individual countries.

Public statements that in some countries, half of all young people are unemployed are, therefore, far removed from reality. In Spain in 2011, almost a fifth of all young people were unemployed, in Macedonia it was a sixth, and in the UK, Greece, Sweden, Portugal, and Ireland, it was approximately an eighth. Admittedly, such values still indicate that young people in these countries are in an extremely poor labor market position—particularly as only a minority is even on the labor market at all.

Even Skilled Young People Have Poorer Employment Prospects Than Adults

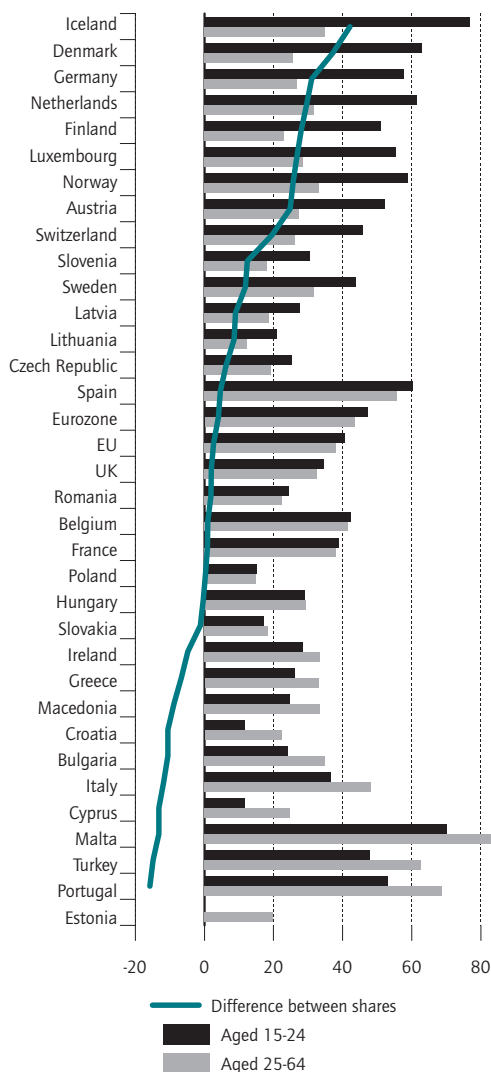
Those without vocational qualifications generally have comparatively poor employment prospects—this applies as much to younger as to older people. In some countries, young unemployed people are, on average, less qualified than adults. This includes Germany, the Netherlands, Norway, Denmark, Finland, Switzerland, and Austria (see Figure 5). However, at the same time, these countries have relatively low youth unemployment, which means that it is the low skilled in particular who experience difficulty finding work. Here, more than elsewhere, the problem is a skills deficit.

However, in most other countries, the share of unemployed people comprised of low-skilled workers is barely any lower among adults than among young people and, in fact, is quite often actually higher. Consequently, in these countries, the much higher youth unemployment cannot be explained by the fact that the younger generation is particularly low skilled.

It is often misguidedly believed⁶ that among those who have completed vocational training, young people are even more at a disadvantage on the labor market in comparison with adults than those with no qualifications. This is demonstrated by a comparison of unemployment rates: Among those with no vocational education or training, the youth unemployment rate is 1.9 times higher than among adults, among those with vocational education or training, the youth rate is 2.7 times higher

Figure 5

Proportion of Unskilled Unemployed as Share of Total Unemployed in 2011
In percent



Source: Eurostat, calculations by DIW Berlin.

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Only in a minority of countries there is an above average number of low skilled among unemployed youths.

than the adult rate. This phenomenon exists in the majority of countries.

However, this does not necessarily suggest that the high level of youth unemployment in Europe—with the exception of a small number of countries—is not the result of inadequate qualifications. It is possible that young people have poorer employment prospects due to a lack of work experience. It is indeed the case that, in countries

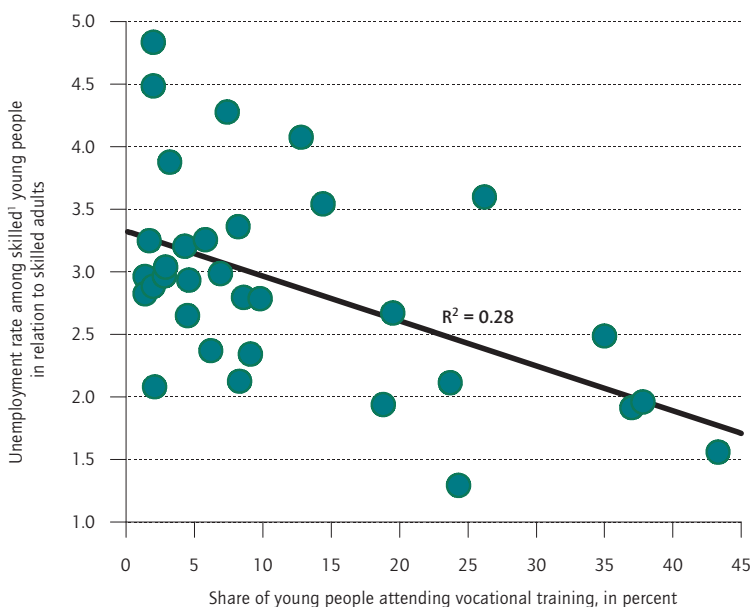
⁶ See, for example, International Labour Organization, Global Employment Trends for Youth 2012. Geneva 2012.

that provide a relatively high level of vocational education, among those who have completed this type of training the difference between the youth and adult unemployment rates is comparatively insignificant (see Figure 6). Practical training obviously reduces the risk of becoming unemployed. Even if this correlation is clear, it only partly explains the disadvantages young people are facing. Particularly in Italy, Romania, Sweden, Norway, Poland, and the UK, young people with a vocational education experience more difficulties than adults.

The German labor market is the most open. Germany is the only country where the unemployment rate among the skilled is just as high for young people as for adults. The same applies to those with no vocational education or training. The fact that youth unemployment is also higher than adult unemployment in Germany is, therefore, exclusively due to the comparatively high number of young unemployed people with no vocational education or training.

Figure 6

Share of Young People Attending Vocational Training and Discrepancy in Unemployment Rates in 2011



1 ISCED 3 to 6. Source: Eurostat, calculations by DIW Berlin.

In countries that provide a high degree of vocational training, it is easier for skilled young people to find employment.

Substantial Share of Young People Not Actually Unemployed But Just Outside Labor Market

The ILO defines unemployment in such a way that those who do not have a job but certainly want one and are immediately available for work, are not classified as unemployed unless they are actively seeking employment. This could include people in the labor force who have given up on their job search because—due to very strained labor market conditions, for example—they consider it to be hopeless. Apart from these discouraged workers, the definition might also include those who do not perceive taking up employment to be particularly pressing because, for instance,—as school or university students—they only require some supplementary income to increase their budget. It would also include those who are not in gainful employment but are also not classified as unemployed, although they would be available for work immediately, as they are not, however, looking for work. This could, for example, be school or university students approaching the end of their education or people who are temporarily not available due to illness or family commitments. According to conventional methods of calculation, although these individuals are not classified as unemployed, they can, however, still be considered as *just outside the labor market*.

The size of this group is, particularly among young people, not insignificant—in the EU overall, it accounts for eight percent (see Table 4). This is barely less than the share of unemployed. The majority of young people who are just outside the labor market—two thirds—are still in education. This share is particularly high in Finland, Denmark, Sweden, Austria, and the UK. In Italy, as much as almost one sixth of all young people are classified as *just outside the labor market*; there are also a significant number who are not in education in this group.

It is generally the case that the main reason young people are not perceived as unemployed is because they are not actively looking for work. The number of young people, who, although actually searching for work, are not immediately available, is much less significant. These results probably also conceal hidden unemployment. However, the extent of this unemployment cannot be quantified due to insufficient additional information. Over time, however, the share of young people who have no job and are not unemployed but are just outside the labor market, has barely changed.

Conclusion

Since the euro crisis, youth unemployment—particularly in southern European countries—has moved back

into the public eye. However, in the EU as a whole, over the last few years, the number of unemployed young people has actually increased at a slightly slower pace than the number of unemployed adults. This is primarily due to the fact that there has been an unusually dramatic decline in labor force participation among young people, i.e., a growing proportion of young people have turned their backs on the labor market.

The sharp rise in overall unemployment exacerbated the long-standing problem that young people generally have far poorer employment prospects than adults. Even before the global financial and Eurozone crises, the youth unemployment rate was more than double that of adults, and the subsequent growth in overall unemployment thrust youth unemployment to unprecedented heights in some countries.

On the whole, only a minority of the younger generation in the EU actually has a presence on the regular labor market; a larger share is in school or university education or undergoing vocational training. In this respect, press reports such as “Every second young Spaniard unable to find work” (Spiegel Online) or “Half of all Greek young people unemployed” (Handelsblatt) portray the situation much more negatively than it is in reality, as it is assumed that all young people are participating or want to participate in the labor market. In fact, only a fifth of all young people in Spain are unemployed and in Greece, it is an eighth, which is the same as in the UK or Sweden. However, these figures still point to a huge social problem—particularly as a bad experience when entering the world of work can have a negative impact on the rest of an individual’s professional life and on social integration.⁷

In some Central European and Scandinavian countries, the fact that the younger generation has less favorable employment prospects than adults also correlates with inadequate qualifications. However, only in Germany is the above average youth unemployment exclusively due to skills deficits. In general in the EU, among those who have a vocational education, young people are at a distinct disadvantage compared to adults—and, in many countries, are even more disadvantaged than the low skilled. Admittedly, this is partly because young people lack employment experience and contact with the working world. Thus, it appears that in countries providing a high degree of practical vocational training the employment prospects of young people in comparison with adults are not as poor as in countries focusing predominantly on school education. The German labor market

Table 4

Young People in the EU in 2011 Who Are Not Employed But Just Outside the Labor Market

In percent

	Wants to work, is immediately available but is not actively searching	Wants to work, is actively searching but is not immediately available	Total	Of which:	
				In education	Not in education
Italy	15.3	0.4	15.7	7.9	7.8
Finland	7.3	6.6	13.9	12.4	1.5
Denmark	11.4	1.5	12.9	11.0	1.9
Austria	10.5	1.3	11.8	9.7	2.1
Sweden	6.4	5.4	11.8	10.6	1.2
UK	8.6	2.6	11.2	8.7	2.5
Poland	9.0	0.5	9.5	7.0	2.5
Norway	7.1	1.4	8.5	7.1	1.4
Netherlands	7.1	1.3	8.4	7.4	1.0
Spain	7.0	1.3	8.3	6.2	2.1
EU	6.9	1.3	8.2	5.6	2.6
Eurozone	6.4	1.3	7.7	5.0	2.7
Slovenia	7.2	0.5	7.7	6.6	1.1
Romania	7.2	–	7.2	2.2	5.0
Bulgaria	6.9	0.0	6.9	0.4	6.5
Belgium	5.4	1.2	6.6	4.3	2.3
Hungary	6.6	0.0	6.6	3.9	2.7
Portugal	6.6	–	6.6	4.6	2.0
Germany	4.2	1.6	5.9	4.4	1.5
Ireland	4.7	0.6	5.3	3.3	2.0
Czech Republic	3.8	0.2	4.0	3.4	0.6
France	1.9	1.7	3.5	1.7	1.8
Greece	2.1	0.3	2.4	1.5	0.9
Slovakia	2.0	–	2.0	1.2	0.8

Source: Eurostat, calculations by DIW Berlin.

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A large number of young people are looking for a job although they are not officially classified as unemployed.

is the most open to young people, whereas young people in Italy face particular difficulties in comparison with adults, as do those in larger countries such as Sweden, Poland, and the UK. Practical vocational training, preferably in the workplace that also provides young people with the opportunity to take on a regular position in the company as a matter of course is obviously an effective tool for limiting the disadvantages experienced by the younger generation on the labor market.

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⁷ See D. N. F. Bell and D.G. Blanchflower, “Youth Unemployment in Europe and the United States,” IZA Discussion Papers, no. 5673 (2011).



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