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In the current issue, our Weimar Triangle contributors address the issue of youth unemployment in the European Union and in particular in their individual countries.

Youth Unemployment in Europe. France opts for a European solution

Nele Katharina Wissmann

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With a youth unemployment rate of 26.5 percent, France figures above the European average. However, it is certainly far from reaching the vertiginous figures of its Southern neighbours, while at the same time miles behind its neighbour Germany.

President François Hollande has stuck to his goal of curbing unemployment, employing special measures of support for young job seekers. All in all, the public mood concerning the latter is rather pessimistic, including the expectations of young graduates with a favourable starting position. **In 2012** only 13 percent considered going abroad, whereas in 2013, 27 percent of young graduates imagine launching their career in a foreign country.¹

According to experts, the root of the problem is the lack of willingness to reform the elitist and antiquated education and training system which prepares candidates only insufficiently for the working world. Moreover, the French labour market is considered inflexible, yet every reform effort fails due to protests from the French public.

The heart of the problem has meanwhile been agreed upon by politicians and the media: As a result the so called dual training system in Germany, which assumedly facilitates the transition between school and labour, is often stated as an example. In order to follow this model, however, French society must first overcome its deeply rooted belief that employment in manual labour is the result of academic failure. This prejudice has led 85 percent of every class to attain the highest level of secondary qualification (the Baccalaureat), with nearly all of them continuing to university. Youths without this basic currency on the French labour market are nearly seven times more likely to

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find themselves unemployed. Current measures to improve chances for low-skilled youths from disadvantaged suburbs, including the 150,000 *emplois d'avenir* (jobs for the future) to be created by 2014, have failed to take off as expected, leading experts to predict a bleak outlook for the entire program of reforms.

There is another field in which our German neighbour is cited as an example: labour market reform, including flexible work contracts. Current French public debate focuses on the question of the precariousness of German employees. It is important to remember that the 2006 legislation proposing the *Contrat Première Embauche*, in which young employees received probationary two-year contracts, could not enter into force due to massive public protest. The same reaction toward flexibility measures is expected in 2013. Only the generation contracts – a reform in which older workers help train entry-level youths, thereby giving both groups purchase in the labour market – have been greeted positively.

With the so-called “New Deal for Europe,” French and German ministers of labour and finance have presented an ambitious plan, including credit terms linked to the creation of jobs and apprenticeship positions, as well as the expansion of the Erasmus program to non-academic experiences abroad. This Franco-German initiative coincides with a rekindling of the relationship between Germany and France following recent turbulences.

While French reforms such as generation contracts and *emplois d'avenir* are considered important domestic impulses in overcoming youth unemployment, Hollande further hopes for a European proposal to support both his domestic reforms and the recent Franco-German initiative. France thereby demonstrates its willingness to tackle youth unemployment on a European level, as the French government associates the problem with the euro crisis, thus requiring a European approach. In this way, the Franco-German initiative constitutes a basis for a European action plan. The idea is a European “guarantee for young people” says French Minister of Labour Michel Sapin that promises to protect young Europeans from more than four months of unemployment, increasing choices between jobs, apprenticeships, and further education or training.

France hopes that the impulses already set at the national level, cumulated with these new initiatives at the European level, will be sufficient to tackle the problem of Youth Unemployment. However, the evolution of the crisis will be an essential variable.

ⁱ Baromètre de l'humeur des jeunes diplômés – 2ème édition, Deloitte et IFOP, Février 2013.

Poland: Youth unemployment strikes even Europe's "green island"

Patryk Toporowski
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In Poland, three aspects of the youth labour market situation in the context of the economic crisis receive attention. None of these are discussed from a European perspective, and no European solution is being sought.

The first is the increasing share of youth unemployment, especially long-term unemployment, giving rise to talk of a "lost generation": youths who do not find a job within 12 months are at higher risk of long-term labour market exclusion. The situation is similar to other EU countries, except of course that levels of youth unemployment vary. In Poland, this level – 27.6 percent in April – is relatively close to the EU average of 23.7 percent. However, compared to the global youth unemployment rate of 12.6 percent (an [ILO estimate](#) for 2013)¹, the Polish statistic is not terribly rosy. The image of Poland as a "green island" of growth and rising prosperity surrounded by sinking EU economies is therefore nuanced.

The second is the general deterioration of the quality of employment and the increasing prevalence of precarious work during the crisis. So-called junk contracts are being offered for vacancies that demand high – even exaggerated – levels of qualification. Moreover, firms have abandoned more traditional models of employment and have started replacing regular workers with temporary interns, without the possibility of permanent future contracts. Thus, new employees have no chance to develop their careers, blocked by an environment that favours existing employees. For a population used to years of growth, the low wages and flexible contracts that underpin Poland's international attractiveness have not been a problem so far. If the economy slows significantly, however, that will change.

The third issue, and the one that most affects Poland's EU partners, is the migration of young workers. Estimates show that around two million Poles live abroad, a considerable loss of human capital for Poland. While there is no coherent picture of these migrants, it is known that a significant number of them fail to further develop skills acquired during their education process, resulting in a loss of specific abilities. Many of them treat migration as a temporary stage of life and are prepared to work below their skills level, meaning the return to Poland and their reintegration after several years outside their native land can be difficult. Many have thus decided to stay

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abroad and make a new home. Forecasts say that 1.5 million, three-quarters of those who move abroad, won't return to Poland.

What are the reasons for such a state of affairs in a country known for bucking the EU's economic trends and for its dynamism? Obviously, one is the knock-on effect of the long-lasting economic crisis in Europe. But causes also lie elsewhere, not least in the high level of taxation on labour. Trade Unionist Jan Guz said that this system treats labour as a luxury good, thus its high levy. But criticism also falls on the education system for failing to accommodate the country's labour market needs, with a negative focus on the humanities, which are seldom tailored to any particular profession. There is also a huge number of professions – 380 in total, including taxi driver, attorney, librarian, and real estate agent – restricted by the state, placing Poland among the most restrictive countries in Europe.

Unfortunately, the state and local administrations are taking action to address only the first of the three phenomena, the youth unemployment rate. The Ministry of Labour and Social Policy launched a program called "Młodzi na rynku pracy" (Youth in the labour market), which has assessed the situation and proposed pilot programs such as educational and internship vouchers. In the long term, this might be useful as people enhance their competencies and skills, but in the short run, it is unlikely to boost their employment prospects.

Meanwhile the Ministry of Justice has tried to launch a program to deregulate professions. This met with insufficient support from other members of the government and intense opposition from representatives of the professions to be deregulated. Plans to liberalise 50 professions could not, therefore, be wholly carried through. While new Justice Minister Marek Biernacki is likely to continue pushing this particular program, it is difficult to say whether he will do so with the same forcefulness as the previous minister.

Some experts also stress a greater focus on technical schools training a range of professions. The Ministry of Education, however, has not really taken these suggestions into account. Nevertheless, the Ministry of Science and Higher Education made attempts to adapt universities to market demands by supporting technical studies, by giving universities greater flexibility in creating majors, as well as by encouraging firms to cooperate with universities.

Germany's youth can find jobs – but are they good ones?

Almut Möller

June 2013

In Germany, the official rate of youth unemployment, 7.5 percent, is significantly lower than the eurozone average of 24 percent ([Eurostat figures, April 2013](#))ⁱⁱ. Compared to the countries most affected by the crisis, but also compared to its neighbour France, Germany's overall employment situation of young people is not bad. That said, young Germans are particularly affected by an overall increase of precarious jobs. Major reforms have made the German labour market less static but have also contributed to making young people more vulnerable. New forms of more “flexible” contracts do not give young Germans the security that previous post-World War II generations had in building their lives and families and in maintaining a decent standard of living after retirement. Also, young generations will have to shoulder much of the burden of the aging German society.

Another aspect of the German debate concentrates on the increasing shortage of skilled labour in an exports-driven country whose population is shrinking. Linked to this issue is the question of whether the right incentives are in place to push young people in Germany to pursue the education and training that will make them match the needs of the German labour market.

At the same time, the European dimension of the issue has started to play out in the German context. The high and growing rates of youth unemployment across the eurozone is a topic that features regularly in both the media and the overall public debate. The alarming news that young Europeans might turn their back on the EU, which previous generations had considered to be the key to a prosperous future, has resonated. Chancellor Merkel together with President Hollande decided to push at the European level for joint measures to fight youth unemployment, much to the frustration of the Social Democrats in Germany (the issue had been brought onto the European Commission's agenda, among others, by the European Socialists' “European Youth Guarantee” campaign)ⁱⁱⁱ.

The German government in 2012 started to put the German domestic labour market situation into the wider context of youth unemployment in Europe. To help fulfil the demand for skilled labour, Germany started to actively attract young people from countries such as Spain or Greece to train or work in Germany. The Federal Employment Agency put together a special program in

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late 2012. In May 2013, Minister of Labour Ursula von der Leyen convened a conference to present the “European Pact Against Youth Unemployment” initiative. With this initiative, Germany is stepping up support of young Europeans entering its labour market, including by offering language training. 140 million euro have been mobilised for 2013, and the government is encouraging companies in Germany to join in. There have been a number of portraits in the German media recently of young Europeans coming to live and work in Germany, many of them not in the urban centres but in small and medium enterprises in the countryside. And the German “dual education” system has recently received a great deal of attention in the European context.

Critics of the Merkel government either point out that the measures to help fight youth unemployment in Europe are mere window dressings in the German federal election campaign, or they make the point that Germany was contributing to a brain drain of the young and bright in countries already affected by the crisis.

Walking through the busy and youthful districts of Berlin-Neukölln or Friedrichshain these days, one hears a colourful mix of southern European languages. Berlin is a dynamic capital, and life is still much cheaper than in other European capitals such as London or Paris. But many of the young European Berliners, as much as they enjoy the excitement of the city, would prefer a steady job in their home country to an unpaid internship or a job as a waiter in the German capital. Many of them will return home with no good prospects – and fighting the new levels of unemployment will require a lot more substantive answers than the German government has put forward at both the domestic and European levels so far.

ⁱ International Labour Organization, “Global employment trends for youth 2013, A generation at risk”.

ⁱⁱ http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Unemployment_statistics

ⁱⁱⁱ <http://www.youth-guarantee.eu/>