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**YOUNG WORKERS IN RECESSIONARY TIMES:
A CAVEAT TO (CONTINENTAL) EUROPE
TO RECONSTRUCT ITS LABOUR LAW?**

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OUTLINE

① WHY FOCUSING ON YOUTH EMPLOYMENT?

- the particularly vulnerable situation of young workers in the labour market has long been a concern of policymakers and social partners in Europe
→ precarious nature of their jobs / difficult transition from school to work
- however, over 2009-2011 the employment conditions of young people are even more deteriorated → increase in youth unemployment rates (three times higher than average unemployment), discouragement, inactivity...

② WHICH ANSWERS? (national governments, social parties, ...)

- a traditional answer → job creation policies / economic incentives
- an emerging proposal → drastic reform of national labour laws / reduction of the “excessive” level of employment protection legislation for insiders
- a possible alternative → apprenticeship as a school-to-work transition program (i.e. not as a simple flexible form of work)

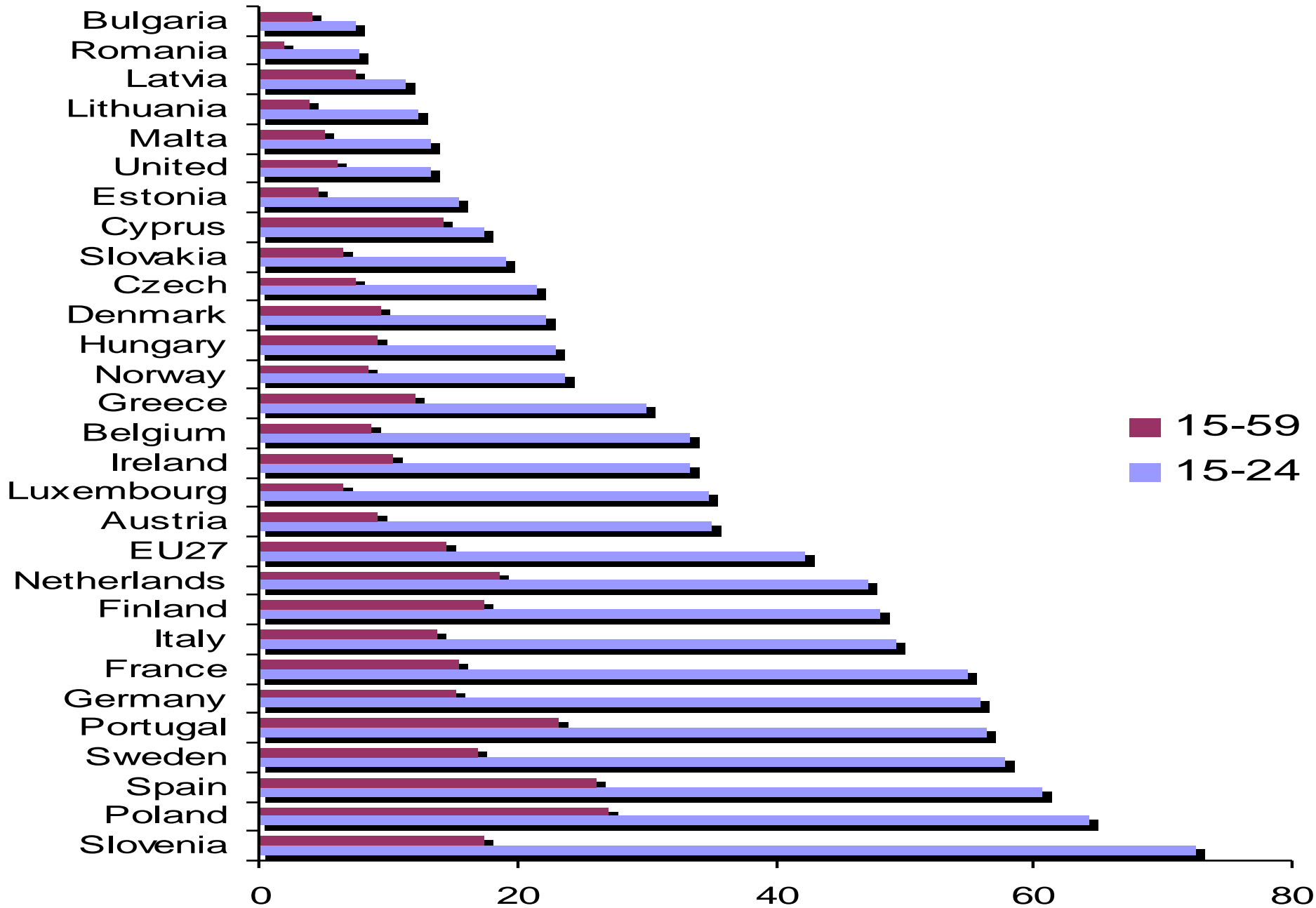
② WHICH IMPLICATIONS IN TERMS OF FUTURE DEVELOPMENT IN THE SCOPE, GOALS AND

PART I

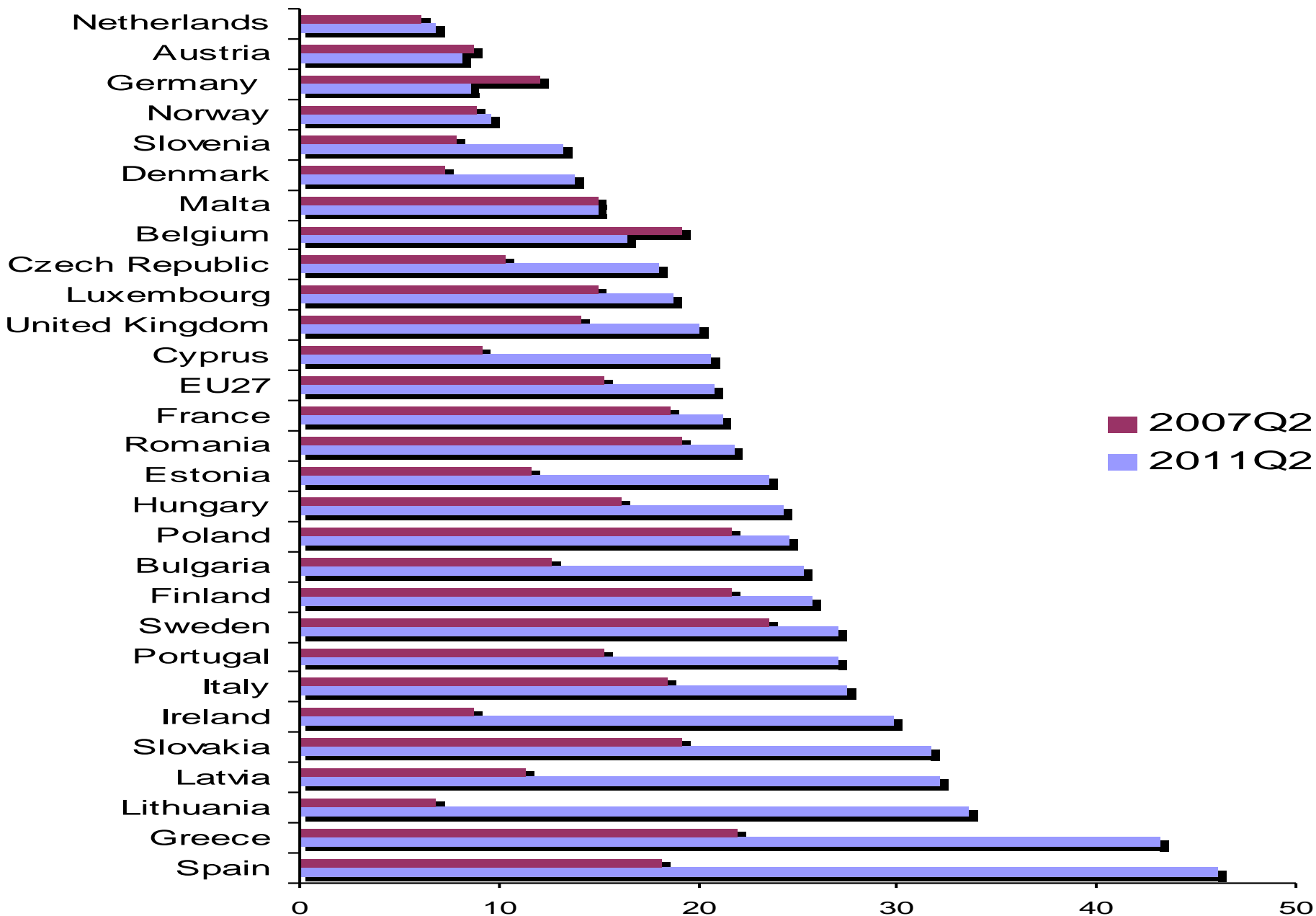
THE LABOUR MARKET SITUATION OF YOUNG PEOPLE IN EUROPE

A BRIEF SUMMARY

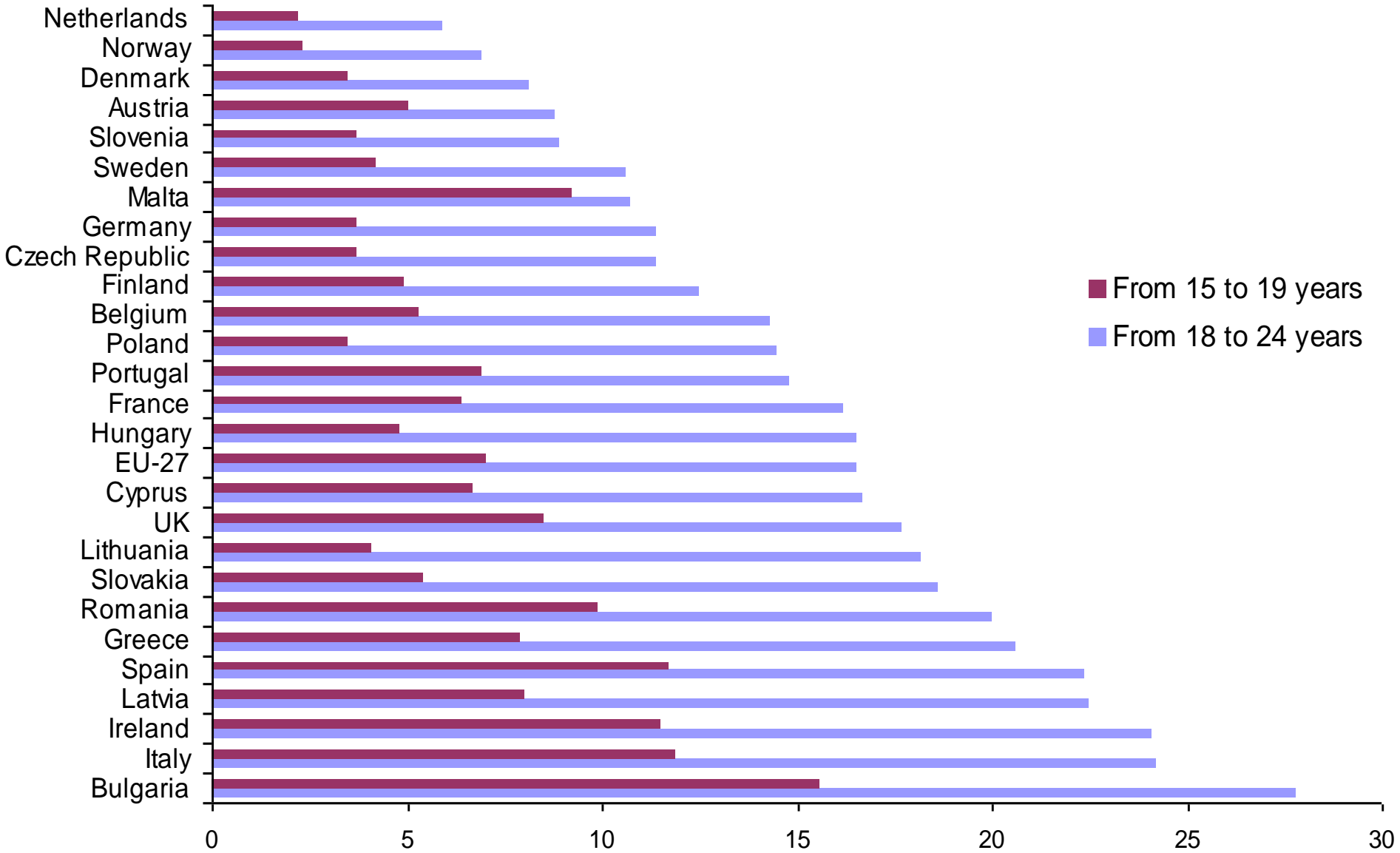
Temporary employees as percentage of total employees. EU27 and Norway. 2011Q2



Youth unemployment rates. EU27 and Norway. 2007Q2 and 2011Q2



Neet rates among teenager and young adults. EU 27 and Norway. 2010



PART II

HELPING YOUNG WORKERS DURING THE CRISIS

**ANSWERS AND PROPOSALS FROM
NATIONAL GOVERNMENTS, SOCIAL PARTNERS,
PUBLIC INSTITUTIONS, ACADEMIA**

A TRADITIONAL ANSWER: PUBLIC EXPENDITURE

- **Unemployment / social assistance benefits:** granted to protect young people's income or help them stay in school through scholarships and other conditional cash transfers
- **Employment subsidies** (contribution to salary, waivers to social security contributions, tax breaks): measures to sustain youth employment through a combination of economic incentives for new employment, stabilisation of temporary jobs, employment services, skills development, income support, youth entrepreneurship, large-scale public works and community services
- a number of studies have come to fairly negative conclusions about these policies: **no structural solution** to the problem of youth unemployment)
- although **the aggregate resources that are being invested in the plethora of small-scale schemes are significant, their impact is barely visible if not negative**
- a cost-benefit analysis indicate that the **benefits are not enough to recover the high costs of these projects / programme**

DEREGULATION: AN EMERGING PROPOSAL

👉 Search for alternative answers due to:

- *the worsening of youth job opportunities / working conditions*
 - *the drastic intervention on pension systems (longer working careers)*
 - *the drastic reduction in public resources available*
 - *the modest effects of public policies*
- ➔ Growing conviction that **too strong employment protection legislation (EPL) limits work opportunities for young people**
- ➔ Overcome the dualism in the labour market between *insiders and outsiders* **relaxing statutory protections against unfair dismissal**
- ➔ “Mantra” of **FLEXICURITY**: transposition of the Danish model in Southern Europe: **FLEXICURITY as a modern version of deregulation?**

👉 However:

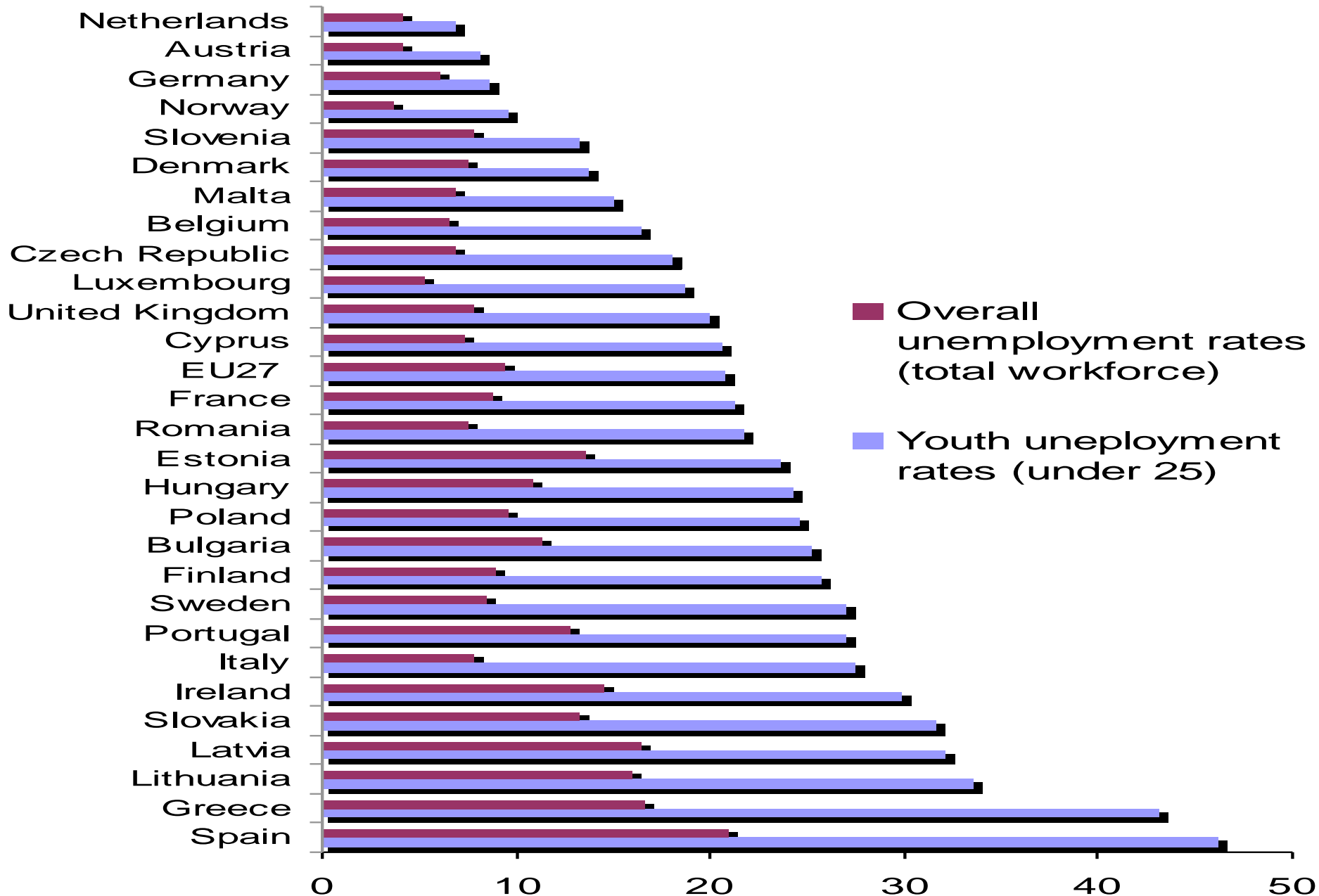
- **Not much evidence to support the idea that youth employment conditions are better in countries with more flexible labour**

PART III

ANY ALTERNATIVE ANSWER?

**BUILDING ON
THE EXISTING INDICATORS
ON YOUTH EMPLOYMENT
IN A COMPARATIVE PERSPECTIVE**

Youth and total workforce unemployment rates. EU27 and Norway. 2011Q2



YOUNG AND ADULTS: UNEQUAL IN THE LABOUR MARKET

TWO KEY QUESTIONS: WHY AND WHERE?

Adult and youth unemployment

As % of labour force, Q2 2010



Source: OECD

WHY? NOT ONLY “REGULATORY BARRIERS” FOR YOUTH ...

Key labour market barriers for youth

Key barriers in the supply side

Key barriers in the demand side

Job skills

Mismatch in non-technical skills

Mismatch in technical skills

Search

Poor signalling

Inadequate job matching

Slow job-growth economy

Employer discrimination

Aggregate and labour demand

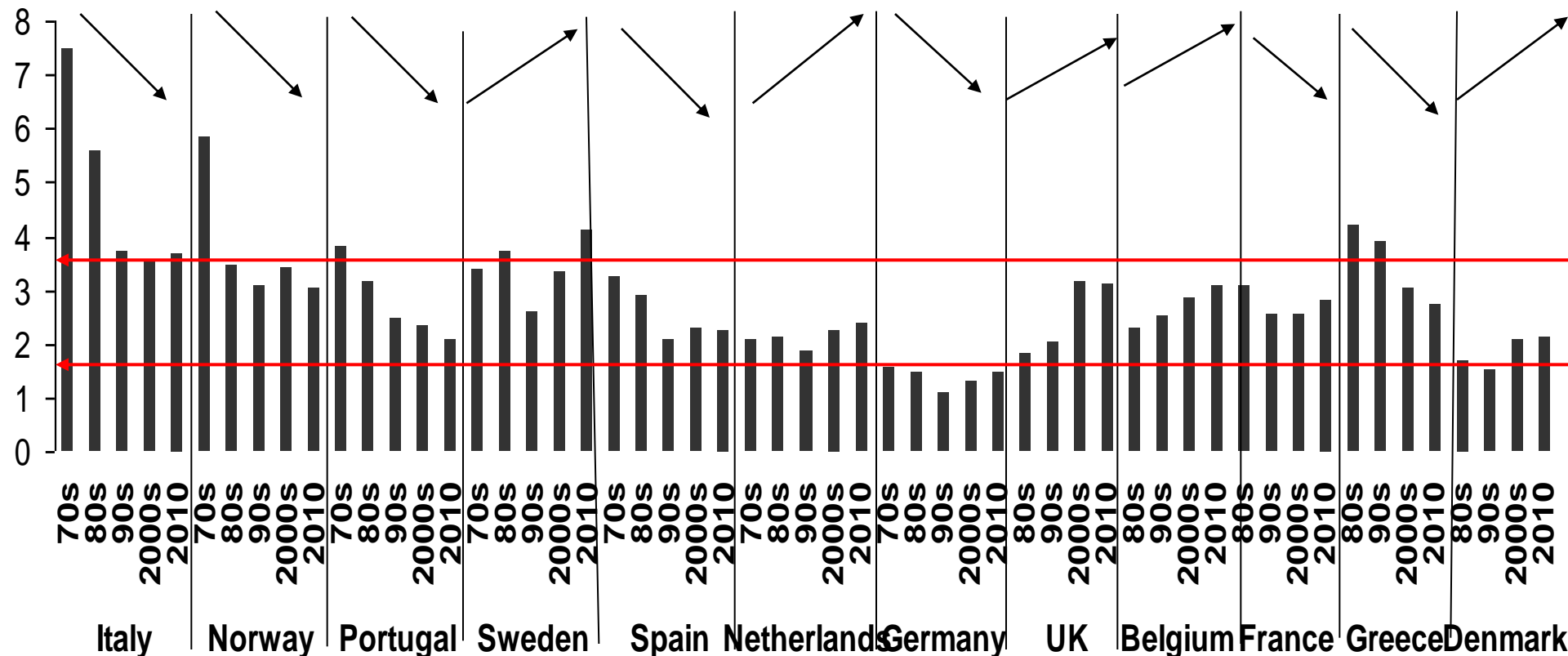
Start-ups

Lack of access to capital
(financial, physical or social)

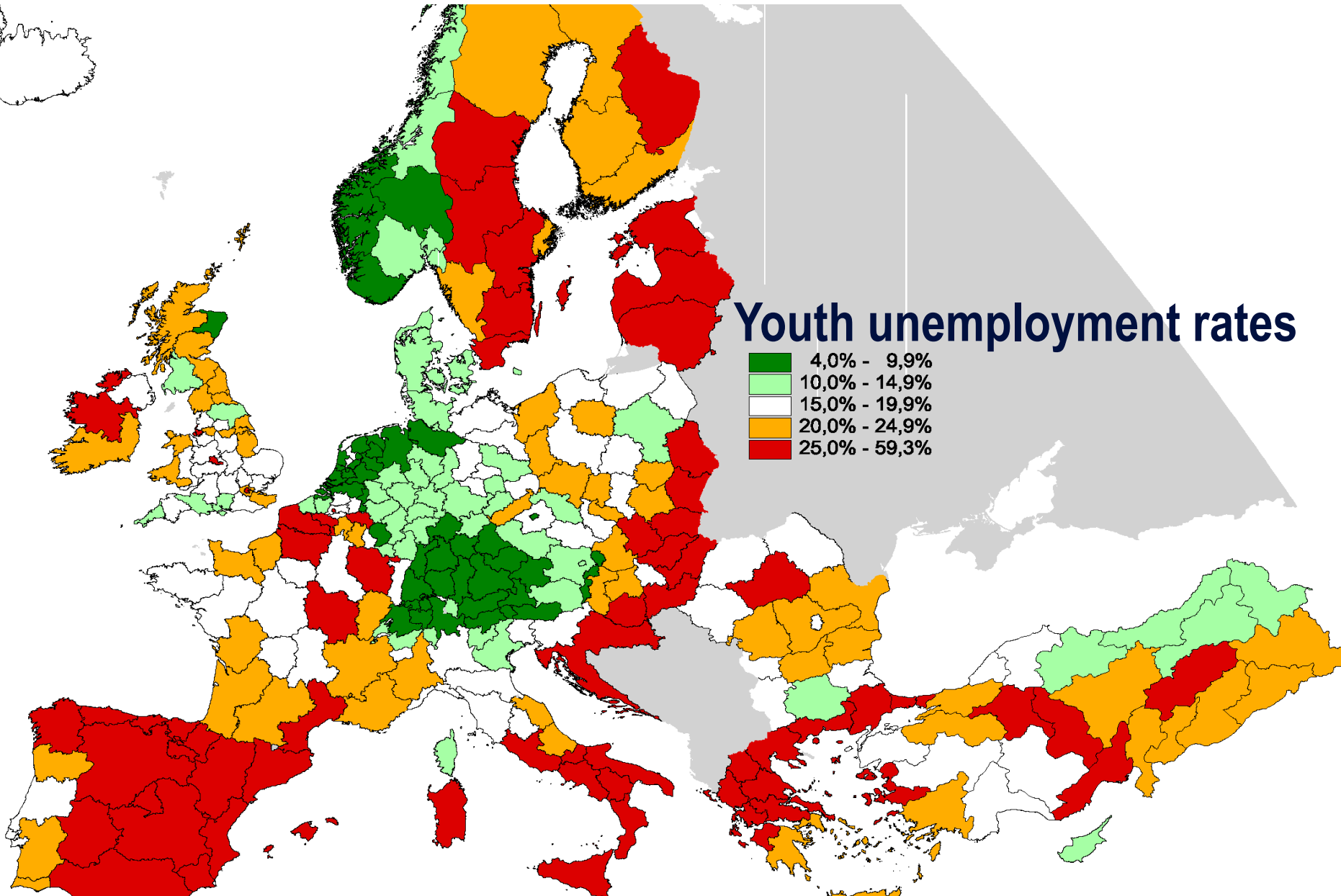
UNEQUAL IN THE LABOUR MARKET ...

WHERE?

Youth to adult unemployment rate

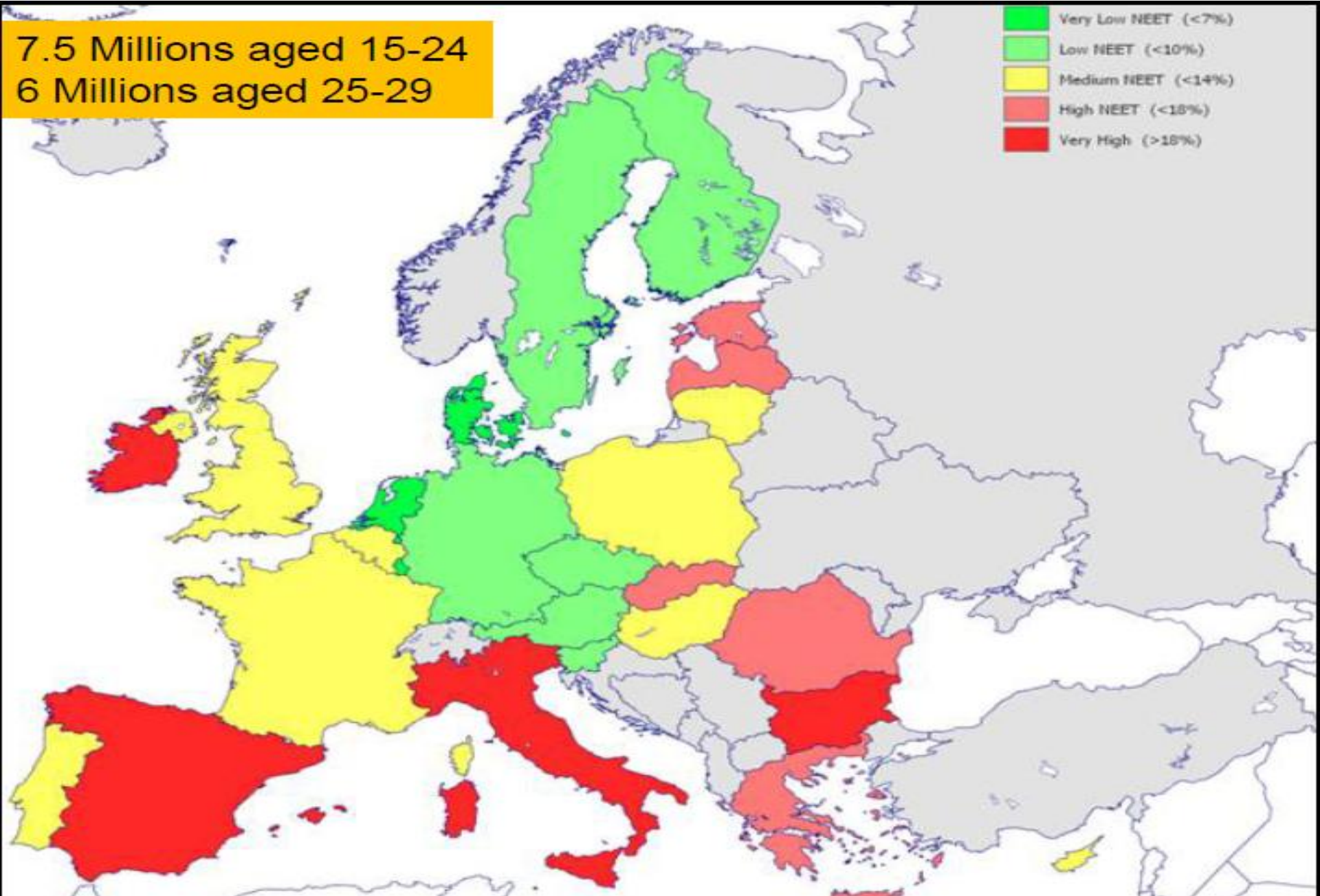
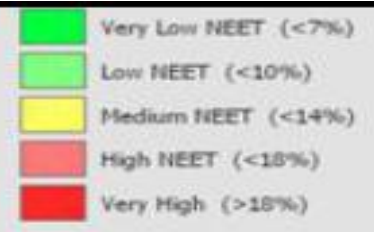


ADULTS AND YOUTH UNEMPLOYMENT: ALMOST THE SAME RATIO IN APPRENTICESHIP COUNTRIES



LESS NEET IN APPRENTICESHIP COUNTRIES

7.5 Millions aged 15-24
6 Millions aged 25-29



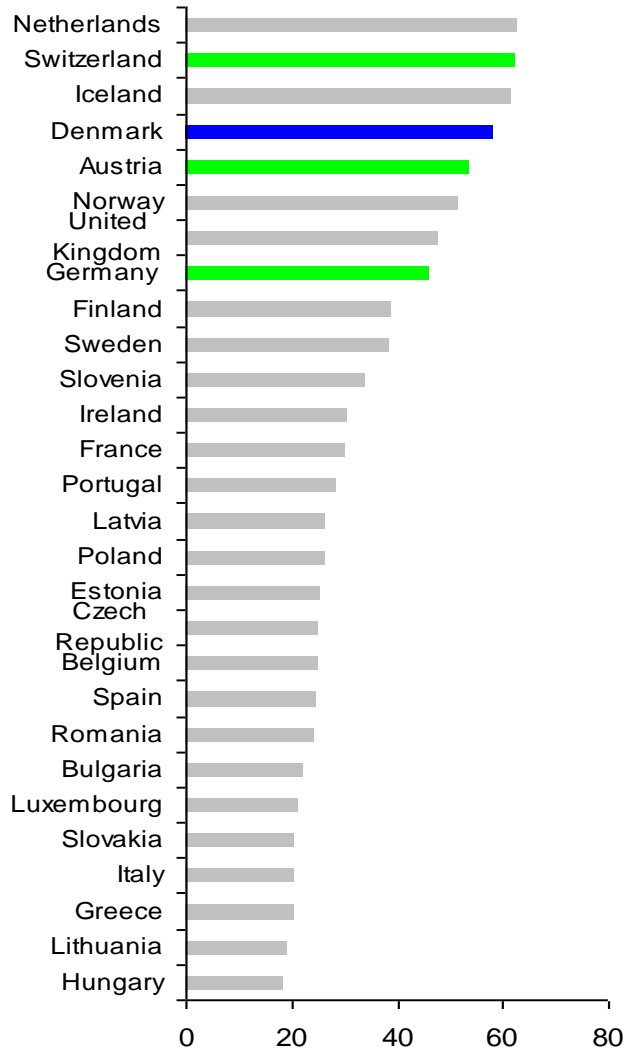
**POLICY MIX ADOPTED IN EUROPE (+ USA) FROM THE BEST ...
 ... TO THE WORST LABOUR MARKET SITUATION FOR THE YOUTH**

	YOUTH UNEMP RATE 2010	EDUCATION AND SCHOOL TO WORK TRANSITION					INDUSTRIAL RELATIONS		LABOUR MARKET INSTITUTIONS				
		QUALITY OF EDUCATION	APPRENTICESHIP			VET > GENERAL EDUCATION	COOPERATIVE LABOUR-EMPLOYER RELATIONS	FLEXIBILITY OF WAGE DETERMINATION	FLEXIBLE HIRING	FLEXIBLE FIRING	MIN. WAGE	SCHOOL/ UNIV. PLACEMENT	PES PLACEMENT SERVICES (>0,1% GDP)
			FLEXIBLE WORK	SCHOOL	PAY < 50% OF A SKILLED EMPLOYEE								
Austria	9	X		X	X	X	X	X	X			X	X
Netherlands	9	X		X	X	X	X	X	X		X	X	X
Germany	10	X		X	X	X	X	X	X			X	X
Denmark	14	X		X			X		X	X		X	X
US	18	X	X					X	X	X	X	X	
UK	19	X	X				X	X	X	X	X	X	X
France	23			X	X	X			X		X		X
Italy	28		X						X				
Spain	42		X						X		X		

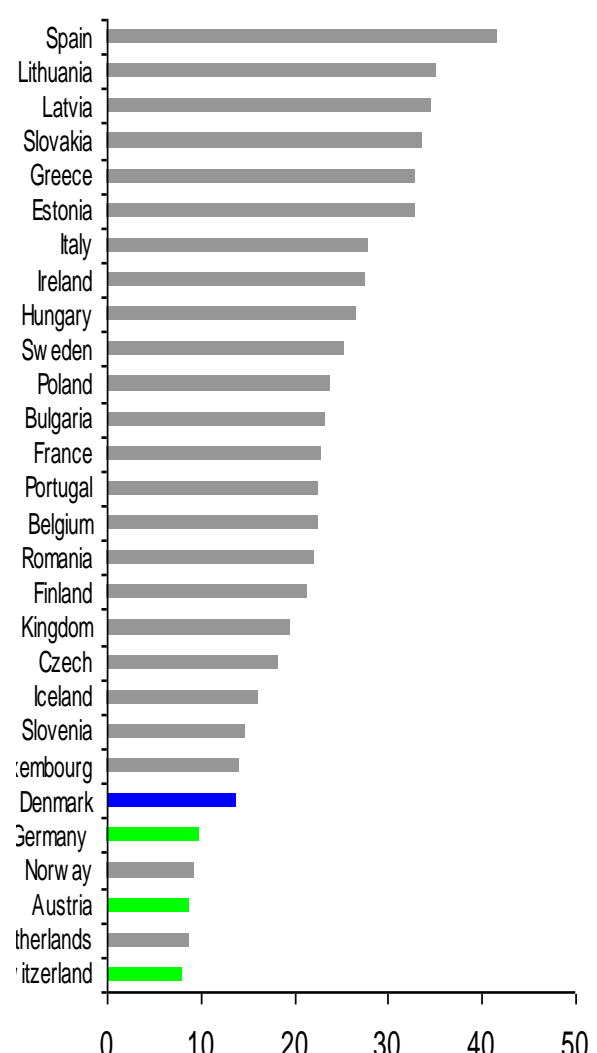
FLEXICURITY AND APPRENTICESHIP COUNTRIES: TWO SUCCESS STORIES

Youth Labour Market Indicators. 2010

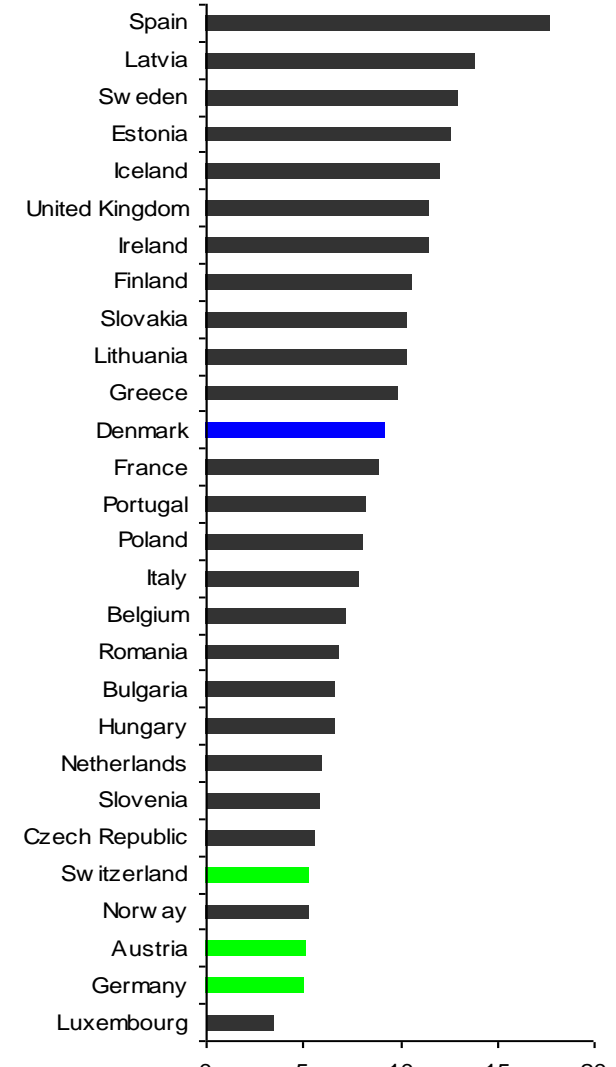
Employment rate



Unemployment rate



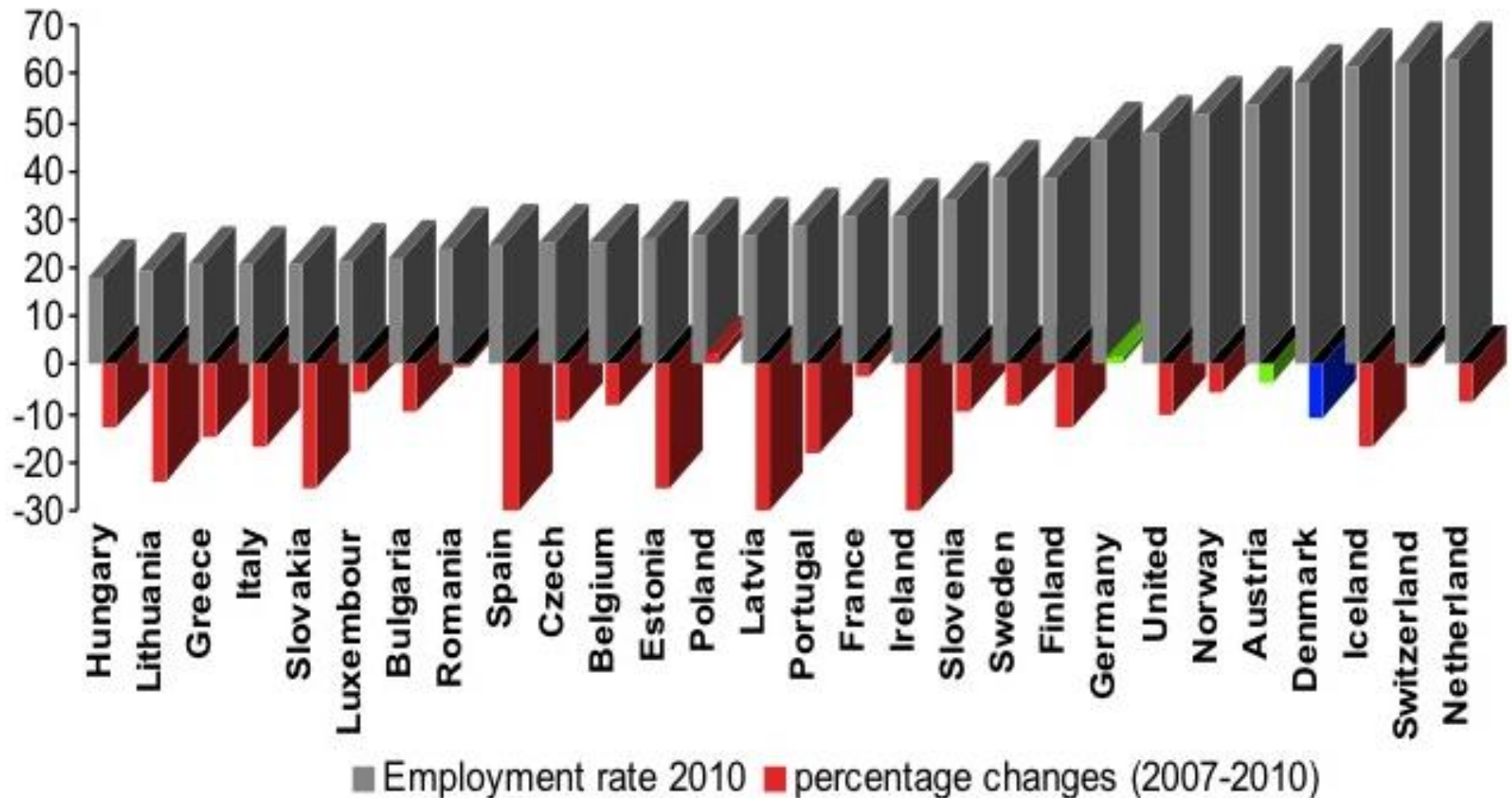
Unemployment to population ratio



...BUT DIFFERENT REACTIONS TO THE CRISIS

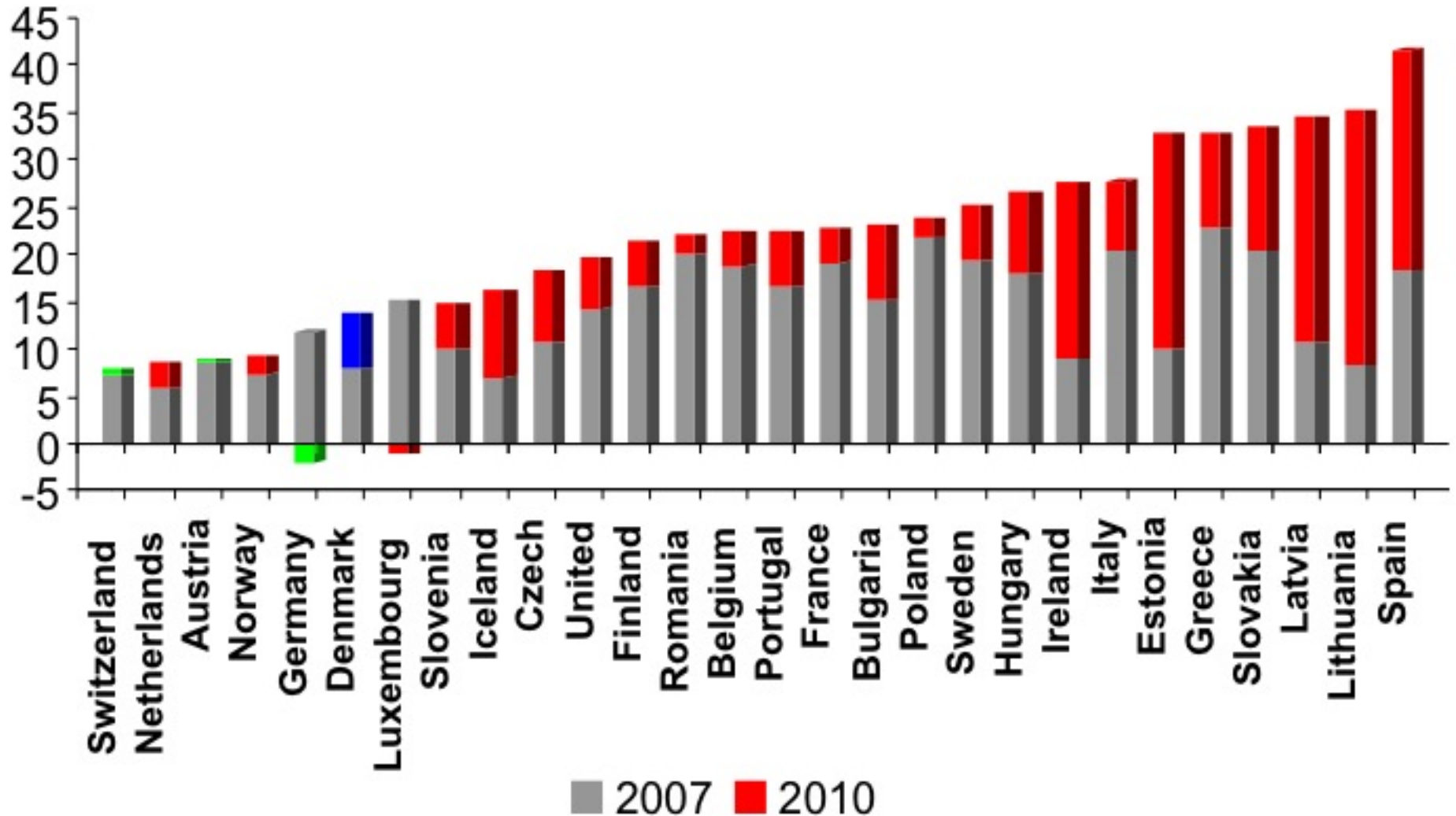
Apprenticeships countries had lower (or no) decrease in employment compared to other countries ...

Youth employment rate in 2010 and percentage changes during the crisis



...and lower increase (or decrease for Germany) in unemployment compared to Denmark ... in unemployment compared to Denmark ...

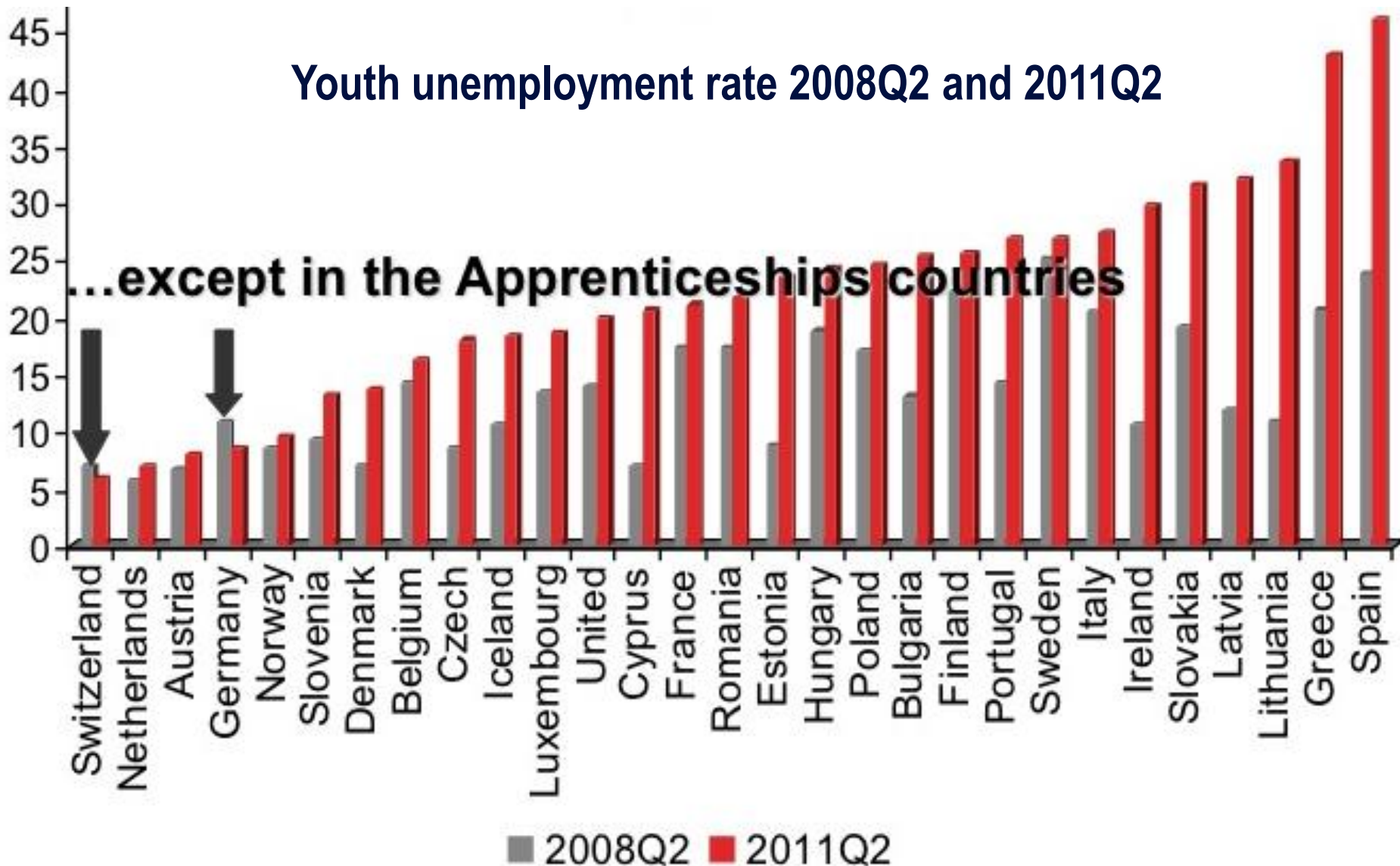
Youth unemployment rate before and after crisis



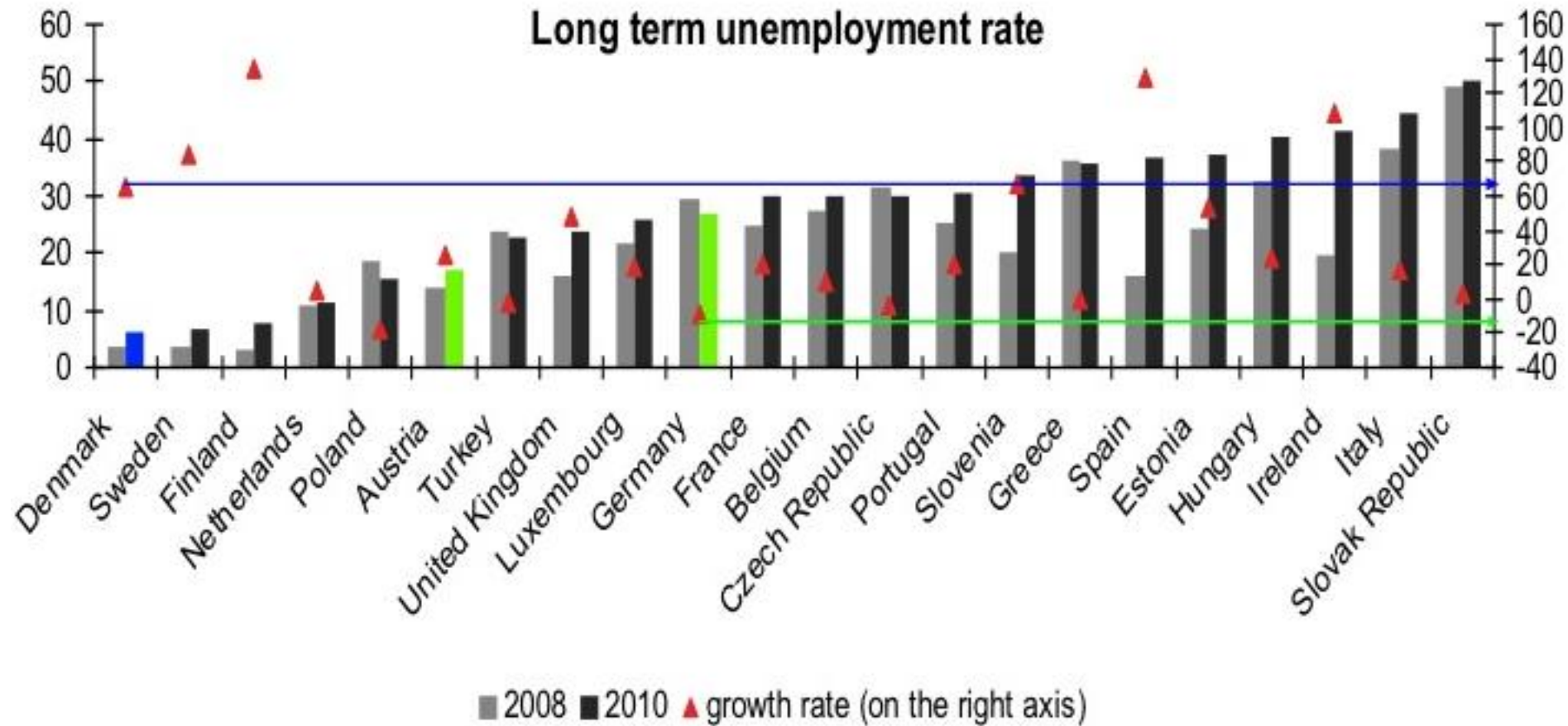
FOUR YEARS AFTER THE START OF THE CRISIS

youth unemployment rate is still high everywhere ...

Youth unemployment rate 2008Q2 and 2011Q2



...and if growth doesn't gain momentum: long term unemployment and scarring effects are the main risk ...



Flexicurity countries: a more dynamic market... → Lower Long Term Unemployment

... but with the crisis and the anemic growth → The LTU rate in Denmark is still double after 4 years, while in Germany is lower than before the crisis

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GRANTED THAT ...

- there is not necessarily only one “best answer” (no one size fits all)
- it is important to understand the cultural context and the legal framework in which any possible solution should operate

MY ANSWER IS YES ...

- BUT NOT IN THE DIRECTION OF DEREGULATIONS (excessive emphasis on labour reforms, as having the power to work miracles)
- NEED TO WORK ON THE LABOUR MARKET BARRIERS FOR YOUTH
- INSTITUTIONAL APPROACH: BUILD AN EFFICIENT CONNECTION BETWEEN EDUCATIONAL AND TRAINING SYSTEMS, PES, AND LABOUR MARKET INSTITUTIONS (school-to-work transition, employability, quality of education, measures/actions against the mismatch between labour supply and demand, flexibility of wage determination)
- MODERN APPRENTICESHIP AS A TOOL OF PLACEMENT
- FLEXIBLE WAGES MORE RELATED TO THE LABOUR PRODUCTIVITY