

Is the EU Heading Towards Another Lost Generation?

*By Salome Bladadze, Staffer, Geocase
January 6, 2021*



A decade ago, in the midst of the global financial crisis, youth unemployment rates in EU Member States increased dramatically, deeply affecting the financial and mental state of European youth. There are similarities between the effects of the current pandemic and the global financial crisis related to youth unemployment.¹ Will the COVID-19 pandemic create a new lost generation?

The rise of youth unemployment throughout the COVID-19 pandemic was predictable. Major recessions tend to radically increase the unemployment rate among youth across EU Member States.

The youth unemployment rate measures the percentage of people who are not working, in the age group 15 to 24 years old. The unemployment rate of people aged 15-24 in the EU increased from 15% in 2008 to 24% in early 2013.² The worst hit countries were Greece, Spain and Cyprus. Some Member States fared better than others: Austria, Germany and Switzerland have been successful

¹

<https://www.etuc.org/system/files/document/file202007/Resolution%20on%20Reinforced%20Youth%20Guarantee%20-%20The%20revisited%20fight%20against%20youth%20unemployment.pdf>

² <https://ec.europa.eu/eurostat/databrowser/view/tespm080/default/table?lang=en>

in keeping youth unemployment low.³ Notably, the condition of the labor market is the main driver of labor migration within the EU. In 2017, eastern and southern regions of Europe had an overall negative net migration rate,⁴ which resulted in urban shrinkage, causing concern among European policymakers.

It took years for the EU to head towards recovery after the 2008 financial crisis; 2014 was the first year youth employment started rising. In the following years, the youth unemployment rate decreased significantly, dropping to 14.1% in December 2019. Although EU labor market conditions and workers' rights have considerably improved in the years leading up to the COVID-19 pandemic, stubbornly high youth unemployment rates remain alarming. While the youngest in the workforce still struggle with unemployment and limited options, the fight against youth unemployment stands as one of the EU's key challenges.

Amid COVID-19, youth unemployment is on the rise again, leaving millions of young people in Europe unemployed. Considerable evidence suggests that high levels of youth unemployment may have long lasting 'scarring' effects. This 'scarring' means that affected young people have lower relevant skills and lower levels of confidence than other age groups, which could result in even fewer employment prospects and lower lifetime earnings than those who did not face the same employment challenges. The unsuccessful search for opportunities for work and relevant training can produce in young people feelings of loneliness, powerlessness and dependency, as well as anxiety and depression, creating a severe psychological burden.⁵

Depression and anxiety disorders are frequent among unemployed youth.⁶ Significant research has been conducted to better understand the association between mental health and youth unemployment. Studies show that long-term unemployment can be both a cause and a consequence of mental illness. In 2014, research done by the European Journal of Public Health revealed that experiencing long-term unemployment between the ages of 18 and 21 increased a person's likelihood of experiencing poorer mental health not only at age 21, but also at the ages 30 and 42.⁷

Youth unemployment is not a new phenomenon. For decades, most⁸ European countries have struggled to incorporate young people into the labor market. In 2008, global financial crisis has impeded the economic and social stability, the unemployed young people greatly affected by it are referred as a 'lost generation'. As the pandemic-driven economic crisis reduces young people's job prospects again, it threatens to undo the EU's last decade of progress: COVID-19 could lead to the emergence of what has been termed "a lockdown generation."⁹ The International Labor Organization (ILO) warns that "Young people constitute major victims of social and economic

³ https://voxeu.org/sites/default/files/file/No_Country_Young_People_VoxEU.pdf

⁴

<https://www.espon.eu/sites/default/files/attachments/ESPON%20Policy%20Brief%2C%20Labour%20migration%20challenges.pdf>

⁵ <http://www.youthunemployment.com/challenge/15/>

⁶ <https://www.longdom.org/open-access/impact-of-unemployment-on-the-mental-health-of-youth-in-the-kashmir-valley.pdf>

⁷ <https://academic.oup.com/eurpub/article/24/3/440/477204>

⁸ https://ec.europa.eu/info/sites/info/files/european-semester_thematic-factsheet_youth_employment_en.pdf

⁹ <https://www.europarl.europa.eu/news/en/headlines/society/20200709STO83004/covid-19-how-the-eu-fights-youth-unemployment>

consequences of the pandemic, and there is a risk that they will be scarred throughout their working lives.”¹⁰

The COVID-19 pandemic has moved the European Union into a serious economic recession. Recent data indicates the rise of the unemployment numbers again. In October 2020, the youth unemployment rate increased by 3.4% to 17.5%.¹¹ Yet, early signs show rates about to get higher.¹²

A large portion of young people in the EU have been termed NEETs - youth who are Not in Employment, Education or Training. To decrease such youth, the EU has initiated several different outreach methods, striving to get them back on track and ensure that no young person is left behind. However, the term NEET itself is unhelpful. The EU must stop using it as a classification. Referring to young people with the term NEET strengthens a stigma and prejudice towards them, which further reinforces negative stereotypes. Negative stereotypes put extra pressure on youth and severely affect their self-esteem, which often results in their reduced effort, discouragement, underperformance, and an additional psychological burden. Further, in-depth research must be conducted to identify the reasons young people become unemployed, who at the same time are not in education, nor in training, so that preventative measures can be taken to ensure timely support.

In 2018 alone, 3.9 million people immigrated to the EU.¹³ The young migrant workforce has been disproportionately affected by the current crisis, as they are one of the most vulnerable group among youth. Despite attempts, the EU was already struggling to fully incorporate young migrants into the labor market and the economic lockdown left many jobless, increasing their vulnerability to labor exploitation. It is important to prevent the current crisis from justifying racism, xenophobia and human rights violations. When developing solutions to combat youth unemployment, the EU should remember that young legal migrants deserve all the possibilities and perspectives that local youth do. It is crucial to ensure that unemployment support initiatives are fully aligned with the reality faced by young migrants and are in accordance with European values.

The acute crisis within the EU is likely to have a spillover effect on non-EU countries, such as Georgia, where the youth unemployment rate is as high as 31.8%.¹⁴ Notably, the negative effect of unemployment on mental health is stronger in developing countries or countries with a weak level of economic development. Furthermore, there is a connection between long term youth unemployment and rising youth crime. In Georgia, where numerous young people already suffer from low income and poverty, increased youth unemployment significantly worsens their socio-economic status as well as might influence alcohol and drug abuse among young adults. Substance use increases the probability of committing a crime, as the person becomes more aggressive, impulsive and uninhibited.¹⁵ In addition, poverty is also a risk factor that young people will be criminally involved in the future. Increased youth crime poses a threat to overall economic

¹⁰ https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_745963.pdf

¹¹ https://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics#Unemployment_in_the_EU_and_the_euro_area

¹² https://www.iss.europa.eu/sites/default/files/EUISSFiles/CP_162.pdf

¹³ <https://ec.europa.eu/eurostat/statistics->

¹⁴ <https://www.statista.com/statistics/812017/youth-unemployment-rate-in-georgia/>

¹⁵ მორის შალიკაშვილი. გივი მიქაბერიძე- არასრულწლოვანთა მართლმსაჯულება 2016

development, as it negatively affects quality of life and reduces investment, thus endangering a country's stability and progress.

Regretfully, Georgia's economy offers limited prospects in high quality education and employment. Job opportunities are concentrated in low-productivity sectors and this negatively impacts young, academically oriented job-seekers.¹⁶ Youth exchange programs such as Erasmus+ and European Solidarity Corps are great sources for young Georgians to strengthen their civic and professional development in different areas as well as stay connected with the young people of the EU. However, unusual scenarios call for unusual solutions. The EU countries have imposed travel restrictions to minimize the spread of the pandemic. This has created challenges for the youth of Georgia, who have largely not been able to leave the country. Georgian youth who also worked while studying in the EU are left jobless. For more than 31% of young Georgians, who already suffer greater instability and poverty from unemployment in Georgia, working in the EU is a great chance to gain work experience and develop relevant skills as well as support themselves financially.¹⁷ Clearly, the situation in the EU also impacts young people in Georgia.

The EU has launched a number of initiatives to combat youth unemployment, complemented by national policies. In 2013, when urgent measures were needed in response to the global financial crisis, the EU launched the Youth Guarantee (YG), which was later reformed to support the COVID-19 pandemic recovery strategy. A reinforced Youth Guarantee, which is part of the Youth Employment Support Package, is a commitment from EU Member States to ensure that youth under the age of 30 receive offers of employment, continuing education, or other opportunities within a period of four months after becoming unemployed or leaving education.¹⁸ The Youth Employment Support Package includes additional measures to combat youth unemployment, supporting young people to gain valuable work experience and develop relevant skills. Although the Youth Guarantee was issued as a recommendation, and thus is not binding for Member States, all 28 countries have adopted the initiative. This highlights the fact that combating youth unemployment is a key priority for all EU countries.

The question remains – will the above-mentioned policies prevent another lost generation referred as a lockdown generation?

The EU is optimistic, though further work is needed to ensure the full implementation of support policies and to monitor their effectiveness.¹⁹

High levels of youth unemployment will negatively affect society for decades. The creation and implementation of effective policy responses is crucial, especially in times of crisis. During the ongoing pandemic, the youth workforce is especially vulnerable, as young people are often first to lose their jobs, thus the EU must act quickly to ensure effective, full implementation of policies to avoid reiteration of the past. Nonetheless, immediate relief should not be expected. The EU has put its hope in the Reinforced Youth Guarantee, although its full implementation will take years. While in Northern European countries implementation of the YG has resulted in favorable outcomes, the available information on the introduction of the YG in South European countries is

¹⁶ <https://www.oecd-ilibrary.org/sites/bbc437ae-en/index.html?itemId=/content/component/bbc437ae-en>

¹⁷ <http://gtuc.ge/axalgazrdebis-dasaqmebis-problemebi-saqartveloshi/>

¹⁸ <https://ec.europa.eu/social/main.jsp?catId=1079>

¹⁹ European Commission-Data collection for monitoring of Youth Guarantee schemes: 2017

not very encouraging.²⁰ High levels of youth unemployment in these countries reflect structural problems in the labor market, therefore reforming the labor market structure should be at the forefront of the governmental agenda. Otherwise, youth will suffer deeply when it comes to future employment perspectives and health.

Although the effectiveness of the Reinforced Youth Guarantee at the national level varies by country, EU Member States are headed towards a common goal. Simply put, Europe can't afford another lost generation. Employed and empowered youth are a promise of a thriving economy and society.

*Salome Bladadze, Staffer, Geocase
January 6, 2021*

²⁰ https://voxeu.org/sites/default/files/file/No_Country_Young_People_VoxEU.pdf