

Forum: Economic and Social Council

Issue: Measures to reduce youth unemployment in the Eurozone

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Introduction

More than 5.5 million people below the age of 25 are unemployed in the European Union currently. Many of them are not even in education or training to further their skills and find job opportunities. Youth unemployment is steadily increasing as a rising number of young adults (aged 15-24) are transitioning from education to the labor market, causing a fierce increase in competition. Despite the fact that nearly 100% of the population in the Eurozone go to school, once they hit the age of employment, a large percentage of them move into the labor market, rather than going to university, further exacerbating competition.

The situation of youth aged between 15 and 24 is particularly dire in the Mediterranean countries like Greece, Spain, Croatia, Portugal and Italy, as well as in Ireland. The rise in unemployment has increased the risk of long-term unemployment and raised the risk of poverty for households and more vulnerable groups in several countries, the crisis was particularly pressing in countries most severely affected by rise in unemployment.

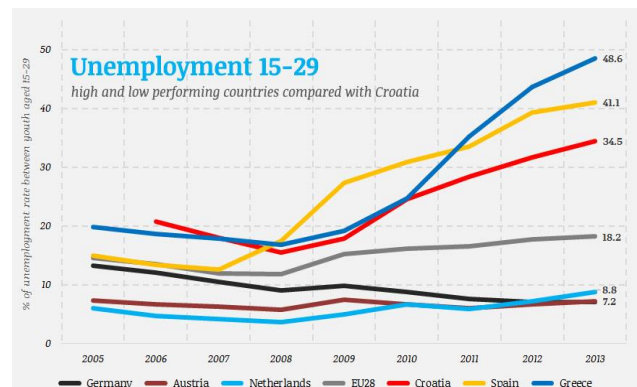


Figure 1: Graph showing clearly the rise of unemployment from 2005 to 2013.

Reasons for a high youth unemployment rate in countries in the EU includes both rates of activity and relative high rates of short-term youth unemployment. Unemployment tends to be a temporary condition and young people in these countries may tend to declare themselves available for jobs more frequently, given that the combination of study and work or temporary seasonal jobs is widespread among the student population. Most of the increase in the rise of unemployment is due to the fact that a slow labour market recovery is contributing to turning these available job-seekers into discouraged or long-term unemployed or even inactive young people. Preventing this would require measures that would limit unemployment and are suitable for meeting specific needs for these young people.

Definition of Key Terms

Unemployment

Unemployment is a phenomenon that occurs when a person who is actively searching for employment is unable to find work. It is often used as a measure of the health of the economy. The most frequently measure of unemployment is the unemployment rate, which is the number of unemployed people divided by the number of people in the labor force.

Labor Market

This refers to the supply and demand for labor, in which employees provide the supply and employers the demand. It is a major component of any economy and is intricately tied in with markets for capital, goods and services.

Working population

The total population in a region that is considered able and likely to work based on the portion of the population belonging to a certain predetermined age range. It is measured to give an estimate of the total number of potential workers within an economy.

Eurozone

This is a geographic and economic region that consists of all the European Union countries that have fully incorporated the euro as their national currency.

Employability

A set of achievements, understandings and personal attributes that make individuals more likely to gain employment and to be successful in their chosen occupations.

Labour supply

This is the total number of hours that workers are willing and able to be paid wages to work for. Higher wages will encourage workers to supply more labour. Nevertheless, workers are not only interested in earning money; they are also interested in leisure, this will result in a choice between working more (higher wage) and working less (more leisure).

General Overview

Increased labor market flexibility

Among those below the age of 25, 42% are on temporary contracts of part-time jobs. Increased flexibility of these labour markets is aimed to ease the entry of first-time job seekers into stable employment. Nevertheless, temporary contracts are known to pay less, offer less training and be less satisfying than standard contracts, thus leading to incomplete contribution to pensions and unemployment benefits.

Additionally, they are cheaper alternatives when seeking permanent jobs. Young people's insecurity in employment can also lead to them gravitating towards the labor market, as the temporary label may reduce their chances of achieving a permanent job. However, delegates must also be aware that the changing structure of the youth labor market and the difficulty in accessing jobs poses a major challenge for young people looking for work. Moreover, the reduction of these jobs will lead to fewer opportunities for professions beyond entry-level jobs. Changing employers' expectations that young people should be "job-ready" has emphasized the need for education systems to teach "employability" skills. When young people try to obtain these skills, the amount of internships requested rise, which are unpaid or very poorly paid. Thus, some employers have been criticized for using these to avoid employing young people for internships. Currently, new forms of labor market flexibility are reshaping the consequences associated with different youth transition routes.

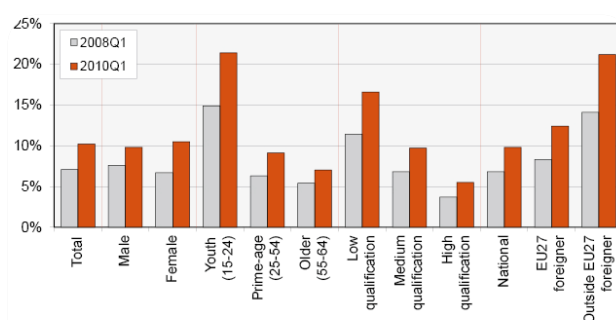


Figure 1: Graph shows the increased number of youth joining the labour market than the other age categories.

Expansion of education, skill and qualifications mismatch

Since the 1980s, the structure of employment and employers' skill expectations have changed drastically. This has generated the issue of a skills and qualification mismatch, where the skill levels or

education of the individual seeking work are to some degree misaligned with the productivity requirements of the firm.

For example, there has been an increasing rate of situations of over-educated youth employees. This refers to a situation whereby workers hold more qualifications than are required for their current job. More recent studies have also shown that over-skilling is the key feature of a mismatch. Both issues describe situations where the worker has too much education or too many skills for the current job.

On the other hand, under-education and under-skilling describes the situation whereby workers report having insufficient levels of education or skills for their current employment. This causes lower levels of job satisfaction. Nevertheless, because of the expansion of education and skills mismatch is interwoven with the extent of labor market changes, this leads to the consequences it has for differently qualified young people looking for work. One such consequence has been evidenced in new patterns of youth mobility, as both highly educated young people and those with fewer qualifications move across the EU to find work. Hence, competition for jobs increases and those with fewer qualifications have less incentive to find general permanent work.

Family and cultural influence

For some young people, unemployment has been a long-term issue in many generations. The experience of the parents of today's children hinders their opportunities - parental unemployment can become an unintended legacy for their own children, depending on where they live and how the economy around them has changed in recent decades. This includes factors such as poor role models and the passing on of attitudes toward employment and welfare dependency to their children. Parental education has a negative effect on youth labor market transitions and this effect is increasing over time, contributing to growing levels of inequalities amongst young people. The amount of joblessness within households also has implications for the level of poverty experienced by unemployed youth. Opportunities to find work are linked not to some inherited attitudes, but on the regions in which they live and the way these people have been trained to think, similarly to their parents.

In addition with the impact of parental work legacies, the patterns of leaving home have become more diverse, not always reflecting economic independence in relation to young people. When jobs are available, youth unemployment seems to be high because of the gap between expectations, and the realities of low wages and poor working conditions on offer. The distinction between young people who can afford to wait for better opportunities is related closely by their family situation and their specific societal conditions. Parents who can provide direct financial transfers and practical help to their adult children during the process of transition to adulthood, contribute closely to why so many young people

are unemployed and still seeking for jobs. The incentive for them to find a permanent job immediately is, thus, not high.

UN Involvement, Relevant Resolutions, Treaties and Events

During the United Nations conference in 2012, August 14th, delegates from the European Union, Germany, and Finland spoke on the issue of stabilizing the economy in the Eurozone, including the issues of youth unemployment rates. Additionally, in winter 2011, a document provided by an executive officer of the European Union, was published focusing on the protocols and solutions on dealing with the Eurozone economy and employment crisis within the Eurozone nations. Finally, in March 2012, the International Monetary Fund set an open discussion on the dealing of the Eurozone economic crisis.

Timeline of Events

Date	Description of event
January 2010	EU commission decides to cooperate with the International Monetary Fund to scrutinize domestic economies EU commission urges members to sign subsidy resolutions for Greece
November 2011	Document provided by an executive officer of the European Union dealing with the Eurozone economic crisis
March 2012	International Monetary Fund sets open discussion on the dealing of the Eurozone economic crisis
August 14 th 2012	Germany and Finland delegates speak on the issue of stabilizing the Eurozone economy

Possible Solutions

One of the possible solutions that may be implemented is **targeting low and unskilled workers**. Low and unskilled workers are particularly vulnerable to unemployment. Targeting such individuals with education and training programs is therefore crucial. These programs should be designed to teach basic skills needed for sustaining a permanent job in the future. Matching skills to employer needs helps to ensure that people can take employment opportunities as they become available. Programs concerning more informal skills can also contribute to enhancing people's employability as it reduces their vulnerability to long-term unemployment. Training courses could be available to workers whose informal skills are not sufficient in order to allow them to obtain rewards for their competencies regardless of how they were achieved. Intervening early and ensuring that young people can maintain a connection to the working world, or improve their skills through education and training in order to enter the working world

in the future, can help to reduce unemployment when they grow to become young adults seeking for jobs. Providing young people with the support needed to develop the skills they need to make successful transitions from school to work is important, and is considering targeted measures to meet specific needs.

The second possible solution requires **tackling multiple employment barriers**. Whilst insufficient or a lack of recent skills cause barriers in today's employment rates, the situation is often made worse by the complexity of the barriers people face. Young people confront multiple barriers, including discrimination, poverty, social exclusion and so on, pushing them further and further away from the labor market. Programs should be created so that counselors can support these people facing these problems, as well as vocational and "soft" skills training. The social and economic benefits of these programs involve having individuals in employment experiencing improved health and well-being in the long term, in addition to significant gains in savings from unemployment benefits and increased tax revenue.

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