

Despite Delorme's prestigious degree, he could find only an internship

generation's ability to compete in the workplace. When the economy finally recovers, many of the under-25s will have become over-25s, and younger rivals will be nipping at their heels for entry-level jobs. The big

fear: Europe's Gen Yers will suffer the fate of Japan's Lost Generation—young people who came of age in the recession-wracked 1990s but lacked the skills to find good jobs even after the economy started to pick up steam.

#### GOVERNMENT SCHEMES

If that happens, the Continent would struggle to cope with large numbers of jobless young people. Violent protests over lousy job prospects earlier this year in Eastern Europe made politicians acutely aware of mounting social problems. "Most countries are moving in the right direction, but there's still a risk that unemployment will last for years," says Stefano Scarpetta, head of employment analysis at the Organization for Economic Cooperation & Development in Paris.

Governments are spending billions to keep the young busy via college grants and vocational courses until the economy recovers. On June 29, British Prime Minister Gordon Brown unveiled a \$1.6 billion scheme to create 100,000 jobs for young people, with a special emphasis on helping those who've been out of work for more than a year. And on Apr. 24, French President Nicolas Sarkozy announced a \$1.9 billion plan to find work for 500,000 young people by June 2010. That includes grants to companies that employ Gen Yers and a 12% increase in new government-funded apprenticeships in plumbing, carpentry, and other trades.

Some wonder how much good those

# EUROPE: THE YOUNG AND THE JOBLESS

With one in five Gen Yers unable to find work, a new "Lost Generation" may be in the making

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By Mark Scott

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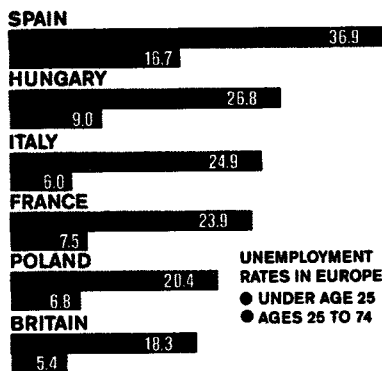
On paper, Jerome Delorme seems like a pretty desirable job candidate. The 23-year-old has a master's degree in European studies from the prestigious Sciences Po university in Grenoble—once a sure ticket to a top company, even in hard times. And he spent a year studying in Dublin, speaks fluent English, and has already had several high-profile internships. But in three months of looking for work, Delorme has been able to land only another internship, at a nonprofit organization. "The crisis has made getting a real job very difficult," says the native of the southern French city of Valence.

Delorme is typical of Europe's Gen Y these days. Most of his friends are also pounding the cobblestones in search of employment—as are about 5 million other young Europeans, or about 20% of the under-25 population, the European Union estimates. That's nearly a

third higher than a year ago and well above the 8.9% unemployment rate for the EU as a whole. In some countries the situation is far worse. Nearly 37% of Spain's Gen Yers can't find work. In France, it's 24%, vs. 17% in the U.S.

Policymakers worry prolonged unemployment will hurt an entire

## CONTINENTAL DRIFT



Data: Eurostat

PHOTOGRAPH BY ED ALCOCK; CHART BY SHARONA FRIEDMAN

ILLU: JON RY GARY NEILL

programs will do given the severity of the downturn. "There's pressure on governments to find employment for young people, but I don't see how that's going to happen in the short term," says Giorgio S. Questa, a professor at City University's Cass Business School in London.

Business groups, meanwhile, fret that new apprenticeships could take jobs away from older workers and may prove unsustainable if government funding dries up. Neil Carberry, head of employment policy at the Confederation of British Industry, says similar programs in the 1980s failed because they simply kept young people busy without giving them sufficient skills to land more interesting work when the economy recovered. "People digging ditches and painting walls just doesn't add value," he says.

#### SPAIN'S SETBACK

Lavish welfare systems ease some of the strain for Europe's Gen Y. With state-sponsored health care and ample jobless benefits, Europeans have fewer worries than unemployed twentysomethings in the U.S. And young Europeans are more likely to bunk with Mom and Dad than their American counterparts are, so it's easier for them to make ends meet while looking for a job. In Spain, for instance, more than half of people under 30 still live at home.

But that has done little to ease the pain of the crisis for many Spaniards. When the country's construction and real estate industries were booming, under-25s often skipped college to go straight to work, cashing in on the credit-fueled bonanza. Since 2007, though, the economy has imploded and may contract by 3.2% this year. Many young people were on short-term contracts, so they were first to be laid off when times got tough. And skipping further education in favor of employment, they often lack such skills as foreign languages, IT know-how, and advanced math that employers demand. Says Carlos Serrano, a 25-year-old electronic engineer from northern Spain who has been looking for a job for a year, with no luck: "The crisis has trapped us graduates at the worst possible time." **IBW**

# THE TIGHT GRIP OF HEALTH INSURERS

**In most markets, a couple of companies are dominant. A public plan could force them to cut premiums**

By Catherine Arnst

The insurance industry is up in arms over congressional proposals to create a publicly financed competitor in an effort to bring down health-care costs. That may be because it doesn't have to face much in the way of competition now: Most regions of the U.S. are dominated by just one or two health insurers.

Each year the American Medical Assn. (AMA) surveys the commercial health-insurance landscape and finds little if any competition. Its latest report says that, out of 314 metropolitan markets, 94% are controlled by one or

two companies, or fewer. In 15 states, one insurer has 50% or more of the entire market.

Such market concentration has become a potent argument for supporters of a public insurer, President Barack Obama among them. With no need to generate profits, a public plan could offer lower premiums, thus bringing competitive pressure to bear on the private insurers to do the same.

Insurers argue that creating a public plan would be a disaster for their industry. They point to an analysis by the Lewin Group, a subsidiary of UnitedHealth Group, that predicts 103 mil-

## WHERE COMPETITION IS IN SHORT SUPPLY

In many states, just one or two players command the health-insurance market:

STATE	LARGEST INSURER	MARKET SHARE
Alabama	Blue Cross Blue Shield AL	83%
Rhode Island	Blue Cross Blue Shield R.I.	79%
Hawaii	Blue Cross Blue Shield HI	78%
Maine	WellPoint	78%
Vermont	Blue Cross Blue Shield VT	77%
Montana	Blue Cross Blue Shield MT	75%
Arkansas	Blue Cross Blue Shield AR	75%

NOTE: Market shares are for the combined HMO+PPO product market.  
\*Data are from 2006 except for Miss. and Pa., which are from 2002-2003

Data: American Medical Assn., *Competition in Health Insurance: A Comprehensive Study of U.S. Markets*, 2008 update; James C. Robinson, "Consolidation and the Transformation of Competition in Health Insurance," *Health Affairs*, November/December 2004; Douglas McCarthy et al., "The North Dakota Experience: Achieving High-Performance Health Care Through Rural Innovation and Cooperation," *The Commonwealth Fund*, May 2008

