

Press release from 28 July 2020, Berlin

# Youth unemployment in Europe could rise up to 25 percent

The new study "Youth Unemployment in Times of Crises in the EU 27" by the FiBS Research Institute for the Economics of Education and Social Affairs examines youth unemployment in the EU in the wake of the financial and economic crisis of 2008/09 and links it to a first estimate of how youth unemployment might increase after the Corona crisis. According to this estimate, unemployment among the low-skilled could even exceed the 40 percent margin, but not until the mid-2020s. Furthermore, unemployment among men may be higher than among women.

Youth unemployment has been high on the agenda during and after the last financial crisis more than ten years ago, rising from 15 percent in 2008 to 19 percent in 2013, peaking at almost 24 percent and only recently returning to pre-crisis levels. Youth unemployment is twice as high as overall unemployment.

## Unemployment is particularly high among low-skilled young adults

Low-skilled young workers were even more affected: Their rates exceeded on average the 30 percent margin for the EU, while the rates for young men were even higher than for young women. Moreover, unemployment among the low-skilled is still above the 2008 baseline. A review of employment trends showed that employment growth in male-dominated sectors was less positive than in gender-balanced or female-dominated sectors. This is another reason, in addition to the better average qualification level of women, why female unemployment is slightly lower than male unemployment. Using these past experiences as a basis for the current corona crisis suggests that unemployment rates are likely to be even higher in the coming years, as the initial effect on GDP growth rates is about 50 percent than ten years ago (-8.5 percent vs. -4.1 percent). This suggests the following developments:

## Youth unemployment higher after Corona than after financial crisis

The economic downturn will be accompanied by structural changes within the economy and companies will push ahead with digitisation and automation. This development will continue to drive the shift towards the service sector and towards medium and higher qualifications. Jobs for the low-skilled will be increasingly cut, leading to higher unemployment rates for such skills, while employment of medium and higher skilled workers will increase. Young people benefit less from

employment growth and are more vulnerable to job losses. In addition, they need longer periods of training to become better qualified. This means that the focus on youth unemployment also has a statistical component, which is why the youth unemployment ratio is a better indicator for measuring youth unemployment than the youth unemployment rate. If the youth unemployment ratio is followed, the rate is only two percentage points higher than the general unemployment rate.

### **Young men more affected than women**

Translating this empirical evidence into a future scenario, it is to be feared that both youth unemployment and total unemployment will probably be even higher after the Corona crisis than during the previous crisis. "The unemployment rate of the low-skilled will probably exceed the 40 percent mark," says FiBS director Dr. Dieter Dohmen. "This is almost 10 percentage points more than during the last economic crisis. In contrast, unemployment among medium and highly qualified young people is likely to remain below the 20 percent mark. Due to the structural economic shift from agriculture, construction and the manufacturing industry to the service sector, young men are likely to be affected more than women."

This scenario has important implications for education and training: The vocational training system should be more oriented towards professions in the service sector instead of focusing so heavily on the construction and manufacturing industries. Moreover, since vocational training systems that rely heavily on the commitment of companies, such as the German dual system, are likely to be even more affected than school systems, this raises the fundamental question of the orientation of vocational training. This still applies even if practice-oriented VET should be accompanied by better vocational preparation and higher chances of finding a subsequent job. A very important aspect is to reduce the number and share of early school leavers and low-skilled workers with lower secondary education and to provide them with more tailor-made offers for the acquisition of a general or vocational upper secondary qualification. This can be achieved, for example, by introducing more practice-oriented pathways in general education and/ or by using new forms of learning, for example through the use of serious games.

Further information can be found at

<https://www.fibs.eu/en/references/publications/publication/youth-unemployment-in-times-of-crises-in-the-eu-27/>

We would be pleased to hear from you about your reporting. Thank you very much.

FiBS has been working for over 25 years on educational and socio-economic topics at German and global level. With different focuses, we look at educational areas and relate them to social, innovative, digital and labour market policy issues. In this way we would like to contribute to the concept of lifelong learning.