

Manuel González Igual:
How to make Europe work for its young unemployed?

Seven years into the crisis and despite an emerging economic recovery, young Europeans face a tough situation. Around five million young people are unemployed today in the European Union, and one out of five people under the age of 25 cannot find a job. In the case of Spain, the unemployment rate exceeds 50%, with over 1 million of jobless youngsters.



Are we facing the risk of a lost generation? Without any doubt, this is a true systemic risk. First of all, there is the damage to all of those who experience this situation. Their lack of initial work experience will make it more difficult for them to finding a first job, with the risk of undermining their life-long professional development. At an aggregate level, this is leading to social discontent and deep unrest in several countries. Finally, from a macroeconomic perspective, youth unemployment produces many negative effects, resulting in a reduction in youngsters' consumption, lost investment in education and risks to the pension system.

Therefore solving this issue is an absolute priority that requires adequate financial resources. Since 2012, the European Union has put in place the Youth Employment Package and the Youth Employment Initiative in order to support young people who are neither employed nor continuing their education. At the time, the EU is offering countries and companies help in recruiting young professionals. Yet the six billion Euros allocated to this initiative may be insufficient for such a daunting task, particularly compared to other European initiatives. For instance, the Greek bailout so far amounts to 270 billion euro, nearly 50 times the funds dedicated to help five million unemployed young people.

Nevertheless, the situation is slowly improving thanks to the consolidation of the economic upturn. During the past 12 months, unemployment has gone down by nearly 2 percentage points in Europe and 3 percentage points in Spain. What measures need to be taken to further improve the prospects for all young Europeans?

In the first place, it is essential to keep the market operating according to the principle of free movement. Since 2008, more than 400,000 young Spaniards have left the country looking for better opportunities abroad. Most of them are highly qualified professionals who have been able to find a job abroad and to contribute to value creation in a European country.

This has positive effects for all the involved parties: i) for the mobile young professional who finds an opportunity abroad that is not available at home; ii) for the receiving country which has access to global talent; and iii) for the sending country which otherwise would have a higher unemployment rate. In that sense, I truly believe that the most skilled professionals have to be able to work in the best places in order to promote competitiveness and foster growth throughout the continent.

Moreover, entrepreneurship is one of the main drivers of value creation for the future. Having given birth to more than 30 unicorns (more than \$1bn Company) since the year 2000, Europe is not as far away from the United States as believed, but still has room for improvement. In that sense, the promotion of startups and the increase of their size is absolutely essential in a constantly evolving world subject to innovative and disruptive new business models.

Young people must play a strong role in that matter, and we should put in place the resources necessary to help the next generations invent and develop the business ideas of the future. Reducing red tape, favoring alternative ways of financing, leveraging funds at company level and fairly valuing the entrepreneurial experience are key elements to success in this area.

Finally, last but not least, providing a useful education is critical. Labour mismatches due to inadequate skills and academic background have to be avoided and, in particular, engineering and information technology skills are essential in a digitalised world. We should also promote dual learning, combining applied training and school-based courses in order to provide a practical and work-oriented learning experience. Furthermore, it is crucial to improve the image of vocational training which is in high demand nowadays. For instance, in Germany vocational training is a highly regarded and widespread learning option and, there, the young unemployment rate stands below 8%, at a record level among European countries.

Branding Europe implies making a good value proposition to all European people, offering a better future for all of us. The European Union must be able to fulfill its people's needs. This, for sure, requires providing good job opportunities for young people. Improving education, promoting entrepreneurship and preserving market rules are the keys to the success of future generations and, therefore, to the future of Europe as a whole.