YOUTH UNEMPLOYMENT AND EMIGRATION TRENDS

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Abstract. The paper deals with youth unemployment and youth emigration trends. In recent years, the rate of migration in the world has increased, but also its age structure has changed. Young people are the third among all world migrants. The main causes of youth migration are: unemployment, poverty, poor quality of life, problems related to education and difficult political situation. Today global youth unemployment rate exceeds 12.5 %, which is about 73 million young people. Youth unemployment is one of the major threats in 2014 and one of the main causes of migration. The main aim of this paper is to show the drama of youth unemployment and highlight how it is related to youth migration growth.

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Keywords: youth unemployment, youth emigration, migration.

Reikšminiai žodžiai: jaunimo nedarbas, jaunimo emigracija, migracija.

Introduction

According to official statistics, today there are about 230 million migrants in the world. 30% of them are young people under 29 years of age. Thus young people are the third among all world migrants. The main causes of youth migration are: unemployment, poverty, poor quality of life, problems related to education and difficult political situation. According to the data provided by the World Economic Forum (WEF), global youth unemployment exceeds 12.5 %, which is about 73 million of young people. In addition, the percentage of unrealised potential is even higher. It appears that the quarter of all young people or 300 million people agree to accept any job offer, even if it does not complete their education or experience (World Economic Forum Annual Meeting, 2014). Add the number of young people who do not have a regular job and are engaged in seasonal jobs, and it appears that a half of our young generation no longer has a stable income source and cannot plan their future life. Therefore, every second young person in the world is a human without future.
Youth unemployment is one of the major threats in 2014. This is confirmed by the World Economic Forum (WEF) survey conducted among the most powerful economists, politicians and businessmen. Experts warn that inaction in the area of youth unemployment can lead to extremism, outbreaks of social unrest and destroy the hope of sustainable economic growth.

According to the World Bank statistics, the largest rate of unemployed young people is in North Africa and the Middle East – about 27 % (World Bank Open Data, 2014). Many of the unemployed people were able to fulfil themselves in the “Arab Spring” events. A somewhat better situation has occurred in Asia, but it faces another problem – the labour market does not demand many graduates, resulting in the fact that a degree never guarantees a job. The number of young people without professional education in Europe is growing rapidly. It is necessary to pay for education, but a young person does not have a guarantee that will help him find a job and repay all the credits. In total, youth unemployment rate in 2013 was above 24 % in the euro zone. The lowest youth unemployment rate – about 5 % – was in Austria and Germany, the largest was in Greece, Spain and Croatia (Eurostat Yearbook, 2014).

Slower global economic growth leads to job cuts, resulting in the unrealised economic potential of the young generation increasing the damage on GDP growth and making the crisis deeper. Worldwide, youth unemployment is now recognised as one of the most important issues requiring an immediate solution. That is why the EU has decided to distinguish EUR 45 billion in order to resolve the youth unemployment problem by 2015.

According to the International Labour Organisation (ILO) data, the world is facing a worsening youth employment crisis: young people are three times more likely to be unemployed than adults and almost 73 million of young people worldwide are looking for work. The ILO has warned of a “scarred” generation of young workers facing a dangerous mix of high unemployment, increased inactivity and precarious work in developed countries, as well as persistently high working poverty in the developing world.

The employment of young generation depends on the following factors:

- the development of a country or region;
- level of education;
- age;
- sex;
- migration level;
- work experience.

The employment peculiarities are determined by the following types of employment: full employment; partial employment (part-time work); temporary employment; unemployment.

A young unemployed is a young person with no regular source of income (permanent), but actively looking for work. Depending on the cause, youth unemployment is divided into following types:

- voluntary;
- forced;
- structural-functional
- marginal.
Depending on the time, youth unemployment is divided into short-term (up to 3 months); long-term (from 3 months up to 1 year) and chronic (more than 1 year).

There are two opposing views regarding youth unemployment – some scientists believe that the unemployment rate is positive for the young generation, because it stimulates the development of a young person and activates them in job searching. Other researchers believe that unemployment has a negative impact on the young generation; because it encourages crime growth, personal degradation and contributes to the destruction of our society.

According to Lithuania’s and foreign authors’ studies that have attempted to determine the consequences of unemployment across economic areas, the following can be distinguished: GDP, emigration, inflation, wages, state budget recovery.

Various authors have highlighted negative effects of unemployment and its connection with emigration in their scientific research and articles: Ėruževskis (2004, 2006); Martinaitis, Žvalionytė D. (2007); Blanchflower (2007); Stulgienė, A.; Daunorienė (2009); Matuzevičiūtė, Butkus (2009); Bučaitė-Vilkė, Rosinaitė (2010), Sipavičienė, Stankūniene (2011), Giulietti, Guzi, Kahanec, Zimmermann (2013), Rudžionis, Metelsky, MihiRamirez (2013);

1. Connections between unemployment and emigration

According to the data of the Lithuanian Department of Statistics, major causes of emigration remain economic and financial, associated with labour and material well-being. After analysing the last surveys of 2012-2013 it is possible to determine the following most popular emigration causes:

- free movement of workers;
- economic reasons;
- unemployment and wage differences;
- quality of life differences;
- social and cultural factors;
- studies abroad.

Recently, much attention is drawn to the emigration of high-skilled persons (brain drain). Since the change in the economic structure is relatively inert, within a reasonable period of time the demand for high-skilled professionals in the country’s economy is growing much more slowly than the supply. Such imbalance between supply and demand in labour market is resulting in two trends. First, a part of highly skilled professionals emigrate to the more developed economic zone; second, the remaining highly skilled professionals unable to obtain the job matching their qualification reduce labour force costs and exclude lower-skilled workers from the market.

Unemployment causes depression, poor health, high criminality and suicide of the young generation, at the same time young and ambitious people looking for opportunities in other countries are creating families there and thereby damaging the demographic prospects of old Europe. As immigrants they are even more vulnerable, rushing into progressive political apathy, causing a threat to the democratic foundations.
The last wave of emigration is tragic to the whole of Europe, but the greatest losses were suffered by the Baltic and the Mediterranean countries. It is unique, because young people are emigrating just after graduation, which means loss not only of investment in their education, but also a detriment to the future competitiveness of the country. With its youth unemployment rate Lithuania is among the ‘leaders’ – it comes fifth after Spain, Greece, Slovakia and Portugal, which raises many questions about the rationality of the policies and procedures for dealing with the crisis.

According to the data of the Lithuanian Department of Statistics, in 2013 75 % of all emigrants from Lithuania did not have work experience before leaving or worked for one year or longer.

Youth problems will have consequences on the European continent, including Lithuania. Today employers face some difficulties when finding workers with the necessary qualification. Our country is ageing more rapidly than other EU countries. Now, almost every fifth Lithuanian person is an elderly or old man. Lithuania’s ageing acceleration is three times above the EU average. Eurostat forecasts that at the beginning of 2060, the population of Lithuania will amount to 2.5 million, including 339 600 young persons (15-29 years old) and 800 000 retirement-age inhabitants. Recent negative demographic trends not only in Lithuania, but also across Europe will affect economic growth and further exacerbate imminent economic difficulties.

The socio-economic changes linked with the population ageing are likely to have a huge impact on the EU – both at national and regional levels. They affect a wide range of policies and school-age population, health care, the make-up of the workforce, social security, social insurance issues and public finances.

Another characteristic feature of Lithuania is the feminisation of aging. Nowadays, there are 21% more women than men aged between 70 and 75. In this perspective, after 20 years Lithuania will become a country of poor single grandmothers.

Young people are particularly vulnerable to economic shock. They are the last hired for and the first fired from work. Youth unemployment refers to social insecurity, poverty, disappointment in policy and democracy and finally emigration.

The profile of Europe is changing rapidly and radically. Europe faces rapid ageing and shrinking due to low birth rates and economic emigration. Young people between 15 and 29 years of age form 20 % of the European population. According to the Eurostat forecasts, in 2015 there will be only 15 % of young people, while there will be twice as many persons over 65, compared to people in employment. The main consequences of this demographic winter are that young people are becoming a minority and their role in the democratic system becomes increasingly weaker.

At the same time, pension costs become disproportionately high and the future of the retirement system becomes very problematic. Youth unemployment is a real social and economic trauma for a young person, because he or she does not have a job, income, possibility to buy a home and start a family. It is the reason of this dramatic birth rate decline. Those young people who have managed to join the labour market have longer working hours than their parents in their age, thus less time is left for parenthood. Children and childbirth are no longer a priority because of the fear of losing jobs and damaging their careers. According to the Eurostat data, although the current young
generation is better educated than the previous generations lived, the quality of life standards of young Europeans are the lowest since the Second World War.

2. Youth unemployment in the EU

The European Commission’s Joint Employment Report 2013 states that the \textit{EU labour market recovery has slowed down, employment continued to decline and forecasts for 2014 year are not optimistic}. Segmentation of the labour market continues to increase along with increasing temporary work and part-time contracts. Labour taxation is still high and some Member States of the EU have even increased it. Unemployment continues to rise and has reached unprecedented levels in the euro area. It is deeply concerned about the rapidly increasing long-term unemployment, which has especially grown in the countries with tight fiscal policies. More than one of five young people are out of work in the labour market, this is why this young generation may be the \textit{“lost generation”}.

\textbf{Youth unemployment rates are generally much higher than unemployment rates for persons of all ages}. Until the end of 2008, youth unemployment rate in the EU-27 was around twice as high as the rate for the whole working-age population, reaching its lowest value (15.7 \%) in 2007. The financial and economic crisis impacted more upon the younger members of the EU’s labour force. From 2008 onwards, the gap between youth unemployment and total unemployment rates increased, from a difference of 8.5 percentage points in 2007 to 12.4 percentage points by 2012.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{youth_unemployment_eu.png}
\caption{Youth unemployment in EU states members and euro area}
\end{figure}

Source: Eurostat data, 2014
The EU-27 youth unemployment rate was systematically higher than in the euro area (EA-17) between 2000 and mid-2007; the two rates then remained relatively close to each other up until the third quarter of 2010. The subsequent fluctuation in youth unemployment rates was more pronounced in the euro area than for the EU-27 as a whole; moving in a downward direction until mid-2011 and then following an upward development through to the end of 2012 (see Figure 1). In the middle of 2012, the euro area youth unemployment rate rose to a higher level than the rate recorded for the EU-27, and the gap expanded further through to the end of the year. The 5.5 million young people were not employed in the 2013 in the EU; the 7.5 million young people aged between 15-24 years old were not employed, not educated and not trained (NEET), the 30.1 % of youngest than 25 years old persons do not have a job during more than 12 months. At total, the youth unemployment rate at 2013 year was above 24 % in euro zone. According to the last official statistics, the lowest youth unemployment rate – about 5 % – was recorded in Austria and Germany, and the largest – in Greece, Spain and Croatia (Eurostat Yearbook, 2014).

High youth unemployment rates reflect, to some degree, the difficulties faced by young people in finding jobs. However, this does not necessarily mean that the group of unemployed persons aged between 15 and 24 is large, as many young people are studying full-time and are therefore neither working nor looking for a job, thus they are not part of the labour force which is used as the denominator for calculating the unemployment rate. For this reason, youth unemployment is also studied according to a somewhat different concept — namely, the youth unemployment ratio which is calculated as the share of unemployed young person's among all young persons, not just those in the labour force. Figure 1 shows that youth unemployment ratios in the EU-27 were, unsurprisingly, much lower than youth unemployment rates. They did however also rise from 2008 onwards due to the effects of the financial and economic crisis on European labour markets, with almost 1 in 10 young persons in the EU-27 being unemployed in 2012.

**Male and female unemployment.** Historically, women have been more affected by unemployment than men. In 2000, the unemployment rate for women in the EU-27 was around 10 %, while the rate for men was below 8 %. By the end of 2002, this gender gap had narrowed to around 1.5 percentage points and between 2002 and mid-2007 it remained more or less constant (see Figure 2). From the first quarter of 2008, when these two rates were at their lowest levels (6.3 % and 7.4 % respectively), male and female unemployment rates in the EU-27 converged, and by the second quarter of 2009 male unemployment rate was higher. A subsequent decline in the unemployment rate for men during 2010 and the first half of 2011 and the corresponding stability of the women's rate over the same period brought the male rate back down below the female rate one once again — although the differences between the two rates were marginal. During 2011 and 2012 unemployment rates for men and for women rose at a similar pace, remaining close to each other and standing at 10.4 % for men and 10.5 % for women in 2012.
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Figure 2. Male and female unemployment in EU-27

Source: Eurostat data, 2014

The European Commission emphasises *youth unemployment as a special problem* for two reasons. First, the magnitude of youth unemployment is the biggest – 5.52 million young people are not employed in the EU. Second, because of the long-term youth unemployment, when many young people are out of the labour market for more than a year. The trends are also similar in Lithuania. According to the Lithuanian Department of Statistics, in 2012 youth unemployment stood at 26.4 %, being two times higher than the overall unemployment rate (13.2 %).

*Young people are the social group particularly affected by the crisis.* The youth unemployment rate in 2012 was 12.6 % and it is expected to be about 12.9 % in 2017 worldwide. The crisis has dramatically reduced the perspectives of young people in the labour market – many of them are experiencing long-term unemployment. Such a situation has been observed during the previous crisis.

In this context, **the EU is facing one of the most important challenges – to reduce unemployment and increase employment, create more and better jobs: how to create new jobs, how to excite the dynamics in the labour market, how to improve employment policies.** Employment is not only a structural microeconomic problem, but also a systemic problem of macroeconomic policies. There must be a specific way to deal with it. The means of structural policy cannot solve this problem.

**State economic policy strategy is not state budget deficit and inflation reduction, but improvement of the population’s quality of life.** One of the fundamental objectives of the EU strategy “Europe 2020” is full employment and social cohesion. Employment policies should not only help the economy to recover in the short term, but also to provide the necessary social investment perspective – in the long term, which would allow to increase revenue (rather than forcibly and permanently reduce the budget costs). When demand for consumption is falling, unemployment increases. Unemployment again encourages the decrease of demand for consumption, which again increases unemployment. In order to encourage the creation of new jobs, it is necessary to carry
out macroeconomic policies aimed at maintaining full employment, increase wages and household incomes.

The Global Employment Trends 2013 report compiled by the International Labour Organization (ILO) highlights the negative impact of inefficient macroeconomic policy and its consequences for the global labour market presented below.

1. **The world labour market is degenerating again.** Five years after the global financial crisis, global economic growth will decrease again. Unemployment began to rise in 2012, leaving about 197 million people without a job. It is predicted that the unemployment rate in the world will still grow: in 2013 it will grow by 5.1 million, and in 2014 – by 3 million.

2. **Inconsistent policy has increased volatility, prevented large-scale investment and faster job creation.** Various countries were implementing inconsistent monetary and fiscal policy, as well as following an erratic approach to the fiscal sector and debt problems, particularly in the euro zone, which led to growing uncertainty in the global perspective. In many countries, investment has not yet reached the pre-crisis levels and political indecision led to the uncertainty of future conditions.

3. **The ongoing crisis worsened labour market compatibility and intensified their riskiness.** The long and deep labour market crisis worsens the labour market and contributes to the lengthening period of unemployment. That is why the crisis is spreading through foreign trade, jobs in the export area are particularly vulnerable and this in some countries leads to unemployment growth.

4. **The new job rate is extremely low;** this usually occurs after the financial crisis. New jobs usually require skills, which the unemployed are often lacking. This skill mismatch leads to professions slow the labour market response to any acceleration, unless an active job seeker policy is implemented.

5. **Crisis eliminates more and more women and men from the labour market.** Labour force participation has dramatically decreased especially in the countries with leading economies. This results in a significant decrease of the employed rate of the all population, in some cases up to 4 % and more points, and it has not been obtained yet with a declining unemployment rate, even in countries where the unemployment rate began to decline.

6. **Youth remain a social group particularly affected by the crisis.** At present, there are about 73.8 million unemployed people; slowdown in economic activity in 2014 potentially will increase the rate of unemployment by half a million. The crisis has dramatically reduced the perspectives of the young generation in the labour market; many of them are experiencing long-term unemployment from the moment of joining the labour market. As a result, the number of frustrated young people is growing. The long period of unemployment and frustration experienced in early youth career results in huge damage in the long run because of the loss of professional and social skills and stopping to accumulate valuable experience.

7. **A weak labour market prevents countries from private consumption and economic growth.** Rising unemployment in the countries with leading economies slowed revenue growth, declining wages determine declining private consumption and thus economic activity fails to obtain the missing support. Therefore, the sources of growth
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should be searched in other areas: private investment and public consumption, at least in those countries where the budget allows it.

8. Despite economic recovery in the medium term, unemployment remains high. Many experts say that the economy is expected to recover in the medium term, but the growth will not be strong enough to rapidly reduce unemployment. Even with the rapid economic growth, unemployment rate in the world will be at 6% by 2017. At the same time, the number of the unemployed people in the world will continue to grow over the next 5 years to 210.6 million of people.

9. Working poverty and vulnerable employment reduction requires higher productivity growth and faster structural changes. Today about 397 million workers live in poverty all around the world, in addition another 472 million workers cannot consistently meet the minimum requirements of their basic needs.

10. The new class of consumers seems to have appeared, but it is still not large enough to start the growth mechanism of economy. There are signs of a new consumer class emerging in developing countries, formed during the structural changes by the transition of workers from agriculture to higher productivity sectors; now it amounts to over 40% of all the workforce in the developing countries. However, poverty decline has slowed down because of the crisis and may negatively affect the formation of a new middle class. This will have a negative impact on the ability of the developing economies to promote stronger global economic activity.

3. Youth unemployment in Lithuania

The annual average of registered unemployment in Lithuania in 2013 continued to decline, compared with the previous years. Average percentage of the unemployed people of working age was 10.9% or 0.8% points lower than the annual average in 2012 of the registered unemployment rate (11.7%), and the lowest since 2010 (17,6%). At the end of 2013, 203.5 thousand of unemployed persons were registered. The number of unemployed people decreased by 6.6 thousand or 3.1%, compared to the end of 2012. Unemployed persons registered at the labour offices represent 11.1% of all the country’s working-age population. The percentage of unemployed working-age population has decreased by 0.3% over the year (11.4% in January 2014).

However, rapid decline in the unemployment rate during that last two years was the result not so much of creation of new jobs, but of emigration. Short term emigration reduces unemployment and public spending on social insurance, and the money sent by emigrants stimulates consumer spending inside the country. In any case, emigration cannot solve the unemployment problem. And unfortunately, improving statistics cannot resolve the youth unemployment problem. Unemployment is a consequence of increasing inequality and income concentration. The main problem preventing the increase in employment and revival of the economy lies in huge socio-economic inequalities in Lithuania; according to this indicator Lithuania is a leading country in the EU.
The following new emerging employment and unemployment problems in the Lithuanian labour market are presented below.

**Low quality jobs, no respectable job.** It is known that unskilled persons face the highest unemployment. However, Lithuanian and world trends in the labour market show that educated young people are suffering from the fact of being unable to find a respectable job. High youth unemployment rate in the developed countries points to a steady unemployment rate, low quality of jobs, and loss of hope to find a respectable job. Life experience in Lithuania shows that educated young people and especially women are often forced to undertake tame, non-creative work, because no other choices exist. Qualifications are often higher than required by the job. For example, Lithuania has a huge demand for tailors, cafe serving staff and cashiers in the trading field. Girls with higher education often work as secretaries. The press is full of ads of educated woman looking for a nurse or cleaner position abroad. This work does not provide any feeling of satisfaction or happiness at work. In such a situation in which an educated and qualified person cannot realise their full potential. This is the reason pushing people to emigrate from Lithuania.

**Increase of part-time and temporary employment.** Most of the young people in the developed countries are no longer looking for work. Those who have managed to find a job, are forced to be unsophisticated and to accept any work on the basis of part-time, temporary employment contracts. This situation is also characteristic to Lithuania. Guaranteed jobs that were previously a norm for older generations, have become less affordable for young people today. The amount of part-time and temporary employment contracts increases and it is an evidence of the fact that for young people this type of work is often the only viable employment option.

**People employed outside their profession.** There is a growing tendency to employ workers outside their profession, and there is a risk that it may become rooted and emerge into a constant phenomenon. This group of young persons not protected by the use outside their profession mostly consists of unemployed women and young people. If
left only to monitoring, this effect may become more difficult and social and economic costs may increase, causing more poverty and economic growth slowdown.

Conclusions

According to official statistics, today the number of migrants in the world is about 230 million. 30% of them are young people under 29 years of age. Thus, young people are the third among all world migrants. The main causes of youth migration are: unemployment, poverty, poor quality of life, problems related to education and difficult political situation. According to official statistics, global youth unemployment exceeds 12.5%, which is about 73 million of young people. Youth unemployment is one of the major threats in 2014.

Young people are a social group particularly affected by the crisis. Unemployment causes depression, poor health, high criminality and suicide of the young generation, at the same time, young and ambitious people are looking for opportunities in other countries, creating families there, and thereby damaging the demographic prospects of old Europe.

The last wave of emigration has been tragic to the whole of Europe, but the greatest loss was suffered by the Baltic and the Mediterranean countries. It is unique, because young people are emigrating immediately after graduation, which means a loss not only of investment in their education, but also a detriment for the future competitiveness of the country.

Unemployment is an effect of the rising income inequality and concentration. The main problem preventing the increase of employment and revival of the economy is determined by huge socio-economic inequalities in Lithuania; according this indicator Lithuania is the leading country in the EU.

Tax reduction or increase cannot be a panacea for all of the economic problems, but only one of the measures to increase employment and create new jobs. Unemployment continues to rise and has reached unprecedented levels in the euro area. There is a deep concern about the rapidly rising unemployment, which has grown in the countries with especially tight fiscal policies. One out of five young persons in the labour market is without work, for that reason this generation could be called as a “lost generation”. Negative trends in the global labour market are reflected in the labour and employment areas.

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References


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