Youth unemployment and geographic mobility in the EU

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1. Introduction

The current recession has increased unemployment levels in the EU Member States. Young people are hit hardest: one out of three young people in the EU is currently unemployed while the unemployment rates are rising rapidly. The increasing numbers of unemployed affect social cohesion. Furthermore, the economic crisis has reinforced not only economic but also demographic disparities between and within European regions.

These disparities occur more strongly in cities. Cities attract both talent from the surrounding region and from abroad, but also accommodate large groups who cannot keep up with the knowledge economy. The growing youth unemployment due to the crisis confronts cities with major challenges. Tackling youth unemployment is high on the agenda. What are possible and effective strategies in times of crisis?

An increasing number of the young unemployed seek work elsewhere, both within their own country and across national borders. Labour migration is an ‘old’ proven strategy for unemployed to improve their economic prospects in hard times. Major cities, magnets of economic development, attract migrant workers from other parts of the country, from other Member States and from countries outside the EU. Departure of young people to other countries and the (temporary) residence of young people looking for work confront cities with all kinds of specific questions. The free movement of workers provides young people many opportunities, but many of them are in need of more support and information. Moreover, cities and regions are confronted with economic and social issues related to intra-EU migration, such as the need to adapt their facilities to the needs of the mobile youth.

Rising unemployment and inactivity, declining purchasing power, return to school, and increased geographical mobility of young people has its implications for regional and local development and planning. The economic crisis has changed many long-term trends. For instance, many young people can no longer afford to own home, are in need of inexpensive apartments, move in with their parents in the countryside, or try to find work in cities in other European countries. The implications of many of these new developments remain unclear yet; this causes uncertainties in planning. Therefore, deeper insight into new developments of unemployment and geographical mobility of young people in Europe is relevant for urban and regional planning.

This paper intends to provide an impetus for a discussion on the challenges and opportunities of local, national and EU-governments to develop policies to improve the employment opportunities for the unemployed youth, taking into account all possibilities, including geographic mobility. The paper starts with setting the scene, by outlining relevant EU policies. Next, we will present some data and characteristics of the youth unemployment situation in the EU. The subsequent section focus on the issue of geographic youth mobility and how governments may create favourable conditions for mobility, taking into account both the interests of migrants and those of the regions of origin and departure. Finally, we discuss the perspective of cities and local governments. Attracting and developing human capital is vital for the prosperity of cities. What are implications of this insight for tackling youth unemployment and dealing with the consequences of youth mobility within and
between countries in Europe? The paper concludes with an overview of the policy-relevant conclusions, questions and implications.

2. EU Context

The subject of the paper is closely linked to the EU2020 strategy of smart, sustainable and inclusive growth to emerge stronger from the crisis (EC 2010a). Europe 2020 focuses strongly on young people. The EU Youth Strategy (2010-2018) constitutes a renewed framework for European cooperation in the youth field, to create more and equal opportunities and to promote social inclusion and solidarity among young people (EC 2012). More in particular, the theme of youth employment and mobility relates to two flagship initiatives of the EU 2020 strategy: “Youth on the Move” and “An agenda for new skills and jobs”.

Figure 1 EU 2020 Priorities and Flagship initiatives

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<th>EU 2020 Priorities</th>
<th>Domains</th>
<th>Flagship Initiatives</th>
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Youth on the Move

Since 2010 the European Union endorses a comprehensive package of initiatives on education and employment for young people in Europe. The main goals of "Youth on the Move" are to improve young people's employment opportunities by helping students and trainees gain experience in other countries, to acquire skills and qualifications, and to stimulate entrepreneurship and employment of the youth at home and abroad. Main instruments to facilitate these goals are (EC 2010a):

- making education and training more relevant to young people's needs;
- encouraging that more of them to take advantage of EU grants to study or train abroad;
- encouraging EU countries to take measures to support the transition from education to work.

Mobility is promoted as a means to achieve a degree, a new job, training or an own business. These goals are highly stimulated through several funded programs and initiatives such as "EURES", a European job portal; "Your first EURES job", a guidance platform to assist young people applying to jobs; "Leonardo Da Vinci", "Erasmus", "Comenius", "Marie Curie" and "EVS - European Voluntary Service", exchange programs for training courses, education or volunteering abroad. The European Union provides support to more than 400,000 young people per year for working, training, studying and learning abroad.

In times of crisis and high unemployment this initiative facilitates young people's mobility, the pursuit of higher educational qualifications and the acquisition of international experience.
Furthermore, it prepares young people to participating in the EU labour market, and this certainly offers opportunities when these are lacking in the Member States in which they reside.

**An agenda for new skills and jobs**

Since 2008, the EU Agenda for new skills and jobs aims to give new impetus to labour market reforms that help people gain the appropriate qualifications, to create new jobs and renovate EU employment legislation. It aims at better skills upgrading, anticipation and matching, to cope with the shrinking working population situation and to stimulate the young people to gain appropriate skills by prevention of early school-leaving and increasing the number of young people in higher education or equivalent vocational education. These goals are to be achieved by means of (EC 2010b):

- stepping up reforms to improve flexibility and security in the labour market ("flexicurity");
- equipping people with the right skills for the jobs of today and tomorrow;
- improving the quality of jobs and ensuring better working conditions;
- improving the conditions for job creation.

This initiative facilitates labour mobility so as to improve matching supply and demand in EU’s job and labour markets. Despite rising unemployment there are still shortages in sectors such as ICT, technology and healthcare. Free movement of workers within the EU is considered a solution to balance the markets, counter mismatches and provide new opportunities.

Obviously, there is also a link between tackling youth unemployment and some other Flagship initiatives, especially the one of the “European platform against poverty and social exclusion”. This initiative aims to bolster work at all levels to lift people out of poverty and exclusion. One key action line is to improve access to work, social security, essential services (healthcare, housing, etc.) and education.

**Free movement**

The freedom of movement within the internal market – free movement of goods, capital, services and people – is not only a central element of the economic growth strategy, but constitutes a fundamental right of EU citizens. The EU (labour) migration and integration policies (and restrictions) apply only to third-country nationals and not to EU citizens. This means that management of intra-EU labour is ruled out. EU policy is limited to removing obstacles for free movement of EU citizens and their families across the EU (including the posting of workers across EU borders) and facilitating and promoting mobility through grants and exchange programmes.

Free movement is considered an effective way of reducing disequilibria on the labour markets, especially in the Euro-area. In addition, higher education is acquiring a more international and European dimension since the Bologna declaration (1999).

**3. Youth unemployment and NEETs**

Smart and Inclusive growth are under pressure because of the current financial and economic crisis. Young adults are hardest hit by the recession. Young people are particularly vulnerable because they have to face a number of challenges in making the transition from education to the labour market
and to acquiring relevant skills that employers are looking for (EC 2011a; Lee 2011). In times of economic downturn, the competition for jobs increases. Young people will find it hard to compete with the more experienced jobseekers. Furthermore, they have the disadvantage of entering the labour market at a time that many employers stop hiring new employees. In addition, those young people that already entered the labour market are the first to get fired. These young employees are more vulnerable because they are often employed on temporary and flexible contracts and because they are concentrated in cyclically sensitive industries, such as construction and the hospitality industry (Eurofound 2012a).

3.1. Youth unemployment in the EU

Within the EU youth unemployment rates of recent years are a cause for concern. One out of three young people in the EU is currently unemployed and unemployment rates are rising rapidly. However, there are huge differences in youth unemployment rates. In some Member States the figures are dramatically high, while others seem to do it better. The highest levels are registered amongst the southern Member States, having even surpassed 50% in Greece and in Spain. The latest figures show that unemployment in the EU has increased significantly over the last year and that there are no signs of recovery yet (Eurostat 2013). In February 2013 5.694 million young people (under 25) in the EU27 were unemployed; a youth unemployment rate of 23.5%. In comparison, the youth unemployment rate in EU27 was 22.5% in February 2012. In February 2013, the countries with the lowest rates were Germany (7.7%), followed by Austria (8.9%) and the Netherlands (10.4%); those with the highest rates were Greece (58.4% in December 2012), followed by Spain (55.7%), Portugal (38.2%) and Italy (37.8%). (Eurostat 2013)

*Figure 2 Youth unemployment rates (less than 25 years) by country,*

Source: Eurostat, March 2013. X = no data available

Within the overall figure of youth unemployment, certain groups are more adversely affected than others, such as those with low qualification levels. Young people with tertiary education are comparatively far less likely to be unemployed than that those with lower levels of education. Gender also plays a role. In general, the current crisis affects young men harder, because the crisis particularly disturbs sectors dominated by male workers, such as construction and manufacturing.
Furthermore, young people that habitually face manifold barriers on the labour market - migrants, ethnic minorities and Roma, and young disabled - are at a greater risk of being/becoming unemployed. For example, youth unemployment among non-Western migrant youth in the Netherlands was three times as high as among non-migrant youth in 2012 (28.4% against 9.8%). And among youngsters of Turkish and Moroccan origin unemployment rates were significantly higher.

3.2. Youth inactivity and NEETs

Unemployment statistics do not adequately capture the situation of the youth, as those who are students are classified as being out of the labour force. Moreover, modern youth transitions tend to be complex, with young people moving frequently in and out of the labour force for educational or other reasons (Eurofound 2012a). The category of NEETs is an alternative indicator for young people who are disengaged from both work and education and thus are at a high risk of social exclusion. NEETs are young people who are not in employment, education or training. The term is explicitly mentioned in the Europe 2020 agenda.

NEETs are a very heterogeneous population. Conventionally unemployed constitute the largest subgroup. The sick, disabled and young carers are other vulnerable subgroups. NEETs include also non-vulnerable subgroups: young people simply taking time out or those that are constructively engaged in other activities such as music, art etc. (Eurofound 2012a)

Eurostat data show that in 2011 14 million people aged between 15 and 29 were not in employment, education or training. These NEETs are excluded from society, with all the risks which this involves: loss of human and social capital, insecurity, instability, mental and physical health problems. At EU level, NEETs are considered to be one of the most problematic groups in the context of youth unemployment.

There are various risk factors for being a NEET. NEETs are more likely to face several disadvantages, such as disability, low educational levels, an immigration background or a poor family environment. (Eurofound 2012a). This implies that NEETs are often concentrated in certain – disadvantaged - neighbourhoods of cities. In addition, general socio-economic conditions are relevant. Within the European Union the NEETs rate increased from 10.9 % (pre-crisis level) to 12.9 %, and exceeded 15 % in Bulgaria, Italy, Ireland, Latvia, Greece and Spain (Eurostat). These are also the countries with the highest levels of unemployment.

Major differences exist in unemployment and inactivity rates between regions or cities within a country. The analysis of the geography of NEETs in the UK during the 2009-2010 period (Lee 2011), for instance, reveals striking disparities between the different cities and regions. The cities and towns with the higher rates, where data suggests that more than one in five young people are NEET, tend

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to be smaller towns and cities in the North of England. The towns and cities with lower rates tend to be prosperous and in the South.

Although NEETS rates are related to the national geography, local policies make a difference. The towns and cities with higher rates tend to have wider range of socio-economic problems, such as "weak economies", "low skills profiles" and frequently "dependent of the public sector for employment" (Lee 2011).

Long-term youth unemployment and inactivity can be particularly damaging for young people, because it may have long-lasting effects. However, there is no consensus among scientists about the long term consequences. According to some scholars, evidence shows that those who experience prolonged worthlessness when they are young are likely to suffer lifelong effects on both earnings and employment prospects (Bivand 2012). However, another study (Herweijer 2010) shows that the fear that the young people that entered the labour market in difficult conditions in the early 1980s were a lost generation, seems unfounded. In the longer term, their position in the labour market differs little from that of school leavers that entered de labour market in other time periods. These different findings may relate to differences between countries, the selected time period and the definition of 'long term effects'.

Anyhow, the effects of high levels of youth unemployment for the present and foreseeable future are serious enough for both youth and local society.

4. Youth on the move: employment related geographic mobility in the EU

Geographic mobility is a typical strategy for individuals to improve their economic situation, especially in hard times. Young people tend to be more geographically mobile than the other age groups:

- In the educational context, to develop their skills and competences, thus improving their employability and labour market opportunities.
- To facilitate school-to-work transitions: internships, vocational and on-the-job training and volunteering,
- Labour mobility: finding a first or new job abroad.
- For other reasons, such as emigration of the family (parents work), to live with a foreign partner, or just thirst for adventure and new experiences.
Young people are geographic mobile within regions and national borders. Especially cities attract young people from rural environments and villages. Habitually, this type of mobility is linked to life stages: young people move to cities for education and – subsequently – their first jobs, while they often leave these cities for the suburbs, other cities, villages or towns to start a family. If the chances of finding work are very small in the region of residence, young people will be more inclined to seek jobs across borders. The remainder of this section focuses on cross-border migration of young EU-citizens within the EU. What are the trends, what is the impact of the crisis, what are the characteristics of the migrant youth, and what are the consequences for regions of departure and of settlement?

4.1. Intra-EU mobility: some characteristics

- There are many different types of geographic mobility in Europe related to education or work. For instance, cross-border commuting for reasons of education or employment, seasonal or circular migration, temporary or long-term migration for further education, training or work, posted workers (in the framework of the provision of services; workers posted by enterprises to work temporarily in another Member State), cross-border mobility of self-employed, and cross-border employee mobility within multinational enterprises.

- Main mobility drivers for labour migration are opportunity differentials between countries. Individuals weigh the potential gains against the likely social and other relevant costs (Benton and Petrovic 2012). For young people, the social costs are lower, because they have no fixed relationship, permanent job or family and often don’t own a house. Additionally, lifestyle is another important motivation for mobility of young people.

- The choice of destination is influenced by a variety of social and economic factors: better economic opportunities, existing migrant networks between localities, geographical proximity, common or similar language, historical links, and opportunities for intra-EU mobility (Benton and Petrovic 2012; EUROSTAT 2012). Several of these factors are equally important for domestic geographic mobility. To give an example: East-West migration in the EU is motivated mainly by large wage differentials and considerable disparity in employment prospects (ibid). Furthermore, the existing migrant networks and language similarities explain why Romanian nationals have mainly settled in Spain and Italy (ibid). The obstacles to migration in Europe are limited, thus migrants are more likely to return (temporary) or to move back and forth (seasonal migration).

- Migrants settle where education or work is offered. Immigrants settle mainly in cities. Even in the case of work in horticulture, labour migrants often prefer to settle in nearby cities because of the range of facilities these offer.

- There are many stakeholders involved in migration, including migrants themselves, governments, local populations, employers, educational institutions, family and friends. Networks of fellow countrymen may be helpful in finding work, even prior to departure. European initiatives such as the EURES portal are equally important, as well as national
Initiatives. Intermediaries play a role as well. For instance, there are many agencies that recruit potential migrants in Poland for seasonal work in horticulture or construction in Western Member States. Currently, employers in Austria, Germany and the Netherlands actively seek technical staff among youth in countries troubled by the crisis, such as Spain and Greece.

4.2. Intra-EU mobility of students

Intra-EU mobility is still relatively modest. The "Youth on the Move" analytical report (EC 2011b) conducted in January 2011 shows that only one in seven (14%) young adults participating in this study (European youth aged 15 to 35) said they had stayed abroad – or were staying abroad at the time of the survey – for education purposes. Despite the provision of grants there are still financial and other barriers to emigration. In 2009, nearly 485,000 students, both from inside and outside Europe, were studying outside their country. The available data suggests that the United Kingdom followed by far by Germany were the most popular destinations for international students (Benton and Petrovic 2012).

Some trends and characteristics of international students in the EU:

- Two main corridors can be observed in these migration movements: South to North and East to West. A great number of students from the South of Europe (Portugal, Spain, Italy and Greece) tend to prefer studying in the UK while students from eastern countries (Bulgarian, Austria and Poland) tend to prefer to study in Germany (Benton and Petrovic 2012). There is also a significant cross-border mobility of students in border regions. For example, a considerable number of German students are attending Dutch universities in border regions (Nijmegen, Enschede) and vice versa.

- Do students enhance their employability by studying abroad? No evidence was found on this issue. Anyway, cross-border mobility of young people for reasons of education, internship or employment are interconnected. Countries are increasingly competing to keep talented students after their graduation. Companies actively recruit among international students.
Further education in another EU Member State is not an option for everyone. Only a small group of especially well-educated and talented young people benefit from European exchange programmes of students and researchers, while they are already the most mobile (Fasang et al. 2006). But precisely the less well educated and less well-endowed need assistance that facilitate their job mobility within the EU or abroad (ibid).

Is there a noticeable impact of the crisis on student mobility? On the one hand, the crisis provokes additional financial barriers. The financial barrier to mobility of students may have particular importance for young people traveling from countries with lower GDP to wealthier ones, due to higher costs of living. This applies more strongly in times of crisis. On the other hand, high unemployment and lack of job opportunities, in combination with the rise of EU incentives and facilitators for studying abroad, are likely to have a direct effect in the growth of international students. As the European Union’s crisis continues, “there are increasing signs that economic uncertainty at home is further encouraging students from the most-affected nations to pursue studies abroad”.

4.3. Intra-EU labour mobility

Young people are overrepresented among intra-EU labour migrants. Since the latest two waves of enlargement in 2004 and 2007, the magnitude of youth mobility has become even more pronounced: in 2010, 70% of working-age migrants from the countries of the first wave of enlargement were below the age of 35 years (Eurofound 2012b). Among the unemployed young people those with higher educational background are the most mobile: they try to find work in other parts of their country and they increasingly try to find a job in other, better-off countries. Furthermore, men and people living in cities tend to be more mobile. Those who have already gained some experience abroad, for instance as international student, are more willing to seek jobs abroad (Bräuniger and Majowski 2011).

Intra-EU mobility is relatively small. In 2011, 4.1% of the EU residents are from outside the EU (third-country nationals), and only 2.5% are EU nationals living in another Member State (Benton and Petrovic 2012). This relatively small intra-EU mobility underlines that the integration of European labour markets is still limited. To stimulate mobility, the EC has enacted measures to reduce barriers to free movement; for instance the European Job mobility action plan.

What is the impact of the crisis on intra-EU migration? Some main trends (Benton and Petrovic 2012; Galgóczi and Leschke 2012) are:

- East to west mobility has decreased (especially for Polish migrants), but many migrant workers have chosen to remain. However, EU10 migrants (CEE migrants from the EU8 + EU2) are hard hit by the crisis: they act as a labour market buffer.

- Emigration has increased from several of the countries that are most affected by the crisis, such as Greece, Spain, Portugal, Italy, Ireland and the Baltic countries. Many of these
migrants – often young people - move to countries and regions with more favourable economic conditions in Europe. For instance, there was a 52% increase in immigration from Spain to Germany increased between 2010 and 2011, and a 90% increase in inflows from Greece (Benton and Petrovic 2012). However, because the baseline was very low, this is still a small increase in absolute terms (ibid). It is not possible to present accurate recent, relevant data. Many types of cross-border movement within the EU are not registered by official statistics, thus remaining invisible in the statistics of destination countries. However, there is some data available; see: Benton and Petrovic 2012; Galgóczi and Leschke 2012.

- In addition, there is an increase in emigration from these countries to non-EU destinations. Notable, familiar migration patterns revive between countries with historical and cultural links. For instance, Spanish youth emigrates to Latin America, Irish youth to the USA and Australia, and Portuguese youth to Brazil and Angola.

- The crisis has exacerbated the situation of the less well-endowed and lower educated young people, making it more difficult for them to be mobile on the European labour market.

**Figure 3: Recently arrived economically active EU non-nationals in EU Member States, 2008 and 2011 (in thousands)**

<table>
<thead>
<tr>
<th>Nationality</th>
<th>2008</th>
<th>2011</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greek</td>
<td>14.3</td>
<td>17.8</td>
<td>24.5</td>
</tr>
<tr>
<td>Irish</td>
<td>21.5</td>
<td>24.6</td>
<td>14.4</td>
</tr>
<tr>
<td>Spanish</td>
<td>28.8</td>
<td>30.8</td>
<td>6.9</td>
</tr>
<tr>
<td>Italian</td>
<td>66.2</td>
<td>68.2</td>
<td>3</td>
</tr>
<tr>
<td>Portuguese</td>
<td>52.4</td>
<td>35.6</td>
<td>-32.1</td>
</tr>
<tr>
<td>Romanian</td>
<td>263</td>
<td>168.3</td>
<td>-36</td>
</tr>
<tr>
<td>Polish</td>
<td>444.6</td>
<td>168.8</td>
<td>-62</td>
</tr>
</tbody>
</table>

Source: Benton and Petrovic 2012

Whether intra-EU labour migration a promising employment strategy for the young unemployed, depends on many factors and circumstances. There are many studies that show that numerous Eastern European young people have benefited financially from their temporary or permanent migration to Western Europe. But as always, there are also losers who fare less well. For example, a recent study on Poles in the Netherlands shows that they have a relatively high risk of poverty. There are also increasing numbers of Eastern Europeans among the homeless (Benton and Petrovic 2012). Several countries report abuses of labour migrants from Eastern-Europe, such as exploitation by employers and landlords. Furthermore, many of the migrants from Eastern Member States are overqualified for the jobs they perform. In short, migration is not in all cases advantageous for the labour migrants. Furthermore, mobile workers face many problems with building up social security and pension rights (Bélorgey et al. 2012). Thus, there are many social issues that deserve the attention of local, national and EU governments.
4.4. Impact of intra-EU mobility on sending regions

Habitually, labour migration is conducive to economic growth in destination regions. It may also be economically beneficial to the regions of origin. And often migrants themselves succeed in improving their situation. A triple win situation would be ideal, but reality is often different. There are already numerous studies on the impact of migration on sending countries in Eastern Europe, while there are hardly any studies on South-North migration within the EU. These studies conclude that the mass emigration from the eastern European Member States has both advantages and disadvantages for the regions of departure (Benton and Petrovic 2012).

The potential detrimental impact on sending countries is that they are losing part of their working-age population. With regard to the East-West mobility in the EU, analysts disagree whether this is an advantage or disadvantage (Benton and Petrovic 2012). On the one hand, remittances can bring extra capital, and outflows can alleviate unemployment. On the other hand, the loss of skilled workers (‘brain drain’) and loss of workers – and the resulting acute labour shortages in certain sectors - can harm economic growth. Brain drain effects are in particular visible in the health sector. Health professional mobility from East to West in the EU has a negative impact on the performance of the domestic health system (Bélorgey et all. 2012). Such situations require coordination and bilateral agreements between sending and receiving countries, aiming at a more balanced recruitment of specific professionals.

Migration - both domestic and international - may reinforce regional disparities in countries, as well as between countries (Glerohazi et all 2011). The young people and higher educated people are more prone to mobility, both rural-urban and crossing borders. They benefit more of the advantages of cities and of migration. This reinforces the trend of accumulation of the elderly, lower educated and less endowed in shrinking, rural or peripheral regions. Such regional disparities deserve attention from local and national governments (Bélorgey et all. 2012).

4.5. Impact of intra-EU mobility on receiving regions

There is more research and data on the impact of intra-EU migration on receiving regions. Again, the majority of the recent studies focus on East-West mobility within the EU.

- Immigration can have both positive and negative economic impacts on receiving countries. It depends on whose perspective is chosen: that of employers or employees, national level or local level. While immigration might have a positive impact on national level, it might affect some groups negatively: the so called distributional effect. For example, it might have negative effects for natives that compete with them on the labour market or residents in whose neighbourhoods they settle (Benton and Petrovic 2012).

- Unfair competition is a concern that emerges frequently in public debate on immigration of EU-citizens from eastern Member States, a concern regularly expressed by trade unions. There are all kinds of possible arrangements to employ migrants from other Member States below the minimum wage level. This contributes to negative perceptions in public opinion,
which is the case, for instance, in the UK and the Netherlands. Unfair competition is mainly in
favour of the employers, and not in the national economic interest. More in general, supply
of cheap foreign labour may cause employers to refrain from investing in training of native
workers or in innovation and improving working conditions (WRR 2012).

- In countries of residence the presumed impact on public services and especially on social
security is regularly an issue of concern and debate. However, young migrants are likely to
be low consumers of public services. And theoretically, EU migrants need to be either in work
or self-supporting; but there are exceptions (Benton and Petrovic 2012). Furthermore,
countries may restrict access to specific services and benefits to those who have contributed
(ibid.).

5. Cities, youth unemployment, migration and economic recovery

Local governments are most directly confronted with the consequences of unemployment and
geographic mobility of young people. A large proportion of the European population live in cities.
Cities attract young people from outside the region, whether they come from other regions in the
country or from abroad, because they offer quality education, attractive jobs and a vibrant social life.
The economic recession and the growing youth unemployment rates confront cities with major
challenges. What are promising strategies for cities on youth and migration in a time of economic
downturn? How to attract and to invest in the human capital of young people and immigrants to
promote economic growth? In this section we will give an impetus to this challenge, based on the
issues and trends that we have described in the previous sections.

5.1. Cities, growth and human capital

To tackle the persistent and growing youth unemployment in cities, investment in human capital and
employability of young people is crucial, in combination with efforts to attract talent from other
regions of the country or abroad. This will boost the economic activity and growth of cities, and
eventually job growth at all levels.

Some relevant insights from urban economic studies:

- Urban prosperity is closely linked to the quality of human capital. "A skilled city is a
  prosperous city" (Glaeser et al. 2003). Human capital and talent is an important contributor
to economic growth and a key resource for regional competitiveness in developed economies
(Glaeser et al. 2003, Florida 2002). There is evidence that cities speed up the accumulation
of human capital. For instance, because people living in close proximity share information
and knowledge (Luis 2009). The growing knowledge-based industries need workforces with
high levels of skills and knowledge. The distribution of human capital is an important factor
determining urban and regional growth. Evidence shows that cities with residents with a
higher level of skills experience a stronger economic growth than comparable cities with less
human capital (Glaeser et al. 2003). This justifies focus on people and heavy investments in
human capital though education and training.
- It is also essential for economic growth to attract talents from other regions within the country and from abroad (Luis 2009; Florida 2002). A region that attracts migrants may become more prosperous because of the agglomeration effect (a larger region tend to be more productive) and because in-migrants are often young and educated (Luis 2009). Thus cities and regions should compete for talents. To attract and retain skilled migrants (as well as knowledge-based industries), cities have to create a good ‘offer’ for these workers. This offer depends on the specific demographic groups that are targeted at (ibid). However, favourable conditions are a welcoming climate for migrants, tolerance towards diversity, and openness, in addition to good basic services and amenities. (Clark 2010). So even - or especially - in times of crisis, it is important for cities to attract talented migrants and to retain university students.

- Much of the literature on urban growth and human capital is on high skilled workers. However, the stock of human capital in a city or region will advance economic growth both by direct and external effects. The direct effects are: skilled workers are more productive and earn higher wages. However, various researchers suggested that the local level of human capital might have positive external effects on its residents. That is, high human capital workers are thought to improve labour market outcomes for other workers in the area as well (Moretti 2004; Winters 2012). If the number of workers in a region increases, the demand for local goods and services increases as well. This effect is significantly larger for skilled jobs, because they command higher earning (Moretti 2010).

### 5.2. Youth employment and human capital investment

The above insights from the literature give some guidance for addressing the growing youth unemployment. The importance of investing in human capital is also reflected in many European, national and local initiatives. But local authorities are faced by much more complex issues in tackling youth unemployment.

Member States and regional and local authorities have developed all kinds of policy programmes and measures to tackle different issues related to youth unemployment and to support young people at various stages along their pathways to employment. Local policies have to take into account the complexity of the issue and its spatial distribution.

- Government programmes to tackle youth unemployment usually focus on educational and employment support. Investing in education is of great importance for a knowledge economy. Thus there is a strong argument for providing cohesive services that supports young people to boost their learning and employability (Bivand 2012). Support for the talented young unemployed along their pathways to employment is equally important. These young people can contribute to the economic recovery and job growth in cities; this benefits other young people.
- Many unemployed young people return to school or stay longer in school. They are accumulating human capital, through further education, training or internship (Eurofound 2012a; ILO 2012). The crisis offers an opportunity to increase the employability of the youth, and especially of those with the lowest level of education and of early school leavers by supporting them to return to school.

- Self-employment as another possible way out of unemployment. Forty per cent of the EU youth indicate an interest in self-employment (OECD and EC 2012). There is some, although relatively little and inconclusive, evidence of success of helping young people to exit unemployment as entrepreneur. Not all young people have the capacity and will to start and succeed as entrepreneur. But it may even offer opportunities for NEETS. For instance, The Prince’s Trust has been helping disadvantaged young people in the UK to set up in business. A survey examining the attitudes of Britain’s young entrepreneurs shows that self-employed young people are significantly more positive about their lives and their future than their peers (The Prince’s Trust 2012).

- Youth unemployment is not only an economic problem; it also has social costs and consequences. Demoralised by the difficulties of finding a job, many young people are no longer actively looking for a job. They simply give up the job pursuit after they have searched fruitlessly for a job. NEETs are more likely to withdraw from society, with the accompanying risks of marginalisation and radicalisation and criminality. Unemployed feel less healthy and have less self-confidence (Eurofound 2012a). In short, attention is needed for various social aspects, such as social support, social protection, promoting self-esteem by, promoting participation and volunteering, preventing of polarisation, policies to improve disadvantaged neighbourhoods and schools, etc.

- The promotion of the social and economic inclusion of youth requires a broader perspective. For instance, it is important to address also issues as precarious jobs, segmented labour markets, and limited entitlement and coverage by social security systems (YOUNEX 2011). There are huge differences regarding the urgent issues and the possible actions between and within Member States, due to the differences between their educational systems, labour markets, social security programs and financial capabilities. Within countries, the employers and trade unions, welfare associations and social advocacy groups disagree about the necessity to develop youth specific unemployment policies (YOUNEX 2011). Therefore, it is important to consult not only established parties, such as trade unions, but networks and organisations of youth as well. For instance, the high unemployment and job insecurity among youth hangs in several Member States with a dichotomy between insiders and outsiders or haves and haves-not: older workers in permanent jobs and young people who depend on temporary jobs with poor working conditions. This can cause to social tensions when youth unemployment increases. Therefore, promoting the participation and involvement of young people is crucial.

- Problems stemming from unemployment and precariousness are often best solved at the local level. “However, a closer collaboration between actors at the local, national, and European levels could yield a more effective approach to unemployment and precariousness
of youth and improve the responses to their social and political exclusion.” (YOUNEX 2009). In short, a mult-level governance approach should be developed that includes regions and municipalities.

The comprehensiveness and complexity of the youth unemployment problem requires an integrated approach involving stakeholders at national, regional and local level. To address the particularities of the economic, employment and youth situation of different regions and cities requires a tailored local approach within the context of national policy. A local approach is able to identify the different issues, to tackle the various barriers for the different groups, to outreach to young people that have withdrawn from society, to involve a range of stakeholders (Eurofound 2012a). Youth unemployment has a clear spatial dimension. High youth unemployment is often concentrated in certain regions and in deprived areas of cities. Such pockets of unemployment and poverty constitute an additional barrier to participation in society.

5.3. Cities and migration

Emigration regions

- Various urban economists emphasise the importance of population growth for economic development of regions (Luis 2009). This seems to offer little prospects for European regions that experience substantial emigration. However, emigration may also have positive effects on the economic development of a region. In the short run, it alleviates unemployment rates through the removal of labour surpluses. On the long run, the remittances and investments of emigrants may stimulate economic growth (Benton and Petrovic 2012). Anyway, it is important for regions of emigration to prevent labour shortages and brain drain.

- Brain drain can be turned into brain gain or brain circulation if migrants return with more qualifications and experience. However, labour market re-integration services targeted at returning migrants are mostly non-existent in eastern European countries (Bélorgey et all. 2012). Special guidance and counselling services at employment services could support the re-integration of return migrants (ibid.). In short: mobility-supporting labour market policies are required (ibid.).

- Emigration has special implications for housing and urban planning. Circular, seasonal, and temporary emigration and return migration require flexible housing and flexible urban planning in regions experiencing emigration and return migration.

Immigration regions

- Before the crisis profiled many countries and cities as immigrant friendly to attract talents from abroad. However, even during the current crisis, there are urgent needs in the labour market which cannot be met locally (OECD 2013). For example there are German companies recruiting among highly educated unemployed Spanish youth, but this is more the exception than the rule. German employers can recruit from abroad for any job requiring university-level qualifications. Yet even German employers declaring shortages have not recruited abroad (OECD 2013), because of the perception that international recruitment is complex
and unreliable, but also because of other ‘problems’ (German-language skills amongst others). International students in Germany constitute an interesting target group for these companies. According to the OECD (2013) Germany could do more to promote labour migration. There is demand for skilled workers with university-level qualifications, but a large part of the demand is also expected in skilled occupations requiring non-tertiary vocational training.

- Many receiving countries are still lacking adequate facilities designed for the reception of temporary migrants from other Member States. Integration Services for third country nationals are often not available to them or are not adequate to deal with their particular situation (temporary residence). See EUKN 2012; Engbersen et al. 2012. Improvement of information, counselling, reception and protection of these migrants will eventually also be advantageous for the region of settlement.

- The capacity of states to manage or regulate the freedom of movement in the EU is highly limited. Thus, labour migration within the EU is mainly driven by the demand-side and supply-side. But employers do not always take their responsibilities, for instance, ensuring adequate housing for seasonal workers. Therefore, cooperation of local governments with employers of crucial importance, e.g. for ensuring decent housing and working conditions (WRR 2012)

- Many migrants from Eastern Europe are overqualified for the jobs they perform. Especially if they settle for a longer time, this job-skills mismatch is an under-utilisation of human capital (Galgóczi, B. and Leschke 2012). Thus, further efforts in international recognition of formal and informal skills are required, as well as provision of information and guidance to migrants and professional training (Bélorgey et al. 2012). Young migrants from southern Europe are often better qualified and are better able to find jobs that match their level of education.

- A recurrent concern is the concentration of seasonal and temporary EU-migrants in low-cost housing in vulnerable neighbourhoods. Arrival and settlement of temporary migrants brings new challenges for planning: adequate, flexible housing, counteract concentration of temporary migrants in vulnerable neighbourhoods, etc.

- A differentiated and flexible policy and infrastructure is required for these migrants to address the needs of the temporary migrants from other Member States. In various Member States, stakeholders are already experimenting with forms of flexible services for temporary EU migrants (e.g. Byrne and Tankard 2007).

6. Conclusions and recommendations

- European countries increasingly face youth unemployment, even countries where it went pretty well so far. The problem requires an approach that is not exclusively based on economic principles (job creation). An integrated approach is needed that also pays attention to further education and investments in human capital, and to social effects, for instance the
exclusion of the unemployed, the risk of long-term effects of youth unemployment ("lost generation") health, security, polarisation, and radicalisation.

- Understanding trends and patterns with regard to youth unemployment is very important: are we dealing with a temporary disruption of trends or long-term effects? The answer to this question is crucial for urban development: even in times of crisis coherent planning is necessary.

- Urban prosperity is closely linked to the quality of human capital ("a skilled city is a prosperous city", Glaeser). Cities compete for talent. Cities and regions have to deal with "brain drain" effects when they are not capable of binding the right "skilled people".

- Labour migration can have many advantages for migrants, sending and host society. However, we should not disregard the negative socio-economic impact at local level. A triple win situation is possible only if due attention is given to both positive and negative aspects of free movement. Labour migration is a two sided issue, relevant for both sending and receiving countries. There is a need for developing free movement supporting policy both at Community and at intergovernmental level (i.e. multi governmental). This means that Europe should not only focus on the removal of barriers to free movement. Attention is needed as well for negative socio-economic impacts at a local and national level in both receiving and sending countries. This is important to optimise the benefits and to ensure public support.

- Intra-EU mobility requires coordination and bilateral agreements between sending and receiving countries, to prevent brain drain effects (for example in the health sector) and to aim at a more balanced recruitment of specific professionals. Cooperation between sending and receiving regions may be required as well with regard to: facilitation of return migration of homeless and unemployed migrants, recognition of foreign credentials, etc.

- Cities have the capacity to help new immigrants adapt quickly to new demands and circumstances. Migrant workers are a very diverse group for which no general policies can be developed. New migration patterns demand new approaches and measures. For instance, new patterns of temporary migration require flexible facilities, such as temporary housing and voluntary integration and language courses.


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