



No room in the inn: in Spain, a young man ventures into an uncle's house, repossessed by a bank that also seized his mother's house to recover a loan

Generation jobless

Blame the millionaires for the worst youth unemployment crisis Europe has ever experienced

By Danny Dorling

Photography by Jordi Ruiz Cirera

At least 26 million unemployed people will be looking for work across Europe during the long, hot summer of 2013. They will not be the only ones looking. Millions of school and university leavers will join them in the search. Millions more are looking for more work than they already have – another part-time job, or a full-time job in place of part-time work. And millions of others are not registered as unemployed but are also searching for paid work to supplement their income: pensioners in need; partners of someone in work whose wage has fallen; students who are studying full-time but cannot survive without a job on the side; children who are officially too young to work but whose families need the money.

The official EU unemployment rate is now one in eight of the labour force, but many (if

not most) of the other seven eligible adults do not see themselves as decently employed, as having enough paid work, or as being paid enough for what they do. Even among those who receive enough income, many do not have enough job security to feel safe. Others are working more than they would like but know they have little choice to reduce their hours. To do so would make them more vulnerable to being seen as disposable, to redundancy.

In times of mass unemployment our expectations of what is a good job diminish. The market mechanism that worked so well when we had full employment in the 1960s no longer operates. In a well-functioning labour market you tell your boss to shove it if your conditions of work, or pay, or security, are not good and you find another job.

Europeans old enough to remember those times are now mostly retired.

Young Europeans have lived all their lives in times of mass youth unemployment. Young adult unemployment did not fall greatly during the boom years. In 2013, those officially labelled as unemployed account for almost a quarter of all people aged under 25 across the European Union. This quarter is just those who are eligible to work and unable to find any work; it does not include all those other young people who would work if there were work.

In Greece and Spain the bulk of the potential workforce in its early twenties is out of work and searching for work. Even where the youth unemployment rate is lowest, in Germany, unemployment accounts for one young adult in every 13; in Austria it is one ►

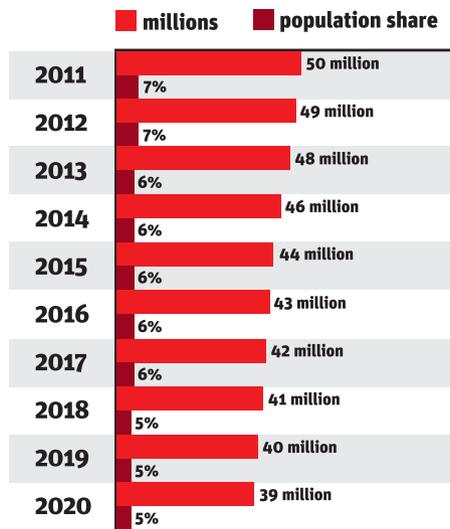
► in 11 and in the Netherlands one in nine. What we now call low youth unemployment rates were once the highest we had ever seen. In the 1930s it was mainly middle-aged men who could not find work.

The number of young Europeans is falling. In 1989, when the walls between east and west came down, across the whole of the continent those aged 20 to 24 numbered 56 million. Today there are eight million fewer people of the same age, and they are far more qualified than young people were back in 1989. The problem is not too many too lowly qualified young Europeans. It is the circumstances within which the declining numbers of increasingly well-qualified young adults are forced to compete.

By 2020, numbers of the early-twenties population will plummet to 39 million, according to the latest United Nations estimates. Population projections are based on the numbers of children growing up in Europe, but also assume migrants will continue to arrive at current rates. Immigration from outside the continent does little to slow down Europe's shrinking youth population; it is too low. Within Europe, immigration is not contributing to unemployment other than in reducing the rate in those parts of the continent, and the UK, from where people are most often leaving.

Mass youth unemployment is caused not by a surfeit of young people but by demand for their labour now declining even faster than their numbers are falling. And part of the reason that demand is falling is that the numbers of young Europeans are falling so rapidly. There are far fewer young consumers than there used to be, and very soon there

People aged 20-24 in Europe



Source: UN medium projections 2013

will far fewer again, each with less to spend on services, work often provided by other young adults (see graph above).

I turned 21 in 1989. There will be 17 million fewer 20-to-24-year-olds in Europe in 2020 compared to 1989. For my parents' generation, full employment was the norm, not mass unemployment. In 1960 those aged 20-24 made up 8.2 per cent of Europe's population, but despite their numbers, and hardly any of them being at university, there was work for them all. It is a staggering change, in just two generations.

What do you do when you have nothing to do? Just getting by becomes time-consuming. Applying for hundreds, eventually thousands

of jobs, travelling long distances to look for work, giving up, becoming listless, working for nothing as an intern, working for almost nothing for your parents and appearing then to have a job, starting your own business because that looks better on your CV, even though you know it will almost certainly fail, or never get going.

You could start driving a taxi, but then another taxi driver elsewhere in your city will give up: the first person to snap and refuse to wait, in the heat, for over 12 hours a day for just a few fares. You can wait on tables, one of the few job opportunities that has grown in recent years, but waiters' and waitresses' wages have fallen, too, so you will be relying more on the tips. And again, for almost every young person who takes a serving job, one slightly older person will pack it in because that work no longer pays the way for them.

A great many potential job opportunities offer the opportunity to take part in a race for a share of a cake that is shrinking in size. In many areas of employment – like with gambling at a casino, but unlike the stock exchange – there will be more losers than winners. Just as a casino promotes its winners, however, we celebrate the success of the few who get through and millions of young adults will believe their gamble failed because it was their fault for not trying hard enough, like gamblers who failed to make that last bet.

What no one can be certain of is what will happen in the short term as frustration rises. Even harder to predict are the long-term changes to social attitudes. Individualism increases as a knee-jerk response to rising mass unemployment. This happened in Britain in the 1980s as the Conservatives strengthened their hold on power between 1979 and 1983, and between 1983 and 1987, even as unemployment rose and high youth unemployment became entrenched. Frustration boiled over, too, in poorer parts of our cities, but the more affluent majority began to care less. They thought they were safe. Their children were. Their grandchildren are not.

Many of the parents of Europe's unemployed youth could start to compare notes. They know their children are not failures. There are millions more parents of unemployed young adults, and even more living grandparents, old enough to remember that we did not always treat the young like this. What came in the late 1970s and early 1980s, first to young black men, to the inner city, or to the declining fishing port – those youth unemployment rates of over 50 per cent – has now come to entire countries and to many if not most of the poorer cities across the larger part of the continent.

Wealthy people can protect their children, to an extent. They can give them a trust fund, help them start a business, buy them



Wretches of Spain

George Eaton

an internship. Yet even the offspring of some of the richest people in Europe are beginning to complain about their lot, about not being able to make it on their own, about how they will never be able to afford to buy a home in cities such as London without having to accept a very large gift from a relative. They also know that bank accounts can be frozen, as happened in Cyprus. Riches bring fears that most of us never get to enjoy.

Mass unemployment spreads like a slow-moving storm. It first hit some of the more peripheral areas of western Europe in the late 1970s and then it waxed and waned, appearing to strengthen and spread during the recessions of the 1980s and early 1990s before engulfing almost all the periphery after the financial crash of 2008. From Greece to Italy, Spain and Portugal, up through parts of France and the UK, most of Ireland and Iceland and wandering into the poorer neighbourhoods of Scandinavian cities, then back down through the eastern periphery to Greece again – the storm now encircles central Europe.

In Germany, the most prosperous centre of the continent, overall unemployment has been at a 20-year low but rates of youth unemployment remain as high as those that shocked us in the 1970s, when the old order broke down. What our societies once saw as failure for young adults in search of work we now call “a successful economy”, because it is the least bad labour “market” for the young.

In 2011, there were roughly 170 financiers in Germany who received an annual salary in excess of €1m a year. If each of those salaries was fixed at exactly €1m a year, the monies saved from this source alone could employ thousands of young unemployed adults in the country, perhaps doing some of the kinds of jobs a few of those financiers did when they were young. Germany has the second-largest number of highly paid bankers in Europe, so why does it tolerate this?

As many as 170 people being paid over €1m a year (often many millions a year) seems a waste of money – until you view this fact in a particular context. For European bankers, that context is London. In the UK in 2011, more than 2,400 bankers were paid above the equivalent of €1m a year. In the light of such far greater excesses, 170 overpaid German bankers seems like chicken feed. In context, it also looks as if the Germans are being reasonable.

In London, if any one bank pays several of its employees more than €1m a year, such pay can now simply be presented as the norm. Where once there were controls on profligacy, now any control can be presented as unreasonable. And so today the monies that

What kind of social model is it that leaves more than half of young people out of work? In two European Union countries, Greece and Spain, this grim threshold has now been passed. Of the pair, it is the latter that is most striking. In the EU’s fifth-largest economy, youth unemployment stands at 56.1 per cent, a level that would once have been considered unthinkable by those who lived through the post-Franco Spanish “economic miracle”.

The chronic joblessness is largely attributable to the 2008 crash and the austerity subsequently imposed at the behest of Berlin. In the boom years the Spanish economy became dangerously reliant on construction, which at its peak accounted for 16 per cent of GDP and 12 per cent of employment. When the property bubble burst, after house prices had risen by more than 100 per cent in ten years, unemployment immediately surged.

The €27bn of spending cuts and tax rises introduced by the Rajoy government have made a bad situation worse, with the economy falling into a double-dip recession. Keynes’s advice to “take care of unemployment” and let the budget deficit “take care of itself” has been ignored by the austerians of Brussels.

Yet this alone cannot explain Spain’s exceptional youth joblessness, which stood at 18.2 per cent even before the crash. The root of the problem lies in the country’s two-tier labour market, which gives permanent workers huge advantage over their temporary counterparts. Unable to adjust the pay and conditions of long-standing employees established through collective bargaining agreements, companies took to laying off the third of workers on short-term contracts. A report

last year by the Bank of Spain’s Centre of Monetary and Financial Studies found that 90 per cent of those who had lost their job since 2007 were in temporary employment. The apparent ease with which short-term work could be found before the crisis, most notably in the property sector, also encouraged the young to drop out of school as early as possible. As a result, 30 per cent of young Spaniards have no qualifications, leaving them unable to compete for high-skilled jobs. The problem is compounded by a welfare system that removes all support from claimants once they find work, however low-paid, prompting some to conclude they are better off remaining on benefits and working in the black economy.

The labour-market reforms introduced by the government, including allowing struggling companies to opt out of collective bargaining agreements and a reduction in the highest level of severance pay (aimed at encouraging firms to take a chance on new workers), may improve the situation at the margins but many are not waiting to find out. More than 280,000 young people left Spain last year in search of work, with Germany, the UK, Argentina and Venezuela the most popular destinations. Thousands of young scientists and academics have departed after a 40 per cent cut in state spending on research and development. It leaves Spain ill-equipped for when recovery comes.

In the meantime, those unwilling or unable to emigrate are left with the melancholy reflection that they are just halfway through what is almost certain to be a lost decade. ●

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used to be spent on employing almost all the young adults in the UK are more than used up by just a few of their parents’ generation.

In short, an important explanation for rising long-term youth unemployment and declining wages at the bottom of the income distribution is worsening income inequality. It costs real pounds and euros to employ a few people at very high salaries and on fat bonuses. This is money that in the past was better spread out. One effect of lower pay at the top was less unemployment at the bottom, less unemployment for newcomers and less worthlessness for the young. It is not

hard to calculate that even a small fractional reduction in rising income inequality would save large employers enough to be able to use those savings to employ all young adults in Britain. That fraction is less than a tenth. At the current rates of inflation, all we’d need would be no pay rises at the top of British society for a few years, and the monies we’d save would be huge.

Just a slight equalisation of the pay distribution would free up enough money to bring full employment to the young, but we are told that young adults would be less productive than a few hundred financiers. Instead, ►

► incomes of the top 1 per cent continue to rise and millions of others must work for less, in relative terms, than their parents received. This is why fewer can buy a home than their parents could, fewer can take an annual holiday and fewer in the UK now have adequate future pensions than since current records began 15 years ago.

It is not hard to reduce unemployment—you simply reduce entitlements and benefits to the level where any job will do, including jobs that are not legal. The United States usually has a far lower unemployment rate than Europe because welfare provision there is so much poorer. People will take two or even three low-paying jobs and work for very low wages because there is no alternative; but that way of reducing headline unemployment counts results in more misery.

In Britain, unemployment was technically eradicated among 16- and 17-year-olds in the 1980s merely by making it illegal for jobless school leavers to claim unemployment benefit. This is now being mooted for all young people up to the age of 25. The Prime Minister began the process by talking of cutting housing benefits for “feckless” under-25s. Consequently, the UK could have the lowest youth unemployment rate in Europe. Keep moving in that direction and it could have a rate as low as the one “enjoyed” in India today, or in Britain before 1888, when there was no unemployment at all because the word had no written existence until then.

Reducing short-term unemployment by punitive action appears to work, but it is harder to get the long-term unemployed into work that way. The long-term jobless most often live in areas where there are no spare jobs at all, even of the most unsavoury kind. Last month, long-term unemployment hit a 17-year high in the UK. The poorest areas are worst affected, yet even the richest parts today have unemployment rates that the poorest areas of the early 1970s never experienced.

The number of long-term unemployed who have been out of work and claiming for more than a year in the UK is above 900,000. Fewer of these people are aged under 25, because many under that age have been enrolled on one work programme or another in the previous two years that reset the clock. The last time long-term unemployment rates were as high was under the last Conservative government in the 1990s – but back then overall unemployment rates were falling and there was not a global recession.

What is happening to the job market in the UK is the worst that has occurred within memory for most people who live in these isles. However, the employment situation elsewhere in Europe is so bad that what once would have been painted as unforgivable is being largely accepted as unavoidable. A few

years of recession produces growing distrust and disillusionment; a continued slump has lasting, long-term effects, some of which can be beneficial to individuals and countries and some of which can be harmful.

We can look to the workers of the 1930s – who never trusted the bankers again – to try to guess what might occur in the future. Or to those of the 1980s – who were taught to believe that they were either a winner or loser, and often fell for it. In most of the rest of Europe there is greater solidarity.

When in the 1930s mass unemployment was followed by war, a young generation learned that suddenly it was wanted, if only to fight. In the 1980s, when mass unemployment was followed by marketisation, a generation of young people learned that if they

To watch their children suffer is a new norm for European parents

played the game they could get into the top tenth of society and then take so much from the rest, more in some places than others. But inevitably only a minority could. That minority is part of the problem today.

We are not, however, experiencing a generational war. In Greece, older people are keeping their grandchildren afloat by sharing their pension, often to the detriment of their own health. At least one German parent in every 13 who has a child in his or her twenties has a child who cannot find work. Elsewhere, a higher proportion of Europe’s middle-aged adults will have witnessed the effects of unemployment on one of their children within any given year – the anxiety, depression, feelings of worthlessness and failure. To watch their grown-up children suffer is a new norm for European parents.



“Billy, don’t be a hero”

Those young Europeans born in the 1990s, the eldest of whom turned 18 in 2008 and are now aged 23, have been through an experience that is shared across the continent. It is an experience that young Europeans have not had in common since the austerity and rebuilding of the 1950s, but that was still a time of hope. Later generations experienced a more fractured story – dictatorship in some countries, flower power in others, but not the same experience, not even when free movement of labour arrived, nor when the divisions crumbled as the Berlin Wall fell in 1989. Then, where you had been brought up in Europe greatly altered your life chances; now, when you were brought up matters much more than before.

Coming of age after 2007 could give young Europeans a sense of being part of something greater than themselves. Many have moved to live in another country, or to live in several countries, in search of steady employment. Millions more have found low-paid work away from home, or are moving between a series of precarious jobs. Many have met people from another country. Some will start families with them, when they can – earlier, if they are daring.

In many material ways the young people of Europe are the best-off generation, the first to live all their life with access to the internet, most of them in heated homes with hot running water, well clothed, well fed, and entertained, even many of the very poorest. Yet all that means little if you are told repeatedly, having spent a decade and a half in education, that your labour is of no value. You may dream of a world in which people do only socially useful work, when they choose to, but in order to dream well, first you have to sleep well.

The young are the largest and most visible section of Europe’s 26 million jobless, and even as many find work of some kind and drop out of that total, they will have been a part of it. Far more than 26 million people will grow older having had the experience of struggling to be valued. Most Europeans have been to university, too, by the time they are 30, or at least have stayed on at school far longer than their parents ever did.

Today in Europe, 30 is the average age to give birth. As jobs become rarer, people wait later and later to become parents, and their parents to become grandparents. It is often when they see their own children’s future threatened that people become most frustrated and start to share their children’s rage. Soon there will be two generations with good reason to be angry, because a few take so much and are so unwilling to share. ●

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