

A stylized map of Greece composed of a grid of grey dots, with several dots highlighted in red to indicate specific regions or data points.

# Youth Unemployment in Greece

## Economic and Political Perspectives

**ANNIE TUBADJI**  
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- During the pre-crisis decade, the involvement of young people in education and training increased by 30 per cent and, as a consequence, more than two-thirds of the youth population were inactive. Therefore youth unemployment in Greece today is not a product of Greek employment policy alone but also the result of increasing participation rates in education and training.
- Austerity measures in Greece mean that it is most cost efficient to fire workers with the least work experience, thus causing faster growth of both the youth unemployment rate and the share of discouraged unemployed young people in comparison to the national average.
- The current state of youth unemployment ultimately means that Greek young people – many of whom were previously in education – are potential emigrants, motivated by low wages and severe competition for fewer jobs.
- The EU-IMF memorandum has led to changes in Greek labour laws, which means that young people in Greece currently have more reason to remain unemployed than start a part-time job.
- Entrepreneurship in Greece is as widespread as in other EU countries, but at present Greek young people who are not yet entrepreneurially active express much less interest in such activities. Thus, a range of measures including tax incentives and entrepreneurship-related bank loans, should be considered.





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## Introduction

Youth unemployment is becoming increasingly important in political debates across Europe. The importance of youth unemployment can be expressed in terms of three things: (i) the aging of Europe, with constantly decreasing numbers of young people; (ii) the need for increased labour productivity in response to gradually slowing economic growth and the current financial crisis, which requires higher skills and thus longer periods spent in the education system, thus decreasing youth labour force participation; and (iii) the paradoxical fact that youth unemployment is out-growing adult unemployment alongside the decreasing supply of young workers on European labour markets. In addition, the economic literature has identified the scarring effects of youth unemployment with regard to the whole career path and personal development of the individual. Thus, youth unemployment is a threat to modern, aging Europe, since it represents a defect of the main mechanism for revitalisation of one of the basic inputs in the engine of economic development: human capital, which is already shrinking. Therefore, youth unemployment is a major problem in the European socio-economic context.

We thus need to identify the reasons for its abnormal behaviour and seek to promote adequate policy measures for the successful involvement of young people in the labour market. The response to the vital question of youth unemployment will determine to a large extent the long-term sustainability of economic development in Europe.

Greece, hard hit both as an economy and a society by the current economic crisis, is particularly affected by youth unemployment. Youth labour force participation in Greece has traditionally been one of the lowest in Europe. Moreover, this happens in the context of an old-fashioned education system which struggles to carry on a successful dialogue with the business world and meet its needs. There is a cohort of young people who are neither economically active nor involved in high quality skill-building. On one hand, this means there is little prospect of enhanced productivity among newly trained skilled labour; on the other hand, due to self-selection those young people who have the best potential for high skills and raising productivity are likely to go abroad for education and/or work. The resulting permanent loss of a young talented workforce is a drain on the country's pro-

ductive mechanisms. This situation is further aggravated by the traditionally worse situation of young people outside the economic locomotive of the Attica region. Young people in rural, remote and mountainous areas suffer even higher exposure to the potential scars of youth unemployment over their lifetime.

The country has taken a number of steps which have partially alleviated these problems. National employment policy programmes – such as programmes funded under EU Structural Funds, the Equal Community Initiative financed by the European Social Fund and local requalification and training institutions – are among the vocational training measures targeted at young people from remote regions. As part of the political effort to tackle regional disparities, the University of Peloponnesus has been turned into a focal point for preserving this region of Greece from a depopulation of young people due to the rush towards educational opportunities in the capital. The recent crisis has proved to be a context for favourable reform of the education structure. Long-delayed changes in the budgeting and management of universities were finally introduced and are slowly entering into force.

However, these measures have not been strategically focused in a synergic effort to manage youth unemployment, but rather have occurred as reactions to other social needs. The lack of focused action, however, decreases the efficiency of reaching a coherent solution to the problem of youth unemployment. Furthermore, besides the above difficulties in successfully integrating the young Greek population into the local labour force, and even losing a self-selected part of them through emigration, Greece meanwhile faces big waves of illegal immigration due to its geo-strategic role as an external border of the European Union. Through a special national initiative, many illegal immigrants have been legalised in recent years. Thus, the official number of non-national unemployed young people has increased significantly. The illegal inflows, however, have continued since legalisation and the social problems keep growing what is visible in the existing statistical data.

The report begins with an analysis of inactive and active Greek youth, followed by a deeper analysis of youth unemployment and who the unemployed young people in Greece are in terms of gender and regional concentration. The consequences of youth unemployment as well as the socio-economic, political and technological

context are considered to produce a strategic analysis of the ways of combating youth unemployment in Greece.

## 1. What Do We Need to Know about Youth Unemployment?

Youth unemployment is a widespread problem, tackled by different countries in the context of different types of economies, regardless of their stage of development. In order to better understand the problem of youth unemployment, we need to understand its nature, related phenomena, the reasons and consequences of its existence.

At the EU level, youth unemployment is understood to comprise all persons between 15 and 24 years who currently are: (a) without work, (b) available for work and (c) actively seeking employment. Certain between-country age-specific variations exist, such as the legal definition in Greece according to which »young people« includes persons between 15 and 29 years of age. One reason for these differences between countries is the different official age of exit from the obligatory education system or inherited legal arrangements. For the purpose of this study, we will apply the EU definition, where possible, and we will refer to the Greek-specific age category only in those cases where the lack of alternative data requires it. Using different age categories helps us to present a more realistic picture of youth unemployment, due to the fact that the highly educated new labour market entrants nowadays are above 25 years of age (Dietrich, 2005), and these new entrants are equally or even more vulnerable to unemployment than younger people. Moreover, in certain cases local policy programmes – such as the Greek grant scheme in support of youth entrepreneurship, define »young« as being below 40 years of age.

There are two notions closely related to youth unemployment and expanding its meaning, and these are: economically active youth and youth labour force participation. Economically active youth are persons between 15 and 24 years of age who are either employed or unemployed by status. This category excludes the people who are still within the education system or are without work and are not actively seeking a job. Youth labour force participation represents the share of economically active persons from the total number of young people in the country.

The most important measurements of the youth unemployment problem are:

(a) youth employment rate – employed youth as a share of the entire youth population (Eurostat definition);

(b) youth unemployment rate (YUR) – youth unemployment as a percentage of the youth labour force;

(c) youth-to-adult unemployment ratio = youth unemployment rate/adult unemployment rate;

(d) youth unemployment ratio (1) – youth unemployment as a proportion of total unemployment;

(d) youth unemployment ratio (2) – youth unemployment as a proportion of the youth population;

(e) NEET rate: share of young people who are neither in employment, education or training. This captures the share of young persons who remain both outside the education system and outside the labour market compared to the overall number of unemployed youth (in our study we use the OAED dataset which allows us to estimate a modified NEET ratio, indicating the long-term unemployed youth who are not seeking employment, as a share of total youth unemployment).

The usual reasons for youth unemployment include structural unemployment (such as the mismatch of skills obtained from the education system and actual labour market needs), asymmetric information (difficulty of accessing the market), risk avoidance of employers who do not know enough about the young employee and his productive potential. These reasons are most important during the school-to-work transition process when the risk of falling into a long and damaging period of youth unemployment (known as »scarring«) are the highest. In addition, the lack of pro-enterprise attitudes in society and general economic development – in other words, the business cycle – add an additional barrier to the successful integration of young people in the labour market through private entrepreneurial self-employment or new job openings. There is also a certain delay in entry to the labour market caused by the need for better skills which increases the time spent in the education system (Dietrich 2005).

The consequences of youth unemployment have two dimensions: the individual and society.

For the individual:

- the period of youth unemployment is claimed to have scarring effects on the future employment path;
- the prolonged stay in the education system means an opportunity for better employment, but it also means less work experience at a later age, which has the opposite effect on new entrants' integration in the labour market;
- those persons who fall into the NEET category during the school to work transition period suffer the highest risk of damage by youth unemployment, related to social exclusion, exposure to risk behaviour (drugs, criminality, psychological and mental disorders typical of so-called »disconnected youth«, referred to elsewhere in terms of the »idleness rate«.

In other words, there are three categories of personal damage from youth unemployment: (1) »scarring« of future career development and employment opportunities due to unfavourably regarded early periods of unemployment, (2) facing barriers to stable employment (that is, falling into the group of so-called »poorly integrated new entrants«) or (3) directly as a school-leaver failing to get into the labour market and joining those who have been »left behind«. When the number of the last two categories increases constantly, the threat of a »lost generation« appears.

For a particular locality, youth unemployment harbours risks of:

- increased criminality and social unrest among frustrated and marginalised young people;
- depopulation of some localities, due to internal and external youth job-related emigration; as female unemployment is traditionally higher than male unemployment, this means that higher numbers of unemployed female workers will leave places with high youth unemployment, which means a direct decrease of the fertility rate and intensified aging in these localities;
- if localities experience high youth unemployment due to structural and business-cycle reasons, intensified

demographic aging will further aggravate productivity losses and the economic development of the locality will be seriously hampered;

- regional economic disparities result from the depopulation and slowed economic development of regions with higher youth unemployment; this means that poor regions will grow older more quickly and become poorer and poorer over time.

Many of the abovementioned effects of youth unemployment are still vividly contested in the literature. However, the evidence gravitates towards largely negative effects of youth unemployment; there is definitely no evidence of positive effects. Therefore, not taking measures to combat youth unemployment risks the occurrence of the phenomena described above or at best the development of a burdensome number of unemployed and inexperienced workers, which will make local labour markets more rigid. Neglecting youth unemployment would be very imprudent, especially in the face of Europe's current economic crisis.

The economic crisis is intensifying the consequences at both the individual and the social level. First, school-leavers are competing with more jobseekers for fewer vacancies. Employers are becoming very selective in their hiring of new staff or look on hiring youth as a cost-cutting process, which hides the danger of under-paid young workers exposed to poor job conditions. Even for those young people already integrated in the labour market the crisis brings a number of threats: as holders of predominantly temporary contracts, young employees have been among the first to lose their jobs and are finding it particularly difficult to get another one (OECD 2010a). On the other hand, low-skilled young people, who even before the crisis faced significant barriers to labour market entry, are now at high risk of long-term inactivity and social exclusion.

To combat youth unemployment successfully during the crisis period, multiple mechanisms have to be brought into action. Due to the current crisis, EU countries, including Greece, face a number of structural problems that affect the transition from school to work and the initial labour market experiences of young people with different levels of education. While governments must push forward with the necessary structural reforms, they should also try to offer suitable short-term measures to

cushion the impact of the crisis on young people, in a way which, as much as possible, aligns with the longer-term reform agenda of promoting more and better jobs for them. International standard practices indicate that short-term means for cushioning the impact of the crisis on youth employment should be targeted mainly at young people at risk of losing contact with the labour market and tackling the key underlying labour market problems that affected the transition from school to work for many young people even before the crisis; securing counselling on jobs and career development for young people, training and job search facilitation services, combined with active and reasonably balanced welfare support (including punitive measures), advocacy for more and better jobs for young people. Standard practices on the long-term measures agenda include securing a better match between educational curricula and business and labour market needs; stimulating collaboration between industry and academia and securing placements for internships. Thus, there is a strong need for coordinated action on multiple levels, involving the education system, the labour market and the welfare system.

## 2. Youth Unemployment in Greece

The crisis levels of youth unemployment in Greece have developed against the background of generally low labour force participation. In 2009 – that is, at the beginning of the crisis – overall labour force participation in Greece was 66 per cent, which was already lower than the EU27 average of 73 per cent. Thus, the standard suspected reasons for the development of youth unemployment during the crisis include the segmentation of the youth population into active and inactive, and developmental patterns within each group. To better understand the true nature of youth unemployment in Greece, first, we will identify the share of inactive youth and the share of young people who have dropped outside the labour market and outside the education system (in other words, the NEET rate). Second, we will overview the developments within the group of the active young people by analysing the development of employment and unemployment rates before and during the current crisis.

### 2.1 Labour Force Participation and Inactive Young People

Labour force participation is measured by the share of active (employed or unemployed by status) and inactive young people (the rest of the population in the same age category) within the youth population. The participation of young people in the labour market in Greece was much lower than overall EU27 youth participation in the period 2000–2008. The gap widened over time from 10 to above 15 per cent. This means that during the past decade, the share of inactive young people has been gradually increasing in Greece at a higher rate than in the EU27 (Figure 1).

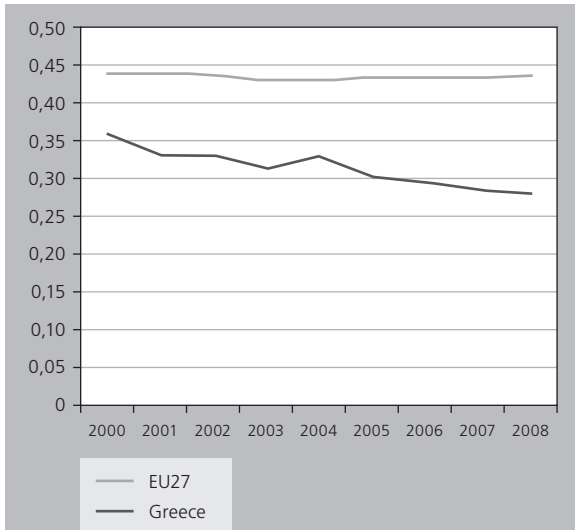
The inactivity of Greek young people increased by almost 10 per cent – from 63 per cent to 72 per cent – in the period 2000–2008. This means that for the last decade, over two-thirds of Greek young people were not involved actively in the labour market (Figure 2).

This is not necessarily a negative development. That is especially true if we take into consideration some additional indicators of youth unemployment. One of the measures of the problem of inactivity is the number of inactive people who are not seeking a job and are outside educational and vocational programmes – in other words, discouraged job-seekers. To capture the share of young people who remain both outside the education system and outside the labour market the ratio of people neither in employment, nor in education or training, or the »NEET« youth ratio is used. The OECD data on discouraged jobseekers are usually taken as a good approximation for this indicator. Normally, the unemployment problem gets worse when the number of discouraged people increases. For Greece, however, during the same period when a loss of active young people is registered, the NEET ratio actually fell by half during 2000–2006, rising only slightly over the next two years. Moreover, during the crisis period 2009–2010, the NEET rate even decreased. This means that Greek young people mobilised to actively seek work during the crisis and in general tend to get involved in various forms of activity rather than representing a passive population category (Figure 3).

Another aspect of youth inactivity in Greece is the growing involvement of young people in the education system. For the period 2000–2008, an increase of 30 per cent was registered in the involvement of young people

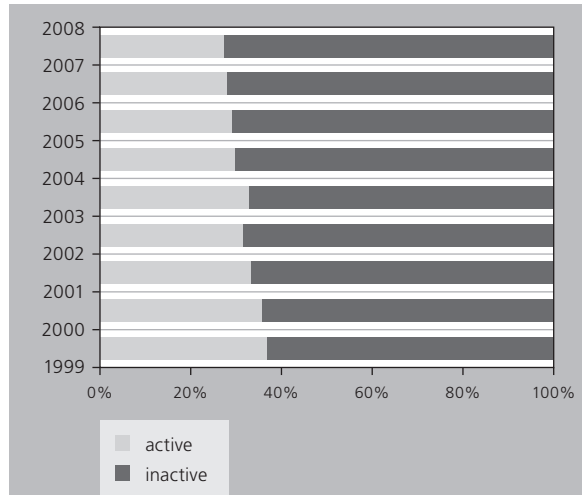


Figure 1: Labour force participation of 15–24 year olds



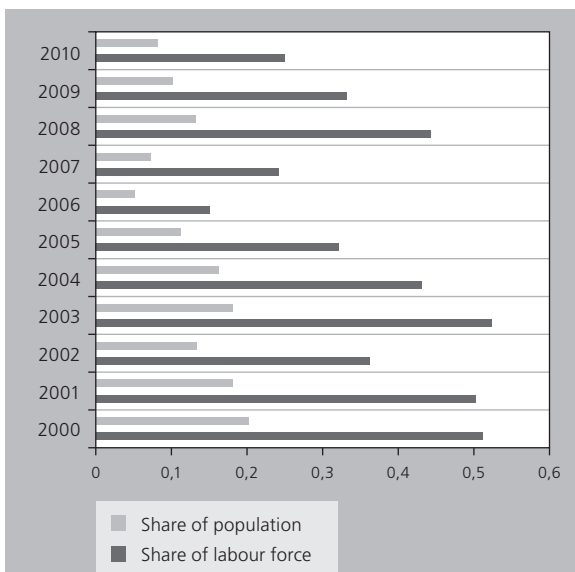
Source: EUROSTAT, LFS.

Figure 2: Labour force participation of young people before the Crisis



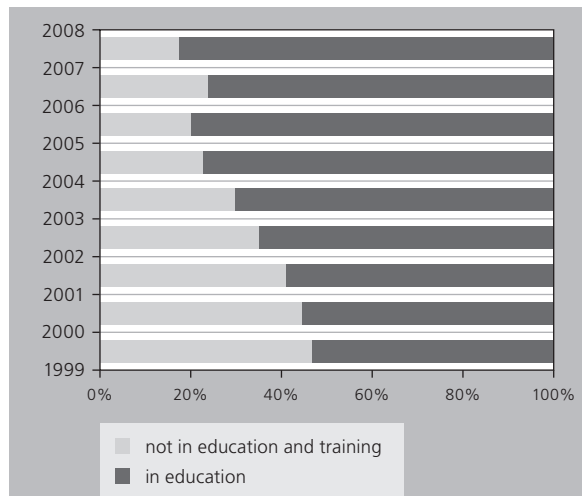
Source: EUROSTAT, LFS.

Figure 3: NEET – Labour force and population (%)



Source: OECD, Discouraged work-seekers.

Figure 4: Young people in education system before the crisis



Source: EUROSTAT, LFS.

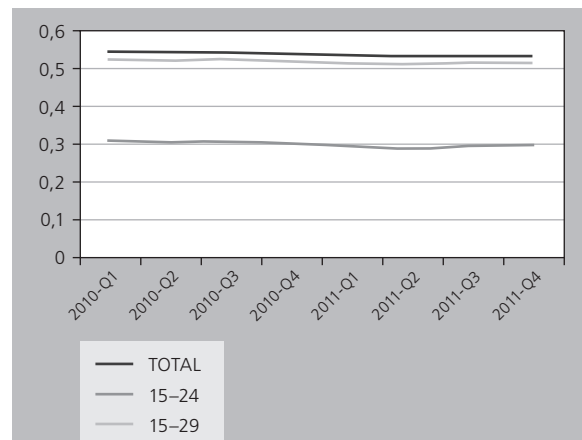
in education and training (Figure 4). This means that the decade preceding the crisis was one of relatively good involvement of young people in skills-building activities which, at the expense of labour force participation, in future promises more productive and innovative workers with the potential to increase Greece's competitiveness in the EU knowledge based economy. Moreover, participation in education was pursued in the hope of higher future wages, according to Flash Eurobarometer »Youth on the Move«, May 2011.

All this means that the usual culprit of youth passivity on the labour market, among other things due to discouragement, was not valid for Greece before the crisis. Youth labour force participation was low, but this was a form of local investment in national human capital, since more and more young people were involved in education and training. Higher educational attainment would have naturally increased expectations with regard to wage levels upon entering the labour market at a later stage (possibly after the age of 25). Thus, Greek young people below 25 years of age are not suffering from passivity and the higher youth unemployment among highly educated people aged 25–29 could rather be explained by their high reservation wage (see Schneider 2008; Blien et al. 2012). The crisis, however, with its extreme austerity and political disorientation, resulting in major structural economic paralysis, has changed the odds for the worse for young people in Greece.

## 2.2 Active Greek Youth

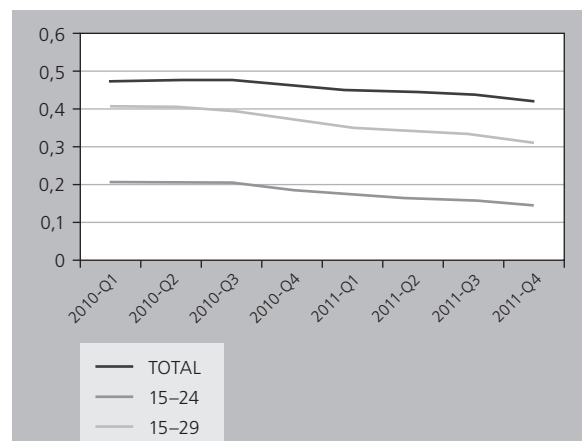
The crisis started to hit Greece hard during the period 2010–2011. Labour force participation decreased even further due to the structural changes and austerity measures which produced effects that the socio-economic system could not easily support and adequately react to. The labour force participation of young people – 15–29 years of age – almost equalled the labour force participation of the total population. For the age category 15–24 years of age, the labour force participation was around 30 per cent (registering a 2 per cent increase from 2008) with a small decrease over the second quarter of 2011 (Figure 5). These developments mean that young people became even more active during the period of the crisis and, while relying on family support for their education and training, have now joined the labour market actively seeking job opportunities.

Figure 5: Labour force participation during the crisis



Source: ELSTAT.

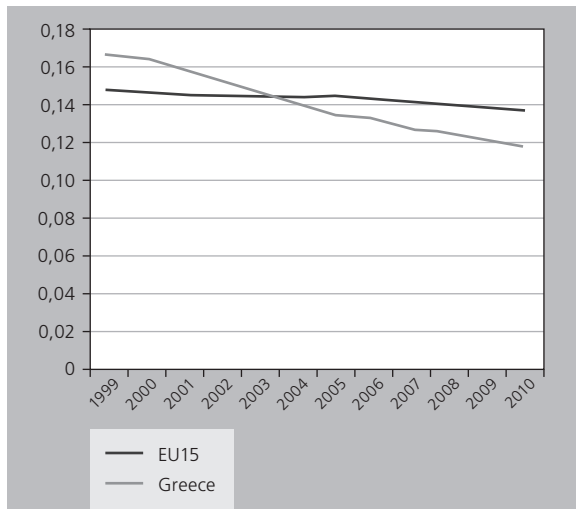
Figure 6: Employment rate during the crisis



Source: ELSTAT.

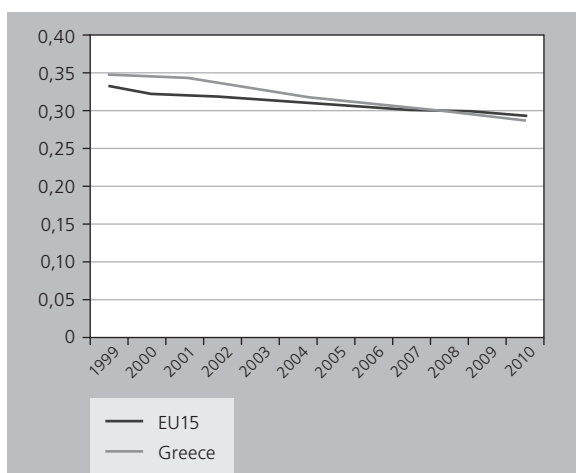
Job opportunities and employment rates have developed particularly unfavourably for young people in Greece, however. While the downturn in employment concerns everyone, the employment rate for young people fell much more speedily, with seasonality and the other usual factors explaining quarterly data of only minor importance. Apart from the third quarter of 2010 the downturn was persistent. For the whole country the employment rate fell from 48 per cent to 42 per cent and the same percentage change was experienced by the age category 15–24 years, whose employment rate fell from 31 per cent to 25 per cent. The share of employed young people 15–29 years of age, however, suffered a much more dramatic and speedy decrease compared to

Figure 7: Share of 15–24 year olds



Source: EUROSTAT, LFS.

Figure 8: Share of 15–34 year olds



Source: EUROSTAT, LFS.

all other categories. For young people up to 29 years of age, Greece reports a drop in the youth employment rate to 31 per cent for 2010–2011 (Figure 6).

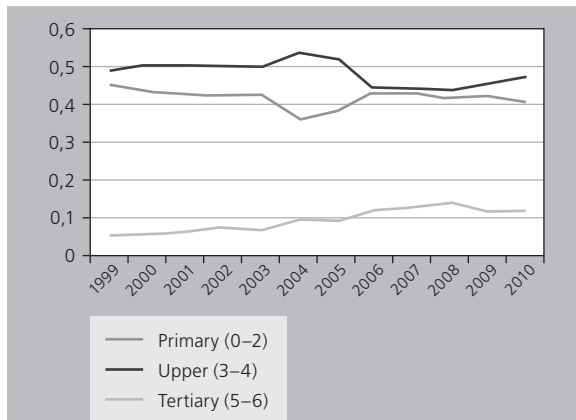
All this means that young people in the higher age bracket of 25–29 suffered a major decrease in the employment rate, while their labour force participation remained the same. In other words, the people who were most often made redundant were between 25 and 29 years old. This is an important insight, indicating that the economic crisis is the reason for the youth unemployment problem

in Greece, which was previously tackled successfully by means of educational and vocational training measures. Young people with a tertiary qualification have been most severely hit by the crisis. This age category, due to the delayed age for the work to job transition in modern Europe (Dietrich 2005), is suddenly exposed as the most vulnerable youth unemployment group. Young people 25–29 years of age are both the usual suspects for work-to-job transition problems and those who have most intensively lost their jobs.

The youth labour force in Greece was thus increasingly characterised by unemployed people 25–29 years of age and an increased share of activated youth 15–24 years of age. The latter, however, promise little for the country since in real terms the number of young people aged 15–24 is decreasing much more sharply in Greece than in the EU on average. If we consider the higher age limit, we observe similar patterns of youth demographic development for Greek youth and their EU peers, with a slight aggravation of the situation of Greek youth after 2008 – in other words, the beginning of the crisis – which continued until 2010 (Figures 7 and 8). One possible reason for this is the intensified emigration of Greek youth, especially as economic conditions continue to worsen.

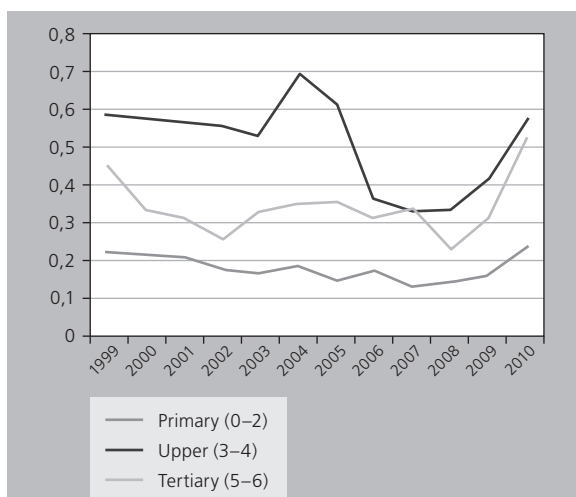
Looking at the unemployment rate in relation to educational level we see the following picture: youth unemployment is most severe among young people with upper (3–4) EU educational attainment. They are the ones most likely to be involved in education in the hope of higher wages in the future. Young people with tertiary qualifications are facing the highest youth unemployment, probably due to their reservation wage and increased expectations with regard to job contracts. This, however, is not a problem of inactivity, but rather a problem of securing adequate job offers and working conditions. Moreover, young workers below 25 with tertiary qualifications have the lowest share of employment, but a position somewhere in the middle with regard to youth unemployment rates, which means that they are probably involved in education. Young people with only primary qualifications have the lowest unemployment rate, while the most well-managed youth unemployment category was young people with secondary qualifications, who have experienced a significant improvement over the past decade. This category, however, quickly fell into unemployment. This indicates that the more motivated young people were more seriously affected by the crisis

Figure 9: Share of employed youth by education level



Source: EUROSTAT, LFS, author's calculation.

Figure 10: YUR by education level



Source: EUROSTAT, LFS, author's calculation.

due perhaps to their high expectations for a return on education (see Figures 9 and 10). The low unemployment rate for young people with primary qualifications is probably due to the fact that most young people are involved in the educational system and those who drop out do so if there is a job opportunity.

## 2.3 Youth Unemployment Rate, Youth Unemployment Ratio and Who Are the Unemployed Young People in Greece?

### 2.3.1 Youth Unemployment: Rate and Ratio

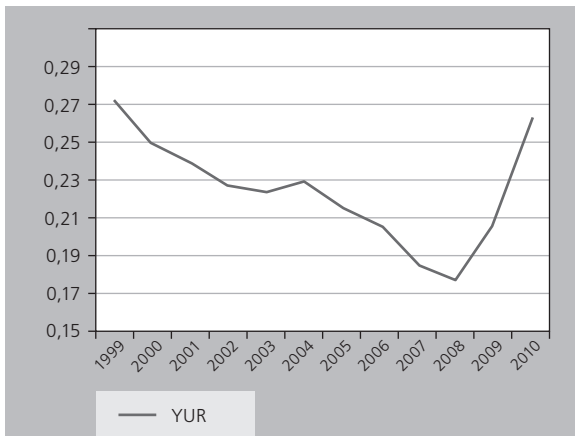
The youth unemployment rate in this study is calculated according to the EU definition: the share of unemployed young people in the youth labour force (in other words, unemployed young people as a share of active young people).

Over the past decade the youth unemployment rate in Greece has gradually decreased. This was a positive trend, combined with the falling levels of NEETs and the increase in young people involved in education and training. During this period the youth unemployment rate in Greece fell from 27 per cent to 17 per cent. At the dawn of the crisis, however, in 2008, the positive trend suffered a major break and a speedy turn in the opposite direction. For the past two years of crisis, Greece has returned to the youth unemployment situation at the beginning of the 2000s and even surpass the youth unemployment rate from 2000, threatening to rise to almost double (reaching 51 per cent in 2011 – Figures 11 and 12).

The situation with youth unemployment is especially dramatic if we focus on the age category 15–24 years. While the average unemployment rate for the country as a whole is 21 per cent, Greek youth unemployment for the age category 15–24 is 51 per cent. This difference is explained only by the activation of youth in this category seeking employment, but ill-equipped with skills in comparison to the better educated or more experienced young people aged 25–29 years, who were most intensively losing their jobs during the same period. Thus the youth unemployment rate for those aged 15–29 years is significantly lower than for those aged 15–24 years, by over 10 percentage points. However, the youth unemployment rate is at least double the average unemployment rate for the country, even if we consider the more favourable youth unemployment rate for 15–29 year-olds of 39 per cent (Figure 12).

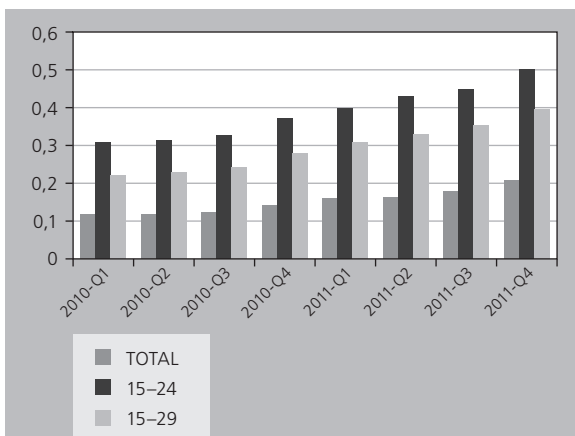
The beginning of the crisis was extremely severe for Greek young people even if measured in terms of the youth unemployment rate of those 15–29 years of age. This can also be shown in terms of the chain of unem-

Figure 11: Youth Unemployment Rate (YUR) in Greece, 1999–2010



Source: EUROSTAT, LFS.

Figure 12: Unemployment rate during the Crisis, 2010–2011

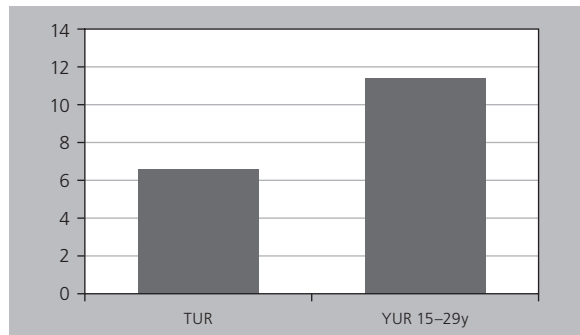


Source: ELSTAT, author's calculation.

ployment. While the total unemployment rate in the country increased by slightly over 6 per cent, even for the group with a more favourable rate, those aged 15–29, the youth unemployment rate rocketed (Figure 13). This dramatic development happened within the short period of 2010–2011. Such variations are familiar in the Balkan region only from the beginning of the shock therapy transition periods in the post-communist countries, which 20 years later are still suffering.

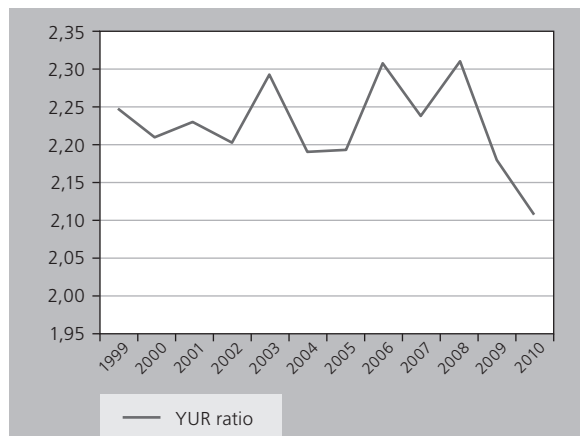
Such a drastic increase in the youth unemployment rate can hardly be managed by means of soft short-term

Figure 13: Change of unemployment 2010–2011



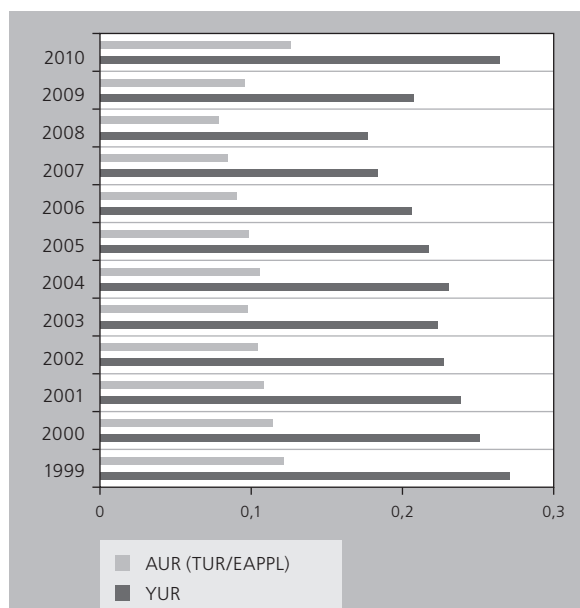
Source: ELSTAT, author's calculation.

Figure 14: Youth unemployment ratio



Source: EUROSTAT, LFS.

Figure 15: Ratio of youth unemployment rate to adult unemployment rate



Source: EUROSTAT, LFS.

intervention. Even if they might alleviate youth unemployment in Greece somewhat, the general economic stagnation could hardly sustain spending in this direction. The evident core problem with youth unemployment in Greece is the economic stagnation and the collapse of all sectors of the economy and all industries, especially outside the economic engine of the Attiki and Sterea Ellada Regions.

Meanwhile, in relation to the overall economic situation we can compare the youth unemployment rate and the adult unemployment rate, dividing the first by the second to produce the youth-to-adult unemployment ratio. As we see from Figures 14 and 15, in comparison with the adult unemployment rate, Greek youth have a youth unemployment ratio which has been decreasing rapidly since 2008. There is a clear cointegral movement of youth and adult unemployment, the difference being that the first is proportionally almost double the latter.

Thus, the mechanisms for managing this pattern of youth unemployment development continue to be based on the core tools of: (i) intensive job creation required by the increasing numbers of unemployed youth; (ii) better school-to-work transition support mechanisms (such as internships followed by obligatory employment) due to the increasing number of unemployed; and (iii) special contract conditions for young workers, protecting their rights and empowering them in the context of growing competition on the Greek labour market.

Youth unemployment combines with the austerity requirements for increased taxation, which exposes both employed and unemployed youth to additional pressure. Growing taxation, growing youth unemployment rates and shrinking local industries can lead to depopulation in the areas most severely hit by these three factors together. Young people tend to be mobile within the country, but lack of employment, stable income and poor housing conditions result in an overall reduction in the fertility rate and parenting among young couples. Thus a double threat exists: both the loss of the most highly productive young people due to emigration and a decrease in the natural growth of the population and thus the future number of young people in the country due to a combination of youth unemployment and overall economic depression.

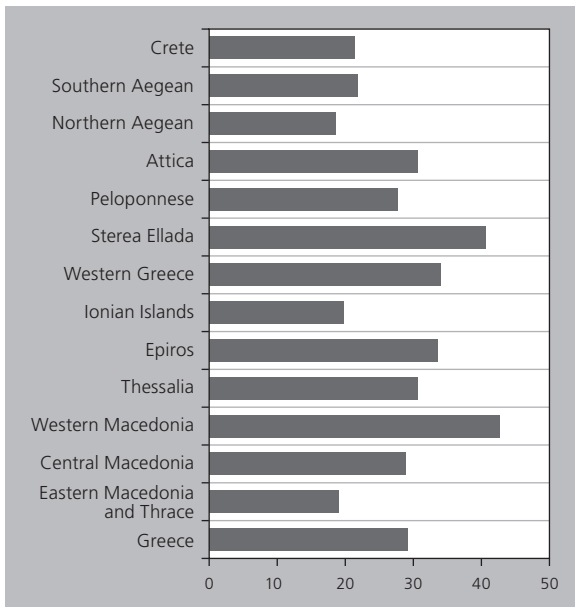
### 2.3.2 Youth Unemployment by Region

Youth unemployment was subject to strong regional disparities in 2000. There are 13 NUTS2 regions in Greece: GR11 Eastern Macedonia and Thrace, GR12 Central Macedonia, GR13 Western Macedonia, GR14 Thessalia, GR21 Epirus, GR22 Ionian Islands, GR23 Western Greece, GR24 Sterea Ellada, GR25 Peloponnese, GR30 Attica, GR41 North Aegean, GR42 South Aegean and GR43 Crete (Figure 19). Regional disparities with regard to youth unemployment rates seem to be somewhat correlated with the business cycle and regional development disparities in these 13 regions.

The regions of Eastern Macedonia, the Ionian Islands, North Aegean, followed by South Aegean and Crete were among the places with the lowest youth unemployment rates, below the national average. These were places of touristic and agricultural activities. Places such as Western Macedonia and Sterea Ellada experienced rocketing youth unemployment rates. Mines are located here producing export-oriented goods: nicel, boxite, aluminium, cement and steel products (in Sterea Ellada) and lignite coal for the production of electricity (Western Macedonia). The construction industry was also growing and consuming a large share of this production. Therefore, the prosperous business cycle development of these regions in 2000–2010 was reflected in improved youth unemployment there. In addition, there were subsidies for industrial development in the border regions (in Eastern Macedonia and Thrace). However, the production of the newly established factories there was not competitive and bank loans burdened entrepreneurs. During the crisis, many factories closed down and the surviving ones have experienced an extreme shrinkage of the market in recent years. Thus, Eastern Macedonia and Thrace scored a record rise in youth unemployment rates for the period 2000–2010. Attiki region and West Ellada – that is, the regions of Athens and Patra – where services are concentrated managed to keep the youth unemployment rate to a very small increase. Agricultural and touristic areas, such as the North Aegean, Crete and the South Aegean, experienced rapid youth unemployment rate growth, however, as did the Ionian Islands (Figures 16 and 17).

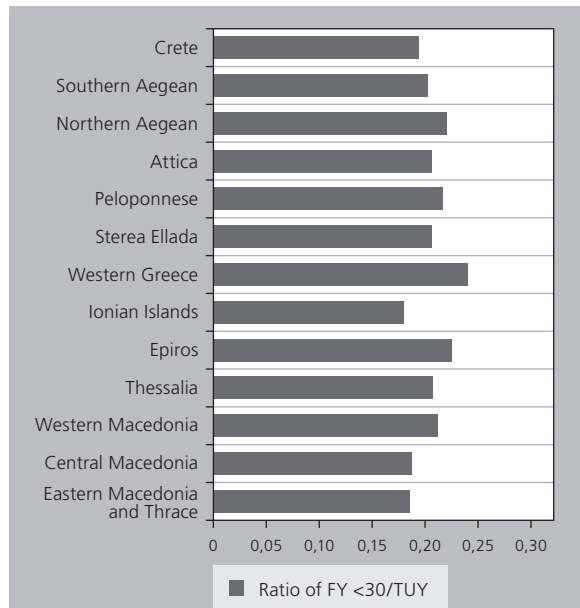
Thus, over the period 2000–2010, the youth unemployment rate discrepancies among the Greek regions were abolished but unfortunately due to negative convergence. The reasons for this negative convergence are

Figure 16: YUR by region, 2000



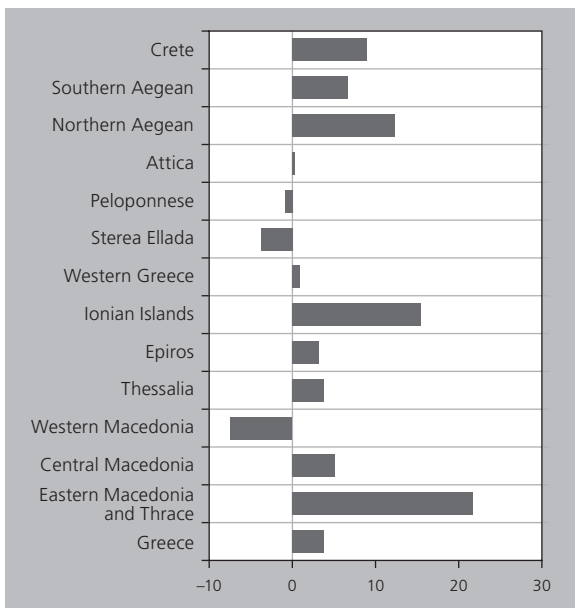
Source: Eurostat, author's calculation.

Figure 18: Ratio of FY under 30 years, 2011Q1–2012Q1



Source: O.A.E.D., author's calculation.

Figure 17: Change of YUR 2000–2010



Source: Eurostat, author's calculation.

Figure 19



Source: Eurostat.

closely related to the sectoral and industrial specialisation of each region and the different developmental patterns within the different sectors (Figure 17).

The austerity measures and economic stagnation of Greece during 2011 led to a converging but generally worsening situation with regard to youth unemployment across the country. And since the overall economic problems were related to the sudden loss of liquidity and bank loans, all businesses suffered an equal economic shock, which was reflected in an almost equal intensification of youth unemployment across all regions. Construction projects and all investment activities in the country were blocked, resulting in a severe blow to the best performing regions in the country. The service sector is always the first to be exposed to economic crisis. And since these two key instruments for managing youth unemployment were hampered by the severe business cycle collapse, the growth of youth unemployment which continued in the touristic and agricultural regions only intensified the aggravation of the youth unemployment problem across the country. The negative convergence continued at a hectic pace, with an approximately 10–15 per cent increase across regions (Figure 18).

These results demonstrate two aspects of youth unemployment:

(i) The development of youth unemployment rates over the past decade has differed across the country. While some areas have experienced an improvement, others have suffered an extreme increase in their youth unemployment rate. These regional discrepancies were the result of regional specialisation in different industries, which had different developmental trends during the same period. However, we should remember that the youth unemployment rate still developed better in Greece during the period of growth than in the EU27 countries.

(ii) The austerity measures and general collapse of the Greek economy are the main reasons for the nationwide increase in youth unemployment rates, resulting in an »economic massacre« of the young generation.

The link between the youth unemployment rate and industrial specialisation of a region is only observational, since concrete data on youth unemployment by sector are difficult to obtain. However, the existing patterns in the data on youth unemployment and industrial spe-

cialisation are very strong and the explanation of a link between them seems highly plausible based on the descriptive evidence.

### 2.3.3 Youth Unemployment by Gender

Another alarming aspect of youth unemployment in Greece is the inferior market position of female workers in comparison to their European peers. As shown in Figure 20, a decade ago the female youth unemployment rate in Greece was almost double that in both the EU15 and the EU27. And while during the period 2000–2010 the male youth unemployment rate increased much more significantly, probably due to international efforts to empower of women, the pattern of 2:1 between female youth unemployment rates in Greece and in EU countries was preserved. It is important to note that the EU15 experienced a higher female youth unemployment rate during the same period in comparison to the EU27, as well as in terms of the male to female youth unemployment ratio. This shows that the female youth unemployment rate is probably a result of cultural stereotypes and not only a matter of economic development. Nevertheless, while the EU15 performed worse than the EU27 both with regard to male and female youth unemployment, Greece experienced the most unfavourable pattern for young female workers across all EU countries (Figures 20 and 21). Moreover, male young people in Greece seem to have had the same chances as their EU peers, while female Greeks suffered an youth unemployment rate double that of Greek male young people, which explains Greece's overall worse youth unemployment rate in comparison to the EU15 and the EU27 (Figure 22). This is development is particularly threatening to the development of the country during the current crisis. As is known from research on eastern Germany's delay in catching up with western Germany, high female youth unemployment results in young women migrating, finding job and starting a family in the western regions of Germany, thus leading to depopulation and a further slowdown of development in the east (Hall, Ludwig 2009). A similar pattern can be envisaged for Greece with a much more severe aftermath, since the emigrating females will migrate to different countries, not just regions.

The regional differences in gender-specific youth unemployment rates are also significant, especially with regard to the developmental trend over the past decade. While



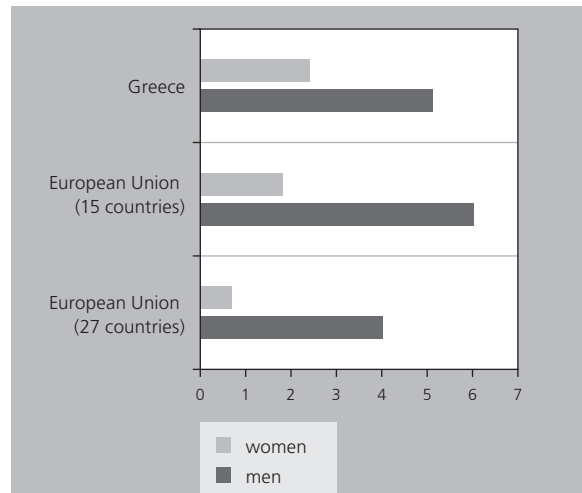


Figure 20: YUR by gender, 2000



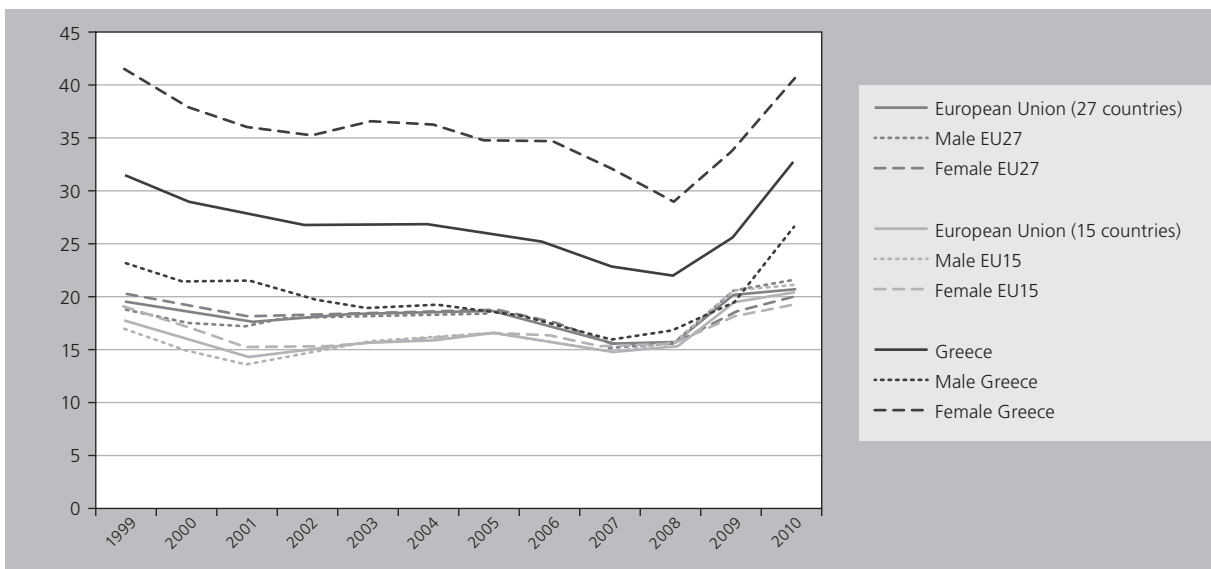
Source: Eurostat, author's calculation.

Figure 21: Change of YUR by gender 2000–2010



Source: Eurostat, author's calculation.

Figure 22: YUR by gender: Greece, EU15, EU27



Source: Eurostat.

in the early 2000s the mining areas in Sterea Ellada and Ditiki Makedonia (Western Macedonia) had the highest female youth unemployment rates, the positive economic development produced positive business cycle effects on the youth unemployment rates of young females, especially in Western Macedonia (Ditiki Makedonia) and to lesser extent in Sterea Ellada. The regions where the service sector thrived also experienced a positive, although smaller improvement in the youth unemployment of fe-

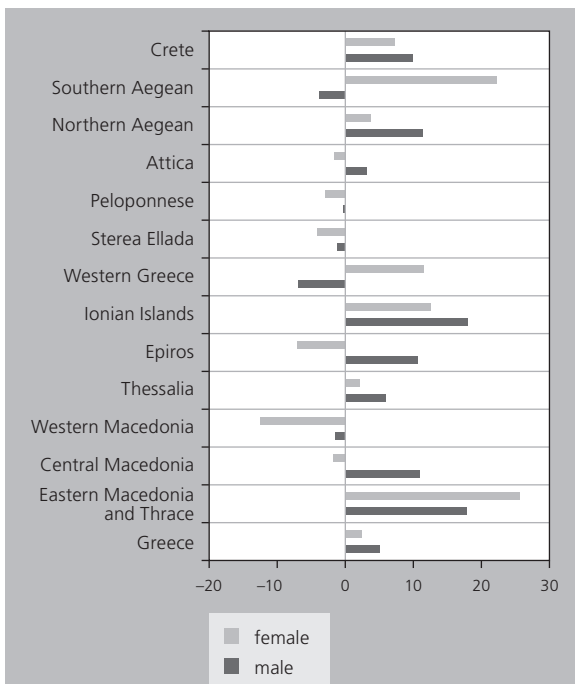
male workers. The places which experienced the most dramatic increase of female youth unemployment rates were the regions of Eastern Greece (Anatoliki Makedonia, Thraki) and the Southern Aegean (Notio Aigaio). The Southern Aegean even experienced opposite development of male and female unemployment rate during the period 2000–2010, the growth of female unemployment being far more significant than the improvement of male unemployment rate. The region of eastern Greece

Figure 23: YUR by gender and region, 2000



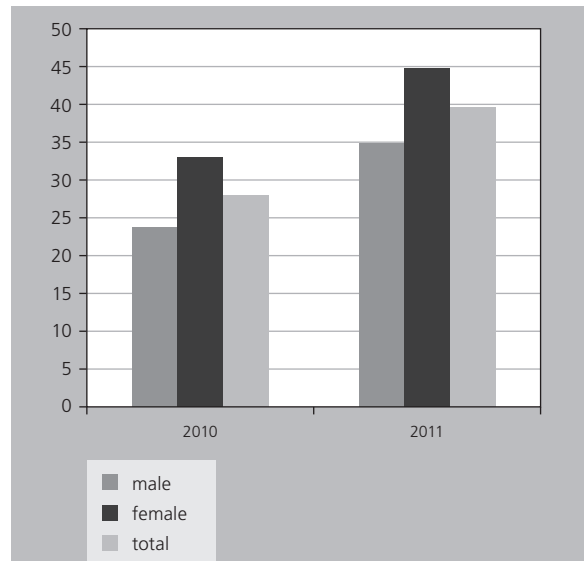
Source: Eurostat, author's calculation.

Figure 24: Change of YUR by region 2000–2010



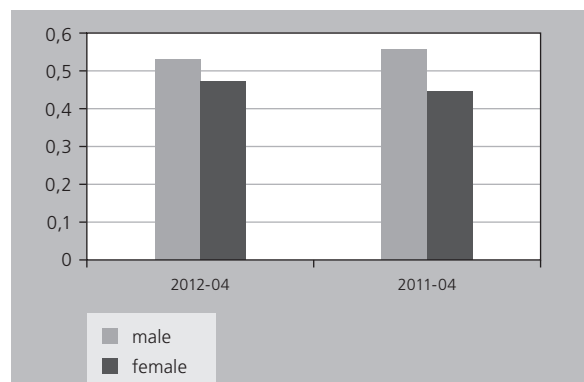
Source: Eurostat, author's calculation.

Figure 25: YUR (15–29years), total and by gender



Source: ELSTAT, author's calculation.

Figure 26: Dismissal by gender 2011–2012 2010–2011



Source: OAED, author's calculation.

(Anatoliki Makedonia, Thraki) has the highest concentration of Muslims, which could be a cultural explanation of the high female youth unemployment rate. Dytika Ellada and Ionia Nisia, however, have a completely different profile and still experienced an almost identical increase in youth unemployment (Figures 23 and 24). These data predict a depopulation of the regions with higher female youth unemployment, due to internal migration of the unemployed young female workers to the regions with better job opportunities.

During the period 2010–2011 female youth unemployment reached the record level of 44.9 per cent, which reflects the more favourable number for the youth category 15–29 years of age – the unemployment figures for the young people aged 15–24 are usually much higher. The latest data on youth unemployment rates by gender for young people are still not officially available, but tendencies in redundancies show more intensive job losses among young males. This probably indicates negative convergence between male and female workers overall in Greece, which is one more sign of the negative impact of the economic standstill for young people in Greece (Figures 25 and 26).

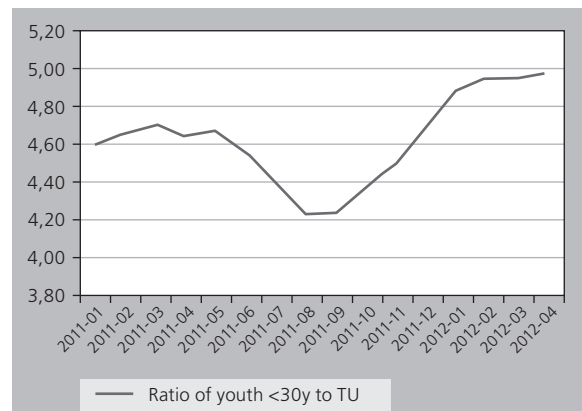
The descriptive evidence on youth, gender and regional development is rather patchy. The only clear trends are as follows:

- The female youth unemployment rate in Greece has been highest across Europe for the past decade and during the crisis the overall level of female youth unemployment reached record levels.
- During the past decade the youth unemployment rates of male and female workers have diverged greatly across regions, sometimes experiencing totally opposite tendencies.
- The austerity measures and general economic decline during the past two years have intensified overall youth unemployment, while the ratio of female youth unemployment and male youth unemployment remains generally the same.

### 3. Redundancies and Young People during the Crisis

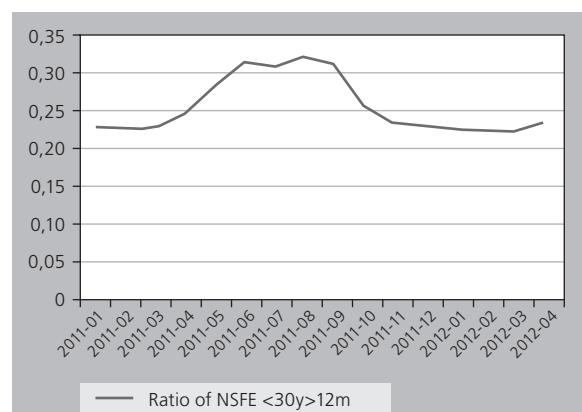
The closer we move towards 2011–2012, the fewer data are available for reference purposes. This is especially problematic with regard to age-specific questions such as quality of employment among young people. There is, however, a stream of reliable data from the Greek Labour Organisation (OAED). OAED is an organisation responsible for: (i) matching skills to labour market needs; (ii) technical and vocational training; (iii) facilitating the connection between labour supply and demand; and (iv) provision of compensation for unemployment and maternity. OAED provides monthly data on redundan-

Figure 27: Share of Dismissals – Young people under 30 years, 2011–2012



Source: OAED.

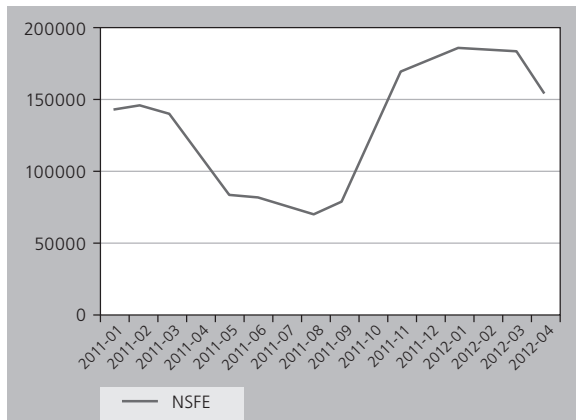
Figure 28: Ratio – Not Searching For Employment (NSFE) of young people under 30 years, more than 12 months, 2011–2012



Source: OAED.

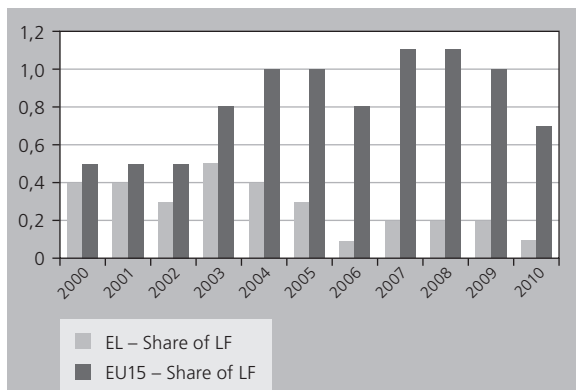
cies, respectively new unemployed, as well as short-term (<12 months) and long-term (>12 months) unemployment by region, by gender and by age groups, as well as by motivation (in other words, seeking or not seeking employment – which can tell us something about NEET developments). »Youth« or young people corresponds to the age group 15–29 years, in agreement with the Greek definition. Based on our previous analysis, we can expect these results to be more relevant for adequate reflection on the youth unemployment problem in Greece, for two reasons: (i) the faster shrinking employment rate for the age category 25–29 and (ii) the faster rising number of activated young people 15–24. Thus taking the 15–29 category we get a more realistic view of the develop-

Figure 29: Not Searching for Employment (NSFE), 2011–2012



Source: OAED.

Figure 30: Discouraged workers as % of Labour Force (LF)

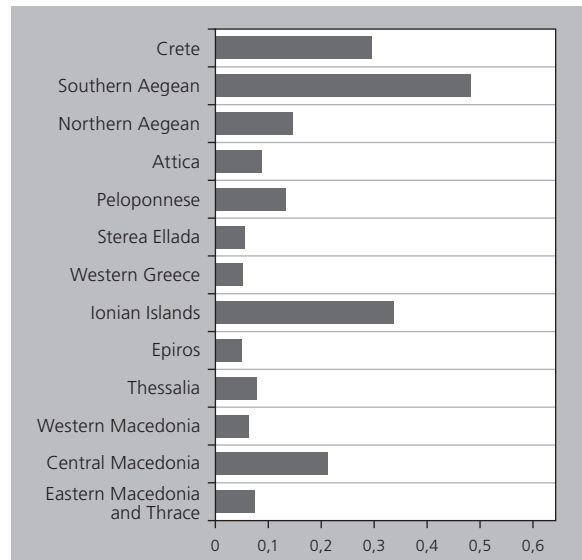


Source: OECD data on discouraged workers.

ments of youth unemployment in the country. Although initially the crisis hit so hard that seasonal factors became irrelevant, for the period 2011–2012 seasonality has reappeared in data on trends in numbers of new unemployed. These seasonal trends in youth redundancies also indicate the type of contracts that young people are being given in the labour market.

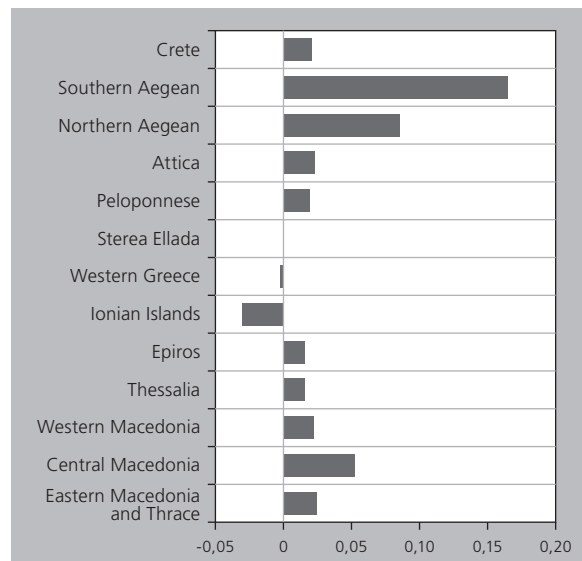
The ratio of new unemployed young people to overall unemployment continued to grow in the period 2011–2012, following the expected seasonal improvement in the labour market situation during the summer period of high tourism and temporary agricultural work opportunities (Figure 27). This means that, as the crisis deepened,

Figure 31: NEET ratio 2012



Source: OAED, author's calculations.

Figure 32: NEET ratio – Change 2011–2012



Source: OAED, author's calculations.

the number of young people who were made redundant increased. One plausible explanation of this is the law, which makes the firing of an experienced worker much more costly than that of a young employee due to the compensation that the employer is obliged to pay. Thus, legal guarantees should be introduced to protect young people from this strong negative tendency.

Another significant trend is the increase in the percentage of young people below 30 years of age who do not seek employment during the generally favourable period of tourism and agricultural activity (Figure 28). The share of all unemployed not seeking employment in Greece generally goes down during the same period (Figure 29). This means that the summer season benefits the labour force as a whole but not young people. During this period the number of discouraged young people increases. This is evidence of the strong competition on the Greek labour market for job openings: even lower quality temporary jobs are taken by workers with more bargaining power than the young unemployed, thus exacerbating youth unemployment. In turn, this means that youth unemployment is a negative factor for overall unemployment development in Greece, counterbalancing the normally positive potential for temporary work.

Youth unemployment is also boosted by the frozen economy, with shrinking job opportunities and falling wages. Thus both the hope of employment and the usual motivation for involvement in education – the promise for higher wages – are being deactivated as structural support mechanisms for the young unemployed. Young people suffer an obvious disadvantage on the labour market against the background of growing overall unemployment in the country, as people with more experience and better social networks are now competing with them for scarce new job openings. On the other hand, retraining in a shrinking economy carries little promise of improvement of employment status and requires much more flexibility than is the case under normal conditions. These circumstances harbour a significant threat to the positive development of the NEET ratio in Greece over the previous decade. The number of discouraged young people is growing, for obvious reasons. Thus, according to OECD data, the NEET ratio was improving in Greece in the previous decade against the background of a worsening of the situation with regard to discouraged youth in the EU as a whole (Figure 30). The official statistics for the first quarter of 2012 show that in all regions the share of Greek young people who are long-term unemployed and have given up seeking employment is rising, although the situation deteriorating more rapidly in some regions, such as Notio Aigaio (South Aegean), than in other regions, such as Sterea Ellada or Ditiki Ellada, where the negative trends are still more or less in check (Figures 31 and 32).

Meanwhile, the »solution« to this discouragement of young people has had an even more severe outcome than under normal conditions. Usually, NEET young people remain a latent burden on the economic system and need to be activated in order to increase productivity. Under the conditions of deepening crisis, however, when young people are deactivated as a result of the general collapse of the economy, NEET young people become highly motivated youth emigrants. This consequence of youth unemployment results in the direct »desanguination« of the Greek economy, given the aging population and low labour force participation. The loss of young workers, who potentially would be productive for a long period, increases the problems of the country in generating growth and supporting its growing number of pensioners over the coming decades.

Moreover, redundancies among young people, like many other aspects of youth unemployment, differ significantly with regard to ethnicity, which can be differentiated in terms of three categories: Greek, EU citizen or other. The increasing discrepancy between young people in the three groups, the growing poverty and rivalry contribute to increasing clashes and social unrest, street fighting and criminal incidents (including murder). The growing animosity between locals and foreigners, which is especially volatile among the young, has to be curbed and managed adequately, given the large number of young foreigners in the country.

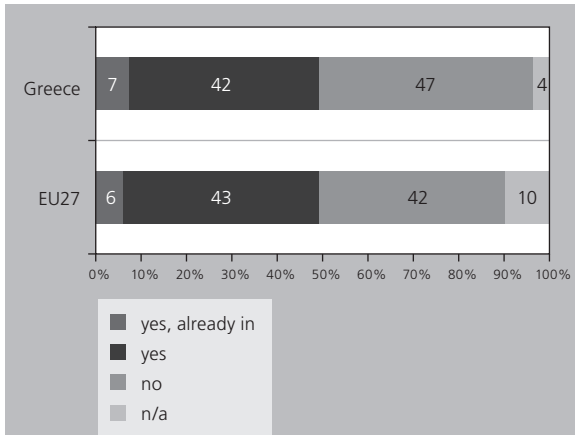
#### 4. Consequences of Youth Unemployment in Greece

The austerity and economic stagnation of the current crisis, in particular in 2010–2012, has hit Greek youth hard all over the country, regardless of gender, educational status or regional concentration. All youth categories in Greece have experienced a dramatic increase in unemployment. Partially due to developments from previous periods, young female workers and young foreign workers are among the most seriously exposed to youth unemployment.

The 15–24 age group registers the highest share of youth unemployment. This is against the background of formerly well-managed youth unemployment for this age category. During 2000–2010, this age category was strongly involved in education and NEETs – in other

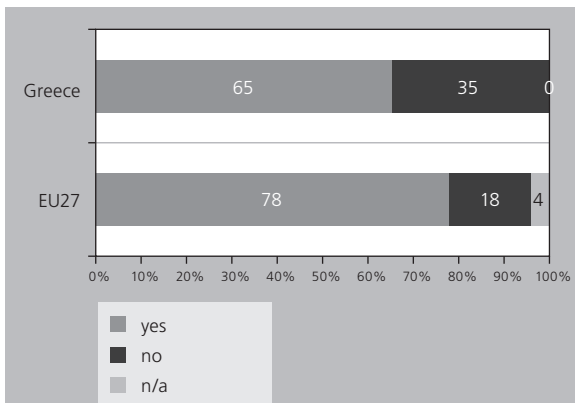


Figure 33: Attractiveness of entrepreneurship



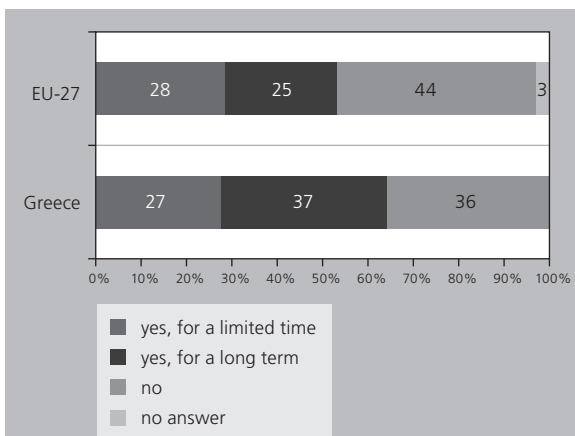
Source: Flash Eurobarometer, Youth on the Move, May 2011.

Figure 34: Attractiveness of vocational education and training



Source: Flash Eurobarometer, Youth on the Move, May 2011.

Figure 35: Young peoples's willingness to work abroad, May 2011



Source: Flash Eurobarometer, Youth on the Move, May 2011.

words, discouraged inactive youth – were declining in number. Meanwhile, the 15–29 age group shows the fastest growing youth unemployment rate. The period 25–29 years of age is also the period of the education-to-work transition for young workers and new entrants on the labour market in modern Europe (Dietrich 2005). This means that in particular those who undergoing the education-to-work transition in Greece are suffering most from redundancies and joblessness during the current crisis. Thus there is a twofold threat of »scarring« with regard to this generation: first, due to their special sensitivity as a transition period group and second, as the group which is losing jobs at the fastest rate.

These tendencies of youth unemployment are taking place against the background of youth entrepreneurship in Greece. The proportion of young Greek entrepreneurs is 1 per cent higher than among their EU27 peers. The group of already entrepreneurially active young people and young people willing to get involved in entrepreneurship in Greece, taken together, is the same as that of EU youth overall. However, while the EU27 has a group of 10 per cent of still uncertain young people who might be encouraged to engage in entrepreneurial activity, Greek young people are already largely demotivated and the proportion of young people who are inactive but not absolutely discouraged from engaging in entrepreneurial activity is less than half the EU27 average, at only 4 per cent. This means that entrepreneurship, which is believed to be an important engine of self-employment, creativity and growth, is less attractive for Greek young people under the current severe austerity and crisis situation than for EU27 youth as a whole (Figure 31).

Moreover, unemployed Greek young people are not only growing in numbers and largely demotivated with regard to entrepreneurship and self-employment opportunities, but are also increasingly dissatisfied with the ability of domestic institutions – with regard to educational and vocational training – to provide them with sufficient support in the current crisis (Figure 32). This, on the one hand, is likely to lead to a worsening of the situation with regard to NEETs or discouraged unemployed youth, while on the other hand, 64 per cent of Greek young people express a willingness – albeit to different degrees – to emigrate. This number is over 10 per cent higher than the EU27 average. In addition, the intention to emigrate among Greek young people seems to be predominantly long-term oriented: 10 per cent more Greek young people are willing to emigrate for a long period (Figure 33).

The above observations open up a twofold line of inquiry for further analysis and policy action:

- Negative convergence of youth unemployment between regions and genders in Greece signals an overall worsening of the situation. This necessitates immediate structural changes to support job creation targeted at young people. Also, special support measures are required for the category 25–29 years of age, who are the group most exposed to unemployment growth and most seriously threatened by »scarring« with regard to their whole employment history, resulting in low wages and poor quality work contracts.
- Meanwhile, Greece is threatened by the loss of those young people with the highest potential due to emigration. Those who remain in the country will face high internal competition. The possible result is ethnic tensions among Greek young people, which already started to escalate with the socio-economic crisis, on top of the threat of depopulation in areas with the highest female unemployment rates.

In short, unless we see immediate measures for empowering the Greek youth unemployed in age category 25–29 years of age, and special measures for female youth unemployed, Greece faces the real danger of scarring and literally losing a whole generation of young people. This generation is also the one which could and should be the main resource for economic recovery through entrepreneurship and creativity, against the background of the world economic crisis and demographic aging across Europe. Let us also note here that the Eurobarometer data are available only for 2011, while Greece has long been an emigrant country and this process has been intensified by the crisis. These processes can be analysed better by means of longitudinal migration data, but they are not available for the age category of interest here. Thus the above can serve as orientation with regard to local developments, but only deeper analysis can generate a clear picture of the immigration trends among Greek young people.

## 5. Socio-Political and Institutional Context of Youth Unemployment in Greece

Based on economic analysis, and further analysis of Greece's social, political and technological development (available upon request), we have clearly depicted youth unemployment during the latest crisis against the background of a longitudinal analysis of the preceding decade. Before the crisis Greece was characterised by a number of positive trends with regard to the development and management of youth unemployment. The current grave problems with youth unemployment are clearly the outcome of austerity, seriously exacerbated over the past two years. What follows is a deeper analysis of the socio-political conditions in Greece. This Political, Economical, Social and Technological (PEST) analysis will serve as a basis for the final SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis, which will suggest scenarios for utilising the strengths of the previous decade, combining them with current opportunities in order to curb deficiencies and to avoid the threats facing young people and the country as a whole.

### 5.1 SWOT Analysis of Policy Measures against Youth Unemployment

The economic facts in the preceding analysis were based on longitudinal data. A PEST analysis of the socio-economic, political and technological factors during the crisis illustrates their institutional »roots«. Table 3 portrays Greece's strengths and weaknesses and external opportunities and threats to its rehabilitation, with a focus on youth and labour.

The positive trends in Greece, such as increasing participation of young people in education and training and the available programmes for local counselling and financial support (grants) for youth entrepreneurship are real strengths on which the rehabilitation and »rescue« of Greek young people can be based. Jointly, they can help to neutralise the weakness of low youth labour force participation by either turning young people into higher quality new-entrant workers at a later stage – that is, investing in better human capital for the country – or encouraging an increase in youth productivity through involvement in highly motivated entrepreneurial activity. Therefore, active involvement in education should be

Table 3: SWOT analysis

Strengths	Weaknesses
High participation in education and training Programmes to support youth entrepreneurship 90 local youth counselling centres (so far with a focus on entrepreneurship) Track-record in matching industry-education	Low labour force participation Predominantly female youth unemployment Regional disparities in youth unemployment Employment conditions for young people (part-time contracts)
Opportunities	Threats
R&D investment schemes Academic excellence policy measures Revisions of entrepreneurship and other regional development policies New measures for SMEs and large companies under crisis conditions Youth Guarantee introduced in the EU Significant available funding from the EU structural funds	Continued austerity measures (unemployment benefit is now higher than part-time wages for young people) Emigration of young people Increase in the proportion of NEETs Depopulation of some areas (to be considered in a long-term perspective)

further stimulated with the provision of scholarships for excellent students. The youth grants for entrepreneurship should be revised so that it is viable under the new conditions of austerity: finding a loan for a very small or small enterprise to co-fund a grant is fairly unlikely. Advice on job search, vocational training and entrepreneurship should be further enhanced at local level and youth focal points to combat youth unemployment can implement a national Youth Guarantee scheme so that the threatened increase in discouraged young people – the so-called NEETs – can be avoided. Greece's most significant strength is its successful track record in efforts to facilitate and improve the match between industry and education. The R&D projects in this field have to be secured and preferential conditions for co-funding should be ensured for enterprises willing to invest in such projects and involve talented young researchers in partnership with leading scholars. Synergies both for employers and young employees can be achieved in this way, thus also curing the weakness of unfavourable job contracts and providing talented young researchers in all fields with interesting job opportunities, while maximising their contribution to the real economy. This will also combat low labour force participation due to the increased involvement in education.

Gender inequalities and regional disparities are path-dependent problems which have increased during the

crisis period. Thus empowerment of young female job-seekers with preferential conditions when male and female candidates apply for the same job position should be ensured. Regional disparities should be addressed in strategic planning for the next EU programme period. Thus the country will easily secure the necessary funding to support young people in the context of the many special aid measures that it has already applied for. This will help to combat gender and regional inequalities, which are augmented, but not necessarily aggravated as differences between males and females, as well as regional differences have diminished due to the negative convergence of the regions during the crisis.

Another threat is the increase in discouraged young people due to the increase in emigration among young people with high potential and the inflow of young people with lower bargaining power into the Greek labour market due to illegal immigration. This problem, although difficult to register through mere statistics, is a serious real-life phenomenon. Therefore, especially low-educated local and foreign unemployed youth should also be involved in active social work and support schemes. Greece needs a restoration and revitalisation of its social space, particularly in the face of the current crisis. Moreover, frustrated and discouraged young people are often a source of destruction and defacement of public space (in contrast to graffiti with aesthetic value). Youth organisa-



tions are already working voluntarily in the revitalisation of the common environment (such as the youth organisation Atenistas) and programmes such as the graffiti support programme of the General Secretary of Youth (for example, the Street Art »Bike« Project at Sarandaporu Street, Athens) should be further encouraged, involving both artists and the young unemployed.

The loss of well-educated, talented young people due to emigration is one of the major threats facing Greece. Therefore, the austerity measures that hamper flexibility in the youth labour market by offering part-time employment at the level of minimum unemployment benefit for young workers should be revised. Young people should not be allowed to adopt 255 euros as their reservation wage, because compared with what is available internationally, this is highly likely to decrease the economic cost of migration for young people.

Last, but not least, although youth unemployment is currently equalised due to negative convergence, some regions are likely – again, due to path dependence – to recover much more slowly from the crisis and thus face high youth unemployment for a longer period. This can lead to internal migration, especially of young females, and thus result in the intensified demographic aging and depopulation of some regions. This is an effect already known from the past decade in Germany, where young females from the east emigrate to the west, thus hindering the east in its efforts to catch up with the western part of Germany due to increased aging, decreased fertility, increasing numbers of pensioners and a falling number of new entrants in the labour force, thus reducing productivity.

## 5.2 Greek Measures against Youth Unemployment

Taking into account the dramatic increase in youth unemployment in Greece – it stood at 54 per cent in July 2012 – as well as the European Commission's Youth Opportunities Initiative, the Ministry of Labour and Social Security has developed an Action Plan aimed at enhancing youth employment and youth entrepreneurship (October 2012).

The Action Plan is intended to implement specific policies and measures targeted specifically at young people in two age categories: 15–24 and 25–35 years of age.

There is a particular emphasis on the following:

- Creation of targeted job opportunities in accordance with young people's formal qualifications.
- Enhancement of vocational education and training and apprenticeship training with the emphasis on the acquisition of work experience.
- Adoption of school-to-work programmes in order to support transition, combined with personal guidance and counselling.
- Vocational and entrepreneurship guidance specifically targeted at young job seekers.
- Support for youth entrepreneurship focusing on new products, services and sectors.

According to the Action Plan, around 787 million euros have already been invested in such measures and around 184,000 young people take advantage of them. Additionally 489 million euros are expected to be invested in new measures aiming at 333,000 young people. The Action Plan has been developed by the Ministry of Labour and Social Security in cooperation with the Management Authorities of the EU Operational Programmes, the Greek Manpower Agency (OAED) and the social partners (GSEE, GSEVE, ESEE, SEV, SETE, PAEGES). The Action Plan is at present under consultation and will be announced within the next weeks.

## 5.3 Recommendations

Based on the above, and to reinforce the Action Plan (October 2012) developed by the Greek Ministry of Labour and Social Security in compliance with the European Commission's Youth Opportunities Initiative, the current report recommends that Greece should consider a strategic combination of basic action areas (objectives) for combating youth unemployment, addressing a few urgent primary concerns, envisaging the highly relevant issues for mid-term reaction and finally providing for the most relevant points of long-term youth employment policy.

The recommendations are based on the notion of segmenting the youth labour force by education into low,

medium and highly educated youth. This segmentation is justified by the different potential of differently educated workers with regard to productivity. The recommendations outline a framework of objectives that can keep highly educated young people active (those most likely

to add value to productivity), and next to gradually other categories of young people. In addition, special categories of disadvantaged and marginalised youth (in Greece these are non-EU immigrants) should be dealt with taking their specific needs into consideration.

Table 4: Strategic Policy Recommendations for Combating Youth Unemployment in Greece

Time Horizon	Recommendations on Policy Objectives	Rationale
Short term	To prioritise attention to young people with high levels of education and training.	This is first due to the fact that the proportion of such people is large. Second, among young people they have the highest potential to contribute to productivity, while being most likely to be lost due to emigration.
	To prevent the loss of young human capital – including measures for stimulating active involvement in education – should be further ensured (such as scholarships for excellent students to prevent drop outs and promote high standards of education).	This ensures that the positive trend towards producing highly qualified local human capital will continue.
	Grants for entrepreneurship should be introduced.	It is not really possible in the current crisis either to find a loan for a very small or small enterprise or to co-fund a grant with 30 per cent of one's own resources. One way of facilitating entrepreneurial activity is to provide cost-cutting facilities, such as free office premises in the numerous unoccupied public and private buildings.
	To improve the effectiveness of the Public Employment Service with an extended menu of services and personalised guidance.	Counselling on job search can be improved by adopting more effective best practices, such as the systems in Germany and Austria.
	To stimulate entrepreneurship through free counselling at local level and alleviating administrative burdens.	This promotes one of the main ways that Greece can enhance local productivity and competitiveness through innovative ideas.
	To decrease the number of people not in education, employment or training (NEET).	How are NEET youth and highly educated youth connected? The people who have the highest education are most likely to resist low wages and prefer to remain unemployed for a longer period of time.
	To prioritise improving the quality of job contracts offered to young people, especially by correcting labour legislation on the minimum wage with regard to part-time youth employment.	Good quality jobs are a prerequisite for combating youth unemployment. If young people keep being offered low quality jobs, including part-time jobs, combating youth unemployment will be even more difficult and prolonged because of the resistance of young people to low quality job offers. This also means that current part-time minimum wages should be increased, making the minimum wage higher than unemployment benefit for the same category of people. This is the only viable correction; if instead a further decrease in unemployment benefit is attempted, this will risk the collapse of the whole youth labour market and directly stimulate youth emigration.



Time Horizon	Recommendations on Policy Objectives	Rationale
Mid-Term	To prioritise special measures for young people with medium or low levels of education and training.	Once the short-term measures ensure the quantity of young people on the labour market, the quality of their transformation into human capital should be improved.
	To ensure a better match between supply and demand on the youth labour market through programmes for business and education cooperation regarding curriculum content and job-allocation partnerships.	The needs of the labour market and the skills acquired through education and vocational training should be better matched. The cooperation should follow academic excellence and practical needs as two equally important benchmarks.
	To stimulate further R&D projects and involve talented young researchers in this activity in partnership with leading scholars.	Cooperation between employers and young employees can improve the practical value of the academic skills taught and increase the future productivity of young people. Moreover, this is another tool for job creation in favour of developing a real knowledge-based economy. This will once again combat low labour force participation due to increased involvement in education. Also, it will combat the threat of losing educated young people due to emigration.
	To prioritise adequate gender and regional inequality measures.	The current crisis has abolished the gender and regional differences but this is only a temporary effect. The differences will return when the main problems on the youth labour market are resolved.
	To introduce special programmes for young female requalification and job allocation.	Females experience relatively worse job conditions in Greece. Thus empowerment of young female job-seekers with preferential conditions when male and female candidates applying for the same job should be combined with extended provision of services and better financial support for female youth.
	To support young families, especially in non-metropolitan and urban areas.	This will regulate internal migration and prevent the depopulation and economic death of non-metropolitan areas. Eastern and western Germany have experienced such negative effects of internal migration and can be studied as an example.
Long term	To prioritise special aid for the low-educated, disadvantaged or marginalised youth.	After the most active segments of young people are brought back into the labour force so that they can contribute at their full capacity to local socio-economic rehabilitation, the country should be able to support those lagging behind for various reasons and extend the social aspects of youth employment policy.
	Job allocation for low-educated native and foreign unemployed youth should be developed.	This will improve the economic conditions of the most disadvantaged groups of young people without leaving anyone behind. It will also decrease social disorders and youth protests of a frustrated and destructive character. It will enhance integration.
	To match youth policy with other relevant socio-economic policies.	This will be effective with regard to socio-economic recovery. Crises always lead to the reduction of public space. Special regional socio-economic revitalisation measures could be combined with job creation for low educated young people.
	To prioritise public-private partnerships and social entrepreneurship.	Corporate Social Responsibility (CSR) and socially favourable activities can be successfully combined with job creation for both low and high qualified young people.

In summary, all threats and weaknesses with regard to Greek socio-economic recovery and development can be managed successfully through efficient utilisation of positive aspects of existing national mechanisms, strengthening them and improving their efficiency in the service of young people and prioritising policy measures. The most crucial tasks are to keep young people in Greece by providing them with adequate conditions, next to provide them with decent employment contracts and further develop their potential to contribute to socio-economic development and finally, to ensure the involvement of all groups that, for different reasons, might still be lagging behind in employment and to make youth employment policy more efficient by matching it with existing tools of public policy (such as regional policy) and the private sector (such as public-private partnerships, CSR and social entrepreneurship).

## 6. Conclusions

The problems with youth unemployment in Greece are significant and harbour long-term threats to overall development. The main problems of youth unemployment, however, are not low labour force participation or inequality between genders and regional disparities, which are the usual suspects. In fact, the economic data for Greece show that while labour force participation was low due to increasing participation in education and training during the past decade and was therefore with a well-managed group of discouraged NEET youth, the crucial problems facing Greek youth are the result of the current crisis.

On one hand, existing gender inequality has been increased in size: every second young female is now without a job. The negative convergence between Greek regions has temporarily abolished regional disparities, but those will return once the economic situation starts to improve in the regions with better conditions from the pre-crisis period. On the other hand, the most serious threat to Greek young people in the crisis are the austerity measures. They are the source of what is likely to be a reservation wage-based inflexibility in the youth labour market. Young people avoid taking part-time jobs since they pay little more than or the same as unemployment benefits. Meanwhile, the severe economic conditions significantly decrease the economic cost of migration for young talented workers who can find much better work opportunities abroad. Thus, Greece faces the double threat of losing the most talented young people, the source of a fresh inflow of human capital, and deactivating young people remaining in Greece by creating negative economic incentives that hinder their active involvement in flexible work schemes, such as part-time employment. However, if the austerity threat is surmounted and existing Greek instruments, such as grants for youth entrepreneurship, industry-education partnership support, stimulation of academic excellence and education and training, are combined with enhanced youth counselling at local level, which can contribute to the implementation of the Youth Guarantee in Greece, the country has the potential to remove the ›sword of Damocles‹ currently hanging over Greek youth.



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