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A study on the effectiveness of the European
Employment Strategy in tackling unemployment in
EU Member States

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INTRODUCTION

The present thesis describes the phenomenon of unemployment and critically analyses both the commitment of, and actual measures undertaken by EU Institutions and Member States to tackle such a critical issue. The European Employment Strategy is maybe the greatest effort ever made at EU level to undertake a process of harmonisation in the field of employment and social policy through the mechanism of soft law. Among the elements at the basis of the Strategy there was the firm willingness to tackle the phenomenon of unemployment.

While the Strategy did not provide a precise guideline on limiting unemployment, it stressed the prominence of enhancing employment, labour market participation and high educational attainment as preventive measures. In particular, education and training were reckoned the special merit of triggering high employment levels. This element was indeed prodromal to ensure high levels of employment and thus to push economy to kick off in a meaningful way.

Unemployment is not only a condition that affects people in their private life, but also it represents a huge burden for the whole society, and an obstacle to economic growth. And this latter aspect is exactly the reason why EU institutions and Member States decided to intervene through a non-binding commitment, and joint actions.

The rationale of the present work stems from the evolution in the economic and normative framework in the sphere of employment and social policies as a consequence of both macroeconomic events and the very ambition of EU Members States at making the European community the most competitive and flourish region of the world.

The intention of the present work is to try to understand whether the Strategy has been effective in counter unemployment in the EU Member States, by assessing which have been the effects in the EU Member States of the policies undertaken at EU level under the framework of the European Employment Strategy. The methodology adopted in the research consists of an evaluation aimed not only at the analysis of numerical data (in terms of met or unmet targets), but also to the factors that lay behind. The trends related to employment and education levels are presented on the basis of OCSE and Eurostat datasets. The impact of the policies on the labour market is assessed through a comparison between the 27 EU Members performances in their effort to meet precise targets concerning both employment and education objectives.

The first Chapter presents the issue of unemployment in its concept, typologies, causes and consequences, and offers an outlook on the EU commitment in preventing unemployment since 1992, when the Maastricht Treaty was signed. It describes the process that led to the establishment of the European Employment Strategy, and the major steps that followed, the Lisbon Strategy in 2000, and the EU2020 Strategy in 2010. What emerges is a new approach towards the world of work in the sense of overcoming the culture of the mere numerical ‘quantity’, in favour of the enhanced quality of labour, making all the actors more conscious of the actual potentiality of high-quality work in terms of economic and social growth. Since applying a law only formally

it is not sufficient to provoke a change in individual behaviours in terms of increased participation to the labour market and improved quality of labour, a more impactful change in the culture of citizens need to be considered. Efforts from all the actors, being them undertakings, workers, social partners, public institutions and other organisations to ensure that this renewed culture of ‘better jobs’ is the identifying character that distinguishes our European Community as a whole. The second chapter analyses the outcome of the Strategy by looking at which actually have been the results in the 27 EU Member States, whether they managed to be in line with the Lisbon Agenda and the EU2020 targets. Which have been the main trends of employment rates over the last two decades, both in total terms and considering specific groups, such as women and seniors (over 55). Which have been the main patterns followed by EU Members grouped by geographic region of belonging (Nordic, Continental, Mediterranean, and New Members). Which policies in the employment and education spheres field, put in practice at national level, revealed to be more successful than others, and which constitute best practices to be taken into consideration by the other Members. Moreover, since long-term unemployment (LTU) constitutes a major problem for the economy of all EU Members, a look at the trends of LTU rate and incidence is provided. Finally, the last part of the chapter is dedicated to the analysis of the policies and their implementation in the area of education. In the third chapter the focus is on the assessment of the enforcement of the European Employment Strategy in three Member States, Italy, Germany and Sweden, which have been chosen as representatives of the Mediterranean, Continental and Nordic regions respectively. The aim is to get useful insights from successful experiences and understand where there could be room for improvements. The last chapter offers an insight into the new phase of the Strategy which started in 2020 and is characterised by the joint effort of all EU Members to recover from the economic crisis triggered by the sanitary emergency. The aim is to build a stronger Union able of sustainable and resilient economic and social growth. To enable the concrete enforcement of the new common strategy at national level, EU Members established a fund known as Next Generation EU. It consists of grants and loans to which EU Members have access till 2026. Being one of the most hit by the pandemic’s crisis, Italy is the major beneficiary of the fund, having obtained almost one third of the total amount of the resources available. In a way to exploit this unique opportunity, the Italian government has already envisaged a consistent package of reforms to recover from its structural problems and catch up with other EU Members.

CHAPTER 1

THE EU COMMITMENT TO TACKLE UNEMPLOYMENT

1. Why unemployment deserves primary attention at EU level: the economic rationale

The concept of ‘unemployment’ is generally intended as the economic and social situation of an individual who is «available for work» and is looking for it, but that currently doesn’t have a job¹. The two criteria «current availability for work» and «seeking work» help to distinguish non-employed people who are unemployed from those who are not economically active, who are not looking for a job². The unemployment rate in a certain country is given by the ratio between the number of people who do not have a job but who are looking for it and the total population in the working age³. The rate of unemployment can be calculated for particular social groups, like the youth unemployment rate or the female unemployment rate or even the disabled unemployment rate. Such distinction is particularly useful to understand social issues characterising the labour market. The causes for which a person does not have a job can be disparate. Nonetheless, the literature⁴ finds out different typologies of unemployment according to the subject, his or her age or sex, to the duration of the unemployment period or even according to the productive sector. A young unemployed is a young⁵ individual who tries but does not manage to enter in the labour market⁶. In other words, it can be said that, once concluded their course of study, obtained a diploma or even a degree or master degree, young people encounter huge difficulties in finding a job. Or to be more precise, they experience difficulties in finding a job that is coherent with their course of study.⁷

For what concerns the relevance of female unemployment at EU level, there are studies⁸ that confirm that «increasing female’s labour participation rate in the labour market in EU countries can effectively prevent poverty among women». Reaching this objective would mean achieving two goals set by the EU2020 strategy,

¹ Ralf Hussmanns, Farhad Mehran and Vijay Verma, «*Surveys of Economically Active Population, Employment, Unemployment, and Underemployment: An 110 Manual on Concepts and Methods*», vol 148 (1990), p.97.

² People economically inactive are in their working age but do not work nor look for it.

³ ILO, «Quick Guide on Interpreting the Unemployment Rate», p.6. People in their working age is the population above the legal working age.

⁴ Cfr. Stefania Albanesi and Ayşegül Şahin, «The Gender Unemployment Gap» (2018) 30 *Review of Economic Dynamics* 47; Niall O’higgins, «*The Challenge of Youth Unemployment*», vol 50 (1997); Fiona Macdonald Alison McClelland, «The Social Consequences of Unemployment» [1998] Business Council Of Australia; House of Representatives Standing Committee on Employment Education and Workplace Relations, «Consequences of unemployment», *Age counts an inquiry into issues specific to mature-age workers* (The Parliament of the Commonwealth of Australia 2000).

⁵ According to Eurostat, the age of a young unemployed ranges between 15 and 24 years. Nonetheless, due to differences among Member States for what concern the actual active population aged 15-24, it will be considered young unemployment to cover the range 18-29, as more comprehensive.

⁶ O’higgins (n 4).

⁷ Cfr. Riccardo Leoni, «Graduate Employability and the Development of Competencies. The Incomplete Reform of the “Bologna Process”» (2014) 35 *International Journal of Manpower* 448.; Cristina Sin and Alberto Amaral, «Academics’ and Employers’ Perceptions about Responsibilities for Employability and Their Initiatives towards Its Development» (2017) 73 *Higher Education* 97, according to which «estimates show that the percentage of people employed in an occupation that does not mirror their academic background is extremely high and leads to worker dissatisfaction».

⁸ E Günay Kabakçı and O Polat, «Evaluation of Factors Which Cause Female Poverty in the EU by Panel Data Analysis» (2021) 19 *Journal of management and economics research* 40.

first the increase of female employment at least up to 60 per cent and a decrease of 20 million the number of people in status of poverty. Women are commonly thought to be in a disadvantaged position in the labour market compared to men, because women generally «work more in atypical employment, like part-time jobs, because of their domestic duties»⁹.

But unemployment can even be classified on the basis of its causes. In this view, it is argued¹⁰ that unemployment can be seasonal, frictional, structural or cyclical.

Seasonal unemployment means that people are not working because of seasonal changes in demand, production and employment. This is the typical situation in sectors such as agriculture, tourism, retailing and hospitality. In such cases, people work just for few months, being unemployed for the rest of the year.

The less negative form of unemployment is termed ‘frictional’ unemployment. It means that people are not working while dedicating time to look for a more suitable and better paid job.

Structural unemployment is by definition the trickiest form of unemployment. Its causes can be traced to skill-mismatch, de-industrialisation, disincentive effect of the occupation trap, and other barriers like expensive housing, childcare and transport services¹¹. According to Cedefop, skills mismatch occurs when «employers unable to find the right talent, despite offering competitive wages, face skill shortages. Skill gaps arise where the skills required are unavailable in the workforce, for example, due to technological advance. Over or underqualification is when individuals take jobs that do not match their qualifications»¹². On the other hand, de-industrialisation is a cause not directly referable to the individual capability, it is linked to the decrease of employment in the manufacturing industry in advanced economies¹³. The main reason behind this phenomenon is the rapid growth of productivity in manufacture, as innovations make it possible to produce more output with ever fewer workers, leads to declining employment in that sector¹⁴. This is the result of the successful economic development and trade specialisation. Moreover, unemployment in this case is the result of processes like modernisation¹⁵ in specific sectors, such as agriculture and manufacture. Hence, it is evident the double face of technological innovation. On one side, considerable improvement in terms of productivity of labour, and consequently increased income level for workers. On the other side, it is doubtless that many people lose their job due to technological innovations, their tasks can be easily, faster, and more precisely accomplished by a robot devise or a mechanical instrument. The disincentive effect of the occupation trap is linked to the immobility of the worker’s employability. Occupation trap is the term that indicates the situation

⁹ Rosa Aisa, Gemma Larramona and Fernando Pueyo, «Poverty in Europe by Gender: The Role of Education and Labour Status» (2019) 63 Economic Analysis and Policy 24.

¹⁰Joan Muysken, «Classification of Unemployment : Analytical and Policy Relevance» (1989).

¹¹ House of Representatives Standing Committee on Employment Education and Workplace Relations, «CONSEQUENCES OF UNEMPLOYMENT», *Age counts an inquiry into issues specific to mature-age workers* (The Parliament of the Commonwealth of Australia 2000).

¹² Cedefop, «*Skills, Qualifications and Jobs in the EU: The Making of a Perfect Match?*» (2015), p.14

¹³ R Rowthorn and R Ramaswamy, «Deindustrialization: Its Causes and Implications, Economic Issues» (1997) Washington, DC: International Monetary Fund/IMF.

¹⁴ This is the same mechanism that made employment in agriculture decrease and shift workforce to the manufacture industry.

¹⁵ Dana Pařová and Martin Vejačka, «Analysis of Employment in the EU According to Europe 2020 Strategy Targets» (2018) 11 Economics and Sociology 96.

in which the employability of the worker is not marketable. In other words, the worker is not able to shift his or her profession because of lack or depreciation of skills. It is doubtless that after a medium-long period spent in this situation, a potential worker feels demotivated to keep looking for a job and becomes inactive. An element that usually worsens the situation is the fact that the cost of re-training to match the skills required by the labour market is unaffordable. Skills erosion is the unavoidable process occurring over a long period of unemployment and it is considered to be one of the main obstacles to reintegration in the labour market. The loss of human capital indeed cannot be reduced to a mere decreased education, capacity, and training. Self-confidence, mental wellbeing, social competences and motivation are dramatically compromised by unemployment¹⁶. The result is discouraged workers.

Cyclical unemployment is due to lack of aggregate demand for goods and services¹⁷. The hypothesis is that when a period of recession occurs in the economy, people start to save money, and to spend less in goods accordingly. But when this happens, even businesses consequently begin to reduce their production. And this often results in workforce reduction because usually when firms reduce their production, even revenues decrease, and this makes employers unable to pay all their workers. Cyclical unemployment's duration depends on the length of economic contractions caused by recession. The causes of the recession are disparate, but usually the price shock is the triggering cause, with immediate sell of stocks following. The uncertain atmosphere leads to delays in purchasing. All is about expectations. If renewed confidence is expected, growth resumes and cyclical unemployment is avoided. If confidence continues to erode, instead, lowered demand forces businesses to continue laying off more workers. Here workers are not fired because they're not skilled enough to meet the demand, but just because demand of work reduced. The effect of the cyclical unemployment is a downward spiral. The limited purchasing capacity of unemployed further reduces the demand for goods and firms' revenues consequently. More layoffs are just on the corner. The cyclical unemployment over the 1930s reached the peak of 25 per cent of working age population¹⁸. Today we are experiencing a grave historical moment for the labour market due to the pandemics with countless companies forced to fire their personnel. The correlation between cyclical and structural unemployment is that a worker may initially lose his or her job due to cyclical economic downturn and ends up as structural unemployed, as a consequence of skills erosion.

At this point, beyond the general definition and classification of unemployment, it is interesting to understand the economic rationale behind the policies put in practice by the EU Member States to tackle unemployment. The main argument stands on the fact that unemployment inevitably brings costs, being them private or social, economic or psychological¹⁹.

¹⁶ Mattias Strandh and Madelene Nordlund, «Active Labour Market Policy and Unemployment Scarring: A Ten-Year Swedish Panel Study» (2008) 37 *Journal of Social Policy* 357.

¹⁷ Muysken (n 10), p.401-402

¹⁸ Martin Feldstein, «The Private and Social Costs of Unemployment» (1978) 68 *The American Economic Review*, Papers and Proceedings of the Ninetieth Annual Meeting of the American Economic Association 155.

¹⁹ Alison McClelland (n 4).

But what really means to be unemployed? Basically, unemployed people cannot rely anymore on a salary for satisfying their needs. It results in both short- and long-term negative consequences. The loss of income due to unemployment represents the main direct private cost of unemployment²⁰. In cases where the applicant is eligible, loss is partially compensated by unemployment benefit, which is a partial and non-comprehensive indemnity measure²¹. In the long-term, the lack of income can lead to loss of social status, relationship and family issues, depression, poverty, and in the worst cases even suicide. Long-term shortcomings for unemployed people are referred to as ‘labour scarring effects’ of unemployment.²² Among the others, it is worthwhile to note the loss of experience²³ and severe limitation to lifelong earnings that could result in vulnerability to debt at high interest rate, worsening in physical health and increase in psychological stress²⁴.

Moreover, the unemployed must spend time in job searching and finding another job could not be so easy. The issue lies in the fact that workers are ‘specialised’ in a certain sector. Hence, to find a different job, they must elevate or differentiate their skills to be adaptable and attractive in the labour market. This process is called ‘training’ or ‘shifting of skills’²⁵. The potentiality behind this process is huge in terms of success in the labour market. It allows workers to keep their skills constantly updated. For this reason, ongoing training of skills constitutes an essential competitive advantage for workers. Nowadays, the EU Commission talks about ‘perpetual training’ as one of the main pillars of Recovery Plan for Europe²⁶, as the main challenge in today labour market is about digital skills.

Therefore, it is interesting to analyse why unemployment is an actual issue not only for the people directly involved, but also for the whole society²⁷. From an economic point of view, unemployment generates costs both in terms of lost economic output, increased welfare expenditures, worsen living standards, and growing expenditure on public security and public health²⁸. The first and most evident effect of unemployment for an economic perspective is that if a person does not work, he or her does not produce economic output. This means inefficiency, because human resources that are willing to be employed actually cannot. Consequently, the economy loses output because it works below its productive potential. Secondly, the fall in real income lowers living standards for those the unemployed and his or her family²⁹. Hence, the government intervention to alleviate low standards of living entails costs for the public finances³⁰. In 2010, in the immediate aftermath

²⁰ Feldstein (n 18).

²¹ Richard Moffitt, «Unemployment Benefits and Unemployment» [2014] IZA World of Labor 1.

²² Øivind Anti Nilsen and Katrine Holm Reiso, «Scarring Effects of Unemployment» [2012] SSRN Electronic Journal.

²³ Gaps in the CV may influence a potential employer who associates a long unemployment situation to worse quality of human capital.

²⁴ Alison McClelland (n 4).

²⁵ P McLagan and D Suhadolnik, «Models for HRD Practice» [1989] American Society for Training and Development.

²⁶ Europa.eu

²⁷ Feldstein (n 18).

²⁸ *ibid.*, p.97

²⁹ The Parliament of the Commonwealth of Australia (n 11).

³⁰ Vlad Dumitrache and Ileana Tache, «Impact of Global Economic Crisis on the European Welfare States» (2013) European Research Studies Journal 3, according to which the EU-27 expenditure on unemployment-related benefits rose by 29.7 % between 2008 and 2009 at the height of the global financial and economic crisis.

of the financial crisis, 6 per cent of EU social security spending was devoted to unemployment insurance and unemployment assistance³¹. In 2017, during the recovery from financial crisis, \$174 billion represented the total expenditure devoted by EU Member States to unemployment-related benefits, which amounted to 1.3 per cent of EU GDP and 4.7 per cent of the EU social security expenditure³². Moreover, since less people work and pay taxes, national governments have less income to rely on, as basis for public expenditure³³. In 1993, direct costs linked to unemployment in the period 1994-1999 were estimated to amount at \$210 billion³⁴ as comprehensive of expenditure on unemployment benefits and foregone revenues from income taxes. As a consequence, the government is obliged to get in debt. And this would further worsen government's finances. The related consequences of unemployment such as increased criminality and deteriorated health conditions of the population constitute a further dilemma to be faced by national governments. To sustain these additional costs, there are two possibilities. One is to borrow money increasing the sovereign debt and this entails that, in the near future, tax level will increase. While in the case the government decides not to get indebt but to cut public expenditure, this means, in most cases, to limit the potentiality for growth in those sectors hit by resources cut, namely education, health, infrastructure³⁵. Finally, from a labour market perspective, many young people who cannot find a job in their country of origin³⁶, or that simply feel their potential unrecognised, are motivated to move abroad in search of better possibilities. This off course concur to lower the labour supply in the country of origin³⁷.

For all the reasons listed above, the EU Member States decided to keep unemployment as one of the main priorities at EU level. As a matter of fact, the numerical/statistical reference to unemployment rate cannot completely mirror the overall costs of unemployment. Hence, an ongoing and joint commitment undertook by all members of the EU has been necessary to alleviate not only the private cost, but also the burden that weighs on the society as a whole.

It is clear at this point that unemployment represents a burden even from a social point of view. The most relevant costs are linked to increased welfare benefit dependency and relative poverty³⁸ associated with rising joblessness. This condition in most cases determines an extra demand for health services due to stress-related-

³¹ *ibid.*

³² Eurostat, «Social Protection Statistics - Social Benefits», November 2021, available at <https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Social_protection_statistics_-_social_benefits>

³³ Cfr. 'Consequences of Unemployment' (n 11), and European Commission, «Growth, Competitiveness, Employment - The Challenges and Ways Forward into the 21st Century (White Paper)» (1993).

³⁴ about 4 per cent of Community GDP

³⁵ PM Jackson, «The Public Expenditure Cuts: Rationale and Consequences» (1980) 1 *Fiscal Studies* 66.

³⁶ This has been the case of southern EU country like Spain, Italy and Greece which in the aftermath of the crisis saw many of their citizens moving in northern European countries in search of better possibilities.

³⁷ This is the so called 'drain brain effect', cfr. Kamalesh Ray, «Unemployment and Brain Drain» (1971) 6 *Economic and Political Weekly* 2061.

³⁸ Cfr. Yekaterina Chzhen, «Unemployment, Social Protection Spending and Child Poverty in the European Union during the Great Recession» (2017) 27 *Journal of European Social Policy* 123; Stephanie Moller and others, «Determinants of Relative Poverty in Advanced Capitalist Democracies» (2003) 68 *American Sociological Review* 22.

illnesses³⁹. Moreover, a spread atmosphere of reduced trust in public institutions cannot be excluded.⁴⁰ Nonetheless, if on one hand unemployment generates a range of terrible consequences, on the other side of the medal few beneficial effects could be taken into consideration. Among the others, a reduced rate of inflation, pool of unemployed labour available for growing business, and time to look for a better job⁴¹. What is to be clear is that the incidence of the consequences of unemployment, and, in particular, economic and social ones, depend on the causes of the unemployment and on how long people have been out of work.

To sum up the main costs of unemployment, it can be argued that unemployment entails slower economic growth, increasing inequality in income and wealth, skills erosion, higher welfare spending and low tax revenues.

Finally, the most relevant in terms of costs to be sustained by individuals and by the society as a whole is long-term unemployment. Completely at the opposite side of frictional unemployment, long-term unemployment (LTU) is the condition that affects people remaining unemployed for more than 12 months. In 2020, the EU counted more than 5 million long-term unemployed, about 37 per cent of the total unemployed population in working age (20-64 years old)⁴². Particularly significant shortcomings of LTU are mental and physical stress for loss of income and social link with the society, and deterioration of human capital from skill erosion. Moreover, re-employment is likely to occur at a lower wage level, compared to the previous job⁴³.

LTU can be measured by rate and by incidence. The first measure is obtained from the ratio between the total number of people in their working age without a job for more than one year and the total active population. The latter measure is instead the result of the rate between the number of long term unemployed on the total number of unemployed in a given population. LTU's incidence is positively associated with skill mismatch and negatively with labour market efficiency, growing GDP⁴⁴per capita and inflation rates⁴⁵. As already mentioned above, when skills owned by unemployed do not match labour demand, this contributes to protracted unemployment.

Once individuated LTU indicators, like the total rate, the rate of youth LTU, the incidence, and the socio-economic background of the selected population, specific policies can be undertaken accordingly. For example, having a relatively high number of unemployed workers in a given country or region could not be so concerning in the case those unemployed are seasonal unemployed. On the contrary, having a high number of long-term unemployed is a synonym or a signal of structural problems in the economy, particularly when the majority of unemployed population is LTU.

³⁹ Cfr. Alan Morris, «The Social Costs of Unemployment» (2002) 13 *The Economic and Labour Relations Review* 207; David Dooley, Jonathan Fielding and Lennart Levi, «Health and unemployment» (1996) 17 *Annual Reviews Public Health* 449.

⁴⁰ Betsey Stevenson and Justin Wolfers, «Trust in Public Institutions over the Business Cycle» (2011) 101 *The American Economic Review* 281.

⁴¹ Rajesh Pal, «*Economic Growth, Inflation and Unemployment*» (2018). These positive effects are only true in cases of short-term unemployment.

⁴² Eurostat, 2021

⁴³ Austin Nichols, Josh Mitchell and Stephan Lindner, «Consequences of Long-Term Unemployment» [2013] Urban Institute

⁴⁴ Gross Domestic Product

⁴⁵ Labour market matching efficiency is the ability to match the unemployed with vacancies.

Corrective labour market policies in this case include public expenditure, as share of Gross Domestic Product per person, on labour market services⁴⁶, active and passive labour market policies. The main difference between passive and active labour market policies is that the formers consist of financial support to job seekers during unemployment period, while the latter activate job seekers to find employment. Among the most prevalent active labour market policies (ALMPs) there can be found training, employment incentives, supported employment, direct job creation, start up incentives. All ALMPs, apart from direct job creation, have significant impact on LTU⁴⁷. In particular, training improves the quality of human capital by levelling up skills, productivity and employability, general and specific vocational skills. Compared to others ALMPs, the results of training are visible in the medium-long term and depend mostly on the quality of training⁴⁸. Despite the not immediate effects of this measure, trained skills and competencies are fundamental to match the labour market demand as they maintain and readjust the human capital of the unemployed. Emphasis is then on actual skills being achieved. Private sector incentive programs, instead, encourage employers to hire new workers or to maintain the job contract of their employees. Start-up incentives consist of subsidies and advisory support to jobseekers who want to become self-employed. This measure represents a chance for vulnerable and low-skilled people facing limited options in the labour market to escape from unemployment condition. Supported employment is instead directed to disabled people and those temporarily incapable due to accident or illness. Finally, direct employment programs focus on the direct job creation in the public or non-traded sectors. Training and start up incentives are generally more effective in preventing unemployment in the medium-long term than direct job creation⁴⁹. For this reason, active labour market policies are negatively associated with LTU incidence⁵⁰.

In the present context, bridging skill mismatch through ALMPs means facilitating transition to post-covid labour market, where digitalisation will be accelerated⁵¹. With this intent, spending on effective ALMPs must be appropriate to provide training and private sector incentives to hire. Addressing skills mismatch is maybe the most challenging instrument to solve LTU. It requires the upgrade of skills through education and training, and identify skills for the current and future need, above all digital skills⁵². Moreover, improving labour market matching efficiency entails to strengthen the role of public employment services. Eventually, handling LTU decreases poverty and social exclusion.

1.1 The European Employment Strategy (EES)

⁴⁶ Labour Market services cover services of the Public Employment Services which enhance job search efficiency.

⁴⁷ David Card, Jochen Kluve and Andrea Weber, «[What Works? A Meta Analysis of Recent Active Labor Market Program Evaluations](#)» (2018) 16 Journal of the European Economic Association 894.

⁴⁸ Strandh and Nordlund (n 16).

⁴⁹ Card, Kluve and Weber (n 45).

⁵⁰ European Commission, «Data Collection for Monitoring of LTU Recommendation: 2017» (2019).

⁵¹ World Economic Forum, «The Future of Jobs Report 2020» (2020), p.49 available at <<https://www.weforum.org/reports/the-future-of-jobs-report-2020/digest>>.

⁵² Cedefop (n 12).

The European Employment Strategy (EES) is a mechanism of soft law conceived to coordinate EU Member States' policies in the labour market and social policies⁵³ field. The process of achieving coordination is organised in a twofold approach. The first step occurs at EU level with the definition of objectives, priorities, and targets. The implementation phase, instead, is left to national governments which oversee the formulation and enforcement of adequate policies. The definition and development of EES began in 1992, when the Maastricht Treaty embedded among its core principles «high level of employment and social protection» and «improvement of life quality and standards»⁵⁴. Following those principles⁵⁵, the year later, the EU Commission presented a Community-wide Framework for Employment which prescribed a high employment level as «a fundamental objective of the Community»⁵⁶. In the same year, the Copenhagen Council agreed on the necessity of a comprehensive European strategy to «restore sustainable growth, reinforce the competitiveness of European industry and reduce unemployment»⁵⁷. With this aim, the Council charged the Commission to draw a White Paper which should have embedded a medium-term strategy for growth, competitiveness and employment⁵⁸. That White Paper consisted of a monitoring framework and a set of common goals for employment policies.

The Paper called for changes in the employment environment as a whole, including both the structure of labour market, taxation and social security incentives. It underlined the fact that labour market inefficiency would not be solved solely by market mechanisms, but instead with an approach of simplified regulation and incentives. In other words, deregulation did not represent the proper solution to unemployment related problems. The key point was instead found to be the promotion of employment creation, «without putting the burden of change on those already in a weak position in the labour market»⁵⁹. The essential pattern to pursue employment growth results was agreed to be the engagement of the «widest possible range of economic and social actors at all levels»⁶⁰. In other words, the bottom-up approach was to be preferred and encouraged. With this aim, a relevant role was attributed to social partners both at EU and national level as the institution closest to the citizens.

⁵³ Katja Lack and J Timo Weishaupt, «The European Employment Strategy: Assessing the Status Quo» (2011) 7 German policy studies : GPS = Politikfeldanalyse 9.

⁵⁴ Treaty on European Union, Title II, 'Principles', art.2.

⁵⁵ The treaty of Maastricht outlined a vague terminology visible in words such as 'high' referred to employment level and social protection, and 'improvement' related to life quality, without including any target clearly defined. For this reason, it is only possible to talk about general principles instead of clearly defined targets, which will be present for the first time in 2000 within the framework of the Lisbon Agenda.

⁵⁶ Cfr. European Commission, «Community-Wide Framework for Employment» [1993] OJ C (93) 238 final. 26 May 1993 and J Timo Weishaupt, «The OECD's Repeated Reassessments and the EU as a Proliferator of New Ideas», *From the Manpower Revolution to the Activation Paradigm* (Amsterdam University Press 2011), pp. 156-73

⁵⁷ Cfr. Weishaupt (n 56), p.157 and European Council, «Presidency Conclusions, 21-22 June 1993», Copenhagen (1993).

⁵⁸ Weishaupt (n 56), p.157.

⁵⁹ European Commission, «Growth, Competitiveness, Employment - The Challenges and Ways Forward into the 21st Century (White Paper)» (1993), p.139.

⁶⁰ Ibid. p.139.

In line with the OECD's findings⁶¹, the Paper recognised one of the main causes of EU unemployment at that time being structural factors⁶². The first deficiency was the lack of flexibility in terms of working conditions and mobility. Secondly, Member States reported a spread inefficiency of the labour market matching, particularly in terms of labour supply's lack of skills and qualifications. Further, the disproportionate cost of work led private undertakings to keep substituting labour with capital. Moreover, what resulted evident was the inadequacy of social protection schemes which were directed mainly to workers, *de facto* excluding jobseekers. Finally, labour intensive and unskilled sectors were unprepared to deal with the competition of low-income countries.

A set of remedies were then advanced. First, flexibility was thought to be necessary to increase employment levels in quantitative terms. Hence, labour market policies should have promoted a reduction of the working time through part-time contracts, especially in times of economic downturn, and mobility both at sectoral, geographical and in-house level. As a second step, the Paper suggests undertaking actions to lighten the cost of labour especially for those workers who are low-skilled, and instead encouraging private insurance schemes. Then, a further prominent remedy was increasing the level of skills acquired by workers. This third point has been pointed out as one of the main drivers for «stimulating growth and restoring competitiveness and a socially acceptable level of employment in the Community»⁶³. A last crucial remedy was the formulation and implementation of active labour market policies. The idea was that active labour market policies, which entailed mutual obligations to jobseekers and the State, were meant to be worthwhile in tackling unemployment compared to passive ones. To be concretely 'active', labour market policies in EU member States should have strengthened the effectiveness of employment services at local level, supported new activities, and ensured that social protection systems were concretely motivating people to work. For what concerned 'new activities', huge investments should have been put in place in the energy, transport, telecommunications and environmental projects. Moreover, the combination of the last two remedies, focus on better skills and ALMPs could result in an ideal match to ensure long-term high levels of employment and minimum unemployment. Education and «training leading to meaningful qualifications»⁶⁴ measures were indeed supposed to contrast unemployment, to boost growth through competitiveness and skills adaptable to market and social changes. What the Paper aimed to highlight was the need for preventing rather than managing unemployment for the most disadvantaged groups⁶⁵. Among them particular attention deserves the group of young unemployed, and long-term unemployed. In 1993, the incidence of young unemployed accounted for 10 to 30 per cent of the total unemployed population, while long-term unemployed for 50 per cent⁶⁶. Acknowledging the deep disadvantage of young people in find an occupation, the Paper advanced the necessity to introduce

⁶¹ OECD, «The OECD Jobs Study Facts , Analysis , Strategies» (1994).

⁶² European Commission, (n 59), p. 143

⁶³ Ibid. p.133

⁶⁴ Ibid. p.18

⁶⁵ Ibid. p. 19

⁶⁶ Ibid. p.143

Youthstart⁶⁷, an initiative devoted exclusively to young people under the age of 18. Such initiative was meant to be a youth guarantee scheme to be implemented at national level, through which Member States would have ensured the access to «a recognized form of education or training», with priority to early school leavers⁶⁸. Moreover, the focus of this initiative should have centred on sectors at that time considered promising such as «environment protection, urban regeneration, and cultural heritage»⁶⁹. The EU Social fund was the selected instrument to co-finance this initiative with 441 million euro dedicated to the program⁷⁰.

The last chapter of the Paper was dedicated to the promotion of a new «sustainable development model»⁷¹, which stressed the necessity to improve the quality of life in all Member States. To reach this important objective, Member States should have oriented research activities toward the development of ‘clean’ marketable technologies as driver of competitiveness.

The following step towards the formulation of a common strategy occurred in December 1994 at the European Council met in Essen. In that occasion, Member States confirmed the EU’s commitment to the promotion of employment and agreed on «five key areas»⁷²:

1. To «improve employment opportunities» through lifelong learning and vocational training investments making the skills of the active population adaptable to the ongoing changes of the economy.
2. To make the labour conditions more flexible through a bottom-up approach involving local initiatives.
3. To lighten labour cost other than wage to elevate the attractiveness of low skilled people.
4. To make labour market institutions’ efficient and effective through a focus on active rather than passive labour market policies.
5. To sustain specific target groups (young people, long-term unemployed, women and elderly workers) which are particularly hit by unemployment.

The coordination of national employment policies aimed at achieving these objectives became known as the ‘Essen Process’⁷³. The Strategy required the translation of the Essen guidelines in multi-annual programmes by each Member States in line with «the specific features of their economic and social situation»⁷⁴. Member states policies were subjected to the monitoring activity of the Labour and Social Affairs Council, the Economic and Financial Affairs Council, and the Commission. The same institutions reported back to the European Council⁷⁵. The Essen Process represented a first step in creating a common European framework «for the exchange of ideas and good practices, mutual surveillance, and benchmarking»⁷⁶.

⁶⁷ Ibid., p.151

⁶⁸ Ibid., p.151

⁶⁹ Ibid., p.151

⁷⁰ European Commission, «Community Initiative on Employment and Development of Human Resources - “Employment - YOUTHSTART” (Promoting Labour Market Integration of Young People), 1994-1999» (1994).

⁷¹ *ibid.*, p.162

⁷² European Council, «European Council Meeting on 9 and 10 December 1994 in Essen - Presidency Conclusions» (1994).

⁷³ Lack and Weishaupt (n 53), p.11

⁷⁴ European Council (n 72).

⁷⁵ Weishaupt (n 56), p.159.

⁷⁶ European Council (n 72).

Despite the achieved consensus over the guidelines, the British, French and German governments and the Union of Industrial and Employers' Confederations of Europe (UNICE) looked suspiciously to any transfer of policymaking competences to the EU level. Finally, a political compromise was reached after the reshuffling of governments in Britain and France and increasing domestic pressures in Germany⁷⁷. Such compromise formally established the European Employment Strategy at the Amsterdam Summit in June 1997. In that occasion, a multilateral surveillance process and a permanent, treaty-based Employment Committee (EMCO) were institutionalised, promoting policy co-ordination among Member States' employment and labour market policies⁷⁸. Moreover, President of the Council, Jean-Claude Juncker successfully proposed the introduction of an employment title in the new Treaty of Amsterdam⁷⁹. Before the ratification of the Amsterdam Treaty, in late 1997, the Council set forth the new path, called 'Luxemburg Process', which rested on the 'guideline' as the soft-law instrument elected to orient Member States in the employment policies field. The Employment Guidelines (EGL) consisted of common priorities resulted from the EU legislative process.⁸⁰ The EGL were originally organised in four pillars: employability, entrepreneurship, adaptability, and equal opportunity⁸¹. Each pillar included mutual monitoring and reporting mechanisms. The most prominent pillar was the employability pillar embracing guidelines one to seven. This first set of guidelines stressed the importance to implement employability-oriented strategies, building on the early identification of individual needs and ensuring that young and long-term unemployed are offered a new start in the form of training, retraining, work practice, a job or other employability measure after 6 and 12 months respectively⁸². Another important highlight of this pillar is the reference to the investments on work, training and lifelong learning as means to contrast welfare dependency. The last and maybe most relevant aspect underlined by the pillar refers to facilitate the «transition from school to work»⁸³.

Guidelines eight to twelve constitute the second pillar, which concerns entrepreneurship. This pillar suggests the promotion of job creation by private undertakings, identifying the administrative costs reduction as fundamental step to reach the scope. Moreover, incentives and grants were thought to be key enablers of self-start ups. Eventually, the tax system should have been made more employment friendly by reducing labour and non-wage labour costs, in particular on unskilled and low-paid work.

⁷⁷ Cfr. Weishaupt (n 56), pp.161-162, and James S Mosher and David M Trubek, «Alternative Approaches to Governance in the EU: EU Social Policy and the European Employment Strategy» (2003) 41 *Journal of Common Market Studies*, p. 67.

⁷⁸ Council of the European Union, «TREATY OF AMSTERDAM» (1997), art.109

⁷⁹ Jonathan Zeilin, Philippe Pochet and Lars Magnusson, «*The Open Method of Co-Ordination in Action - The European Employment and Social Inclusion Strategies*» (Peter Lang 2005), p.49, the employment title is now part of the Consolidated version of the Treaty on the Functioning of the EU (Title IX).

⁸⁰ TFEU, art.148 (ex.art. 128 TEC)

⁸¹ European Commission, «The 1998 Employment Guidelines : Council Resolution of 22 February 1997.»

⁸² European Commission, «Approaches of Public Employment Services (PES) to Long Term Unemployment» , p.4.

⁸³ Weishaupt (n 56), p.163.

The third pillar⁸⁴ was focused on adaptability. Flexible working conditions as well as incentives for the development of in-house training should have been granted and obstacles to investment in human resources should have been removed.

The last pillar⁸⁵ was about the relevant topic of equal opportunities. Making the gender gap in unemployment rates to become a distant memory required active support to women employment⁸⁶. To reach this scope the pillar suggests «improving access to childcare services⁸⁷, facilitating the return to work after childbearing⁸⁸, and find innovative and inclusive solutions to people with disabilities»⁸⁹.

Notwithstanding the undoubted relevance of the employment guidelines in shaping national labour market policies, these normative instruments represent just the first step in reaching EU harmonisation among Member States in the employment and social field. The process goes ahead with National Action Plans (NAPs), written documents where member States explain how they intend to implement the guidelines. At this point, the Commission and the Council examine each National Action Plan submitted by member States and present a Joint Employment Report (JER). Then the Commission proposes a review of the Employment Guidelines accordingly for the following year. The last step is given by recommendations issued by the Council upon a proposal by the Commission⁹⁰.

The focal normative view that the EES aimed at spreading through the guidelines was that active labour market policy was the «good social policy» able to prevent long-term unemployment. Investments in people, and supply-side labour market policy interventions were considered to lead to structural improvements.

As shown by the mid-term review of the Luxembourg process in 2000⁹¹, indeed, the EES was helping to promote a mutually supportive «synergy effect» between different actors at European and national levels⁹². Moreover, at the beginning of the new millennium the belief that a social dialogue at EU level could have been productive from a normative perspective led to attach a greater role within the EES's implementation process to the EU social partners⁹³. At state level, instead, social partners could also collaborate in drafting National Action Plans in line with the guidelines embodied in EU framework agreements.

While ideating the European Employment Strategy in the mid-90s, EU member countries acknowledged that one potential cause of unemployment was the skill gap between labour market demand and supply⁹⁴. This meant that the competences acquired by students at different levels of educations were not adequate, or not employable to respond the new flexibility of labour market demand. The result was that many graduates

⁸⁴ Guidelines 13-15

⁸⁵ Guidelines 16-19

⁸⁶ Guideline 16

⁸⁷ Guideline 17

⁸⁸ Guideline 18

⁸⁹ Guideline 19

⁹⁰ Weishaupt (n 56), p.164

⁹¹ European Economic and Social Committee, 'Mid-Term review of the European Employment Strategy' (2001).

⁹² Weishaupt (n 56), p.166

⁹³ European Council, «Santa Maria Da Feira European Council conclusions of the presidency» (2000).

⁹⁴ Leoni (n 7).

eventually found an employment requiring a lower skill level with respect to their own. The overeducation characterising large part of upper secondary and tertiary education was the outcome of school systems not able to shift from the traditional transmission of knowledge to a more proactive mood centred on learning and relational competences. This apparent negligible issue actually had serious consequences. Workers employed in low mental workload are in general more likely to feel unsatisfied with their job and to face age-related cognitive problems. According to this view, skills-mismatch related issues can be alleviated through training activities and job mobility. Technological and organisational changes in the mood of production triggered by globalisation in the 90s were indeed thought to be the main cause of the misalignment of skills. That was the reality in the 90s when organisational and technological shocks affected the market. Hence, EU member States decided to trigger a set of reforms to help students to better fit the competencies required by the labour market. The goal was to establish an education system that would be concretely effective in help students to find a job coherent with their course of study. In this context, in 1999, the representatives of 29 European countries met in Bologna, agreed and signed the Bologna Declaration which gave birth to the well-known ‘Bologna Process’. The main goal of the Bologna process was to align educational objectives⁹⁵ of all students enrolled in equivalent courses of study. The process has been organised in a way that each Member State’s progress was monitored biannually by ministries of signatory parties. The National Action Plans were meant to provide targets in terms of expected learning outcomes from training and expected competences to be acquired during the course of study. With the Bologna Process, learning became more relevant than knowledge. The point was that mere possession of knowledge was no more sufficient. Hence, courses of study were to be adapted to this new conception of education, whose outcome was then competence, by rethinking the traditional pedagogical approach towards a more dynamic didactic. Nowadays, the role of the teacher at each education level cannot consist anymore in just transfer of knowledge, he or she has to be the promoter of an education which is employable. In other words, his or her task was to ensure that students acquired competences rather than only knowledge. This was the only way the education system could guarantee long-lasting social inclusion to their students.

In 2000, a year after the entrance into force of the treaty of Amsterdam, EU Member States representatives met in Lisbon, and a new more specific and synergic path was introduced at EU level. This step has been known as ‘Lisbon Strategy’, of which the EES became the cornerstone. The Lisbon strategy was the expression of will of EU Member States to make the EU the «most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion»⁹⁶. From the presidency conclusions on the Lisbon council emerged among the others, the will to «modernise social welfare and the education systems»⁹⁷. This intention derived from the data on EU labour

⁹⁵ Defined as intended learning outcomes

⁹⁶ European Commission, DG for the Presidency, «Presidency Conclusions on the Lisbon Council» (2000).

⁹⁷ *ibid.*, p.11

market highlighted by the Community labour force survey⁹⁸. According to these data, in 2000 the 15 EU member countries counted more than 15 million Europeans in their work age⁹⁹ out of work. The employment rate was too low (63.1 per cent) and characterised by insufficient participation in the labour market by women and older workers¹⁰⁰. Long-term structural unemployment and marked regional unemployment imbalances remain endemic in parts of the Union, especially in Italy, Spain and Greece. In addition, the presidency conclusions underlined the lack of development in the service sector and particularly in the areas of telecommunications and the Internet, considered key sectors able to trigger economic growth. The widening skills gap, especially in information technology was making increasing numbers of jobs to remain unfilled. «With the current improved economic situation, the time is right to undertake both economic and social reforms as part of a positive strategy which combines competitiveness and social cohesion»¹⁰¹.

The new strategy aimed at letting EU becoming the «most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion» required:

- To formulate and implement adequate policies for the information society and R&D, by stepping up the process of structural reform for competitiveness and innovation and by completing the internal market
- modernising the European social model, investing in people and combating social exclusion
- sustaining the healthy economic outlook and favourable growth prospects by applying an appropriate macro-economic policy mix.

This strategy was designed to enable the Union to regain the conditions for full employment, and to strengthen regional cohesion in the European Union. The main idea was modernisation through investments in people¹⁰². Europe's education and training systems had to adapt both to the demand of the knowledge society and to the need for an improved level and quality of employment. They should offer learning and training opportunities tailored to target groups at different stages of their lives: young people, unemployed adults and those in employment who are at risk of seeing their skills overtaken by rapid change. This new approach should have three main components: the development of local learning centres, the promotion of new basic skills, in particular in the information technologies, and increased transparency of qualifications.

The European Council accordingly called upon the Member States, in line with their constitutional rules, the Council and the Commission to take the necessary steps within their areas of competence to meet the following targets:

- a substantial annual increase in per capita investment in human resources

⁹⁸ Gregor Kyi and Hubert Chartier, «Employment Rates in Europe - 2000» (2001) 8 Statistics in Focus <<http://aei.pitt.edu/85237/1/2001.8.pdf>>.

⁹⁹ At that time considered to be in the range 15-64 years old.

¹⁰⁰ Women and elderly (55-64) participation in the labour market barely reached 53.8% and 37.5% respectively.

¹⁰¹ Ibid, p.12

¹⁰² DG for the Presidency (n 96), p.19

- the number of 18- to 24-year-olds with only lower-secondary level education who are not in further education and training should be halved by 2010
- schools and training centres, all linked to the Internet, should be developed into multi- purpose local learning centres accessible to all, using the most appropriate methods to address a wide range of target groups; learning partnerships should be established between schools, training centres, firms and research facilities for their mutual benefit
- a European framework should define the new basic skills to be provided through lifelong learning: IT skills, foreign languages, technological culture, entrepreneurship and social skills; a European diploma for basic IT skills, with decentralised certification procedures, should be established in order to promote digital literacy throughout the Union
- define, by the end of 2000, the means for fostering the mobility of students, teachers and training and research staff both through making the best use of existing Community programmes (Socrates, Leonardo, Youth), by removing obstacles and through greater transparency in the recognition of qualifications and periods of study and training; to take steps to remove obstacles to teachers' mobility by 2002 and to attract high-quality teachers
- a common European format should be developed for curricula vitae, to be used on a voluntary basis in order to facilitate mobility by helping the assessment of knowledge acquired, both by education and training establishments and by employers.

The core of the strategy consisted of three main elements: «intensification of investments in people, activation of social policies, and consolidation of actions against old and new forms of social exclusion».¹⁰³ At that time, the Lisbon Summit was considered a «watershed» in the employment and social policy field because it put together economic and social policy to enhance a long-term strategy¹⁰⁴. The fact that the Lisbon Agenda was clearly an enactment of the EES became evident with the specific targets present into the Agenda with deadline 2010. Above all, increase from 61 to at least 70 per cent overall European employment rate and bringing the female employment rate from 51 up to 60 per cent and beyond¹⁰⁵.

Moreover, in 2000, the Charter of fundamental rights of the EU was issued for the first time by the European Parliament, the Council and the Commission. Among the others, the Charter set three fundamental rights: the right to receive an education, the right to work, and the right to gender equality especially in the field of employment. The Charter in its art.14 introduces the right to education as a fundamental right of all EU citizens. According to art.14 «everyone has the right to education and to have access to vocational and continuing training», including «the possibility to receive free compulsory education». Art.15 follows by

¹⁰³ Weishaupt (n 56), p.174

¹⁰⁴ Ibid., p.174

¹⁰⁵ DG for the Presidency (n 96), p.10

introducing the freedom to choose an occupation and the right to engage in work. Art.23 points out that «the equality between men and women must be ensured in all areas, including employment, work and pay».

The following year, in 2001, the European Council met in Stockholm decided that even the employment among older workers should have increased. With this scope in mind, the Council fixed at 50 per cent the minimum employment rate for workers aged 55-64¹⁰⁶. Then, attention was given even to children with a specific goal referred to them. EU Member States endorsed «to provide childcare services by 2010 to at least 90 per cent of children between 3 years old and the mandatory school age and to at least 33 per cent of children under 3 years of age»¹⁰⁷. Furthermore, the number of young people aged 18 to 24 years-old with just a lower-secondary education should be reduced by half in 10 years. What emerged was the tendency to insist on «better» jobs overcoming the mere quantitative objective of creating jobs, which characterised policy makers' goal during the 1990s¹⁰⁸. Exactly following the aim of this bottom-up approach at the basis of the Bologna Declaration and the Lisbon Council, in 2002 Member States representatives drafted and signed the «Declaration of the European Ministers of Education and Vocational Training», known as 'Copenhagen Declaration'. The Copenhagen declaration was adopted by Member States to enhance European cooperation in the field of education and professional training. This prominent document contains a set of priorities to be pursued by Member States. First of all, to increase cooperation among institutions and ease mobility within the Union, with the forward objective of making the EU a «world-wide reference for learners»¹⁰⁹. Then, it was argued that more transparency, information and guidance would have been necessary. In particular, this meant the realisation of a uniform format for the drafting of EU Curriculum Vitae and agreed requirements for assessing languages levels. Moreover, the Declaration pushed for the transferability and recognition of competences and qualifications among Member States¹¹⁰. Furthermore, a system for credit transfer for VET was proposed and the role of social partners in develop qualifications at sectoral level was recognised.

Among the initiatives that gained special visibility and attention after the Declaration the following are worth of note. Comenius program aimed at developing an understanding of cultural diversity between Member States among EU citizens. It focused on all levels of school education, including pupils, teachers, local authorities, and education institutions. It aspired to enhance mobility of pupils and staff across the EU, increase and strengthen school partnerships across the EU. Following the indications of the Lisbon strategy and the Bologna process, it encourages language learning, ICT for education, better teaching techniques and approaches to teaching and school management.

¹⁰⁶ European Council, «Stockholm Summit Presidency Conclusions» (2001), p.15

¹⁰⁷ European Parliament, «Presidency Conclusions - Barcelona Council» (2002), p.13

¹⁰⁸ Weishaupt (n 56), p.174. For example, safe, secure and adequately paid employment.

¹⁰⁹ European Commission European Parliament and European Council, «Declaration of the European Ministers of Education and Vocational Training convened in Copenhagen on 29 and 30 November 2002, on enhanced European cooperation in vocational education and training», (2002).

¹¹⁰ Ibid.

The well-known Erasmus programme, already active since 1987, sustains student mobility among Member States allowing them to spend a semester at a university in a different Member State. Erasmus programme was founded in the 2007-2013 period with a budget reaching EUR 3.1 million. Beyond the over 230,000 students who take part to the programme each year, Erasmus also provided opportunities for over 300,000 academic and administrative staff in higher education, with 4,000 institutions and 33 countries participating. The broad scope of the programme is oriented to rise the levels of mobility in the higher education engaging both students and staff to study, teach and train across the EU. Moreover, it points to enhance and create new higher education institutions partnerships and networks, «thus promoting innovation, quality and relevance of higher education across the EU»¹¹¹. The Erasmus programme supported the mobility through grants and provided co-funding to transnational cooperation projects and networks.

Leonardo da Vinci programme spreads cooperation among universities and undertakings with a focus on new technologies. The Leonardo da Vinci programme funded practical projects in the field of vocational education and training (VET). In the period 2007-2013 more than 590,000 participants benefited from the programme thanks to a total budget amounting at EUR 1,820 million. On the shade of the Lisbon strategy, to make Europe the most competitive economy in the world, Leonardo programme was intended to spread «competitiveness of the European labour market by helping European citizens to acquire new skills, knowledge and qualifications and have them recognised across borders»¹¹², which is an absolutely prominent foundation stone of the today European education. By supporting innovations and improvements in VET systems and practices, Leonardo da Vinci has funded both the «mobility of VET students and staff, and bilateral and multilateral partnerships between VET providers in the EU for transfer of innovation, experience or good practices»¹¹³. In particular, multilateral projects and networks relating to improving the quality of training systems were made possible thanks to the «development of innovative contents, methods and procedures for VET»¹¹⁴. Grundtvig programme provides permanent education of adults, allowing mobility within Member States. The total budget for Grundtvig programme in the 2007-2013 period was EUR 420 million and benefited to nearly 170,000 participants. «Covering teachers, trainers, staff, and adult learners, among others, the sub-programme aimed to improve the quality and cooperation between adult education organisations and to develop innovative educational and management practices»¹¹⁵.

In 2002, after five years from the launch of the EES, EU Member States decided to check its outcomes, which revealed to be positive in terms of raised employment rates¹¹⁶. Nonetheless a negative aspect was the non-necessary complexity of the process. Hence, the Commission decided to establish an expert-led task force

¹¹¹ European Commission, «Erasmus+ Predecessor Programmes» (2020)

¹¹² *ibid.*

¹¹³ *ibid.*

¹¹⁴ *ibid.*

¹¹⁵ *ibid.*

¹¹⁶ Weishaupt (n 56), p.174

charged to propose improvements to the EES effectiveness¹¹⁷. The Commission then proceeded with a simplification of the EES which was realised by consolidating the four pillars and guidelines into three objectives. Namely, full employment¹¹⁸, quality and quantity of work, social inclusion and an inclusive labour market. These policy priorities were coupled with quantifiable targets.¹¹⁹ The expert-led task force report highlighted the need to reform the EES by setting clear priorities, few and long-term guidelines, holding Member States accountable for their actions by publishing a score board¹²⁰.

Employment policy guidelines for the period 2003-2005¹²¹ were thus structured following the consolidated scheme. Strengthening the role of full employment, improving quality and productivity at work, and ensuring social cohesion and inclusion to make Europe «the most competitive and dynamic knowledge-based economy in the world». Such policies built on 10 commandments.

1. Active and preventative measures for unemployed and inactive. An early identification of their needs, as well as counselling activities including job search assistance and re-integration into employment¹²² were necessary¹²³.
2. Exploiting the potential for growing both the number and the quality of jobs of businesses, start-ups, and small and medium enterprises by «simplifying and reducing administrative and regulatory burdens for the employers and for the hiring of staff, facilitating access to capital and promoting education and training in entrepreneurial and management skills»¹²⁴.
3. Improving quality of work and social inclusion by promoting adaptability and mobility¹²⁵, diversifying contractual and working arrangements, balancing work and private life and between flexibility and security.
4. Investments in lifelong learning by both private and public sector to increase the educational level and participation in lifelong learning of the working age population
5. Promote active ageing by improving working conditions, notably health and safety at work, access to vocational training, flexibility of work organisation, eliminating incentives early retirement.
6. Push for gender equality by reducing gender gaps in employment rates, unemployment rates and pay. The gender pay gap must be reduced by addressing sectoral and occupational segregation, job

¹¹⁷ Wim Kok, «Jobs , Jobs , Jobs Creating More Employment in Europe» (2003).

¹¹⁸ Full employment is meant as its natural level, which ranges between 4 and 6 per cent of the working age population. See on this point Pal (n 41).

¹¹⁹ Weishaupt (n 56), p.174

¹²⁰ Lack and Weishaupt (n 53), p.15

¹²¹ Council of the EU, «Council Decision of 22 July 2003 on guidelines for the employment policies of the Member States» (OJ L 197 05.08.2003), p. 13, 2003/578/EC available at <<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32003D0578>>

¹²² Before reaching six months of unemployment in the case of young people and 12 months of unemployment in the case of adults

¹²³ Particular attention was to be paid on long-term unemployed making at least one in four engaged in active measures by 2010, in the form of training, retraining, work practice, or other employability measure.

¹²⁴ Council of the EU (n.121)

¹²⁵ The [skills and mobility action plan](#), supported by EURES ([European employment network](#)), helps implementing this point.

classifications and the different pay systems, and by improving transparency and access to education and training. It is also a matter of reconciling work and private life by increasing the number of childcare facilities.

7. Prevent and combat discrimination against early school leavers, low-skilled workers, people with disabilities, immigrants and ethnic minorities¹²⁶.
8. Encouraging participation in the labour market of disadvantaged groups by reforming the tax and benefit systems. Enhancing work attractiveness is fundamental to reduce the number of working poor, unemployed, poverty and inactivity traps by ensuring effective management of social protection benefits combined with active labour market measures. By 2010 they will reduce high marginal effective tax rates and, where appropriate, the tax burden on low paid workers
9. Pushing for the emersion of underground work by easing the business environment through adequate incentives in the tax and benefits system) and the application of sanctions to ensure the enforcement of the law
10. Addressing regional employment disparities by creating favourable conditions for private sector investment and will focus public support on investment in human capital and the creation of suitable infrastructures, thanks mainly to the support of the Cohesion Fund, the Structural Funds and the European Investment Bank.

In 2005 the Lisbon Strategy was relaunched as revised «Lisbon or Growth and Jobs Strategy»¹²⁷, within which the new EES was integrated. The new aspects of the strategy can be summarised as follows:

- The employment policy is now merged with macro-economic processes. The fusion between the Employment Guidelines and the Broad Economic Policy Guidelines (BEPG) of the Stability and Growth Pact gave birth to 24 Integrated Guidelines (IGL) for Growth and Jobs¹²⁸. The scope of the guidelines was extended to cover a 3-years period instead of being updated annually. The guidelines dedicated to employment underlined the importance of inclusivity¹²⁹, flexibility¹³⁰, quality and productivity at work, investments in human capital¹³¹, and the adaptation of the education system to match labour market needs
- NAPs for employment are now part of National Reform Programmes (NRPs) that ease recommendations and goals of macroeconomic, micro-economic and employment policy.

¹²⁶ The objective of the Member States will be to reduce by 2010 the proportion of early school leavers to 10% (maximum average for the EU) and to reduce the unemployment gaps for people at a disadvantage and for third country nationals, according to any national targets.

¹²⁷ Ibid. p.15

¹²⁸ See for example Council of the EU, «Council decision of 12 July 2005 on Guidelines for the employment policies of the Member States», (OJ L 205 6.8.2005), p. 21, 2005/600/EC, available at <<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32005D0600>>

¹²⁹ IGL n.20

¹³⁰ IGL n.21

¹³¹ IGL n.23

Nonetheless, hindering NAPs entailed less visibility for employment issues and their consideration in the context of economic and financial rather than social policy.¹³² Moreover, the actual reporting on employment policy was less detailed and more uneven across Member States, effectively reducing the Commission's monitoring capacity¹³³.

The European Commission's Directorate General (DG) for Economic and Financial Affairs (ECFIN), in place of the Council of labour ministers (EPSCO) and the Social Policy Committee (SPC), was in charge of the lead of the new Growth and Jobs Strategy. The governance changes introduced by the Growth and Jobs Strategy¹³⁴ were the expression of the neo-liberal belief that employment growth is positively linked to economic growth. Nonetheless, several European policymakers tried to keep alive the ideal of «European Social Model» by rebalancing the Lisbon Agenda toward social goals. In particular, the attempt by the Italian government's initiative "Enhancing Social Europe" in 2007¹³⁵ aroused approval among eleven EU labour ministers (Italy, France, Spain, Belgium, Luxembourg, Bulgaria, Cyprus, Greece, Hungary, Austria and Slovakia). The idea was that of setting clear «social minimal standards»¹³⁶ and including an Integrated Social Guideline able to provoke more EU-level actions. This intent was supported by the German labour minister Franz Müntefering who sought to promote especially inclusive participation, adequate levels of minimum resources for all, fair remuneration, and fighting poverty as key actions to ensure active social integration. Nonetheless, the inclusion of the coveted guideline did not materialise when the Council met again in March 2008. Instead, few slight alterations to the Integrated Guidelines n.18 (adequate levels of minimum resources to all) and n.20 (the promotion of "good work") were the result of the political compromise. These additions served to stress the attention on quality of work, and on eradicating child poverty¹³⁷. Many Member States and parts of the Commission considered the already achieved stability of the 24 integrated guidelines a major advantage. Above all, the intention was to avoid that each subsequent Presidency sought to include its priorities¹³⁸.

In the context of enhancing the quality of work, skills-related issues gained more and more attention at EU level. In 2008 the European Council remarked the idea that «investing in people and modernising labour markets»¹³⁹ was one of the key priority areas of the Lisbon Strategy and invited the Commission to present a comprehensive study on future skills requirements¹⁴⁰. Since the first signs materialised that the global financial

¹³² Jonathan Zeitlin, «The Open Method of Co-Ordination and the Governance of the Lisbon Strategy» (2008) 46 *JCMS: Journal of Common Market Studies* 436.

¹³³ Jonathan Zeitlin, «Towards a Stronger OMC in a More Social Europe 2020: A New Governance Architecture for EU Policy Coordination» (2010).

¹³⁴ Encompassing the NAPs into the much broader and less explicit NRPs, the dominance of economic and financial in contrast to employment and social policy actors, and the explicit focus on job growth rather than job quality or social inclusion.

¹³⁵ Honor Mahony, «Nine States Call for Revival of Social Europe» *Euobserver* (Brussels, 15 February 2007), paper of Italian labour minister Cesare Damiano

¹³⁶ Lack and Weishaupt (n 53).

¹³⁷ The word poverty occurs 3 times in the 2005-2008, but 7 times in the 2008-2010 text, and a special emphasis was placed on eradicating child poverty, which had previously not been mentioned at all.

¹³⁸ Lack and Weishaupt (n 53).

¹³⁹ European Council, 'Presidency Conclusions of the Brussels European Council' (Brussels, March 2008).

¹⁴⁰ Cedefop, «Skill Needs in Europe. Focus on 2020» (2008).

crisis was affecting employment growth, and that social inequalities and poverty were becoming more and more amplified, the call was for the development of a long-term vision. The Commission's study conducted by the European Centre for the Development of Vocational Training (Cedefop), suggested that future job growth would have been concentrated in sectors that require medium to high skills, while jobs requiring low levels of educational completion would have suffered a noticeable decline¹⁴¹. Moreover, the report at issue outlined those challenges associated with demographic ageing and skills gaps will require, again, structural changes and additional investments in national education and training systems. To give effect to the Cedefop report, in late 2008, the EU Commission published a Communication on «New Skills for New Jobs»¹⁴², which stressed that upgrading skills was no more a luxury but a necessity¹⁴³. While in March 2009, EPSCO Council invited the Commission to develop a «New Skills for New Jobs» initiative¹⁴⁴. The aim was to improve job matching, regular skills monitoring, and assistance with Member States' efforts to upgrade their skills systems, improved collaboration with ILO and OECD, and the promotion of mutual learning among the Member States. In line with the new farsighted vision of the Commission, the Member States were also asked to develop an anticipatory view of future national skills needs, also and especially in the context of demographic and climate change. The biennium 2008/2009 has been doubtlessly challenging for the EU economy, which experienced a deep recession, and a sharp fall in employment levels, while unemployment soared. Denmark, Ireland, Romania and Spain saw their unemployed population doubling, while Baltic States even tripling¹⁴⁵. In this context, the majority of Member States increasingly acknowledged the need for comprehensive reforms, which would have entailed structural changes to labour market as well as to vocational training and educational institutions¹⁴⁶. Once again, vulnerable groups including workers in atypical employment, migrants, low-skilled and youth were the most severely hit. At that time there were the necessity not only «to mitigate the effects of the crisis, but also be prepared for the post-crisis phase during which economic growth will be highly dependent on the supply of skilled workers»¹⁴⁷. The modernisation of Public Employment Services (PESs) became a priority¹⁴⁸ to partially solve the unmet results in terms of flexibility. Indeed, the rise in temporary work in the years prior to the recession failed to provide jobs stability and higher wages. «Workers get trapped in a recurring sequence of temporary jobs with frequent unemployment spells in between»¹⁴⁹. Toward the end of 2009, in the context of discussing how to follow up on the Lisbon Strategy and what role the EES should have been playing, Member States formally adopted the new Europe 2020 Strategy in June 2010. The new

¹⁴¹ *ibid.*

¹⁴² European Commission, «New Skills for New Jobs Anticipating and Matching Labour Market and Skills Needs» (2008).

¹⁴³ *Ibid.*

¹⁴⁴ European Council, «Council Conclusion on New Skills for New Jobs. Anticipating and Matching Labour Market and Skills Needs.» (Brussels, 9 March 2009).

¹⁴⁵ Lack and Weishaupt (n 53), p.23

¹⁴⁶ *Ibid.*

¹⁴⁷ *Ibid.*

¹⁴⁸ *Ibid.*

¹⁴⁹ *Ibid.*, p.24

Europe 2020 Strategy built on the Lisbon Strategy by prioritising «smart, sustainable and inclusive growth»¹⁵⁰. The new Strategy set new priorities, established the ‘European Semester’, strengthened the role of the Commission and that of labour ministries.

With reference to new priorities, these were expressed in five EU Headline Targets, ten Integrated Guidelines, and seven Flagship Initiatives. The formers include three that are directly related to labour market, skills and social policies, which are supported by four of the ten Integrated Guidelines.

Tab.1 Headline Targets and Integrated Guidelines for Employment ¹⁵¹

EU Headline Target	Integrated Guideline(s)
Bring employment rate up to 75 per cent	7) increasing labour market participation and reducing structural unemployment
Keep Early school leavers rate below 10 per cent	8) developing a skilled workforce, job quality and lifelong learning
Make at least 40 per cent of 30-34-year-olds completing tertiary education	9) improving the performance of education and training systems at all levels and increasing participation in tertiary education
At least 20 million fewer people in or at risk of poverty and social exclusion	10) promoting social inclusion and combating poverty

What is to be highlighted here is that the Europe 2020 targets are not a mere continuation of the EES targets. On the one hand, there are fewer targets, which give the EES a clearer structure and focus. On the other hand, the European targets themselves are more ambitious, and visible. While raising the employment rate remains the key objective, the new target is not only 5 per cent higher than the Lisbon target, but also the age has been modified to include only the 20–64-year-olds. This change has been made as a consequence of the consideration that most 15-19 years-old people are still in education or training, hence, not to be considered active population. The inclusion of two educational targets is a way to follow up the New Skills agenda and to implement a bottom-up approach to solve the problem of skill gap «both from ‘below’ (upper-secondary) and ‘above’ (tertiary level) »¹⁵². Moreover, a clear target in the field of social exclusion and poverty was finally introduced. This very target was actually complementary to the employment target, provided that when more people from unemployment or inactivity get into employment status, their economic and social condition improves, thus keeping any risks of poverty away.

Finally, these new targets determined at European level, can be complemented by national targets defined by Member States in their own NRPs, profiling their planned contribution to the achievement of the Headline

¹⁵⁰ European Commission, « [EUROPE 2020 A European Strategy for Smart, Sustainable and Inclusive Growth](#) », Brussels, 3.3.2010.

¹⁵¹ Cfr. Eric Marlier, David Natali and Rudi Van Dam, «*Europe 2020: Towards a More Social EU?*» (Peter Lang 2010).

¹⁵² Lack and Weishaupt (n 53), p.26

Targets. Headline Targets and Integrated Guidelines are further supported by three Flagship Initiatives, in which are embedded the Commission's intentions about future paths of reform. A relevant initiative was the flagship Youth on the Move, which is meant to support young people in improve their knowledge, skills and experience they need «to make their first job a reality, and to improve the quality and attractiveness of education and training in Europe»¹⁵³. Moreover, the above-mentioned Agenda for New Skills and Jobs, and the European Platform Against Poverty and Social Exclusion, whose scope was boosting work at all levels to reach the EU Headline Target of bringing at least 20 million people out of poverty and by 2020.

Europe 2020 Strategy also introduced the European Semester, which is the current process of EU governance, which enables the coordination of the Member States' macro-economic, budgetary and structural reform policies. The process begins in January when the Commission publishes the Annual Growth Survey (AGS), which serves as basis for the Council to identify the main economic challenges and gives strategic advice on policies. According to the advice of the Council, Member States review their medium-term budgetary strategies and draft their NRPs in which they explicit the actions they will undertake in the employment and social inclusion field. After the Commission assessments on NRPs, the Council issues country-specific recommendations to countries whose policies and budgets are out of line. The Commission is in charge of the follow up assessment by member countries¹⁵⁴. The European Semester allowed for more coordination at European-level and for a more proactive role of the Commission, which is now in charge of proposing country-specific suggestions in view of Member States' upcoming budget cycles.

In addition, labour ministers are now active players under Europe 2020 Strategy. Their immediate aim was to retain the EES as an equal, constitutive pillar within Europe 2020.¹⁵⁵ To strengthen their case, EPSCO ministers sought to reshape the European discourse by arguing that the economic growth was not only a necessary precondition for employment growth and social cohesion, but that high levels of employment was on its own a driver for economic growth and critical to sustain international competitiveness. They further stated that when it comes to tackling new risks associated with demographic ageing, technological advancements, and climate change, they were best equipped to issue recommendations how to move forward. Hence, they presented themselves as self-confident and important players, assisting ECOFIN in formulating country-specific recommendations. For this purpose, mutual learning will become more important, which requires the continuation and improvement of the Mutual Learning Programme (MLP) as well as the launch of a Joint Assessment Framework (JAF), through which national employment performance could be better monitored and successful strategies identified.

Last but not least, a further step in consolidating the objectives of the EES in normative binding terms, has been made through the consolidation, in 2012, of the Treaty on the functioning of the EU¹⁵⁶ after the access

¹⁵³ Ibid.

¹⁵⁴ Marlier, Natali and Van Dam (n 151).

¹⁵⁵ Lack and Weishaupt (n 53).

¹⁵⁶ «[Consolidated Version of the Treaty on the Functioning of the European Union \(TFEU\)](#)» (2012) Official Journal of the European Union C 326/47 26.10.2012.

of twelve new Member States between 2004 and 2007. In particular, art.9 on the right of education, art.145, and 147 constitute a sort of synthesis of all the principles of which EES has been the promoter and are especially relevant to ensure that all the citizens of the EU enjoy the same rights. According to art.9 TFEU «the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health»¹⁵⁷. Art.145 invites Member States and the Union to «work towards developing a coordinated strategy for employment and for promoting a skilled, trained and adaptable workforce and labour markets responsive to economic change with a view to achieving the objectives defined in Article 3 of the Treaty on European Union»¹⁵⁸. Eventually, art.147 underlines the role of Member State level initiative, and their cooperation, in reaching the «objective of a high level of employment at EU level»¹⁵⁹.

¹⁵⁷ TFEU, art.9

¹⁵⁸ Ibid, art. 145

¹⁵⁹ Ibid, art. 147

CHAPTER 2

THE OUTCOMES OF THE EES

1. Assessing the achievements of the EES

The European Employment Strategy combines objectives in the spheres of employment, education, and social field. In particular, this latter aspect assumes special prominence in highlight a new approach to the labour, where not only the numerical quantity of the people employed is valued, but also and especially the quality, security and safety of labour. Indeed, given that either the status of poverty or of risk of poverty is in many cases determined by unemployment, inactivity, but also by a low level of wage, or by the reduced working time, it is necessary to evaluate whether the labour market policies, being them active or passive, are adequate to tackle such phenomenon. Such as the presence of income support systems for the unemployed workers, by the quality of employment services and their efficiency in re-employing quickly workers into an occupation. Other factors influencing the relationship between occupation and risk of poverty embrace the amount of the wage, as well as underground work, and family care responsibilities. All EU Members sought to remove or reduce obstacles potentially leading to social and financial risks connected to unemployment. In particular, such measures were related to access to education, to prevent school abandonment and work-life balance services to limit any forms of gender-based job segregation.

At this point it is interesting to look at which actually are the results of the EES in the 27 EU Member States, whether they managed to be in line with the targets of the Lisbon Agenda and EU2020 as well. Which have been the main trends of employment rates over the last two decades, both in total terms and considering specifics groups, such as women and seniors (over 55). Which have been the main patterns followed by EU Members grouped by geographic region of belonging¹⁶⁰ (Nordic, Continental, Mediterranean, and New Members). Which policies in the employment field, put in practice at national level, revealed to be more successful than others, and which constitute best practices to be taken into consideration by the other Members. Moreover, since long-term unemployment (LTU) constitutes a major problem for the economy of all EU Members, a look at the trends of LTU rate and incidence is provided. For what concerns EU2020 targets, results of the implementation of employment policies are evaluated considering year 2019, to exclude biases connected to the latest shortcomings related to the pandemic. Finally, the last part of the chapter is dedicated to the analysis of the policies and their implementation in the area of education. For the sake of clarity, the main targets of both Lisbon and EU2020 are listed below:

LISBON STRATEGY'S TARGETS	EU2020 STRATEGY'S TARGETS
70% employment rate (people aged 15-64)	75% employment rate (people aged 20-64)

¹⁶⁰ Nordic countries are Sweden, Finland, Denmark, the Netherlands, and Ireland. Continental countries are Germany, Austria, France, Belgium and Luxemburg. Mediterranean countries are Greece, Italy, Spain and Portugal. New Members are Croatia, Hungary, Bulgaria, Romania, Poland, Czechia, Slovakia, Slovenia, Malta, Cyprus, Estonia, Lithuania, and Latvia.

60% female employment rate	Keep early school leavers below 10%
50% elderly (people aged 55-64) employment rate	Bring the share of people aged 30 to 34 years old who completed tertiary education up to 40%
Childcare services granted to: <ul style="list-style-type: none"> • 90% of children aged from 3 to the mandatory school age. • 33% of children under 3 years old. 	Bring 20 million people away from poverty status or risk of poverty ¹⁶¹
To halve the number of people aged 18 to 24 with at most a lower secondary educational attainment.	

1.1 Lisbon Employment targets

1.1.1 To bring the EU total employment rate up to 70 per cent

Bearing in mind the first target¹⁶² of the Lisbon strategy, it is interesting to look at the trends of total employment levels over the period 2000-2010. Countries are ordered decreasingly by employment rate in 2010. Thus, the Netherlands resulted the country with the highest employment rate in 2010. The highest and lowest rates are highlighted in green and red respectively for each year.

Table 1 - Total employment rates for EU-22 expressed as percentage of total population aged 15 to 64 over the period 2000-2010¹⁶³

	Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1	Netherlands	72.95	74.13	74.4	73.65	73.13	70.63	71.58	73.45	74.92	74.63	73.92
2	Sweden		74.05	73.63	72.88	72.05	72.3	73.13	74.17	74.33	72.2	72.15
3	Denmark	76.25	76.2	75.88	75.13	75.67	75.9	77.38	77	76.33	73.53	71.8
4	Germany						65.45	67.15	68.97	70.1	70.33	71.25
5	Austria	68.5	68.38	68.75	68.95	66.53	67.4	68.58	69.88	70.83	70.33	70.78
6	Finland	67.15	68.13	68.08	67.7	67.65	68.38	69.35	70.3	71.05	68.72	68.15
7	Slovenia	62.85	63.8	63.45	62.58	65.28	65.95	66.55	67.75	68.58	67.53	66.2
8	Portugal	68.38	69	68.78	68	67.65	67.3	67.63	67.6	68.03	66.08	65.28
9	Luxembourg				62.2	62.5	63.6	63.6	64.15	63.42	65.2	65.2
10	Czechia	64.97	65.03	65.42	64.72	64.17	64.8	65.28	66.08	66.55	65.38	64.97
11	France				64.05	63.83	63.75	63.73	64.35	64.92	64.08	64
	EU27						62.1	63.2	64.3	64.9	63.6	63.4
12	Belgium	60.5	59.9	59.9	59.6	60.3	61.1	61	62.02	62.4	61.6	62.0
13	Estonia	60.3	61.1	61.3	63.0	63.1	64.8	68.4	69.8	70.1	63.8	61.3
14	Ireland	65.1	65.8	65.4	65.5	66.3	67.6	68.7	71.7	69.7	63.7	61
15	Greece	56.4	56.3	57.4	58.5	59.1	59.6	60.5	60.9	61.4	60.9	59.1
16	Poland	54.9	53.4	51.5	51.2	51.6	52.8	54.4	57.0	59.2	59.4	58.9

¹⁶¹ The risk of poverty is the condition associated with a worker earning less than 60 per cent of the national average income.

¹⁶² Lisbon Strategy, Target 1: rising the total employment rate up to 70 per cent for the age group 15-64 by 2010.

¹⁶³ Source: OECD (2021), Employment rate (indicator). doi: 10.1787/1de68a9b-en (Accessed on 10 August 2021)

17	Spain	56.3	57.8	58.9	60.2	61.3	63.5	65.0	65.8	64.4	59.9	58.9
18	Slovakia	56.8	56.8	56.8	57.7	57.0	57.7	59.4	60.7	62.3	60.2	58.8
19	Latvia			59.9	60.8	61.0	62.1	65.9	68.1	68.2	60.4	58.5
20	Lithuania						62.8	63.6	65	64.4	59.9	57.55
21	Italy	53.7	54.8	55.6	56.1	57.7	57.6	58.3	58.6	58.7	57.4	56.8
22	Hungary	56.2	56.2	56.2	57.	56.8	56.9	57.4	57.0	56.4	55.0	54.9

As the above table depicts, employment rates for the working age population assume a positive trend over the first decade of the new millennium¹⁶⁴. What catches the eye, is that at EU level, despite the break in 2009, there has been an increase equal to 1.3 per cent in the total employment rate. Nonetheless, the scheduled threshold of 70 per cent has been missed. The main reason of this underachievement could be safely attributed to the financial and economic crisis, as it is visible a dip after 2008, and to the fact that the group of the youngest (15-19 years old) was included in the rate's calculation, thus distorting the data. However, looking at the above table one could argue that both Nordic and Continental Members managed to keep the first positions in the rank, while last positions are covered, with few exceptions, by Mediterranean countries and new Members. In particular, over the considered period the overall highest rates belonged to Denmark and the Netherlands, while lowest to Italy, Poland and Hungary. What seems to differentiate the results of each country in terms of total employment is the set of policies implemented in the labour market sphere.

A key element shared by all EU Members was the presence of an insurance system against unemployment, according to which workers who paid contributions were then allowed to receive an income in case of unemployment¹⁶⁵. Therefore, in case of lack of contribution requirements, social assistance services were granted along with financial support. Unemployment benefits were indeed introduced under determined contribution requirements in all Members at different degrees of generosity in terms of amount and duration¹⁶⁶. Further, in cases of unmet contribution requirements or in case of persistence of unemployment after having enjoyed the benefit for the maximum duration allowed, income-based care services were provided¹⁶⁷. In most EU Members the active participation of the jobseeker to the job search process, helped by public job centres services and training activities, was a requirement to access the out of work income support. Eventually, in case of workers either in poverty conditions or with caring responsibilities or at risk of social prejudice, who were hindered in returning to work, a minimum income was offered on the basis of income and capital¹⁶⁸.

Moving the analysis at regional level, it could be argued that among Continental Members, both the aforementioned systems were well defined. Strict requirements in terms of contributions were combined with

¹⁶⁴ Specific data for some new Member States is missing, namely Malta, Cyprus, Bulgaria, Romania, and Croatia. Those data are included within EU-27 rates, though.

¹⁶⁵ Ecorys/IZA, «[Analysis of Costs and Benefits of Active Compared to Passive Measures, Final Report](#)» (2012).

¹⁶⁶ Janine Leschke, 'Recent Trends and Reforms in Unemployment Benefit Coverage in the EU', Strategic transitions for youth labour in EU, Department of Business and Politics, Copenhagen Business School.

¹⁶⁷ Germana Di Domenico, «Le Politiche Di Workfare in Europa Esperienze Di Integrazione Tr Servizi Al Lavoro e Sistemi Di Welfare», Monografie sul Mercato del lavoro e le politiche per l'impiego, p.14

¹⁶⁸ *ibid*, p.14

quite generous benefits (between 55 and 75 per cent of the previous income from work¹⁶⁹). Moreover, in case of prolonged unemployment, assistance support took place. Workers eligible to receive unemployment benefits were supposed to engage in their own re-employment process. The most widespread form of activation in continental states was joining vocational training courses, where jobseekers had the chance to build work experience as well as to elevate or differentiate their skills. In addition, public employment services (PES) organised individualised action plans, namely targeted paths towards re-employment, and monitored the actual activation of the benefit recipient.

Nordic Members, instead, are characterised by high levels of public expenditures on out of work income support, generous benefits both in terms of the duration (1 to 5 years) and the amount (80 per cent of the previous income from work), beyond a tight connection between active and passive policies¹⁷⁰. Given the generosity of the system, a strong monitoring activity on the activation of the unemployed is common to all Nordic Members. In an effort to explain the practices adopted by Nordic countries, it could be helpful to briefly look at its recent history. It is known that after the collapse of the Soviet Union in 1989 a deep economic crisis followed in Europe during the early 90s, with Nordic countries being the most hurt. Nordic countries were actually the very countries that spent more on both active and passive labour market policies in the 90s, thus preparing the labour market to smoothly deal with economic shortcomings, above all high unemployment rates. This could be found to be the main reason behind the success of Nordic Members in the employment field. Another consideration could be added at this point about Baltic states, Estonia, Latvia, and Lithuania, which when joined the Union in 2004 were already economic partners of the Nordic group of countries, thus experienced a flourish growth particularly from the beginning of the new millennium. Their economies became more and more oriented towards liberalisation with the aim to attract as many foreign investments as possible. Their strategy could be considered successful provided that the same World Bank¹⁷¹ considers the three Baltic countries one of the most digitalised areas in Europe. The only drawback is the high exposition to external events. As provided by Table 1, in 2009, their employment rates drastically fell in response to the financial crisis.

Moving forward to Mediterranean countries, ISFOL report¹⁷² argues for both a generally lower level of expenditures on welfare to work and less generous amount of the benefit when compared to Continental Members. Furthermore, when looking at the four Mediterranean countries, some considerations should be made. First, among these Members the relatively best performance has been maintained by Portugal over the whole decade, with a stable employment rate around 68 per cent, at least till 2008. Despite this positive performance, the Portuguese economy revealed to have structural problems, which emerged during the outbreak of the crisis in 2008. Indeed, given the lack of competitiveness of the country, the import/export

¹⁶⁹ *ibid*, p.24

¹⁷⁰ Germana Di Domenico (n 167), p.23

¹⁷¹ World Bank, «World Development Report - Digital Dividends» (2016).

¹⁷² ISFOL – [RP\(MDL\)-15/05](#), ISFOL became INAPP (National Institute for Public Policies) since 1 December 2016

balance resulted in deficit particularly after the introduction of Euro in 2002 almost flowing into bankruptcy around 2007. Along with Portugal, Greek's economy was already weak in the years prior to the crisis, given its endemic underground economy, lack of modernisation, especially in the industry and public services, and administration. In other words, both countries were not well equipped to properly face an economic downturn of such a scale.

Therefore, the last group of new Members gradually aligned to the most common employment policies present in the other Members as a remedy to deal with unemployment. Nonetheless, according to some scholars¹⁷³, the unsuccess of such measures in limiting unemployment was due to the lack of connection between active and passive measures, and a generalised inefficiency of PES. The transition phase that characterised new Members towards an open economy inevitably produced high levels of unemployed. Hence, a key instrument to allow a smooth transition was clearly a set of relevant investments in vocational training and education. Along with other new Members, Slovenia experienced a steady growth in unemployment rates during the early 90s as a consequence of the shift towards a liberalised economy. By virtue of liberalisation efforts, during the late 90s the labour market situation improved with a slow but steady transition of workers from unemployment to employment status. Possibly following the EES indications on the prominence of activation policies, in addition to job centres Slovenia introduced the so-called 'Job club', which offers programmes of education and long-life vocational training, and gives special support to disabled workers¹⁷⁴. In the early 2000s, a policy adopted to allow more disadvantaged workers, namely those coming from obsolete sectors, to maintain their presence into employment, was providing employers with employment incentives¹⁷⁵. In 2004, the government began to orient the labour market toward some kind of flexibility, by introducing part time labour contracts particularly tailored to low-skilled workers¹⁷⁶. Such a reform was combined again with employment incentives for those undertakings willing to hire workers with at least a part time contract. Among the programs adopted in those years, satisfactory results were shown by Work Trial programme¹⁷⁷ targeted at those workers unemployed for more than three months. Under this program unemployed were given the opportunity to spend a working period in turn of a minimum wage during which the employer would have evaluated their capacity and actual skills. A similar project was On-the-job training, which provided a test period lasting six months during which workers were trained. Eventually, Labour Found project, was meant to help short term unemployed and workers at risk of unemployment to prevent long term unemployment. Labour Found engaged participants into orientation, training and job search assistance and in the improvement of their occupational position, thanks also to the active collaborations of undertakings¹⁷⁸. Eventually, beyond a Fund for regional development and the maintenance of employment in rural areas, a program, promoting employment of young

¹⁷³ Ecorys/IZA (n 165).

¹⁷⁴ Italiavoro, Adapt and Spinn, «[Il Welfare to Work in Slovenia](#)» (2005), p.10

¹⁷⁵ Ibid.

¹⁷⁶ Ibid. p.7

¹⁷⁷ Ibid. p.7

¹⁷⁸ Ibid. p.7-8

people (after having obtained an upper secondary diploma or Bachelor degree) in search of the first job, was activated¹⁷⁹. As for Slovenia, even in Czechia the effects of economic renovation led to high unemployment rates particularly in the late 90s¹⁸⁰. Even if with some exceptions, the employment rate of people aged 15 to 64 declined each year touching a nadir around 64.2 per cent in 2004¹⁸¹ with huge gender gap (72.3 per cent for men¹⁸², 56 per cent for women¹⁸³). Employment basically shifted from both the primary and secondary sectors towards the service sector. Hence, unemployment was indeed diffused in regions where industry and extraction were the leading sectors prior to 1990. Moreover, given the general low level of knowledge and skills held by workforce in those same regions, employment policies were focused on improving professional skills of the active population. Other shortcomings of the national labour market were the poor professional and geographic mobility of workers, heavy tax burdens on labour, especially on low-income workers, a pension system to be reformed and the barely existence of any lifelong learning program¹⁸⁴. In light of the above issues, the Czech government started to undertake active labour market policies as tools to contrast the widespread unemployment in particular among young workers. Among the others, the program First Chance¹⁸⁵ provided young unemployed under 25 and all graduates with personalised job search action plans. Another project this time tailored to elderly workers was introduced in 2003¹⁸⁶. This project consisted of supplementary training, promotion of health and safety at work, innovative and flexible labour organisation, and motivating tools for seniors to keep them into employment longer, with the broad aim to alleviate the burden on the pension system. Compared to Czechia, Slovakia faced even heavier issues related to wide disparities in the living standards among different regions. Before joining the EU in 2004 unemployment was a plague reaching in some areas 30 per cent of the working age population¹⁸⁷. Regrettably, the efforts put in practice in the early 2000s in terms of activation of long term unemployed seem to be unsuccessful. In 2005, still less than six working age people in ten¹⁸⁸ have a formal occupation. The most disadvantaged groups were again youth and seniors. Nonetheless, increased foreign investments combined with a generally improved investing environment contributed to raise employment in the country¹⁸⁹. Moreover, with the intention to strike the Lisbon target about total employment, a set of remedies were put in place. Public expenditures on employment policies were around 1.1 per cent of GDP¹⁹⁰, allocated almost equally between active and passive labour market policies. While in 2003 expenditures on education and training just touched 4.05 per cent of GDP,

¹⁷⁹ Ibid. p.8

¹⁸⁰ Italicavoro, Adapt and Spinn, '[Il Welfare to Work Nella Repubblica Ceca](#)' (2005).

¹⁸¹ See table 1

¹⁸² Italicavoro, Adapt and Spinn, (n 180).

¹⁸³ See table 2

¹⁸⁴ Italicavoro, Adapt and Spinn, (n 180).

¹⁸⁵ Ibid. p.9

¹⁸⁶ Ibid.

¹⁸⁷ Italicavoro, Adapt and Spinn, «Il Welfare to Work in Slovacchia» (2005).

¹⁸⁸ See table 1

¹⁸⁹ Italicavoro, Adapt and Spinn, (n 187).

¹⁹⁰ Ibid. p.2

representing the lowest share spent in the whole Union¹⁹¹. The Centre for labour, social affairs and family is an internal structure within the Ministry of Labour in charge of managing, controlling and coordinating activities of the employment offices in the PES sphere¹⁹². In particular, its field of action embraces the implementation of active labour market policies with a special regard to vocational advancement of disabled workers and to national education programmes oriented to the labour market. Among passive measures, unemployment insurance covered around 75 thousand of unemployed. Furthermore, the official age to access pension benefit was raised to 62 years, combined with a reduction of the pension benefit in case of early retirement. Among active measures, supports and incentives to both employers and start-ups were provided along with training activities aimed at developing managerial and entrepreneurial skills.

As for the other Members, in Poland it is possible to observe that the public employment services were already present under the Ministry of Labour in the early 2000s. Among passive measures, both out of work income support and early retirement pensions were delivered to those meeting the specific requirements in terms of contributions and age. In 2002, public expenditure on employment policies amounted at 2.2 per cent of GDP, with most of this dedicated to active measures (77 per cent)¹⁹³. In 2003, around six in ten people aged 15 to 64 were formally occupied, although data could be biased by the widespread underground economy present in the country. In late 2004, unemployed amounted at three million, namely almost one worker in five¹⁹⁴. Among them, half were women, one in four was a young worker (aged 18-24), half were long term-unemployed, one in three was low-skilled, and one in six was a senior. However, only 14.2 per cent of them, 426.000 persons, were actually eligible to receive unemployment benefits¹⁹⁵. Especially those workers employed in low wage occupations, opted for receiving a higher income rather than paying social security contributions. Regrettably, such a choice did not contribute to make them eligible to receive unemployment benefit from the public social security fund. The result was that when times of crisis occurred not only the number of unemployed rose but also and notably the number exposed to poverty risk. While the gender gap into unemployment rate was negligible, unemployment among young workers was growing, being the main cause, along with low number of seniors in employment, of decreasing total employment rate.¹⁹⁶ With reference to active labour market policies, both training projects for youth and low skilled and specific tools for disabled were designed, even if geographical and professional mobility still was not well defined neither implemented yet. Nonetheless, a minimum degree of introduction was already present for other services, such as social assistance and incentives to keep elderly into employment¹⁹⁷.

¹⁹¹ Ibid.

¹⁹² Ibid. p.3

¹⁹³ Italicavoro, Adapt and Spinn, «Il Welfare to Work in Polonia» (2005).

¹⁹⁴ Ibid

¹⁹⁵ Ibid

¹⁹⁶ Ibid.

¹⁹⁷ Ibid.

In contrast to other Members, Romania did not experience high levels of unemployment during the early 90s¹⁹⁸. Despite this fact, Romanian population was characterised by demographic ageing of the working age population even due to massive emigration during the 90s. Unemployment was again a structural problem concerning in particular youth and low skilled. On the basis of the Lisbon Agenda, between 2003 and 2004 Romania defined, within its National Action Plan, that education and training would have been at the centre of the national development strategy¹⁹⁹. Rising skills and providing professional qualifications was indeed a necessity to make some categories of workers more attractive for the labour demand. Hence, among active measures, training programmes were introduced, and PES and employment incentives revised. A major point missing was a solid link between the world of labour and the education institutions able to properly orient students towards the labour market.

In addition, given its high economic dependency from Soviet markets, its relatively high distance from western markets and a huge debt, Bulgaria started its process of economic transformation from a less favourable point compared to other countries previously part of the Soviet Union. While other new Members of EU from the early 90s already undertook a process of reform and rebuilding of the economy towards a model of open market and privatisation, Bulgaria stalled about ten years²⁰⁰. Basically, Bulgaria kept into existence obsolete state companies, where still many workers were employed. Despite the efforts, public debt skyrocket till 1998 when the Currency Board²⁰¹ system was introduced fixing the exchange rate of Bulgarian lev to the German mark. After the introduction of a currency board system and the resulted stabilization in inflation rates, the government undertook important steps to restructure pensions, employment policy and health care systems. Moreover, to pose a remedy to the ageing population reforms included the raise of the legal requirements in terms of age and contributions for receiving pension. In the early 2000s unemployment soared following the privatisation measures. All those workers not propense to professional nor geographic mobility became structural unemployed. The government put into place both passive and active measures in order to reverse this negative trend. The passive instruments included mainly unemployment benefits. Beyond PES, employment incentives, and promotion of workers mobility, active measures embraced upskilling programmes tailored to the unemployed. Moreover, bearing in mind that the actual driver to create job possibilities was in the hands of employers and entrepreneurs, government sought to ease the labour market by lightening the tax burden on undertakings' income. Moreover, by virtue of financial support of the EU vocational training and education gradually registered higher and higher participation.

Transition towards the open economy deeply influenced even the Hungarian labour market. The early 90s were distinct by low employment and participation, and high unemployment till late 90s, so that in 2004 male

¹⁹⁸ Italiavoro, «Romania» (2006).

¹⁹⁹ Haralabos Fragoulis, Arjen Deij and Mircea Badescu, «Achieving the Lisbon Goal: The Contribution of Vocational Education and Training Systems Country Report: Romania» (2004).

²⁰⁰ Nikolay Nenovsky and Jeko Mllev, «Bulgarian Welfare System (1989 – 2014) During the Transition and the Crisis» (2015).

²⁰¹ Ibid.

employment amounted at 63.5 per cent of the active population²⁰², while 50.7 per cent for female employment²⁰³. Unemployment started to decrease by virtue of reforms to unemployment benefit system, which basically decreased the duration of the benefit. Nonetheless, in 2004, youth unemployment reached 11 per cent and wide differences persisted among different regions of the country²⁰⁴. Active labour market policies were thus fundamental to at least try to pose a remedy to the unemployment and social exclusion. Among the tools successfully used there are public employment programmes, labour-market oriented training and subsidised employment for long-term unemployment.

In Cyprus, the steady growth of the economy, stable social and economic conditions, positive employment rate shape and the great macroeconomic stability makes the use of both active and passive labour market policies only limited to the most disadvantaged groups²⁰⁵. Active labour market programmes include Self-employment Scheme for Tertiary Education Graduates and for Older Persons (over 63). Moreover, given the material obstacles for disabled to access the labour market, the Self-employment Scheme, Scheme for Reimbursement of Training Costs, Scheme for Reimbursement of Costs for Adjusting the Work Environment and Supported Employment Scheme were provided²⁰⁶. In 2000, Cyprus' law established equal treatment as right of all disabled workers. On the basis of this provision, job opportunities for disabled were created in the public sector, PES were uplift towards a more individualised service according to the different needs of the users, and financial support was given to employers as stimulus to hire disabled people. Moreover, the Human Resource Development Authority organises both vocational training geared to young people who just finished their studies and to the unemployed, and life-long learning addressed to employed workers²⁰⁷.

Eventually, Malta's active population, as in the case of Cyprus, did not suffered high unemployment rates during the 90s, but major challenges were widely present²⁰⁸. First, the low participation of women to the labour market, due to social prejudice. Second, difficulties linked to the participation of disabled to the labour market. Third, the almost equivalence between the minimum wage and the unemployment benefit, fact that avoid many workers from search for a job. Forth, the poor quality of the education system. In an effort to enhance female employment, the Employment and Training Corporation launched a Gender Action Plan for the period 2003-2004, geared to activate women by organizing specific vocational training courses. Beyond such initiative, the Act to Promote Equality for Men and Women, and the Employment and Industrial Relations Act, aimed at preventing discrimination both during the job search process and at the workplace. Training initiatives were provided also for long-term unemployed and seniors²⁰⁹. Passive measures including unemployment benefits and a pension for disabled people incapable to work were administrated by

²⁰² Germana Di Domenico (n 167). p.76

²⁰³ See table 2

²⁰⁴ Germana Di Domenico (n 167).

²⁰⁵ Ibid. p. 70

²⁰⁶ Ibid.

²⁰⁷ Ibid.

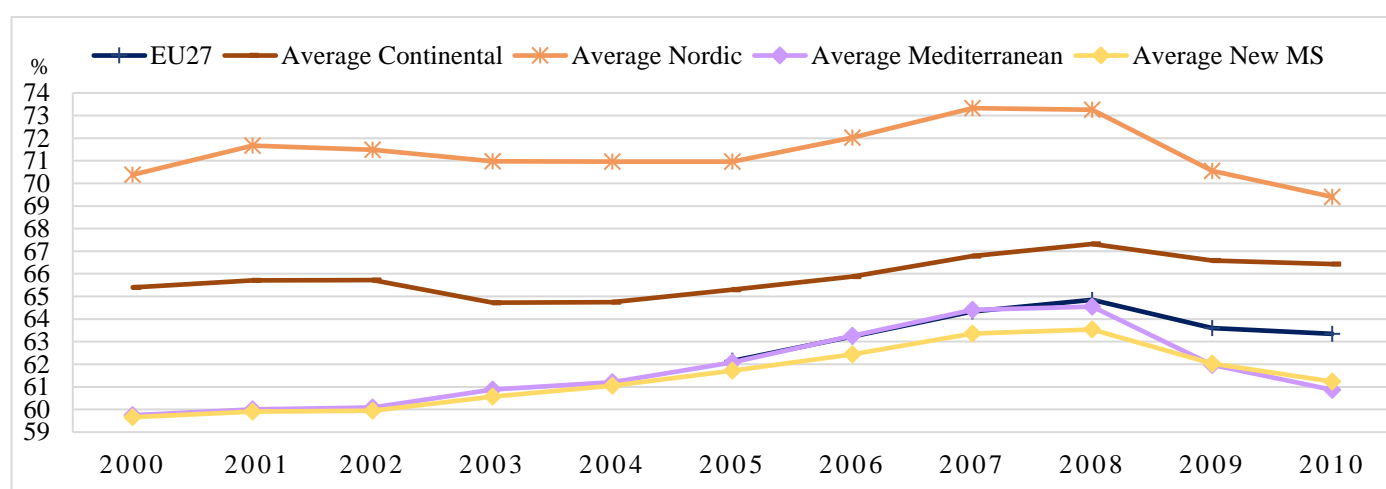
²⁰⁸ Ibid.

²⁰⁹ Ibid. p.71

Department of Social Security. Modernisation of PES was necessary as monitoring tool to push workers to stay active while receiving unemployment benefit. Education and training services were held by the Employment and Training Corporation and by PES²¹⁰.

As shown by graph 1, with the venture of the economic breakdown, countries all over the Union experienced falls in their employment rates starting from 2009, a year after the explosion of the financial crisis. When considering EU countries looking at their geographical area of belonging, it is possible to notice that, on average, Continental countries suffered less the shortcoming of the crisis with a fall of 0.7 percent in the average employment rate between 2008 and 2009, while Nordic region resulted the most hit with a dip of 3.9 percent in the average employment rate, but still remaining the region with the highest share of employed workers.

Graph 1 – Employment trends of EU Member States grouped by geographical area of belonging expressed as percentage of total population aged 15 to 64²¹¹



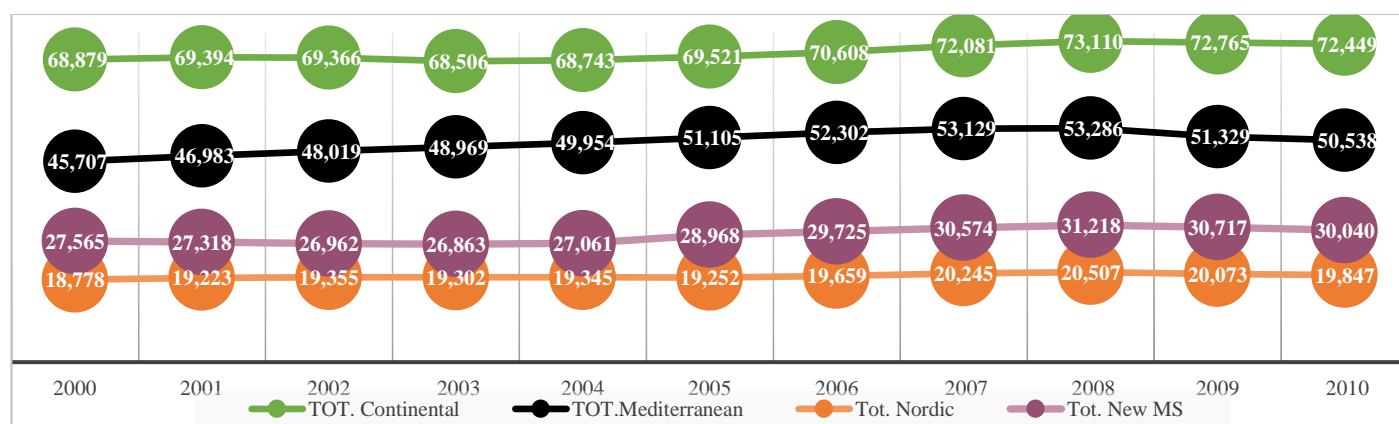
Looking deeper at the employment trends in terms of thousands of people for each geographic group, it is possible to observe the following aspects. First, Continental group is the most populous with consequently the highest number of employed people, ranging around 70 million over the whole period with a peak of 73.1 million in 2008. During the years of recession, continental countries saw their number of employed people reduced by about 600.5 thousand. A quite modest result if compared to the loss suffered during the early 2000s when almost 900 thousand workers became unemployed or inactive. Second, given the peculiarity of the geographic conformation, Nordic countries are the less populated with consequently lower numbers of workers, ranging between 18 and 20 million. Even here, about 600 thousand were the workers that saw their job contract terminated between 2008 and 2010. It is clear that even if Nordic and Continental countries

²¹⁰ Ibid. p.71

²¹¹ Source: Own elaboration on the basis of OECD (2021), Employment rate (indicator). doi: 10.1787/1de68a9b-en (Accessed on 10 August 2021). Nordic countries include Sweden, Finland, Denmark, the Netherlands, and Ireland; Mediterranean countries include Portugal, Spain, Italy and Greece; Continental states are Austria, Germany, France, Luxemburg and Belgium; New Member States are the ones entered in EU in 2004, with the exclusion of Malta and Cyprus. Data for Members that joined EU between 2007 and 2013, along with Malta and Cyprus, are embedded in the calculation of EU 27 data.

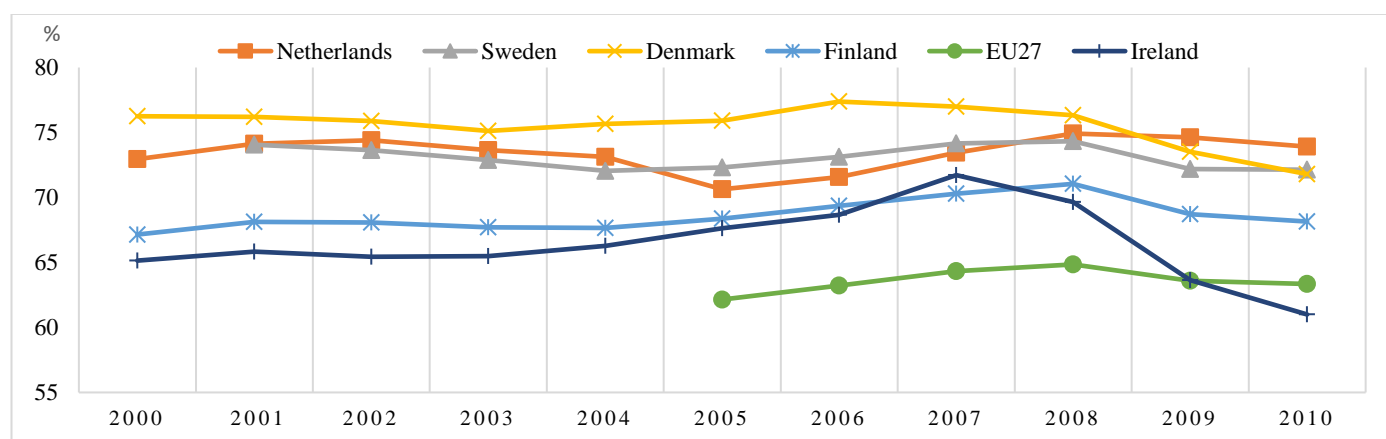
experienced basically the same employment decrease in numerical terms, the hit has been perceived more harshly by the Nordic group.

Figure 1 - Employment at group level in thousands of people aged 15 to 64 (2000-2010)



Source: author's elaboration on the basis of the above-mentioned OECD dataset

Graph 2 –Employment rates trends in Nordic countries as percentage of total population aged 15 to 64²¹²

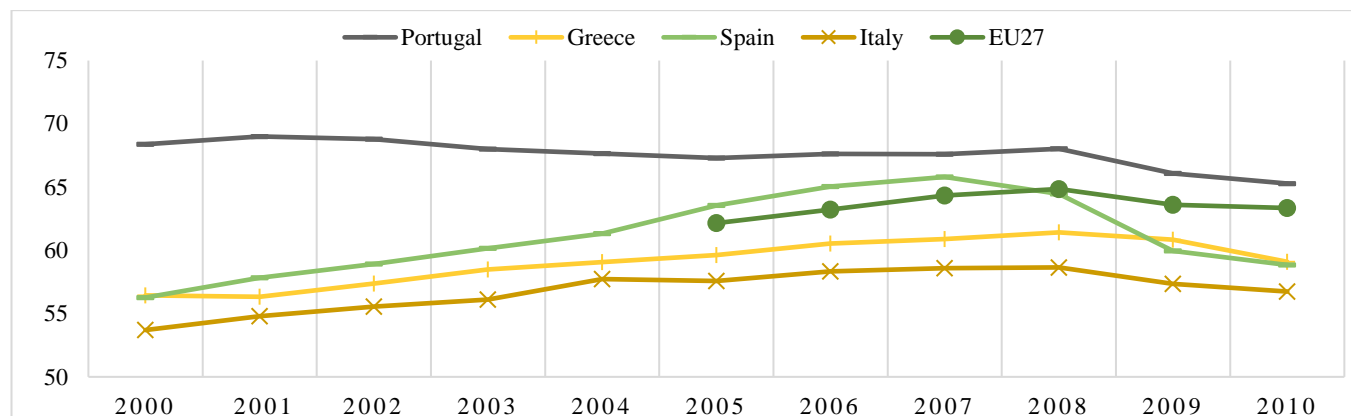


As shown by graph 2, the Nordic group run particularly smoothly, keeping their employment levels well above the EU position, with the only exception for Ireland in the last biennium. Among the Nordic countries, Ireland, indeed, has been both the first to perceive difficulties linked to the crisis already in 2008, and the most hit by it with a loss of ten percentage points between 2008 and 2010. The other countries, instead, show just a flat decrease starting from 2009. At this point, one could look at the Nordic group's average employment rate keeping Ireland out. In this case, the Nordic group seems having lost 2.7 percentage points between 2008 and 2010 compared to 3.9 percentage points when Ireland was included. Hence, with this consideration in mind, it could be safe to argue that Mediterranean countries are clearly the most affected by the economic downturn with 3.68 per cent employed less, mainly due to Spanish sharp slowdown and to the poor performance of Italy and Greece, as shown by graph 3. Mediterranean is the second group by number of employed population showing a positive trend over the period gaining about 7.5 million people more in employment. This

²¹² Source: Own elaboration on the basis of OECD (2021), Employment rate (indicator). doi: 10.1787/1de68a9b-en (Accessed on 10 August 2021)

configuring as a positive response to labour market policies oriented at enlarging participation of inactive population into the labour market. Since 2009 the inevitable fall in employment levels represented a dramatic event for 2.75 million workers who became unemployed (or inactive).

Graph 3 – Employment rates trends in Mediterranean countries as share of total population aged 15 to 64²¹³



Among Mediterranean countries, Portugal demonstrates to be the relatively best performer within the group maintaining its employment levels quite stable ranging from 67 to 68 per cent. Spain gained almost ten percentage points between 2000 and 2007, when the country reached a peak of 65.8 per cent, thus recording the highest increase. Italy and Greece basically followed the same path with Italy always being one step ahead of Greece, which did not manage to make at least 60 per cent of its working age population having a (formal) job.

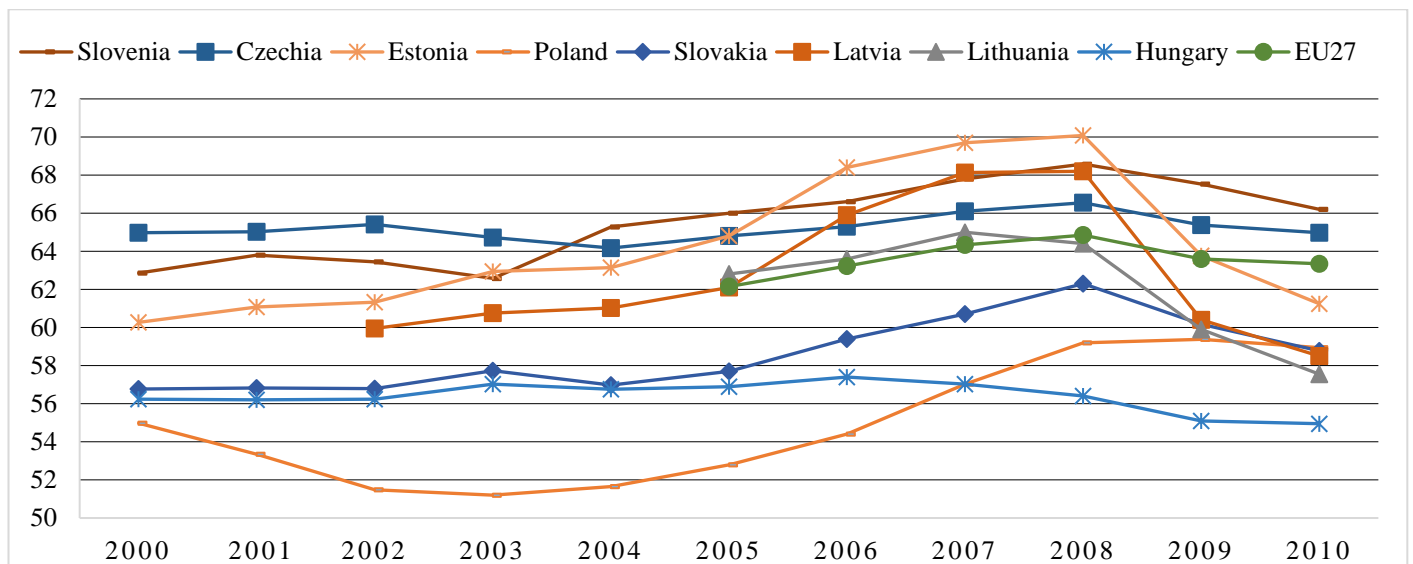
Data for New Members over the period 2000-2010 are available for eight countries, namely the Baltic countries (Estonia, Latvia, Lithuania), Poland, Czechia and Slovakia, Slovenia, and Hungary. These eight countries basically stucked to the path of Mediterranean countries even if with an increase by 3.6 million²¹⁴ workers between 2000 and 2008. In the biennium of the economic slowdown their labour market lost about 1.2 million workers. The following graph allows to have a deeper view on the path followed by each country composing the New MS group.

Graph 4 - Employment rates trends in New MS as percentage of total population aged 15 to 64²¹⁵

²¹³ Source: Own elaboration on the basis of OECD (2021), Employment rate (indicator). doi: 10.1787/1de68a9b-en (Accessed on 10 August 2021)

²¹⁴ See figure 1

²¹⁵ Ibid.



Starting from the bottom of graphic 4, it is clear that Poland faced major difficulties in keeping its employment rate at a sustainable level, barely touching 60 per cent, as a peak in 2008, starting from a nadir of 51 per cent in 2003. Hungary and Slovakia followed a common pattern staying stable at 56-58 per cent till 2005, when Slovakia climbed up to reaching 62 per cent in 2008. Estonia and Latvia clearly had the highest performance with an increase by 10 percentage points in eight years making about 7 in 10 people aged 15 to 64 having a job in 2008. Slovenia and Czechia run in parallel in the early 2000s ranging around 63-65 per cent, then both of them experienced increases in employment level with Slovenia staying a step further.

In light of the above considerations, one could ask why Nordic and Continental countries performed better than Mediterranean ones and new Members. To answer this question a short premise could be helpful. In order to pose a remedy against the drawbacks of 2008 crisis, EU Members started to rise their public expenditures on passive labour market policies, and in particular on unemployment benefits²¹⁶. Following economic logic, indeed, income protection «works as an automatic stabilizer to level consumer demand»²¹⁷. Otherwise, when workers become unemployed without the possibility to enjoy any income support, they would drastically reduce their consumption of good and services. The consequence would be the inevitable restrain of economic growth. Coming back to the differences in performance, Eichhorst's study²¹⁸, concerning the labour market functioning during the years of crisis, explains that in countries where income protection was adequately introduced, such as Denmark, unemployment insurance effectively worked as an automatic stabilizer. This mechanism seems to be confirmed by Andersen²¹⁹ who argues that by virtue of the fact that Scandinavian countries consolidated public finances in the years prior to the Great Recession, automatic stabilizers showed to be effective during the recession. Hence, from the above-mentioned literature it could be derived that investing on effective labour market policies in times of economic growth would be concretely helpful to

²¹⁶ European Commission, «[Adapting Unemployment Benefit Systems to the Economic Cycle](#)» (2011).

²¹⁷ Ecorys/IZA, (n.165), p.18.

²¹⁸ Werner Eichhorst and others, «The Impact of the Crisis on Employment and the Role of Labour Market Institutions» [2010] SSRN Electronic Journal.

²¹⁹ Torben Andersen, «Unemployment Benefits : Incentives , Insurance and Automatic Stabilizers - Some Scandinavian Lessons Thematic Review Seminar» (2011).

prevent major shortcomings when times of crisis occur²²⁰. Nonetheless, even if with different degrees and consequences, in the biennium 2008-2009, unemployment rose in all advanced economies with the only exception of Germany. Hence, in reaction to the devastating effects of the crisis started in 2008, the European Commission proposed in November 2008 a major Recovery Plan, calling to protect and create jobs and speeding up the availability of European funds for active labour market policies²²¹. Besides the common Recovery Plan, Member States adopted different labour market policies depending on the root causes and the phase of the crisis and recovery. Such measures were aimed at «reaching an efficient functioning of the labour market»²²². In response to 2008 crisis, some Members reduced the requirements to access out of work benefit, among them Italy and Netherlands. While other Members, above all Lithuania, preferred to restrict the access to unemployment benefits as they shifted public expenditures to social assistance services²²³.

Another aspect to be taken into account in the evaluation of the relative performance of EU Members in pursuing high employment levels and minimising unemployment is the level of public expenditure on labour market policies. The Continental group was the group that between 2000 and 2010 spent the highest share of total EU GDP. In the early 2000s, the share of expenditures was around 1.3 per cent, it decreased till 0.8 per cent in 2008, then it soared again to 1.1 per cent as response to 2008 crisis²²⁴. While expenditures on labour market policies expressed a fraction of the group GDP amounted at more than 3 per cent during the dotcom bubble²²⁵ then diminished till 2 per cent in 2008 and soared to 2.5 in 2009. For the Continental group expenditures on passive measures are higher than expenditures on active measures, and in times of crises expenditures on the former measures increased more sharply, with a peak in 2004. In 2005, the decline in expenditures on passive measures was in line with the improving business cycle. Moreover, a strong impulse towards recovery was provided, at least in Germany, by labour market reforms introduced in 2005²²⁶. Between 2008 and 2009, expenditure on passive measures in the Continental group rose by about 0.3 percentage points to 1.5 per cent of GDP, while spending on active measures rose by only 0.1 percentage points to 0.9 per cent of GDP.

Nordic countries were the second largest spender on labour market policies as share of EU GDP level during the 90s, ranging between 0.2 and 0.4 per cent leaving the floor to Mediterranean countries since 2002. During the early 90s, indeed, a banking crisis and interrupted trade relationships with the former Soviet Union resulted in widespread unemployment in Nordic countries. The response of local governments was to give new impulse to the labour market by firmly investing in both passive and active measures²²⁷. By virtue of this common

²²⁰ Ecorys/IZA (n 165).

²²¹ *ibid.*

²²² Eurostat (2006), Labour market policy database, Methodology, Revision of June 2006, ISSN 1725-0056, p.6

²²³ European Commission, «Adapting Unemployment Benefit Systems to the Economic Cycle» (n 216).

²²⁴ Ecorys/IZA (n 165), p.49

²²⁵ Also known as internet bubble, was a stock market bubble generated by speculation on internet related companies in late 90s, which exploded in 2000 causing a short recession between 2000 and 2001.

²²⁶ *Ibid.*, p.51. «Hartz IV introduced substantial reforms of the unemployment and social assistance benefits, merging the two and integrating active policies as components within passive measures».

²²⁷ Ecorys/IZA (n 165), p. 51

response to that situation, unemployment decreased in the second part of the decade, and Nordic policymakers considered it safe to reduce public expenditure on labour market sphere, in particular on passive measures, while keeping investments on active measures. The fact that at least passive measures tend to follow the path of macroeconomic events is proved by rising expenditures on passive measures, notably in the Netherlands²²⁸, in correspondence of 2001 slowdown. Among the first countries that introduced large scale active labour market policies there was Denmark which emphasised the role of «work incentives and a decentralization reform of public employment services»²²⁹. Along with Denmark, also Sweden added a further unemployment insurance reform in 2001, where the relevance of the ‘activation’ component was remarked. These countries indeed invested more resources than any other EU group on labour market policies. At the group level, Nordic countries’ expenditure on labour market policies increases sharply between 2008 and 2009²³⁰, notably «passive measures received 1.5 per cent of GDP, whilst expenditures on active measures increased by only 0.1 percentage points»²³¹. An exception among Nordic countries is Ireland, where expenditures on labour market policies did not reflect the pattern of macroeconomic events in the early 90s and 2000s, whereas it decreased each year in the whole considered period reaching 2.1 per cent in 2008²³². Nonetheless, it has been one of the first countries to be affected by the global economic crisis, and experiences a massive growth in unemployment, which explains the rise in expenditures reaching 3.5 per cent of GDP²³³. However, the peculiarity of Ireland is the fact that since the 1990s the country invested a considerable amount of resources on ALMPs (around 1 per cent)²³⁴, putting strong emphasis on training programs.

Further, in late 90s by virtue of Italian momentum towards ALMPs (in particular training, employment incentives and direct job creation), public spending on such measures started to rise even among Mediterranean countries. Also, Spain already in early 90s reformed its labour market pushing for flexibility, deregulation and decentralization of PES. Like the other groups, even here unemployment benefits, thus expenditures on passive measures, rose drastically between 2008 and 2009²³⁵. Overall, Mediterranean Members expenditures shown to be quite stable ranging around 0.4 per cent of total EU GDP on labour market policies, and about 1.7 per cent of the GDP at the group level, with only slight increases in 2002 and in 2008, thus resulting in moderate expenditures compared to the Continental and the Nordic countries.

Among new Members, sharply increased expenditures were registered in Poland and the Baltic countries Estonia, Latvia, Lithuania, and Slovenia, where expenditure on labour market policies to increase from 0.6 per cent of GDP to 1.1 per cent²³⁶. The recession of 2001 had an effect on employment levels and thus on passive

²²⁸ Ibid. p.52

²²⁹ Ibid. p.52

²³⁰ From 2.1 per cent to 2.7 per cent of GDP.

²³¹ Ibid. p.52

²³² Ibid. p.49-50

²³³ Ibid. p.50

²³⁴ Ibid.

²³⁵ In 2007, labour market policies consumed 1.5 per cent of GDP at the group level, yet by 2009, with the intensification of the latest recession, expenditure has risen sharply to 2.4 per cent.

²³⁶ Ecorys/IZA (n 165), p.50

measures in particular, yet it must be noted that many of the new Member States were still in the process of welfare reforms at that time, and their economies were more vulnerable to such events. The fraction of GDP spent on active measures has been fairly stable since 1992, varying between 0.4 per cent in 1992 and 0.3 per cent in 2001. The fact that expenditures on active measures have increased in the new Member States since 2001 while they have declined in the old Member States can largely be attributed to the influence of EU policies and funding in this field through instruments such as the European Social Fund. Nevertheless, expenditures on active measures in the new Member States are lower as compared to GDP than in other EU-27 countries, so the increase of spending on active measures since 2001 could be seen as a sign of convergence. Poland has the lion share of expenditures in the new Member States, with over 40 per cent in 2008 for passive measures and over 60 per cent in 2008 for active measures. In 2008 spending on active and passive measures was almost equal at about 0.3 per cent of GDP. In 2009 more resources were dedicated to active measures than passive ones. However, a large share of the increase of active spending in the new Member States in 2009 took place in Poland.

In general terms, among countries that spent less on labour market policies, there can be observed two changes in spending attitude. «One from early retirement and training to labour market services. And another from direct job creation to employment and start-up incentives»²³⁷. In the first case, more and more importance was given to «(effective) job placements, because training have effects mainly in the medium-long term and early retirement was not really effective in freeing up job position to young people, the ones hit most in times of crisis. While the second case was a way to shift resources from «jobs provision to incentivizing regular job matches»²³⁸. Despite PES effectiveness and incentives gained momentum, still unemployment benefits were the biggest spending category in the labour market field. As mentioned above, indeed, largest spending on passive measures strictly followed increases in unemployment rates, especially in 2009. At that time, at EU level 60 per cent of the total expenditures on labour market policies was spent on out-of-work income support²³⁹, which included both unemployment benefits and social assistance as well. A Social Protection Committee report²⁴⁰ illustrates the fact that resources were devoted to social assistance services especially in case of prolonged unemployment spells. The rationale could be found in the fact that after the expiration of the unemployment benefit, the recipient still needs support, which is then provided in the form of social assistance. That was the case between 2010 and 2011 in the Netherlands, Sweden, Hungary, Estonia and Czech Republic²⁴¹.

²³⁷ Ibid. p.53

²³⁸ Ecorys/IZA (n 165), p.53 As seen in chapter one, direct job creation is not the most appropriate measure in tackling long-term unemployment.

²³⁹ It is clear that the tendency for passive measures is to be more countercyclical than active ones.

²⁴⁰ Council of the EU (2012), «The social impact of the economic crisis and ongoing fiscal consolidation: third Report of the Social protection Committee» (2011

²⁴¹ Ecorys/IZA (n 165), p.55

1.1.2 Female employment and childcare services targets

On its Stockholm summit in March 2001, the Council of the EU set a mid-term objective²⁴² for the female working population, the goal was to make at least 57 per cent of women aged 15 to 64 to be into (formal) employment status by 2005. Being women participation to the labour market fundamental to foster economic and social growth, Member States attributed to the gender equality issue the second target of the Lisbon Agenda. Women participation to the labour market was not considered anymore as an option but a duty to allow the economy to prosper in the most inclusive way. To better appreciate the developments in the level of employment reached, country specific and aggregated data at regional level as well are presented below by table 2 and graphic 5 respectively. Table 2 deploys the employment rate of the female population aged between 15 to 64 years old in each Member country of the EU over the period 2000-2010. The highest and lowest performances are highlighted in green and red respectively. Graphic 5 illustrates the average employment trend over the same period for each region, namely, Nordic, Continental, Mediterranean and new Member States²⁴³.

Tab. 2 – Female Employment rates as percentage of total population aged 15 to 64²⁴⁴

	Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1	Sweden		72.3	72.2	71.5	70.5	70.2	70.7	71.8	71.9	70.2	69.7
2	Denmark	71.6	72.0	71.7	70.5	71.6	71.9	73.5	73.2	72.4	70.9	69.5
3	Netherlands	63.5	65.3	66.2	66.1	65.8	63	64.2	66.5	68.2	68.5	68.3
4	Finland	64.2	65.4	66.2	65.7	65.6	66.6	67.3	68.5	69.0	67.9	66.9
5	Germany						59.6	61.5	63.2	64.3	65.2	66.2
6	Austria	59.6	60.1	61.3	61.6	59.8	61.1	62.2	63.5	64.8	65.2	65.7
7	Slovenia	58.4	58.8	58.6	57.6	60.5	61.4	61.9	62.6	64.2	63.9	62.6
8	Estonia	57.4	58.1	58.3	59.9	60.7	63.1	65.6	66.3	66.6	63.2	60.8
9	France				59.3	59.3	59.5	59.7	60.7	61.3	60.9	60.8
10	Latvia			56.2	56.8	57.2	58.2	61.8	64.0	65.2	60.2	58.8
11	Lithuania						59.6	61.0	62.0	61.8	60.4	58.6
12	Portugal	60.5	61.3	61.4	61.4	61.5	61.6	61.8	61.8	62.5	58.2	57.9
	EU-27						54.7	55.9	57.0	57.8	57.3	57.3
13	Luxemburg				50.9	51.9	53.7	54.6	56.1	55.2	57.0	57.2
14	Ireland	53.9	54.9	55.4	55.7	56.5	58.3	59.3	62.9	62.2	59.1	57.1
15	Belgium	51.5	51.0	51.4	51.8	52.7	53.8	54.0	55.3	56.2	56.0	56.5
16	Czechia	56.9	56.9	57.0	56.4	56	56.3	56.8	57.3	57.6	56.7	56.3
17	Spain	41.3	43.1	45.1	46.9	48.8	51.8	53.8	55.2	55.4	53.3	52.8
19	Poland	48.9	47.7	46.3	46	46.2	46.8	48.2	50.6	52.4	52.8	52.6
20	Slovakia	51.5	51.8	51.4	52.2	50.9	50.9	51.9	53.1	54.6	52.8	52.3
21	Hungary	49.7	49.8	49.9	50.9	50.7	51.0	51.1	50.7	50.3	49.6	50.2
22	Greece	41.7	41.6	43	44.3	45.3	46.0	47.3	47.7	48.6	48.9	48.0
23	Italy	39.6	41.1	42.0	42.7	45.5	45.4	46.4	46.6	47.3	46.4	46.1

As it is possible to observe from table 2, at EU level the mid-term target of 57 per cent scheduled for 2005 was met only two years later in 2007. This ‘delay’ could be attributed to the fact that women activation is in many cases subordinated to the presence of childcare services able to support parents during the pre-

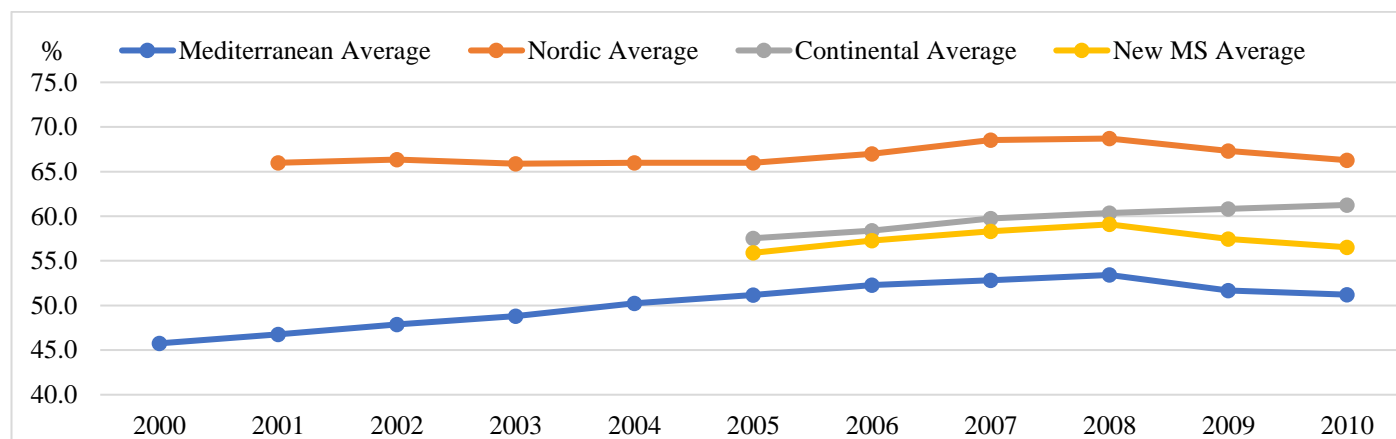
²⁴² ECB, «The Lisbon Strategy – Five Years On» [2005] Monthly Bulletin 69.

²⁴³ Given the lack of some data for Continental and new Members, their employment trends are provided for the period 2005-2010 only.

²⁴⁴ Source: OECD (2021), Employment rate (indicator). doi: 10.1787/1de68a9b-en (Accessed on 28 December 2021); data for Cyprus, Malta, Bulgaria and Romania are missing.

school age of the child. Hence, where such childcare services were lacking or insufficient, the incentive for women to enter the labour market lacked as well. Likewise, the target of at least 60 per cent supposed to be reached by 2010 has been missed, even if with substantial differences among Members States. In 2010, nine between Nordic and Continental countries were above the target of 60 per cent ranging from 60.8 per cent (France) to 69.7 per cent (Sweden). While the bottom end of the rank was mainly covered by Mediterranean and new MS, with Italy and Greece showing the lowest score of 46.1 and 48 per cent respectively.

Graphic 5 – Trends of female employment rate at group level as share of working age population²⁴⁵



The above trends clearly reflect the economic macroeconomic events. The first part of the decade was characterised by a steady economic growth with the gradual introduction of policies in favour of female employment in most EU Members. The highest visible improvement was registered among Southern countries, which saw the employment rate for the female population rising by 10 percentage points between 2000 and 2008. When the economic slowdown boomed, an evident decrease in the female employment rates for all groups apart from Continental countries. As mentioned above, a phenomenon regrettably shared by all Member States is the fact that parenthood inevitably enlarges the gap between male and female employment. This because traditionally women are charged with caring responsibilities in respect of their family, and especially of children. This phenomenon seems to be confirmed by Eurostat data²⁴⁶, according to which employment rates are lower for women with children. Still at the present time, this trend seems to persist, even if with some exceptions. In 2019, at EU level parenthood²⁴⁷ affected female employment which decreased by 14.3 percentage points²⁴⁸, while in some ways favoured male employment which rose by 9.6 percentage points²⁴⁹. However, in few countries, parenthood did not entail negative effects on female employment, notably in Sweden, Portugal, Slovenia, Croatia and Denmark. Possible explanations could be found in the advanced introduction of childcare services able to balance professional and family burdens on one side

²⁴⁵ Own elaboration on the basis of table 2

²⁴⁶ Eurostat, «Employment rate of adults by sex, age groups, educational attainment level, number of children and age of youngest child (%)\», 2021 [Eurostat \[lfst_hheredch\]](#).

²⁴⁷ Parents with at least a pre-schooler child

²⁴⁸ European Commission, «Joint Employment Report 2021 As Adopted by the Council on 9 March» (2021),p.63. Peaks were in Czechia, Hungary and Slovakia, where the negative impact of parenthood for women with at least a pre-schooler was particularly high (over 40 percentage points).

²⁴⁹ Ibid.

(Northern countries), and the supportive help of the family of belonging on the other side (Southern countries). In general terms, the degree of professional skills of the parents contributes to determining the likelihood of take a break from the working life during the preschool age of the child²⁵⁰. Bearing in mind the above-mentioned issue, EU institutions and Member States dedicated a specific target to the provision of nursery services to be granted to both babies aged between zero and three years, and to children aged between three and the mandatory age to attend school. The difference lays in the coverage of these policies. The idea was to guarantee caring services to almost all (90 per cent) children between the age of three and the age that allows them to attend the primary school. While in the case of babies under three years old, the minimum rate of service coverage set at EU level was drastically lower reaching just one child in three. As a matter of fact, EU institutions and Member States adopted measures «to broaden participation in early childhood education and care and improve its quality provision, as key to prepare children to succeed throughout life»²⁵¹. Among the actual measures undertaken at national level following the provision of the Lisbon Strategy, the following are worthy to be mentioned. In a view to soften caring burden for both parents, Bulgaria and Belgium lowered the official pre-school age. Croatia proceeded with providing peripheral areas with newly built day-cares²⁵². Italy introduced in 2016 a yearly benefit²⁵³ dedicated to lower income families with children below 3 years of age in order to lighten the costs of childcare services. Recently, Ireland introduced the National Childcare Scheme, which provides families with income-based subsidies meant to compensate costs for childcare services other than pre-school or school hours. The same policy has been undertaken by the Netherlands which increased public expenditure on Early Childhood Education and Care (ECEC) allowance and favoured numerous families with extra bonus.

Moreover, with the aim to enhance the quality of the services provided, Malta²⁵⁴ and Ireland, among the others, fixed the bachelor's degree to be the minimum entry requirement for ECEC staff. Childcare benefits have been introduced also in Hungary in 2019. Possibly, more recent measures on permanent family leaves have been introduced as response to Council directive on work-life balance for parents and carers²⁵⁵ adopted in 2019. An example is provided by Czechia, where not only parental allowance was raised especially for numerous families, but also doubled the number of hours spent by pre-schoolers under 2 years old rising it to 92 hours. Moreover, in Italy the number of days for paternity leave was increased to seven²⁵⁶. In Lithuania, parents are allowed to enjoy parental leaves for a maximum of 30 days during the first year of life of the child. In the Netherlands, welfare seems even more generous being fathers or second parents allowed to take «additional

²⁵⁰ European Commission, 'Joint Employment Report 2021 As Adopted by the Council on 9 March' (n 248).p.63 «The employment rate of low-skilled women with at least one child less than six years was just 36.3%».

²⁵¹ *ibid.* p.72.

²⁵² *ibid.*, p.72

²⁵³ *Bonus nido*, law 11 December 2016 n. 232, art. 1, co 355

²⁵⁴ Law 20 November 2019, Education Act, Malta Government Gazette No. 20,290

²⁵⁵ European Parliament and Council of the European Union, «[Directive \(EU\) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on Work-Life Balance for Parents and Carers and Repealing Council Directive 2010/18/EU](#)», Official Journal of the European Union L 188 12.7.2019, p.79.

²⁵⁶ EU Directive 2019/1158 encourages Members to allow for a 14-day paid paternity leave.

leave for up to five weeks within the first six months after birth». Eventually, in the view to close the gender gap at the workplace, France introduced an index able to highlight wage inequalities within medium and large firms. Likewise, Spain and Czechia²⁵⁷ strengthened the role of both social partners and monitoring authorities²⁵⁸ in determine equality plans in companies with more than fifty employees. Eventually, Estonia is trying to orient female students towards professional sectors where in general remuneration are higher, above all ICT.

1.1.3 Elderly employment target: Bring to 50 per cent the elderly employment rate (55-64) by 2010

In 2000, the employment rate among senior workers amounted at 36.6 per cent, while five years later it resulted augmented by 6 percentage points (42.5 per cent)²⁵⁹. The increase in the employment rate among senior workers has been registered in all EU-25 countries, with the exception of Poland and Portugal²⁶⁰.

In 2005, in 25 European countries there were 52.3 million of people aged 55 to 64. Among them, 22.2 million were employed, 1.6 million were unemployed, while 28.5 million were inactive. Major part of those in employment was concentrated in Nordic countries, Anglo-Saxon countries plus Estonia, Cyprus and Portugal where half of the senior population was employed, being 5 years in advance respect to the scheduled target for 2010. Analysing employment trends for the group of female seniors compared to those of male, it could be argued that between 2000 and 2005, at EU level, female employment rose more than male one (+ 6.8 per cent, + 4.9 per cent). Despite this remarkable pace to close the gender employment gap, in 2005 still only about one in three women was formally employed against one in two men. Moreover, with the aim to understand where the employment raise came from it is useful to look at the seniors distinguishing their group into two, the group of people aged 55 to 59 and the group of people aged 60 to 64. According to Eurostat insight on «The Employment of Seniors in the European Union»²⁶¹, the age group 55 to 59 has been the one who, between 2000 and 2005, pushed the employment level up with the major contribution provided by higher women participation to the labour market (+7 per cent against +2.9 per cent of men)²⁶². While within the group aged 60 to 64, male and female participation improved going hand in hand with a slightly higher share of male seniors (+4.8 per cent against +4.7 of women)²⁶³. Furthermore, another interesting element to understand major trends in the evolution of the seniors' employment is their educational attainment level. Actually, in 2005, two in three seniors with a higher education attainment (upper secondary and higher) were in employment compared to one in three of their peers with a lower education completion²⁶⁴. Conversely, highly educated workers are more likely to enter the labour market later than those who started to work after lower secondary diploma. This resulting in higher educated workers to retire from the labour market later than their

²⁵⁷ Action Plan for Equal Pay.

²⁵⁸ In Czechia, State Labour Inspection Office (SLIO), the Office of the Public Defender of Rights

²⁵⁹ Christel Aliaga and Fabrice Romans, «[The Employment of Seniors in the European Union](#)» (2006) 15 Statistics in Focus.

²⁶⁰ Ibid. p.1

²⁶¹ Ibid.

²⁶² Ibid. p.5

²⁶³ Ibid.

²⁶⁴ Ibid. p.7

peers. Moreover, as far as the occupation of senior workers is concerned, it could be argued that most workers still in employment in their late 50s and early 60s mainly cover highly skilled, non-manual positions²⁶⁵. This trend reflects the natural course of their career and the fact that workers employed in manual jobs are in general more likely to withdraw from work earlier than their peers employed in less arduous occupations²⁶⁶. Countries in table 3 are ordered in a decreasing order of elderly employment rate in 2020. The highest and lowest performances are highlighted in green and red respectively. Values in orange are related to countries that in 2010 and in 2020 were below the target of 50 per cent.

Tab 3 – Employment of older workers as percentage of total population aged 55 to 64 in 27 EU Member²⁶⁷

	COUNTRY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1	Sweden	70.4	72.0	73.0	73.6	74.0	74.5	75.5	76.4	78.0	77.7	77.6
2	Estonia	53.8	57.5	60.5	62.6	64.0	64.5	65.2	68.1	68.9	72.5	72.0
3	Germany	57.8	60.0	61.6	63.6	65.6	66.2	68.6	70.1	71.4	72.7	71.7
4	Denmark	55.5	57.0	57.9	58.8	60.7	63.0	65.8	68.2	69.2	71.3	71.4
5	Netherlands	52.9	55.2	57.6	59.2	59.9	61.7	63.5	65.7	67.7	69.7	71.0
6	Latvia	47.8	50.5	52.8	54.8	56.4	59.4	61.4	62.3	65.4	67.3	68.6
7	Czechia	46.5	47.7	49.3	51.6	54.0	55.5	58.5	62.1	65.1	66.7	68.2
8	Lithuania	48.3	50.2	51.7	53.4	56.2	60.4	64.6	66.1	68.5	68.4	67.6
9	Finland	56.2	57.0	58.2	58.5	59.1	60.0	61.4	62.5	65.4	66.8	67.5
10	Bulgaria	44.3	44.0	45.2	46.8	49.4	52.3	53.8	57.4	60.0	63.6	63.4
11	Ireland	50.2	50.1	49.3	51.2	52.6	55.4	56.8	58.4	60.4	61.8	61.8
12	Cyprus	56.3	54.8	50.7	49.6	46.9	48.5	52.2	55.3	60.9	61.1	61.0
13	Portugal	49.5	47.8	46.5	46.9	47.8	49.9	52.1	56.2	59.2	60.4	60.7
	EU - 27	44.8	46.1	47.6	49.0	50.7	52.3	54.3	56.3	58.0	59.3	59.8
14	Hungary	33.6	35.3	36.1	37.9	41.7	45.3	49.8	51.7	54.4	56.7	59.6
15	Slovakia	40.5	41.3	43.1	44.0	44.8	47.0	49.0	53.0	54.2	57.0	58.3
16	France	41.0	42.7	45.8	46.9	48.2	50.1	51.2	52.6	53.6	54.5	55.2
17	Spain	43.5	44.5	43.9	43.2	44.3	46.9	49.1	50.5	52.2	53.8	54.7
18	Austria	41.2	39.9	41.6	43.8	45.1	46.3	49.2	51.3	54.0	54.5	54.7
19	Italy	36.5	37.8	40.3	42.7	46.2	48.2	50.3	52.2	53.7	54.3	54.2
20	Belgium	37.3	38.7	39.5	41.7	42.7	44.0	45.4	48.3	50.3	52.1	53.3
21	Malta	31.9	33.2	34.7	37.1	39.5	42.3	45.8	47.2	50.2	51.1	52.7
22	Poland	34.1	36.9	38.7	40.6	42.5	44.3	46.2	48.3	48.9	49.5	51.8
23	Slovenia	35.0	31.2	32.9	33.5	35.4	36.6	38.5	42.7	47.0	48.6	50.5
24	Romania	40.7	39.9	41.6	41.8	43.1	41.1	42.8	44.5	46.3	47.8	48.5
25	Croatia	39.1	38.2	37.5	37.8	36.2	39.2	38.1	40.3	42.8	43.9	45.5
26	Greece	42.4	39.5	36.5	35.6	34.0	34.3	36.3	38.3	41.1	43.2	44.6

²⁶⁵ Ibid. p.7-8

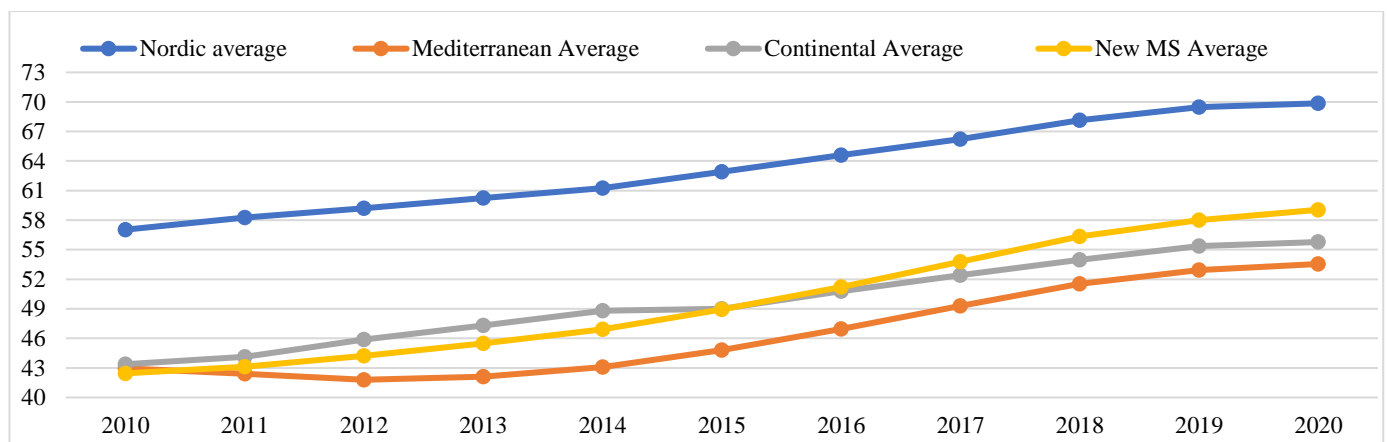
²⁶⁶ Ibid. p.8

²⁶⁷ Source: Eurostat, Employment rate of older workers, age group 55-64 [TESEM050]

27	Luxembourg	39.6	39.3	41.0	40.5	42.5	38.4	39.6	39.8	40.5	43.1	44.0
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As the above table outlines, the employment target related to older workers has been formally reached at EU level only in 2014, when 50.7 per cent of the active population aged 55 to 64 was in employment status. Of the 19 countries that in 2010 still were below the threshold of 50 per cent, only four remain below this target in 2020, namely Romania, Croatia, Greece and Luxemburg. Above all, what catches the eye is that in 2010 Sweden was the only EU country to make its elderly population employed by more than 70 per cent, whereas all the other members ranged from 31.9 per cent (Malta) to 57.8 per cent (Germany). Looking at the best and lowest performances, it could be argued that Sweden maintained its position at the top of the rank over the whole decade, while the lowest share of seniors in employment was in Malta (2010), Slovenia (2011-13), Greece (2014-17), and in Luxemburg (since 2018). Overtime, the employment rate of older workers kept increasing in all regions of the EU, as shown by graphic 6.

Graphic 6 – Trends in average employment rates of older workers grouped by region over the last decade²⁶⁸



As already outlined in the total employment rates analysis, Nordic countries are particularly capable to provide their workers in each age group with an occupation. Whereas seniors in Mediterranean countries have been in some way forced to leave the labour market during the years of the crisis mainly encouraged by early retirement policies.

To conclude, it could be stated that from the late 90s when the EES started to gain prominence in labour market policy field at both EU and national level, seniors' participation to the labour market improved substantially. Since 1995 fifteen Members begun to make early retirement access stricter and raised the legal pensionable age with the aim to keep workers into employment longer²⁶⁹. The rationale behind the implementation of such measures was to at least partially put a remedy to the ageing of the population. Indeed, an ever-growing population of seniors basically means pressure on the public pension system. This raising trend in employment levels has been pursued till the present time with a dip in correspondence to the onset of the 2008 crisis. In front of the years of recession, seniors aged 55 to 59 revealed to be quite resilient and managed to maintain their employability, with the exception of few countries among which Estonia and

²⁶⁸ Own elaboration on the basis of table 3

²⁶⁹ E Özdemir and others, 'Employment of Older Workers» Research Note No. 5/2015 (2016).

Lithuania, Greece and Ireland²⁷⁰. Actually, the group of younger seniors' employment rate kept growing, even though at a slower pace than before. While the group of seniors over 60 basically remained stable for a couple of years with a modest sign of recovery since 2012 in all countries apart from Baltic states, Mediterranean Members, Ireland, Slovenia and Romania²⁷¹.

1.2 EU2020 targets

1.1.1 Employment target: Rising the EU employment rate up to 75% for the age group 20-64 by 2020

In general terms, it could be argued that the situation in 2010 was dramatic in many respects. At EU level about 5 186 440 workers²⁷² were jobless corresponding to 1.4 percentage points less than 2008 level in terms of employment rate. As a consequence of increasing unemployment, expenditures on passive measures to favour 'particular' groups²⁷³ increased putting stress on insurance funds and government budgets. Hence, in 2010, with the aim to maintain a clear focus on the long-term path towards EU2020 employment objective, each Member fixed a national target identified according to its specific economic and social background. Moreover, the achievement of a high employment rate was indeed meant to reduce the number of people at risk of social exclusion and poverty. It is thus interesting to observe each Member's progress in increasing labour market opportunities especially for the most disadvantaged groups and which policies have been preferred to others. Data related to employment rates in 27 Members are thus presented in the table below and are ordered in a decreasing way by year 2019. 'EU-27' data refer to the employment rates at EU level as percentage of total population living in its 27 Member States aged 20 to 64. Provided that data for the employment rates in United Kingdom are currently not available (at least in the Eurostat dataset), the same data are not present in table 4. The highest and the lowest employment rates are highlighted in green and in red respectively. For the sake of the present discussion year 2019 was chosen as year of comparison to EU2020 targets. Thus, in case of missed target data are highlighted in orange. Finally, in case of improvement of the employment rate despite the COVID pandemics crisis, data are outlined in light blue.

Table 4 - Employment rates in 27 Member States as percentage of total population aged 20 to 64²⁷⁴

Country	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TARGET
Sweden	78.1	79.4	79.4	79.8	80.0	80.5	81.2	81.8	82.4	82.1	80.8	80
Germany	75.0	76.5	76.9	77.3	77.7	78.0	78.6	79.2	79.9	80.6	80.0	77
Czechia	70.4	70.9	71.5	72.5	73.5	74.8	76.7	78.5	79.9	80.3	79.7	75
Estonia	66.8	70.6	72.2	73.3	74.3	76.5	76.6	78.7	79.5	80.2	78.8	76
Netherlands	76.2	76.4	76.6	75.9	75.4	76.4	77.1	78.0	79.2	80.1	80.0	80
Denmark	74.9	74.8	74.3	74.3	74.7	75.4	76.0	76.6	77.5	78.3	77.8	80

²⁷⁰ Ibid.

²⁷¹ Ibid.

²⁷² See figure 1 and 2, 600.5 thousand in Continental group, 660 thousand in Nordic group, 2748 thousand in Mediterranean group, and 1177 thousands in new Members.

²⁷³ As mentioned in paragraph 1.1 of the present chapter, these particular groups are generally the long-term unemployed, but could also include the disabled, and those about to become unemployed.

²⁷⁴ Source: Eurostat (2020), Employment rate by sex, age group 20-64 [T2020_10] (Data extracted on 16/07/2021 10:38:12 from [ESTAT])

Lithuania	64.3	66.9	68.5	69.9	71.8	73.3	75.2	76.0	77.8	78.2	76.7	72.8
Latvia	64.3	66.3	68.1	69.7	70.7	72.5	73.2	74.8	76.8	77.4	77.0	73
Finland	73.0	73.8	74.0	73.3	73.1	72.9	73.4	74.2	76.3	77.2	76.5	78
Malta	60.1	61.6	63.9	66.2	67.9	69.0	71.1	73.0	75.5	76.8	77.4	70
Austria	73.9	74.2	74.4	74.6	74.2	74.3	74.8	75.4	76.2	76.8	75.5	77
Slovenia	70.3	68.4	68.3	67.2	67.7	69.1	70.1	73.4	75.4	76.4	75.6	75
Portugal	70.3	68.8	66.3	65.4	67.6	69.1	70.6	73.4	75.4	76.1	74.7	75
Cyprus	75.0	73.4	70.2	67.2	67.6	67.9	68.7	70.8	73.9	75.7	74.9	75
Hungary	59.9	60.4	61.6	63.0	66.7	68.9	71.5	73.3	74.4	75.3	75.0	75
Ireland	65.5	64.6	64.5	66.5	68.1	69.9	71.4	73.0	74.1	75.1	73.4	69
Bulgaria	64.7	62.9	63.0	63.5	65.1	67.1	67.7	71.3	72.4	75.0	73.4	76
Slovakia	64.6	65.0	65.1	65.0	65.9	67.7	69.8	71.1	72.4	73.4	72.5	72
Poland	64.3	64.5	64.7	64.9	66.5	67.8	69.3	70.9	72.2	73.0	73.6	71
Luxembourg	70.7	70.1	71.4	71.1	72.1	70.9	70.7	71.5	72.1	72.8	72.1	73
France	69.6	69.5	69.7	69.7	70.0	70.3	70.7	71.3	72.0	72.3	72.1	75
Romania	64.8	63.8	64.8	64.7	65.7	66.0	66.3	68.8	69.9	70.9	70.8	70
Belgium	67.6	67.3	67.2	67.2	67.3	67.2	67.7	68.5	69.7	70.5	70.0	73.2
Spain	62.8	62.0	59.6	58.6	59.9	62.0	63.9	65.5	67.0	68.0	65.7	74
Croatia	62.1	59.8	58.1	57.2	59.2	60.6	61.4	63.6	65.2	66.7	66.9	62.9
Italy	61.0	61.0	60.9	59.7	59.9	60.5	61.6	62.3	63.0	63.5	62.6	67
Greece	63.8	59.6	55.0	52.9	53.3	54.9	56.2	57.8	59.5	61.2	61.1	70
EU-27	67.9	67.9	67.7	67.5	68.3	69.1	70.2	71.4	72.4	73.2	72.5	75

What catches the eye is that over the past decade, the best and poorest performance have been maintained by the same two Members, namely Sweden and Greece²⁷⁵. Thus, reflecting a clear different ‘health condition’ of their respective national labour markets. Especially, the fact that Sweden managed to increase its employment rate during the hardest years of the crisis and to hit its 2020 target already in 2014 clearly indicates that the Swedish labour market is ‘healthy’ and prepared to deal with economic downturns. On the contrary, the lack of adequate adherence by Greece to the EES’ main elements²⁷⁶, was at the basis of the unsuccess of the results delivered by Greece in the employment field. Beyond Greece, the countries that suffered most the effects of the financial crisis were Ireland and Portugal, both indeed avoided bankruptcy by virtue of the financial help from EU, ECB²⁷⁷ and the IMF²⁷⁸. However, while Portugal and Ireland gradually recovered from the crisis, reaching their 2020 targets two and five years early respectively, Greece seems still facing huge difficulties towards a smooth economic and social growth. The Eurostat dataset²⁷⁹ on employment rates at EU level for the period 2010-2019 shows a general improvement in the labour market situation, particularly since 2014, when the first signs of recovery from the financial crisis occurred. Nonetheless, as the above table shows, in 2019, only seventeen out of twenty-seven EU Member States were equal or above their national target. Among

²⁷⁵ Apart from year 2010, when the lowest employment rate was performed by Hungary.

²⁷⁶ Namely empowering active labour market policies, a generous welfare and flexibility of labour.

²⁷⁷ European Central Bank

²⁷⁸ International Monetary Fund

²⁷⁹ Eurostat (n. 274)

these countries, Germany and Malta are the only countries apparently having suffered less from the economic crisis with steady annual improvements on their employment rates. Still ten countries missed to accomplish their employment target scheduled for 2020. Among them, four were Continental (Austria, Belgium, France, Luxemburg), three were Mediterranean (Italy, Greece and Spain), two were Nordic (Finland and Denmark) and one was a new Member (Bulgaria). Despite their moderate performance, Finland and Denmark were within the first ten positions of the rank in 2019, with Austria slightly below. Whereas Mediterranean and Continental Members covered the last eight positions with employment rates ranging from a minimum of 61.2 per cent (Greece) to a maximum of 72.8 (Luxemburg). Moreover, a distinction shall be made between those countries that did not accomplish their employment commitment due to pandemic-related shortcoming, and those which hide more structural problems within the labour market. Among the former, Austria and Luxemburg were far from their target by just 0.2 percentage points a year prior to the scheduled deadline²⁸⁰. On the same path were Denmark, Finland and Bulgaria. Following their national employment pattern over the last decade it could be safely said that these Members would not have had any difficulties in reaching their employment objectives in 2020. On the contrary, in 2019, France, Belgium, Italy, Spain, and Greece were far away from their employment goals²⁸¹. 2010 represented for Greece the best year, in terms of employment rate, over the whole decade. In that year, Greek employment was at 63.8 per cent, thus about six percentage points far from its 2020 goal. Italian, Flemish, and Spanish employment remained quite stable or stuck in the first part of the decade with a real increase only since 2016. France managed to overcome the employment slowdown already in 2012 but still at a lengthy pace.

Despite the recovery was proceeding on the right path in most of EU Members, the target of at least 75 per cent EU employment rate seems to be unmet. The most evident cause of this unsuccess could be safely attributed to the pandemics related problems, which made basically all the national employment rates to fall, with the apparently only exception of Poland, Malta and Croatia. Basically, Poland adopted a fast response to the pandemics by closing its national borders immediately, without suspending non-essential productions. This allowed part of the industry to keep working, thus avoiding massive layoffs. On the contrary, the positive results delivered by Malta and Croatia were made possible by the break in lockdown measures during summer, that enabled tourism services to compensate for the economic deficit recorded in the first months of 2020. With the aim to get an insightful understanding of the reasons behind success or failure in improving employment possibilities for working age population, it could be helpful to look at some of the experiences of EU Member States in adopting passive and active labour market policies. As anticipated in chapter one, the general aim of passive measures, among which out-of-work income support and early retirement, is to provide economic sustain, whereas the general aim of active measures²⁸² is to assist jobseekers during the

²⁸⁰ See table 4

²⁸¹ See table 4

²⁸² Active measures included labour market services, training, employment incentives, direct job creation, supported work and rehabilitation, and start-up incentives

unemployment spell, enhancing their skills, and favour the demand side of labour. Among passive measures, individual out-of-work income support has been the measure most widely used by EU members as response to the unemployment rise in the aftermath of the crisis, even if with different aims behind. The main aim of income support among Nordic and Continental countries was to provide an insurance against loss of income, while Mediterranean and new Member States were more driven by guaranteeing a minimum income. In Italy and other countries²⁸³ where a legal minimum income did not exist, providing income support was a way to combat poverty among unemployed and to protect workers at risk of poverty. A further measure put in practice by few Members, among which Portugal, Germany, Italy, and the Netherlands, consisted of incentives to employers to maintain job positions even if with a reduced working time or as short-time contract²⁸⁴. Nonetheless, insurance against loss of income and guaranteed minimum income have been by far the main policy rationales behind out-of-work income support measures²⁸⁵. In particular, as far as unemployment benefits are concerned, Ecorys' report²⁸⁶ considers them remarkable as cost-effective, provided that private savings would otherwise entail less consumption, hence a slower economic growth. The report suggests that what makes unemployment benefit working is the set of activation requirements to which the jobseeker is subjected. Indeed, in case of clear determined job search and availability to work requirements to receive the unemployment benefit, the overall efficiency of the PES seems improved²⁸⁷. Throughout the crisis, EU Members invested heavily in unemployment income support through special packages or by letting automatic stabilizers do their work despite budget deficits, and many attempted to alleviate the impact on the labour market through a range of active measures. New measures to prevent unemployment, notably short time work²⁸⁸, and improved labour market services, were applied most frequently. In some countries, especially in some New Member States, Mediterranean and Anglo-Saxon countries, the expenditures on out-of-work income support doubled or tripled between 2007 and 2009²⁸⁹. Most countries that substantially extended eligibility of unemployment benefits in 2009 shared an ungenerous social system²⁹⁰. Among the others, Italy broadened the eligibility of workers for unemployment benefits²⁹¹ between 2009 and 2011 to all typologies of workers including fixed-term employees, apprentices and self-employed who were company associates. In 2009, Bulgaria extended eligibility to various groups at risk of social exclusion. Latvia, Slovakia, Romania and Sweden all reduced contribution requirements in 2009.

²⁸³ Austria, Cyprus, Denmark, Finland, Sweden and Germany (till 2015).

²⁸⁴ Ecorys/IZA (n 165), p.14 and 250

²⁸⁵ Ibid. and Ingrid Esser and others, «[Unemployment Benefits in Eu Member States](#)» [2013] European Commission, Directorate-General for Employment, Social Affairs and Inclusion.

²⁸⁶ Ecorys/IZA (n 165).

²⁸⁷ Ibid. p.41

²⁸⁸ Liberalisation of labour (at least partially) was indeed a key aspect of the EES. In the aftermath of the crisis, reducing the work time was often the alternative to layoffs.

²⁸⁹ Doubled (in local currency) in Spain, Greece, Italy, UK, Luxembourg, Czech Republic and Slovenia and tripled in Bulgaria, Estonia, Ireland, Lithuania and Latvia. Calculations based on Eurostat LMP database.

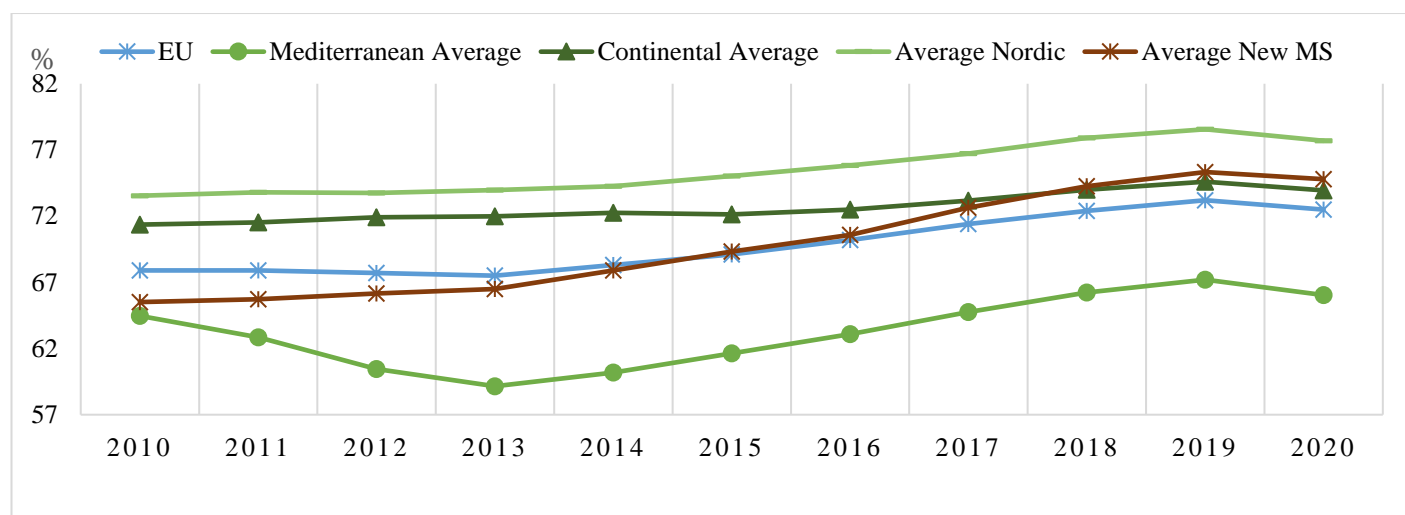
²⁹⁰ Not only for unemployment benefits but also when social assistance, family and housing allowances are included.

²⁹¹ Law 28 January 2009, n.2, ([GU n.22 del 28-01-2009 - Suppl. Ordinario n. 14](#))

In the same year, Estonia is another country that pursued the flexibility policy by easing dismissals. And as a consequence of such a policy, the number of unemployed started to rise and the number of income support beneficiaries grew as well. Latvia and Romania increased the upper ceiling of their unemployment benefit duration up to 9 and 15 months respectively, thus making the measure more generous²⁹².

When looking at the different regions within the EU, one could state that despite the common employment strategy at EU level, wide disparities among groups are still present today, as illustrated by graphic 7.

Graph 7 – Employment trends over the period 2010-2020 expressed as share of total population aged 20 to 64²⁹³



The highest percentage of working population formally having a job could be safely attributed to Nordic Members, as already verified during the analysis of the previous decade. Those countries indeed maintained their share of employed population above 70 per cent on the total of working population aged 20 to 64. A possible explanation for this trend is the significant emphasis on activation policies in the Nordic countries, which might have been effective in getting people into jobs. The average employment rate of the Continental group over the last decade shows a stable growing shape, with a minimum downward flexion in correspondence to the latest worldwide health crisis. Eventually, despite new Members and Mediterranean ones started in 2010 from basically the same starting point around 65 per cent, new Members clearly rose with more impetus and determination towards reaching high levels of employment and social wellbeing.

Given the particularly concerning burden generated by long-term unemployment on the society, it makes sense to look at whether the EES formulated at EU level actually found implementation in all Member States towards the minimisation of LTU in the long term. In the White Paper presented in 1993 to the Commission²⁹⁴, two remedies to LTU were embedded, namely investments in lifelong learning and vocational training and to prefer active labour market policies to passive measures (at least in times of economic growth). Table 3 illustrates trends of long-term unemployment in each Member State over the period 2009-2020. Countries are in a

²⁹² European Commission, DG for Employment Social Affairs and Inclusion, «European Employment Observatory Review, [Adapting Unemployment Benefit Systems to the Economic Cycle](#)» (2011), p.18

²⁹³ Own elaboration on the basis of table 4

²⁹⁴ See chapter 1

decreasing order of LTU rate in 2020. The highest and lowest rates are highlighted in red and green respectively.

Tab.5 LTU rates as share of total labour force in 27 EU Member States²⁹⁵

COUNTRY	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Δ% 2019-2020
Greece	3.9	5.7	8.9	14.5	18.5	19.6	18.3	17.0	15.7	13.6	12.2	10.9	-10.7
Spain	4.2	7.2	8.8	10.9	12.9	12.9	11.4	9.5	7.7	6.4	5.3	5.0	-5.7
Italy	3.4	4.0	4.2	5.5	6.8	7.7	6.9	6.7	6.5	6.2	5.6	4.8	-14.3
Slovakia	6.4	9.1	9.2	9.3	9.9	9.2	7.5	5.8	5.0	4.0	3.3	3.2	-3.0
Lithuania	3.3	7.5	8.2	6.7	5.1	4.9	4.0	3.1	2.8	2.1	2.0	2.6	30.0
EU 27	3.0	3.9	4.2	4.8	5.4	5.4	4.9	4.3	3.7	3.1	2.7	2.4	-11.1
Belgium	3.5	4.0	3.5	3.4	3.9	4.3	4.4	4.1	3.5	2.9	2.4	2.3	-4.2
Latvia	4.6	9.0	9.1	8.0	5.9	4.7	4.6	4.2	3.4	3.2	2.5	2.3	-8.0
Portugal	4.9	6.5	6.6	8.1	9.8	8.8	7.5	6.5	4.6	3.2	2.9	2.3	-20.7
Bulgaria	2.8	4.5	5.9	6.4	7.0	6.5	5.3	4.3	3.2	2.9	2.3	2.2	-4.3
Cyprus	0.6	1.3	1.7	3.6	6.1	7.8	6.9	5.9	4.6	2.7	2.1	2.2	4.8
Croatia	5.2	6.4	8.3	10.2	11.0	10.1	10.3	6.6	4.6	3.4	2.4	2.0	-16.7
France	2.0	2.4	2.5	2.6	2.8	3.0	3.1	3.1	2.9	2.6	2.3	1.9	-17.4
Slovenia	1.8	3.2	3.7	4.3	5.3	5.4	4.8	4.3	3.2	2.3	1.9	1.9	0.0
Luxembourg	1.2	1.3	1.4	1.6	1.8	1.6	1.9	2.2	2.1	1.4	1.2	1.7	41.7
Austria	1.4	1.5	1.5	1.5	1.6	1.9	2.1	2.4	2.3	1.7	1.4	1.7	21.4
Romania	2.2	2.5	3.0	3.1	3.3	2.9	3.0	3.0	2.0	1.8	1.6	1.4	-12.5
Ireland	3.5	6.9	8.9	9.2	8.1	6.7	5.4	4.3	3.1	2.1	1.6	1.3	-18.8
Finland	1.4	2.1	1.8	1.7	1.8	2.0	2.4	2.4	2.2	1.7	1.2	1.3	8.3
Germany	3.6	3.3	2.8	2.5	2.4	2.3	2.1	1.7	1.6	1.4	1.2	1.2	0.0
Estonia	3.6	7.7	7.2	5.6	3.9	3.4	2.4	2.2	2.0	1.3	0.9	1.2	33.3
Sweden	1.1	1.6	1.5	1.5	1.5	1.5	1.5	1.3	1.3	1.2	1.0	1.2	20.0
Hungary	4.0	5.3	5.1	4.8	4.8	3.6	3.0	2.3	1.6	1.4	1.1	1.1	0.0
Malta	2.8	3.7	3.5	3.4	3.3	2.8	2.6	2.3	1.9	1.7	0.9	1.1	22.2
Denmark	0.6	1.5	1.8	2.2	1.9	1.8	1.7	1.3	1.3	1.0	0.9	1.0	11.1
Netherlands	1.1	1.3	1.6	1.9	2.6	2.9	3.0	2.5	2.0	1.4	1.0	0.9	-10.0
Czechia	2.0	3.0	2.7	3.0	3.0	2.7	2.4	1.7	1.0	0.7	0.6	0.6	0.0
Poland	2.5	3.0	3.6	4.1	4.4	3.9	3.0	2.2	1.5	1.0	0.7	0.6	-14.3

As showed by the above table, LTU trend at EU level reflects the economic cycle, thus increasing in times of crisis, and decreasing in times of economic recovery (since 2015). The latest recession caused by Covid-19 pandemics does not show the same dramatic increases in LTU rate as it did in the previous economic downturn. At EU level, indeed, LTU rate decreased by 11 per cent in 2020, the first year of the pandemic, equal to about half million (Tab.6) unemployed less, compared to an increase of 0.4 per cent between 2008 and 2009, namely

²⁹⁵ Source: Eurostat, [Long-term unemployment](#) by sex (1996-2020) - annual data [UNE_LTU_A_H\$DEFAULTVIEW]

1.5 million long-term unemployed more²⁹⁶. The main reason for this trend inversion, namely the decrease of LTU in 2020, may be attributed to the exit from the labour market by a considerable share of workers who decided or were in some way forced to become inactive. In the immediate aftermath of the 2008 crisis, the highest LTU share was found in Slovakia (2009 and 2011) and Latvia (2010). Since 2012 though, this ‘primacy’ belongs to Greece, where in 2014 almost one in five working age person was long-term unemployed. While Greece held the highest share of LTU, Italy and Spain, despite their yearly decrease after 2013, were the first countries when considering actual numbers of long-term unemployed people. In particular, the lowest performance was made by Spain where between 2011 and 2016 the number of LTU taped three million. According to Eurostat dataset, these two Mediterranean countries account for about half of the total number of long term unemployed in EU (Tab.6). The only country showing a remarkable increase in LTU rate during the biennium 2019-20 was Lithuania (+30 per cent), but still maintaining a quite low LTU share (2.6 per cent). The only country with a concerning situation is again Greece, with 10.9 per cent, equal to 492 thousand of working-age people being unemployed for more than 12 months. While improvements in LTU rates are visible in new Member States²⁹⁷, in some others, LTU rates are historically high and increased further as result of the economic slowdown²⁹⁸. However, most significant decreases²⁹⁹ have been registered in Germany, Poland, Czech, and Hungary.

Tab.6 LTU expressed in thousands of people in 27 EU Member States²⁹⁹

COUNTRY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Δ 2019-2020
EU 27	7,757	8,448	9,680	10,865	10,856	9,862	8,697	7,493	6,407	5,505	4,916	-589
Italy	948	1,016	1,358	1,673	1,903	1,710	1,681	1,638	1,557	1,403	1,159	-244
Spain	1,641	2,029	2,510	2,940	2,908	2,561	2,133	1,714	1,424	1,205	1,107	-98
France	679	706	743	813	875	891	907	846	742	653	555	-98
Greece	279	427	695	877	923	864	799	732	630	561	492	-69
Germany	1,302	1,118	984	947	900	832	704	656	584	503	474	-29
Romania	219	262	268	286	250	263	254	177	156	141	124	-17
Belgium	194	164	162	188	208	216	198	171	145	117	116	-1
Portugal	317	323	396	473	422	362	311	224	156	140	113	-27
Poland	505	608	696	752	659	508	367	259	175	118	106	-12
Slovakia	244	242	248	266	249	203	158	136	107	89	85	-4
Netherlands	108	131	157	208	238	245	207	160	116	86	75	-11
Austria	59	58	59	65	78	87	101	98	75	60	73	13
Bulgaria	150	194	209	232	215	172	136	105	93	74	70	-4
Sweden	75	73	72	72	74	75	66	65	58	50	62	12
Hungary	226	219	212	211	160	138	107	76	65	49	50	1
Lithuania	111	118	96	73	70	57	44	39	29	28	36	8
Croatia	118	151	183	195	184	188	117	81	59	41	34	-7

²⁹⁶ European Commission, «[General Factsheet: Long-Term Unemployment in the EU](#)», *Employment social affairs and inclusion* (2014).

²⁹⁷ Suphaphiphat Nujin and Hiroaki Miyamoto, «[Mitigating Long-Term Unemployment in Europe](#)» (2020). Among the others, Czech Republic halved its LTU rate compared to the pre-financial crisis levels.

²⁹⁸ Greece, Italy, Spain, Croatia, Slovakia.

²⁹⁹ Source: Eurostat, [Long-term unemployment](#) by sex (1996-2020) - annual data [UNE_LTU_A_H\$DEFAULTVIEW]. Highest and lowest values are in red and green respectively. In this case lowest values for LTU in thousands of people belong to Malta and Luxemburg which are the less populous Members.

Finland	53	45	43	45	51	60	60	56	43	32	32	0
Czechia	153	139	154	157	139	124	87	53	36	32	30	-2
Ireland	147	187	194	172	142	116	94	68	47	36	30	-6
Denmark	40	48	57	49	47	45	34	34	28	24	27	3
Latvia	91	91	79	57	45	44	39	31	30	23	21	-2
Slovenia	32	36	42	52	53	47	42	32	23	19	20	1
Cyprus	5	7	15	26	33	28	24	19	11	9	10	1
Estonia	50	47	36	26	22	16	14	13	8	6	8	2
Luxembourg	3	3	4	4	4	5	6	6	4	4	5	1
Malta	6	6	6	6	5	5	5	4	4	2	3	1

Tab.7 LTU incidence in 27 EU Member States³⁰⁰

COUNTRY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Δ% 2019-2020
Greece	45.0	49.9	59.8	67.8	74.2	73.6	72.3	73.1	70.6	70.2	66.7	-5
Italy	49.0	52.2	53.4	57.2	61.5	58.9	58.1	58.8	59.0	56.8	52.4	-7.8
Slovakia	65.1	69.3	68.3	71.3	71.6	66.8	61.4	63.4	62.6	59.3	48.5	-18.2
Belgium	50.4	49.9	45.8	46.9	51.2	52.9	52.7	50.0	50.5	45.1	43.3	-4
Bulgaria	44.2	53.4	52.8	54.9	57.3	58.2	56.1	52.6	55.7	53.9	42.8	-20.6
Slovenia	44.1	44.9	48.4	51.5	54.9	52.9	53.8	48.3	43.7	43.8	39.4	-10.
EU 27	40.1	43.5	45.0	47.9	50.1	49.1	47.5	45.8	43.8	40.8	34.9	-14.4
Portugal	53.6	49.9	50.0	57.9	61.1	59.1	56.8	51.5	45.6	44.0	33.9	-23
Spain	37.3	42.4	45.0	50.4	53.6	52.5	49.3	45.5	42.7	38.7	32.6	-15.8
Germany	48.1	49.2	46.5	45.6	45.4	44.9	42.1	43.3	42.6	39.3	31.0	-21
Romania	35.5	42.2	45.6	46.5	42.5	45.1	51.8	42.7	44.8	44.1	29.8	-32.4
Lithuania	42.2	52.8	50.0	43.3	45.1	43.2	38.8	38.2	32.8	31.3	29.5	-5.8
Austria	30.5	31.3	29.6	28.9	32.3	34.7	38.2	40.1	34.3	29.6	28.8	-2.7
Cyprus	20.9	21.3	30.3	38.4	48.5	46.5	45.5	41.6	32.4	29.9	28.6	-4.4
Croatia	57.8	62.9	65.8	65.9	60.8	66.0	53.2	42.4	41.5	37.3	28.2	-24.4
Latvia	46.1	56.3	53.5	49.2	43.1	46.2	42.1	38.1	42.8	39.2	28.0	-28.6
Netherlands	30.4	37.0	37.5	38.3	42.7	47.4	46.7	44.9	41.2	34.3	26.8	-21.9
Hungary	49.3	48.0	45.9	49.4	48.3	46.6	47.7	41.4	39.7	33.1	26.7	-19.3
Luxembourg	29.8	29.4	31.4	31.1	28.4	30.0	37.0	40.0	26.0	23.4	26.6	13.7
Malta	61.7	62.7	62.7	59.9	53.2	54.0	53.5	52.9	51.7	26.3	25.7	-2.3
France	27.4	28.5	28.0	28.9	31.1	31.3	32.8	32.6	29.6	28.0	25.4	-9
Ireland	49.3	59.5	61.8	60.8	57.9	56.1	53.4	47.9	39.6	34.7	25.0	-28
Czechia	41.7	41.5	44.3	44.2	44.7	48.1	42.9	36.0	31.4	30.9	22.5	-27
Poland	31.8	38.0	41.3	43.3	43.5	40.2	36.0	31.7	27.5	22.0	20.5	-7
Denmark	21.5	26.1	30.3	27.6	27.4	28.7	23.0	23.6	21.7	18.6	18.6	0
Finland	27.3	25.2	24.4	23.6	25.1	27.1	29.1	27.2	24.7	20.3	17.6	-13.3
Estonia	46.0	59.1	56.3	45.7	46.2	40.1	32.7	35.1	25.1	20.1	17.4	-13.4
Sweden	21.3	22.5	21.7	21.0	21.6	23.1	21.5	21.7	20.5	16.4	16.4	0

As tab 7 depicts, Greece results to be at the top of the rank having the highest LTU incidence compared to all the other members. As it is possible to note, incidence of LTU at EU level remained high reaching higher

³⁰⁰ Source: Eurostat, [Long-term unemployment](#) by sex (1996-2020) - annual data [UNE_LTU_A_H\$DEFAULTVIEW]. The highest and lowest values for LTU incidence are highlighted in red and green respectively.

levels than the pre financial crisis period³⁰¹, with a peak in 2014³⁰². At that time, half of the unemployed population, about 12 million people³⁰³ fall under the category of long term unemployed.³⁰⁴ Since 2015, the incidence decreased yearly, with the lowest incidence since the start of the crisis being recorded in 2020, when about 35 per cent of the unemployed were LTU. Coping with long term unemployment is a challenge notably for those countries hit most during 2008 crisis. Among the others, Greece has been visibly the most shocked. In 2014, the Greek LTU rate touched 20 per cent, whereas the incidence amounted at 75 per cent, namely a million of workers out of a total population of 10.7 million were long-term unemployed. Other countries clearly showing difficulties in turning LTU into employed are Slovakia, Italy, Croatia, and Bulgaria. Nonetheless, given the fact that all that glitters is not gold, the data provided above are to be analysed with accuracy. From 2019 to 2020 the employment rate at EU level fell by 0.96 per cent, and this means about 2.6 million workers less³⁰⁵. At the same time, the number of people in long term unemployment fell as well, from 5.5 million in 2019 to 4.9 million in 2020. Hence, the possible explanation is that a certain share of unemployed became inactive instead of employed³⁰⁶. In general terms it can be argued that when the LTU rate improved, the incidence of LTU declined as well. The exceptions include Bulgaria and Belgium, where LTU rates declined after the 2008 downturn while the incidence of LTU increased³⁰⁷. Moreover, as IMF highlights³⁰⁸ most people being long term unemployed are generally aged 50 or older, with apparently any relevant difference in terms of gender. In addition, unemployment spell is more likely to lengthen for those with low skills because the demand for low-skilled labour decreases yearly. The result is that most long term unemployed are people aged 50 or older with low skills.

Hence, what could be argued is that as shown by the policies put in practice by EU Members, training and start-up incentives are truly negatively associated with the incidence of LTU. Indeed, the common decreasing path in LTU incidence could be also interpreted as gradual enlargement of the audience joining higher education and vocational programmes, which did help workers in escaping from the unemployment trap.

Moreover, in most countries LTU incidence decreased considerably after the introduction of LTU tailored measures and improved quality of public employment services. Given that high expenditure on effective ALMPs is directly proportional to low levels of LTU, rebalancing ALMP spending toward effective programs, including training and private sector incentives seems thus necessary to let long-term unemployed to transit into employment. This evidence is consistent with the literature³⁰⁹ on the effects of active labour market

³⁰¹ Nujin and Miyamoto (n 297). p.7 «After the GFC, the EU average of the incidence of LTU slightly increased to 46 percent, compared to 43 percent during 2005–08».

³⁰² In 2008, in EU there were 5.8 million LTU.

³⁰³ Considering UK in the calculation.

³⁰⁴ European Commission, «Report from the Commission to the Council, Evaluation of the Council Recommendation on the integration of the long - term unemployed into the labour market » Brussels, 11.4.2019, COM(2019) 169 final

³⁰⁵ Source: OECD (2022), Employment rate (indicator). doi: 10.1787/1de68a9b-en

³⁰⁶ Saporiti R., «Perché non è tutto oro il calo della disoccupazione in Europa e in Italia. Tempi più duri per i giovani», *Il Sole 24 Ore*, 4 maggio 2019

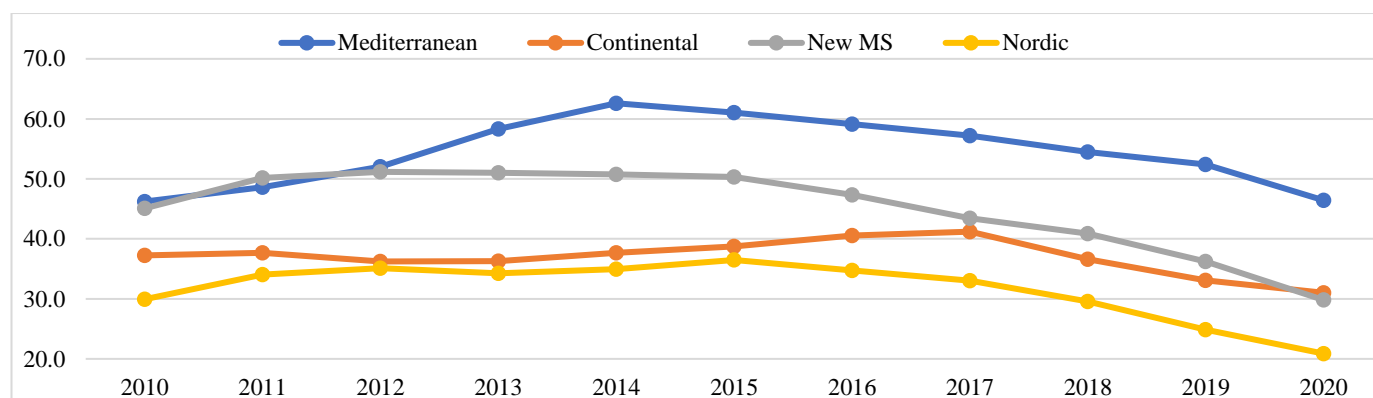
³⁰⁷ Nujin and Miyamoto (n 297), p.5

³⁰⁸ *ibid.*

³⁰⁹ Ecorys/IZA (n 165) and Card, Kluge and Weber (n 47).

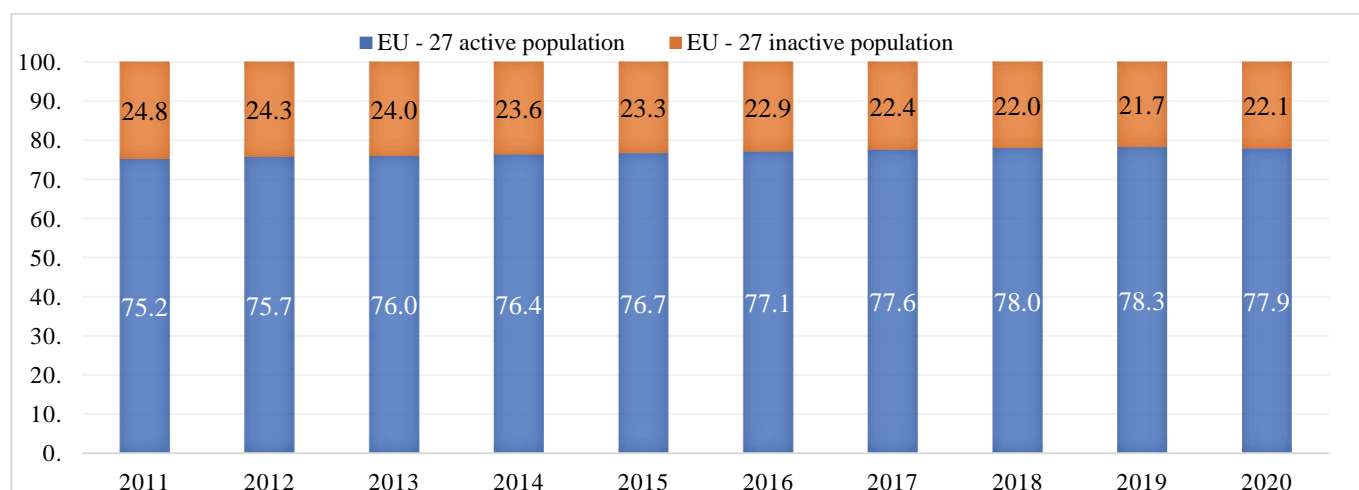
policies on employment, which shows that training and private sector employment programs are generally more effective in alleviating unemployment in the medium-to-long term, while direct job creation is less effective. In light of the above considerations, it could be argued that high incidence of LTU could be alleviated through three main elements, namely ensuring an adequate budget is spent on effective ALMPs, addressing skill mismatches (especially digital skills³¹⁰), and enhancing labour market matching efficiency. As illustrated by graphic 8, regions with the higher incidence of LTU over the past decade are Mediterranean and new Members, exactly the two groups who spent less, on average, on ALMPs³¹¹.

Graphic 8 - Average LTU incidence at group level³¹²



Moreover, provided that upgrading skills through education and training programs is essential in elevating the quality of the jobs, policymakers should take into consideration which actually are the current and future needs³¹³. In conclusion, figures 2 and 3 help to provide an overlook of the EU labour market situation over the last decade.

Figure 2– Shares of active and inactive population aged 20 to 64 at EU level over the last decade³¹⁴



³¹⁰ Cedefop’s European skills and jobs survey (ESJS) indicates that digital skill gaps in Europe are still large on average. Policies to develop a digital competence would help improve skill matching for the EU region.

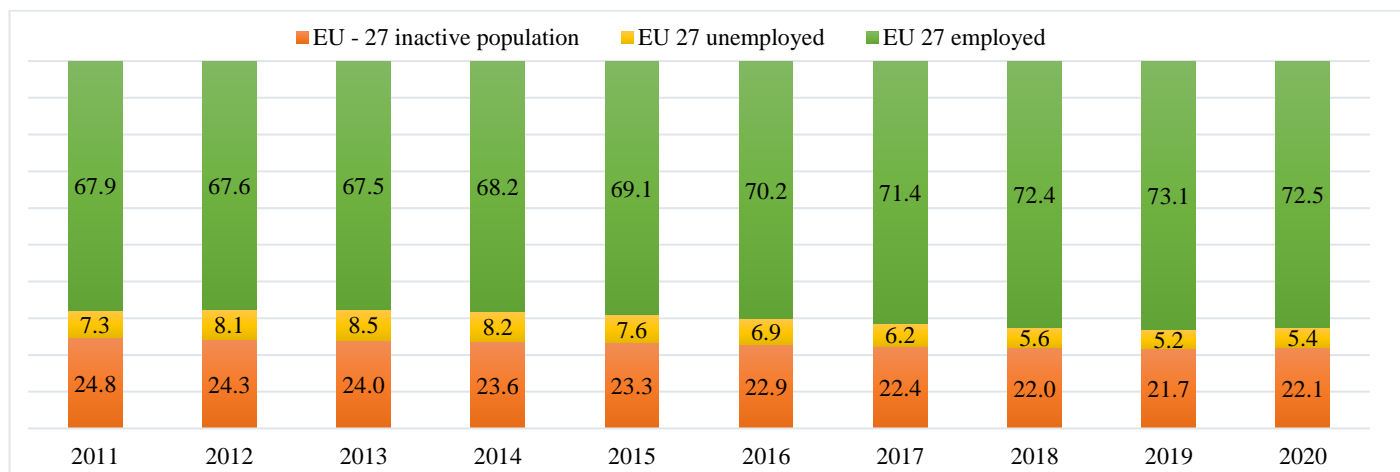
³¹¹ Ecorys/IZA (n 165).

³¹² Own elaboration on the basis of table 7

³¹³ Nujin and Miyamoto (n 297).

³¹⁴ Source: Own elaboration on the basis of [Eurostat \(2021\)](#), Activity rate by age [TEPSR_WC160__custom_1899685]

Figure 3 – Shares of employed, unemployed and inactive at EU level over the last decade³¹⁵



The above figures indeed offer a number of insights concerning the European labour market over the last decade. First, the employed population recorded an overall increase of 4.6 percentage points. This result may be considered a successful outcome of the policies linked to the EES adopted and implemented by Member States, even though the objective set at EU level in 2010 was slightly above the level actual reached in 2020 (75 vs 72.5). Second, as a consequence of rising employment level, both the unemployed and inactive population decreased, by 1.9 and 2.7 percentage points respectively. Since inactive population decreased more than unemployed one, it could be safe to argue that policies oriented toward increasing labour market participation seem to have been more effective than the ones oriented towards fighting unemployment. Between 2019 and 2020 0.6 per cent of workers lost their job³¹⁶. Among them, 0.2 per cent remained within the labour market becoming unemployed, while 0.4 per cent decided to exit from the labour market becoming inactive. According to IMF estimates³¹⁷, labour market matching efficiency for the EU generally declined after the GFC. One of the key instruments to improve the job matching efficiency, particularly for the disadvantaged and the long-term unemployed, is to strengthen the role of public employment services. Over the last years Member States sought to improve job matching efficiency by implementing several measures. First of all, the main aspect on which attention was paid was tailoring ALMPs to individual needs. Hence, if on one side the jobseeker started to be subjected to more stringent requirement in terms of work availability and, on the other side, public institutions were expected to undertake a more coordinated approach to their policies, services and information. Despite the efforts, ALMPs still seem to be challenging in some Members. In particular, it is found that in cases where levels of expenditures were low, the adequacy and effectiveness of ALMPs was consequently poor. With the aim to contrast this tendency, some countries externalised their employment services dedicated to LTU, while others committed to make training activities available to the widest possible number of long-term unemployed. In particular the following measures are worthy to be remembered. Among Nordic countries, Finland reformed the way PES, unemployment benefits, and social services, devoted to LTU

³¹⁵ Source: Own elaboration on the basis of Eurostat (2021) (n) and Eurostat (n 276)

³¹⁶ See figure 3

³¹⁷ Nujin and Miyamoto (n 297).

support, were coordinated in a way to enhance their effectiveness³¹⁸. Sweden introduced in 2007 a very individual-centred initiative to enable jobseekers not only to find a job at an early date but also to contribute to their professional development. That program was organised in a threefold approach, being the first phase focused on job-search activities, then the work practice phase follows, while in the last phase the unemployed is finally integrated into a formal occupation³¹⁹. In 2015 two continental countries, France and Germany, adopted specific measures to tackle LTU problem. In particular, France put emphasis on the counselling phase making it more intensive and introducing more generous incentives for employers to hire jobseekers, in addition to enhanced training and social services particularly for seniors and low-skilled³²⁰.

Provided that minimising the number of LTU contributes to rise the employment rate and to reduce poverty, thus contributing to reach EU2020 objectives, in 2016 the Commission issued a specific recommendation on the integration of LTU into the labour market³²¹. Such recommendation was thought to be necessary given the fact that some Members still were not taking effective measure to deal with LTU problem. The main insights that could be drawn from the recommendation are listed below:

- To boost information sharing on the types of unemployment support available for jobseekers
- To ensure that the counselling delivered by PES is individual centred
- To firmly push for collaboration among different actors, namely PES, employers, social services, schools and training centres, and social partners with the broad aim to make labour demand and supply to match at a favourable level for all.

1.1.2 Early school leavers target

Once prioritised childcare services for pre-schoolers, the Lisbon strategy put emphasis on making the highest possible number of students to complete their course of study. In 2000, when the Lisbon Council was taking place, only fifteen were the Members of the EU. At that time, about one student in five aged 18 to 24 years old decided to withdraw from his or her upper secondary course of study without engaging in any further education or training activity, thus resulting holder of just a lower secondary diploma³²². As shown by evidence provided by numerous Members³²³, «the transition from education into work may prove particularly difficult for people with low levels of literacy and numeracy, those who leave education at an early age, and people coming from disadvantaged backgrounds»³²⁴. Hence, conscious of the fact that the world of work is constantly evolving and requires more and more skilled human capital, Member States and EU institutions did commit to limit the share of early school leavers keeping them below ten per cent by embedding this specific target

³¹⁸ European Commission, «[Active Labour Market Policies](#)», *European Semester Thematic Factsheet* (2016).p.9

³¹⁹ Ibid. p.10

³²⁰ Ibid. p.9

³²¹ Council of the EU, « Council recommendation of 15 February 2016 on the integration of the long-term unemployed into the labour market», (OJ C 67 20.2.2016), available at <[https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016H0220\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016H0220(01)&from=EN)>

³²² International standard classification of education (ISCED) levels 0-2

³²³ Eloquent is the experience of new Members, which experienced high unemployment rate mainly because of the poor qualification of their workforce.

³²⁴ Eurostat, «[Eurostat Regional Yearbook](#)» (2021), p.63

into the Lisbon Agenda. Despite the efforts put in practice in different ways by Member countries, the 2010 goal remains unfulfilled³²⁵. Consequently, EU institutions and Members states decided to maintain the same objective embedding it into the EU2020 strategy with deadline 2020. Discouraging the phenomenon of school abandonment indeed was meant to be a fundamental step towards an inclusive economy, jointly with raising the number of people aged 30-34 years old who completed a tertiary education programme. To better understand trends of school abandonment in different Member States a table illustrating early school leavers rates is presented below. Countries highlighted in orange are the ones that in 2020 still were above their national target, whereas countries in green managed to keep their early-leavers rate below their respective targets.

Table 8 - Early school leavers rates in 27 EU Member States as percentage of total population aged 18 to 24³²⁶

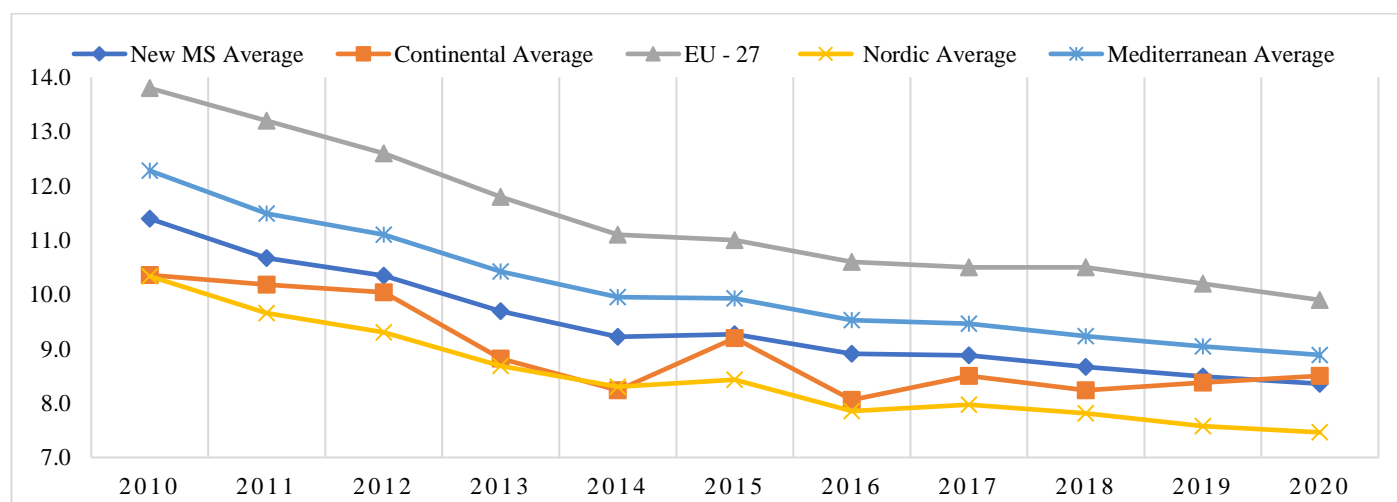
Country	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2020 Target
Croatia	5.2	5.0	5.1	4.5	2.8	2.8	2.8	3.1	3.3	3.0	2.2	4
Greece	13.5	12.9	11.3	10.1	9.0	7.9	6.2	6.0	4.7	4.1	3.8	10
Slovenia	5.0	4.2	4.4	3.9	4.4	5.0	4.9	4.3	4.2	4.6	4.1	5
Ireland	11.9	11.1	9.9	8.7	6.7	6.8	6.0	5.0	5.0	5.1	5.0	8
Poland	5.4	5.6	5.7	5.6	5.4	5.3	5.2	5.0	4.8	5.2	5.4	4.5
Lithuania	7.9	7.4	6.5	6.3	5.9	5.5	4.8	5.4	4.6	4.0	5.6	9
Netherlands	10.1	9.2	8.9	9.3	8.7	8.2	8.0	7.1	7.3	7.5	7.0	8
Latvia	12.9	11.6	10.6	9.8	8.5	9.9	10.0	8.6	8.3	8.7	7.2	10
Estonia	11.0	10.6	10.3	9.7	12.0	12.2	10.9	10.8	11.3	9.8	7.5	9.5
Czechia	4.9	4.9	5.5	5.4	5.5	6.2	6.6	6.7	6.2	6.7	7.6	5.5
Slovakia	4.7	5.1	5.3	6.4	6.7	6.9	7.4	9.3	8.6	8.3	7.6	6
Sweden	6.5	6.6	7.5	7.1	6.7	7.0	7.4	7.7	7.5	6.5	7.7	7
France	12.7	12.3	11.8	9.7	8.8	9.2	8.8	8.8	8.7	8.2	8.0	9.5
Belgium	11.9	12.3	12.0	11.0	9.8	10.1	8.8	8.9	8.6	8.4	8.1	9.5
Austria	8.3	8.5	7.8	7.5	7.0	7.3	6.9	7.4	7.3	7.8	8.1	9.5
Luxembourg	7.1	6.2	8.1	6.1	6.1	9.3	5.5	7.3	6.3	7.2	8.2	10
Finland	10.3	9.8	8.9	9.3	9.5	9.2	7.9	8.2	8.3	7.3	8.2	8
Portugal	28.3	23.0	20.5	18.9	17.4	13.7	14.0	12.6	11.8	10.6	8.9	10
Denmark	11.5	10.3	9.6	8.2	8.1	8.1	7.5	8.8	10.4	9.9	9.3	10
EU - 27	13.8	13.2	12.6	11.8	11.1	11.0	10.6	10.5	10.5	10.2	9.9	10
Germany	11.8	11.6	10.5	9.8	9.5	10.1	10.3	10.1	10.3	10.3	10.1	10
Cyprus	12.7	11.3	11.4	9.1	6.8	5.2	7.6	8.5	7.8	9.2	11.5	10
Hungary	10.8	11.4	11.8	11.9	11.4	11.6	12.4	12.5	12.5	11.8	12.1	10
Malta	21.4	18.8	18.1	17.1	17.0	16.3	15.6	14.0	14.0	13.9	12.6	10
Bulgaria	12.6	11.8	12.5	12.5	12.9	13.4	13.8	12.7	12.7	13.9	12.8	11
Italy	18.6	17.8	17.3	16.8	15.0	14.7	13.8	14.0	14.5	13.5	13.1	16
Romania	19.3	18.1	17.8	17.3	18.1	19.1	18.5	18.1	16.4	15.3	15.6	11.3
Spain	28.2	26.3	24.7	23.6	21.9	20.0	19.0	18.3	17.9	17.3	16.0	15

³²⁵ See table 8

³²⁶ Source: Eurostat (2021), [Early leavers from education and training](#) [EDAT_LFSE_14__custom_1894914] Countries are listed in ascending order of early school leavers rate in 2020.

What emerges from table 8 is that in 2020 twelve countries did not deliver a satisfactory result in terms of tackling the phenomenon of school abandonment. Among them, most are new Members. Among the best performers, instead, there is Greece, a country that in almost all the other ranks analysed in previous paragraphs was in the bottom end positions. Actually, Greece accomplished its target already in 2014, when only nine per cent of its youngest population were out of any education programme. What seems to be clear is that where the labour market offers hardly any job possibilities for the ones with low skills, it is quite obvious that abandoning a course of study without holding at least a upper secondary diploma is *per se* self-damaging. Hence, it makes sense that among all EU students, Greek students (along with Croatian) are the most strongly motivated to complete their studies.

Graph 9 – Trends of school abandonment expressed as group average percentage ³²⁷



Moreover, as clearly visible in graphic 9, during the last decade, the number of early leavers from education and training gradually declined in all the groups. At EU level it has been falling annually till 2017, remained unchanged in 2018, then reduced again in the following two years. In 2020, at EU level the share of early leavers was equal to 9.9 per cent, with the share being higher among young men³²⁸ (12.0 per cent) than among young women (8.1 per cent)³²⁹. A main feature that Members share³²⁹ is the higher likelihood of withdrawing from school earlier in rural and industrial contexts, than in urban areas³³⁰. At regional level, instead, a common feature shared by southern Members, along with Romania, Bulgaria and some peripheral regions is the high concentration of early leavers from education and training. In these regions the presence of schools and vocational centres is limited, thus entailing that most students find in leaving home the only alternative to follow a particular course or programme. Not surprisingly, the highest share of early leavers in the whole EU amounting at 27 per cent was found in Portuguese islands³³¹. In particular, female students were more likely

³²⁷ Own elaboration on Eurostat (2021), [Early leavers from education and training](#) [EDAT_LFSE_14__custom_1894914]

³²⁸ Eurostat (n 324), p.65. In 2020, the only two Members where the share of male early-leavers was lower for men than for women were Czechia and Romania.

³²⁹ See Eurostat (2021), [Early leavers from education and training](#) [EDAT_LFSE_14__custom_1894914]. The largest gender gaps recorded in southern EU Member States.

³³⁰ Eurostat (n 324).

³³¹ Ibid. p.65

to leave school before having attained upper secondary diploma in eastern countries, while male students were more likely to give up school in Spanish regions³³². At the opposite, regions with the lowest shares of school abandonment belong to Greece and Croatia for female students and to Croatia and Czechia for male students³³³. Notwithstanding the fact that early leavers targets were fixed a decade ago, major efforts to improve the activation of the most elusive young people and to strengthen the gender equality sphere have been implemented only in recent years³³⁴. In particular, Greece enhanced start up incentives through the provision of both coaching and subsidies to 3 000 unemployed aged between 18 and 29³³⁵. The same initiative was notably meant to support young women in starting their own business. Moreover, Austria targeted employment incentives to those employers willing to hire women in occupations with a low share of female workers³³⁶. Therefore, people with disabilities and long-term unemployed are engaged through the introduction of one-stop shops dedicated to jobseekers. In addition, Germany introduced a specific and effective counselling to those students thought to be more likely to give up their studies according to the personnel employed in education and vocational orientation. Moreover, enforcement activities against school and apprenticeships abandonment are entrusted to a dedicated institution, namely the College of the Federal Employment Agency. Likewise, in a view to enhance ALMPs among the young inactive population, government of Belgium engaged with social partners and other institutions, such as the federal social security system and social integration services. Further, to provide support to job-seeking school-leavers in times of pandemic emergency, Belgium has extended the duration of the unemployment allowance dedicated to this group. Also, France strengthened subsidised jobs and employment incentives for employers willing to hire youth under 26 years. Furthermore, given their high digitalisation fame, it is not surprisingly that Baltic countries, especially Latvia gave the chance to unemployed full-time students to join paid «upskilling for digital skills as well as for research and organizational skills at their university or college»³³⁷. In Lithuania as well, the unemployment benefit was extended to students and persons who were not eligible for the unemployment benefit³³⁸. The measure implemented by Baltic Members were appositely meant to incentivise students to continue and complete their studies making them conscious that they would have received adequate support in terms of both training, counselling, and financial help.

1.1.3 Tertiary education target

Bearing in mind the prominent role higher education plays in fostering innovation and economic development and growth, EU institutions and Member States agreed on the necessity to raise the average educational attainment of a part of the young population, namely the ones aged 30 to 34 years old. That specific target

³³² Eurostat (n 324).

³³³ Ibid.

³³⁴ European Commission (n 248).

³³⁵ Ibid. p.72

³³⁶ Ibid.

³³⁷ Ibid.

³³⁸ Ibid.

provided that at least four in ten young workers aged 30 to 34 should have completed a tertiary education course. However, provided that national education systems differ both in terms of contents and skills recognition methods, EU Members adopted the international standard classification of education (ISCED) established by UNESCO which updated it in November 2011. The system matches levels of education with correspondent formal education programmes. Notably, tertiary education provided by universities and tertiary educational institutes refers to levels 5-8³³⁹. Hence, having in mind the meaning of tertiary education, the following table depicts, for each country and at EU level, the percentage of people aged 30 to 34 having completed a tertiary education course. Countries are in decreasing order of tertiary education rate in 2020. The highest and lowest values are highlighted in green and red respectively.

Table 9 – Share of population aged 30-34 with a tertiary education diploma³⁴⁰

COUNTRIES	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Target
Luxembourg	46.1	48.2	49.6	52.5	52.7	52.3	54.6	52.7	56.2	56.2	62.2	66
Cyprus	45.3	46.2	49.9	47.8	52.5	54.5	53.4	55.9	57.1	58.8	59.8	46
Lithuania	43.8	45.7	48.6	51.3	53.3	57.6	58.7	58.0	57.6	57.8	59.6	48.7
Ireland	51.4	51.0	52.2	53.6	54.6	53.8	54.6	54.5	56.3	55.4	58.1	60
Netherlands	41.4	41.2	42.2	43.2	44.8	46.3	45.7	47.9	49.4	51.4	54.0	>40
Sweden	45.3	46.8	47.9	48.3	49.9	50.2	51.0	51.3	51.8	52.5	52.2	50
Denmark	41.1	41.3	43.2	43.4	43.6	45.7	46.7	48.4	48.7	49.4	49.8	>40
Finland	45.7	46.0	45.8	45.1	45.3	45.5	46.1	44.6	44.2	47.3	49.6	42
Latvia	32.6	35.9	37.2	40.7	39.9	41.3	42.8	43.8	42.7	45.7	49.2	36
France	43.2	43.1	43.3	44.0	43.7	45.1	43.7	44.4	46.2	47.5	48.8	50
Belgium	44.4	42.6	43.9	42.7	43.8	42.7	45.6	45.9	47.6	47.5	47.8	47
Poland	34.8	36.5	39.1	40.5	42.1	43.4	44.6	45.7	45.7	46.6	47.0	45
Slovenia	34.8	37.9	39.2	40.1	41.0	43.4	44.2	46.4	42.7	44.9	46.9	40
Spain	42.0	41.9	41.5	42.3	42.3	40.9	40.1	41.2	42.4	44.7	44.8	44
Estonia	40.2	40.2	39.5	42.5	43.2	45.3	45.4	48.4	47.2	46.2	44.3	40
Greece	28.6	29.1	31.2	34.9	37.2	40.4	42.7	43.7	44.3	43.1	43.9	32
Austria	23.4	23.6	26.1	27.1	40.0	38.7	40.1	40.8	40.7	42.4	41.6	38
EU 27	32.6	33.4	34.5	35.6	36.5	37.3	37.8	38.6	39.4	40.3	41.0	40
Malta	22.1	23.4	26.3	28.7	28.6	29.1	32.0	33.5	34.8	38.9	39.8	33
Slovakia	22.1	23.2	23.7	26.9	26.9	28.4	31.5	34.3	37.7	40.1	39.7	40
Portugal	24.0	26.7	27.8	30.0	31.3	31.9	34.6	33.5	33.5	36.2	39.6	>40
Germany	29.7	30.6	31.8	32.9	31.4	32.3	33.2	34.0	34.9	35.5	36.3	42
Czechia	20.4	23.7	25.6	26.7	28.2	30.1	32.8	34.2	33.7	35.1	35.0	32
Croatia	24.5	23.9	23.1	25.6	32.1	30.8	29.3	28.7	34.1	33.1	34.7	35
Bulgaria	28.0	27.3	26.9	29.4	30.9	32.1	33.8	32.8	33.7	32.5	33.3	36

³³⁹ Short-cycle tertiary education – 5, Bachelor’s or equivalent level – 6, Master’s or equivalent level – 7, Doctoral or equivalent level – 8

³⁴⁰ Eurostat (2021), Population by educational attainment level, sex and age (%) - main indicators [EDAT_LFSE_03__custom_1464017]

Hungary	26.1	28.2	29.8	32.3	34.1	34.3	33.0	32.1	33.7	33.4	33.2	34
Italy	19.9	20.4	21.9	22.5	23.9	25.3	26.2	26.9	27.8	27.6	27.8	27
Romania	18.3	20.3	21.7	22.9	25.0	25.6	25.6	26.3	24.6	25.8	26.4	26.7

The above table clearly shows that the EU tertiary education headline target was accomplished already in 2019, when 40.3 per cent of people aged 30-34 held a tertiary education degree. Nonetheless, large disparities among Member States and different population groups persist. Over the period, the highest share of graduates was maintained by Ireland till 2014, then by Lithuania till 2018, by Cyprus in 2019, and by Luxemburg in 2020, where more than six 30-34-years-old in ten held a tertiary education diploma. While in the bottom end there can be found Italy and Romania whose percentages of graduated population were around 20 per cent. Leaps and bounds in enlarging participation to tertiary education were made by Slovakia (+22.5 pps), Austria (+19 pps), Czechia (+17.6 pps), Lithuania (+17.4 pps) and Greece (+16.5 pps). According to Eurostat data³⁴¹, urban areas shown a higher concentration of graduates when compared to rural areas³⁴². Especially in Romania, Slovakia and Bulgaria the difference between urbanised and peripheral areas was deeply felt. At gender level, it could be noted that women overcame men in terms of tertiary education attainment (45.6 per cent vs 35.1 per cent). As it is possible to observe in table 9, in 2020 nine countries were below their own target. Among them, five are located in Eastern Members (Romania, Hungary, Croatia, Bulgaria, and Slovakia), three in the Continental area (eastern Germany, France, and Luxemburg), one is Mediterranean (Portugal)³⁴³, and one is Nordic (Ireland). Despite having missed the national target, some of these Members were well above the threshold of 40 per cent, namely Luxemburg, Ireland and France. Further, a distinction should be made between regions where low academic attainments could be explained by the predominance of rural areas with a low level of supply of employment opportunities for the highly qualified³⁴⁴, and those regions where high specialisation in vocational educational programmes allows students to enter directly into the labour market via apprenticeships and training schemes rather than as a result of obtaining academic qualifications.

Graphic 10 – tertiary education attainment in Continental countries³⁴⁵

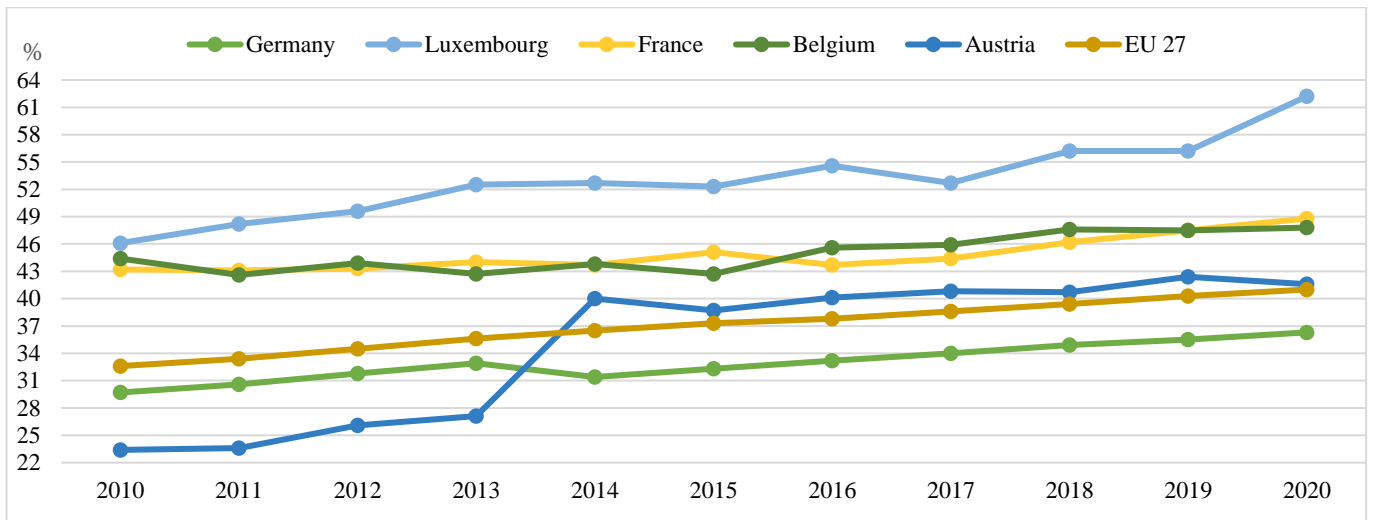
³⁴¹ Eurostat (n 324).

³⁴² European Commission, (n 248). p.53 «The urban-rural divide in tertiary education attainment was 22.1 percentage points»

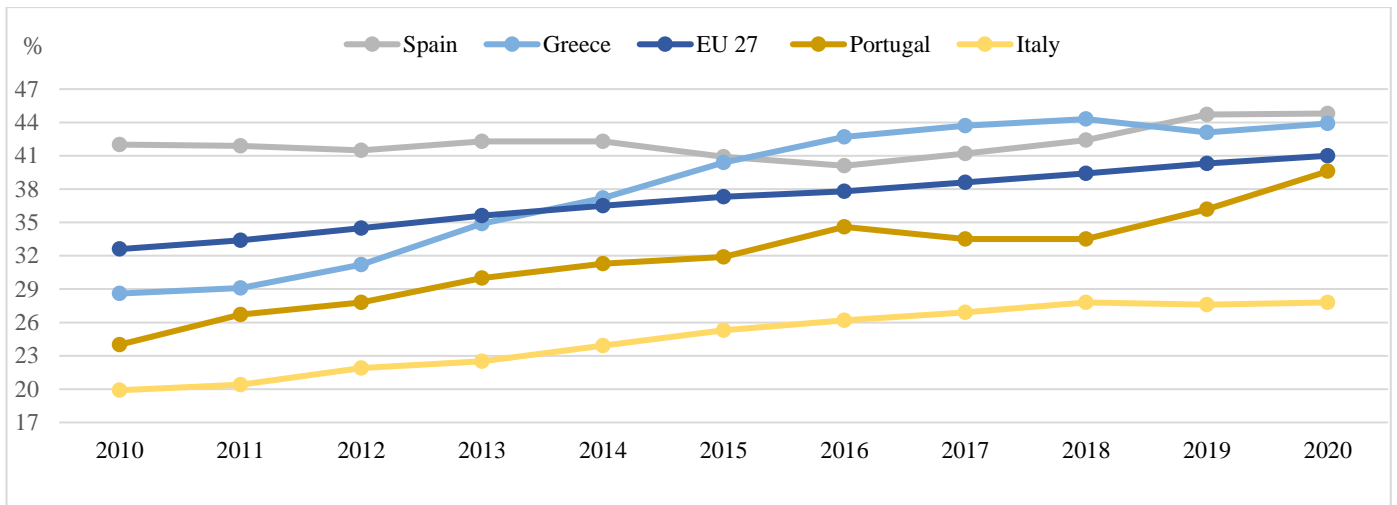
³⁴³ Guyane and Região Autónoma dos Açores.

³⁴⁴ Within this category falls Italy, where even if the national target was reached in 2018, the threshold of 40 per cent still seems to be far away. The major concentration of lower educational attainment of Italian students is found in the southern regions.

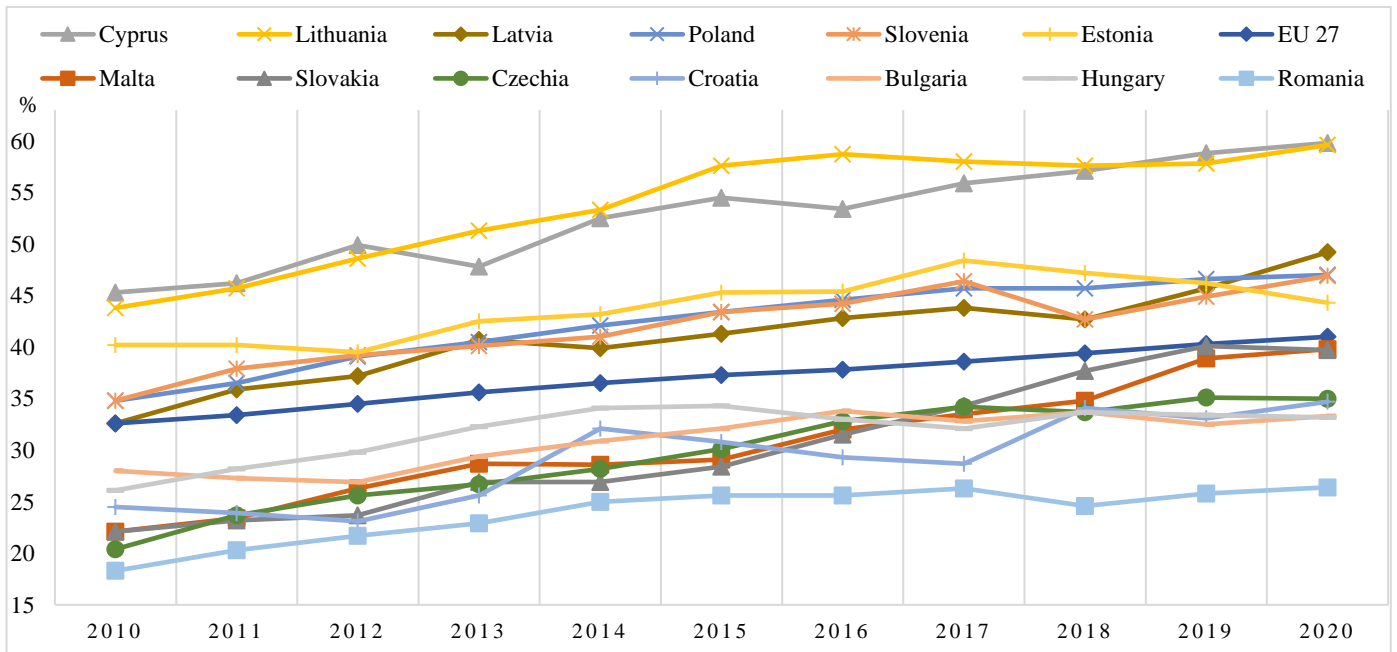
³⁴⁵ Own elaboration on table 9



Graphic 11 - Tertiary education attainment in Mediterranean countries³⁴⁶



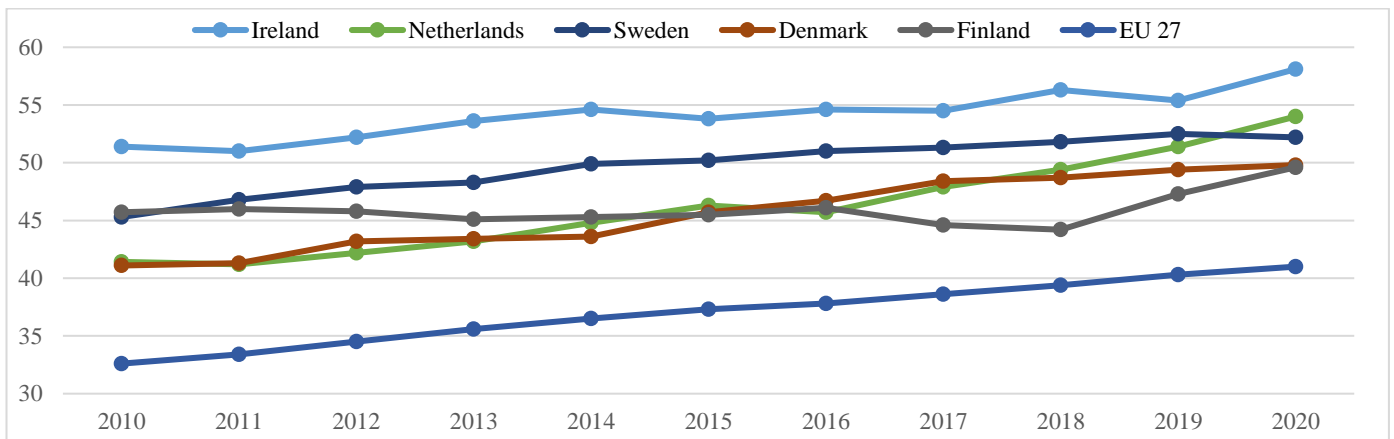
Graphic 12 - Tertiary education attainment in new Member States³⁴⁷



³⁴⁶ Own elaboration on table 9

³⁴⁷ Own elaboration on table 9

Graph 13 - Tertiary education attainment in Nordic countries³⁴⁸



As the above graphics illustrate, the number of people enrolling in tertiary education across the EU has risen in the last decade, reflecting a number of factors in different EU members states. Among the others, the changing demography, increased labour force participation (particularly for women), and an increased demand from employers for tertiary education qualifications for jobs that previously required a secondary level of education³⁴⁹. Moreover, the widespread awareness among youth about the fact that a degree contributes to find better job opportunities combined with the relative affordability of tertiary course of studies³⁵⁰ contributed to the positive participation rate in this education sphere. Looking at the current trends in tertiary education participation, Eurostat³⁵¹ found that in 2019, there were 10.7 million students enrolled in bachelor programmes, about twice of the students enrolled in master's degrees. In particular, when considering master programmes, female presence was particularly evident (57.3 per cent). In 2020, just 40.2 per cent of the EU population aged 25-34 years had a tertiary level of educational attainment, basically the same value found for the age group 30-34, still with wide disparities among European regions. In 2020, regions with the highest share (at least 60 per cent) of graduate people (25-34) included both capital regions and high-technology innovation hubs. Among the formers there can be found the capital region of Lithuania, Poland, France, Luxembourg, Denmark, Sweden and Ireland. While among the latter, there are Utrecht³⁵², País Vasco in northern Spain³⁵³, Prov. Brabant Wallon (Belgium), Southern (Ireland) and Midi-Pyrénées (France)³⁵⁴.

At the bottom end of the distribution, there were 29 regions in the EU where less than 25 per cent of people aged 25-34 years had a tertiary level of educational attainment in 2020. These regions were principally concentrated in eastern EU Member States, as well as several eastern regions of Germany and southern regions of Italy, but also included Portuguese peripheral areas. The lowest regional levels of tertiary educational

³⁴⁸ Own elaboration on table 9

³⁴⁹ ISCED 3-4

³⁵⁰ Access to student finance, scholarship and other benefits

³⁵¹ Eurostat (n 324).

³⁵² A research hub, with one of the largest universities in the Netherlands

³⁵³ Where the regional economy specialises in innovation, research and high-technology manufacturing

³⁵⁴ Regions such as these act as a magnet for highly qualified people, exerting considerable 'pull effects' through the varied educational, employment and social/lifestyle opportunities that they offer.

attainment among people aged 25-34 years were recorded in two Romanian regions³⁵⁵ and the Czech region of Severozápad (15.6 per cent). A synonym of the effectiveness of vocational training programmes in Northern and new Members is the relatively high employment rates of recent vocational graduates in Sweden, Denmark and Germany, as well as a majority of the regions in Czechia, Austria, Slovakia and Hungary. On the opposite the hardest difficulties in finding a job after vocational graduation were faced in Greece, predominantly southern Spanish and Italian regions³⁵⁶ where the employability rate of recent graduates was less than 50 per cent. The overall employability of graduates being them academic or vocational was highest in five regions where all recent graduates successfully found an occupation. Namely, Flevoland and Zeeland in the Netherlands, Luxembourg, the region of Trier in Germany, and Övre Norrland in Sweden.

³⁵⁵ Nord-Est (16.9 per cent) and Sud-Muntenia (15.9 per cent)

³⁵⁶ Campania (32.6 per cent), Calabria (25.6 per cent) and Sicilia (24.8 per cent).

CHAPTER 3

INSIGHTS FROM THE IMPLEMENTATION OF EES IN THREE EU MEMBER STATES

In this third chapter the focus is on the analysis of the implementation of the European Employment Strategy in three Member States, Italy, Germany and Sweden. These three countries have been chosen as representatives of three geographic areas of the EU, namely Mediterranean region, Continental Europe, and Northern Europe. The aim is to get useful insights from both these states to understand the national policies adopted, their strength and weaknesses. In the last ten years (2010-2020), labour market participation of people aged 20 to 64 years old increased in a similar way in the three countries. More specifically, by 3.3 per cent in Italy and Germany³⁵⁷ and by 3.5 per cent in Sweden³⁵⁸. The main reason behind this increase could be safely attributed to the group of people aged 55 to 64 years old, which is currently the most numerous in our present society. The number of people in belonging to this age class increased by 54.7 per cent in Italy, by 22.5 in Germany, and by 11.5 in Sweden. On the opposite, young people aged 15 to 24 reduced their presence on the labour market, in line with their enhanced participation to education programmes. As highlighted in the previous chapter, in 2020 Sweden and Germany covered the top rank positions in terms of employment rate, while Italy followed by far ranked at 26th position. Sweden was 6th in EU for tertiary education levels among those aged 30-34, Germany 21st and Italy again 26th³⁵⁹. These different results are the outcome of dissimilar ways in which the European Employment Strategy has been introduced and implemented by EU Members. The wish of success by the means of growth and competitiveness was more impactful in some countries, and this ambition was reflected in the determination through which policies were adopted at national level. Above all, the case of Germany, where the problem of unemployment was addressed by all available means and with great sacrifices for workers, says it all. On the contrary, Sweden adopted a bottom-up approach by carrying on advocacy campaigns on the scope and contents of the Strategy. The ‘permeable ground’ made from a tight collaboration among national and sub-national actors allowed the Strategy to penetrate deeply in the national economic, social, institutional, and political fabric³⁶⁰. At the opposite, Italy struggled to take on board some key principles of the Strategy with consistency and to maintain the focus on the most disadvantaged groups. Only recent labour market policies which built on best practices shared by the best performing Members show signs of a real commitment towards an inclusive growth.

1. Italy

1.1 Weak focus on major issues

³⁵⁷ Cfr. OECD (2021), Labour force participation rate (indicator). doi: 10.1787/8a801325-en (Accessed on 27 August 2021) [Employment - Labour force participation rate - OECD Data](#)

Labour market participation of the total population aged 15 to 64 slightly increased from 62.2 per cent in 2005 to 64.1 in 2020.

³⁵⁸ Ibid.

³⁵⁹ Cfr. chapter two, pp.62-63

³⁶⁰ Strandh and Nordlund (n 16).

According to the employment policy guidelines for year 2000³⁶¹, preventive measures to allow individuals to rapidly and effectively integrate into the labour market were unsatisfactory. The actual meaning of the transition from passive to active labour market policies was not completely clear. Also, «developing computer literacy, providing schools with computer equipment and facilitating student access to the Internet» was set as a priority to be fulfilled by 2002, to ease the transition from school to work. Moreover, Member States were claimed to encourage «entrepreneurial awareness across society and in educational curricula» by «providing a clear and predictable regulation» and by easing the access to risk capital markets. Lightening the administrative and tax burdens on small and medium enterprises was to be implemented as endeavour to stimulate the formal participation to the labour market. Attention was to be paid and resources canalised to those promising sectors able to trigger new jobs as industry-related services and the environmental sector. Furthermore, public employment services were pointed out as key instruments for demand and supply of labour matching at local and regional level.

Observing the development of the Italian labour market over the past two decades according to the EES guidelines, it is possible to make a number of considerations. In 2000, around 60 per cent (60.3 per cent according to OECD data³⁶²) of the working age population aged 15 to 64 was actively participating to the labour market. 53.7 per cent was formally into employment³⁶³, while 10.05 per cent of the active population was looking for a job³⁶⁴. Despite the unemployment level was not extremely high, at the EU level it was the highest. Indeed, considering that in the fifteen Members there were 3.5 million unemployed, 800 thousand lived in Italy (23 per cent) only³⁶⁵. Overtime, both employment and unemployment levels revealed to be sensitive to macroeconomic events, rising and falling respectively in years of economic growth and conversely in times of economic slowdown, although employment never managed to kick off in a decisive way. The early 2000s were characterised by steady economic and employment growth. Nonetheless, still a consistent share of the population was either working informally, totally undeclared or inactive. Moreover, the low level of education attainment³⁶⁶ did not ease major improvements in terms of labour productivity and competitiveness. According to Eurostat data³⁶⁷, Italy have been covering the bottom end positions in both employment rate and education level over the past two decades. Skills mismatch and low productivity of labour were only part of the figure. Likewise other Mediterranean countries, the Italian economic fabric is characterised by micro, small and to less extent medium undertakings, unwilling or uninterested to invest considerable resources in research and development activities or to expand their organic. Thus, limiting occupational possibilities for those in

³⁶¹ European Council, «Council decision of 13 March 2000 on guidelines for Member States' employment policies for the year 2000» (OJ EC L 72 21.3.2000), P.15 2000/228/EC

³⁶² OECD (2021), Labour force participation rate (indicator). doi: 10.1787/8a801325-en (Accessed on 27 August 2021) [Employment - Labour force participation rate - OECD Data](#)

³⁶³ OECD (2021), Employment rate (indicator). doi: 10.1787/1de68a9b-en (Accessed on 27 August 2021)

³⁶⁴ OECD (2021), Unemployment rate (indicator). doi: 10.1787/52570002-en (Accessed on 30 August 2022)

³⁶⁵ Eurostat (2021), [Unemployment by sex and age](#) (1992-2020) - annual data

³⁶⁶ In 2000 only 45.1 per cent of the population aged 25 to 64 years-old was at least an upper secondary diploma holder. See [Statistics | Eurostat \(europa.eu\)](#)

³⁶⁷ See chapter 2, p. 26 et seq.

search of a job. Moreover, administrative, fiscal and contributions burdens on businesses did not incentivise employers to massively hire workers, especially young workers. When the first signs of the global economic and financial crisis manifested it was clear that both flexibility measures and effective active labour market policies were not properly introduced nor implemented³⁶⁸. The effects of both the global financial and economic crisis and the present pandemic-related crisis flowed in higher share of workers under forward contracts, thus at risk of poverty. If on one side forward contracts were meant to increase flexibility of labour, on the other side they may fuel workers precariousness³⁶⁹. In Italy, forward contracts increased compared to the 2008 levels and this contributed to raise labour insecurity. In addition, since 2002, the natural growth rate has been well below zero³⁷⁰. The gap between births and deaths increased particularly after the 2008 financial crises, which made thousands of families to reconsider their family planning. Hence, less working age population resulted in a dramatic loss of human capital as well as the capacity to innovate that characterises youth population, traditionally, the main driver of economic growth. The general trend seems to stick to a high unemployment rate, low employment rate, and youth employment rate not yet recovered from the shortcomings of the financial crisis. Moreover, the gender employment gap, accounting for 20 percentage points on the employment rate, and the elevated number of long-term unemployed (around a million between 2010 and 2020, with a peak of almost 2 million in 2014)³⁷¹ remain deep concerns. The fact that still great part of the active population is under skilled and underqualified does nothing but squeezing productivity³⁷². Nonetheless, it could be argued that it is difficult to talk about a general trend as the persisting differences between the Italian regions are remarkable. The Lisbon objectives remained unmet in 2010³⁷³, and they still did not found accomplishment in the subsequent years. Only the target of 50 per cent related to the employment rate of older workers was reached in 2016 and kept growing up to 54.2 per cent in 2019. The main trigger of the increased permanence of senior workers into the labour market was the reform of the pension system introduced in late 2011, which set the official pensionable age at 67 years³⁷⁴. Such measure was in line with the EES as it contributed to boost an active ageing among senior workers and making the overall pension system more sustainable. On the contrary, female employment rate barely reached 54 per cent in 2019, which is still far from the Lisbon objective of 60 per cent. In 2011, the Council's recommendation³⁷⁵ on the Italian

³⁶⁸ European Commission, «Assessment of the 2011 National Reform Programme and Stability Programme for ITALY [SEC\(2011\) 810 Final](#)».

³⁶⁹ International Labour Organization, «*Non-Standard Employment Around the World*», vol 44 (2016).

³⁷⁰ Istat, «[Bilancio Demografico Nazionale](#)» (2019).

³⁷¹ See chapter two.

³⁷² Barely 63 per cent of the working age population completed an upper secondary school, and 20 per cent attained a tertiary education diploma. See OECD (2019), [Education at a Glance 2019: OECD indicators](#), OECD Publishing, Paris, <https://dx.doi.org/10.1787/eag-2019-en>.

³⁷³ Cfr. chapter two, p. 26-27, 41, 45, 59-60. Considering the working age people between 15 and 64 years old, total employment level stuck at 61 per cent and female employment at 49.5 per cent, while employment of seniors aged 55 to 64 years old reached 36.5 per cent. School-leaver's rate touched 18.6 per cent of youth aged 18 to 25 years old.

³⁷⁴ Art.24 law decree n.201/2011, formally enforced on 1 January 2012

³⁷⁵ European Commission, «Recommendation for a Council Recommendation on the National Reform Programme 2011 of Italy and Delivering a Council Opinion on the Updated Stability Programme of Italy,2011-2014 {SEC(2011) 720 Final}» (2011). [SEC\(2011\) 810 final](#)

National Reform Programme pointed out that despite employment was registering consistent inflows in the years before the recession, structural weaknesses were present and avoided the country to smoothly overcome the economic downturn. First, between 2001 and 2007 the Italian economic growth was only half of the average growth in the euro-area³⁷⁶, which amounted at two per cent annually. Likewise, expenditure in research and development (R&D) was around 1.3 per cent of GDP, still below the EU average (1.9 per cent). Moreover, labour market revealed to be highly segmented as workers on open-ended contracts were actually more protected than workers on temporary contracts and self-employed. At the same time, not all workers who lose their job received adequate income support, as labour market segmentation was going along with a fragmented system of unemployment benefits. Also, the sluggish productivity growth did not contribute to boost employment, pushing instead several companies to outsource the production where labour was relatively more productive. The low productivity could be partially explained by lack of implementation of an effective system of apprenticeships and vocational training. Compared to EU average, Italian undertakings are indeed charged with high contributes and fiscal burdens³⁷⁷. Total taxes and contributions as percentage of corporate income amount at 53.1 per cent, relatively higher than other EU Members, such as Germany and Spain, where income tax is around 49 per cent and 47 per cent respectively³⁷⁸. Therefore, particularly in southern regions unemployment and inactivity are widely common, and especially among mainly youth and women. In 2009, barely one third of women were employed in the southern regions, due to both relatively lower activity rates and higher unemployment³⁷⁹. Moreover, the lack of any national system of skill certification and recognition of vocational and training standards contributed to limit labour mobility in the country and abroad³⁸⁰. At the same time, underfinanced public employment services and scarcely trained personnel did not manage to properly match labour and demand of labour³⁸¹. Moreover, being the economy based on exports, it was seriously affected by the 2002 crisis, and the large regional economic disparities were magnified. Investments' stoppage triggered a sharp contraction (7 per cent) in real GDP between 2008 and 2009 and huge gross debt (119 per cent)³⁸². Despite exports partially recovered in the second half of 2009, the labour market situation remained fragile in 2010, with the unemployment rate stuck around 8.5 per cent.

Hence, the Council³⁸³ stressed the necessity for Italy to endorse its recommendations. First, to pose an end to labour market segmentation, «by reviewing employment protection legislation and reforming the fragmented

³⁷⁶ Area composed by all the countries where Euro was adopted as national currency.

³⁷⁷ Cfr. [Germany - Corporate - Taxes on corporate income \(pwc.com\)](http://www.pwc.com) and The World Bank Group, «Doing Business 2019 Training for Reform» (2019) available at <<http://www.doingbusiness.org/en/reports/global-reports/doing-business-2019>>.

³⁷⁸ *ibid.*

³⁷⁹ European Commission, «Assessment of the 2011 National Reform Programme and Stability Programme for ITALY SEC(2011) 810 Final» (n 11).

³⁸⁰ *Ibid.*

³⁸¹ OECD, «[Strengthening Active Labour Market Policies in Italy](https://doi.org/10.1787/160a3c28-en)», *Connecting People with Jobs* (OECD Publishing 2019) <<https://doi.org/10.1787/160a3c28-en>>.

³⁸² European Commission, (n 11).

³⁸³ Council of the European Union, «Council Recommendation of 12 July 2011 on the National Reform Programme 2011 of Italy and Delivering a Council Opinion on the Updated Stability Programme of Italy, 2011-2014» (OJ EC C 215 21.7.2011) p.7 [2011/C 215/02](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:2011/C_215/02),

unemployment benefit system»³⁸⁴. Second, to enable women to participate to the labour market, by «increasing the availability of care facilities throughout the country» and by properly targeting active measures to improve work opportunities for women³⁸⁵. Finally, to create a more attractive environment «for private sector investment in research and innovation by extending current fiscal incentives, improving conditions for venture capital and supporting innovative procurement schemes»³⁸⁶. In the same year it was designed the abovementioned reform of the pension system³⁸⁷ and downsized the compensation mechanism for workers unfairly fired³⁸⁸. These measures were put in practice as response to the need for flexibility of labour in the aftermath of the global financial and economic crisis and with the broad aim to restore public finances. What basically led to the adoption of the abovementioned reforms was the joint push capacity of the European Commission, the European Central Bank and the International Monetary Fund which claimed for reform with elevated specificity and clarity. The actual implementation of the claimed reforms was subjected to pressing supervision by EU institutions which allowed for a minimal margin of manoeuvre. The so called ‘austerity’ measure were necessary to regain credibility on the international sphere. Nonetheless, as inevitable consequence of cuts to public expenditure, resources to push modernisation were limited as well as those dedicated to active labour market policies and to social assistance services.

The Italian labour market was indeed quite rigid if compared to other Members. More specifically, overtime the relatively high cost and protection of labour did not incentivise employers to hire considerable numbers of employees. This mechanism made basically high numbers of workers especially those with low skills to remain unemployed for long periods, becoming thus long term unemployed and in the worst case to exit from the labour market. In 2012, Italy was again mentioned in two country specific recommendations which claimed to «address youth unemployment, tackle labour market segmentation, encourage female labour market participation and promote the responsiveness of wages to productivity developments»³⁸⁹. Some scholars, among which Ciccarone³⁹⁰, point to available evidence provided by the assessment of the fund³⁹¹, dedicated to incentivizing the permanence of youth and women into the labour market. Accordingly, employers were eligible to receive incentives once they transformed a fixed-term contract into an open-ended one.

1.2 A misinterpretation of EES: priority on passive labour market policies

³⁸⁴ Ibid., p.7

³⁸⁵ Ibid.

³⁸⁶ Ibid.

³⁸⁷ Art.24 law decree 6 December 2011 n.201, formally enforced on 1 January 2012. «Urgent dispositions for growth, equity and consolidation of public accounting». (11G0247) ([GU n.284 del 06-12-2011 - Suppl. Ordinario n. 251](#))

³⁸⁸ Law 28 June 2012 n.92 «Dispositions in matter of reform of the labour market in a prospective of growth». (12G0115) ([GU Serie Generale n.153 del 03-07-2012 - Suppl. Ordinario n. 136](#))

³⁸⁹ European Commission, «Assessment of the 2013 National Reform Programme and Stability Programme for ITALY» (2013), p.21 [SWD\(2013\) 362 final](#)

³⁹⁰ Ciccarone, G., «EEPO Review Stimulating Job Demand: The Design of Effective Hiring Subsidies in Europe», (2014) European Employment Policy Observatory.

³⁹¹ Law 24 December 2012, n. 243 ([GU n.12 del 15-01-2013](#))

Among the passive labour market policies implemented by the Italian government there could be mentioned the following³⁹². First, the most commonly measure adopted in Italy to avoid unemployment is wage supplementary schemes which apply when undertakings face major difficulties due to a period of economic slowdown or in cases of firm restructuring. In such cases, the employer could have the necessity to reduce the working time of its employees (till zero hours), and the wage supplement is tool that compensate workers for the reduction in their usual wage due to the reduced working time. In Italy, wage supplement schemes can be ordinary (*cassa integrazione guadagni ordinaria* – CIGO) or extraordinary (*Cassa integrazione guadagni straordinaria* – CIGS). In the first case, it was meant to make up for temporary impediments to the working activity due to either a reduction in the demand or any other external causes for which the employer is not directly accountable. Being ideated for temporary circumstances, the ordinary wage subsidy did not provide any link with active measures, and in particular any with job search requirements. This weakness left room for opportunistic behaviours. In the second case, the wage supplement was ideated to compensate employees working in firms currently facing relevant economic issues. Accordingly, the duration of the benefit was extended till two years. In 2004 CIGS was extended to four years, on the basis of specific agreement with government's representatives³⁹³. Nonetheless, such wage supplement was instead commonly applied as tool to avoid layoffs of those workers that would not have been reintegrated into the working activity. During the years of economic slowdown, these social shock absorbers were extended and assumed the name of social shock absorbers in derogation (*ammortizzatori sociali in deroga*), which allowed a wider audience of recipients in different sectors to benefit from the wage supplement and basically abolished the limit to the benefit duration. More precisely, between 2008 and 2009 the government extended the duration of extraordinary social shock absorbers unlimitedly³⁹⁴ and allowed all categories of workers to benefit from CIGS, including workers under apprenticeship contracts³⁹⁵. Moreover, the same law included the activation conditionality as mandatory for workers in order to be entitled to receive the benefit. In particular, workers were claimed to declare their immediate availability to work, to retraining activities or to accept an 'adequate' job offer. Between 2009 and 2015, about 12 billion were invested in wage supplements³⁹⁶. Nonetheless the results of its implementation show room for improvements.

Second, with reference to unemployment insurance, currently in Italy there are different possibilities according to individual characteristics and needs. During the period between 2000 and 2010, unemployment benefit was provided to workers having been fired and embedded directly by the employer into mobility lists but not self-employed, to compensate from income loss. Moreover, among the requirements to access the benefit a worker was supposed to have been working for at least one year in the two years before the unemployment spell. In light of this consideration, it is clear that this type of unemployment benefit left aside

³⁹² OECD (n 381).

³⁹³ Art. 1-bis law decree 5 October 2004, n. 249 ([GU n.235 del 06-10-2004](#)), as modified by law n. 291/2004

³⁹⁴ Law 22 December 2008, n.203, art.2 co.36 ([GU n.303 del 30-12-2008 - Suppl. Ordinario n. 285](#))

³⁹⁵ Law 28 January 2009, n.2, art.19 ([GU n.22 del 28-01-2009 - Suppl. Ordinario n. 14](#))

³⁹⁶ OECD (n 381), p.89

the two most affected categories of workers, namely youth and LTU. The system was highly fragmented, it presented an unequal and limited coverage, and absence of any links with effective ALMPs, as pointed out by the Council in 2011. The abovementioned law n.92/2012 substituted these measures with a social insurance for employment (*Aspi-Assicurazione sociale per l'impiego*). Basically, Aspi maintained the same requirement of the previous unemployment benefit (at least one year of contributions in the previous couple of years). The amount of the monthly benefit was based on the normal wage received before the unemployment spell with a maximum coverage of 80 per cent (equal to the maximum amount of CIGS benefit). The duration of the benefit lasted 12 months, while 18 months for senior workers (over 55). Aspi was object of reform few years later in the framework of the Jobs Act³⁹⁷. In the endeavour to catching up with Germany through the Jobs Act, the Italian government replaced Aspi with Nاسpi, the New social insurance for employment, which has a universal coverage in a way to extend the audience of recipients. Nاسpi is the main unemployment benefit for workers which remain unemployed involuntary. Among the requirements to be eligible workers must have been working for at least 13 weeks in terms of welfare contribution during the 4 years before becoming unemployed. Those eligible as benefit recipients are entitled to receive a monthly payment with a coverage around 75 per cent of the mean wage earned in the four months preceding the unemployment spell for a maximum duration of 24 months. Moreover, another form of unemployment benefit is 'Dis-coll'³⁹⁸, destined to people who work under a contract of coordinated and continuous collaboration, and it has a maximum duration of 6 months. Notwithstanding the efforts, in 2016, the unemployment benefit was conceded to only 8.5 per cent of the unemployed. The limited coverage of the benefit is due to the fact that most resources dedicated to passive measures were spent on wage supplement schemes³⁹⁹. As a matter of fact, the replacement rate of the wage supplement was generally higher than the unemployment benefit⁴⁰⁰, thus resulting more favourable for workers. It is clear that this system in some ways limits flexibility and mobility of labour. In 2020, about 1.8 million workers were beneficiaries of Nاسpi and 20 thousand of Dis-coll, most of them were young workers aged 25 to 34 years old resident in Northern regions in case of Nاسpi and in Southern regions in case of dis-coll⁴⁰¹.

In 2013, the Council reaffirmed the prominence and urgency of active labour market policies in tackling long term unemployed and in preventing early school leavers phenomenon⁴⁰². The idea was that long term unemployed could have been helped only through active labour market policies. Over the years, financial resources dedicated to active labour market policies have been «under-financed, weakly-targeted, and over-

³⁹⁷ Law 10 December 2014, n.183 ([GU Serie Generale n.290 del 15-12-2014](#)). Nاسpi was formally introduced by legislative decree 4 March 2015, n.22 ([GU n.54 del 06-03-2015](#))

³⁹⁸ Ibid.

³⁹⁹ OECD (n 381), p. 88

⁴⁰⁰ Cassa integrazione allowed workers to receive a monthly amount with a ceiling of 80 per cent of the previous wage.

⁴⁰¹ INPS, «Osservatorio delle politiche occupazionali e del lavoro – anno 2020», (2021) available at <https://www.inps.it/osservatoristatistici/api/getAllegato/?idAllegato=1039> >

⁴⁰² Council of the EU, «Council Recommendation of 9 July 2013 on the National Reform Programme 2013 of Italy and delivering a Council opinion on the Stability Programme of Italy, 2012-2017» (OJ EC C 217 30.7.2013) 2013/C 217/11

reliant on employment incentives»⁴⁰³. Moreover, training was not well-targeted to all the active population, with people over 29 years old facing difficulties in accessing to training initiatives, traditionally devoted to the youngest. Furthermore, the public employment services, a policy that, theoretically speaking, has a great potential in matching labour demand and supply, is still underdeveloped to address labour market obstacles. With reference to the main measures put in practice by the Italian government to align with other EU Member States in the field of active labour market policies, it is worthy to note the Jobs Act's implementation applied in 2015⁴⁰⁴. On the example of the German federal employment agency, Jobs Act established a national agency for active labour market policies (ANPAL). This institution was entrusted with the setting of national guidelines to be implemented at regional level. Given the decentralisation of the system of public employment services, the Jobs Act made an effort towards some kind of national harmonisation, by shifting the authority over labour market policies from the provinces to the regions. Nonetheless, major discrepancies are still present in terms of unequal access to PES and in the quality of the services provided. According to the OECD report⁴⁰⁵, the Italian system of employment services should be subjected to a set of reforms. Among the others, making the regional authorities accountable for their achievements and performance, and strengthening the role of ANPAL to ensure that the reforms in matter of labour market are effectively implemented at local level. Another relevant aspect was the quality of services provided to jobseekers and employers at the employment offices, which is positively related to the actual skills of the local staff, thus training activities targeted to local personnel is fundamental.

To address the demand side of labour, in 2018 ANPAL proposed a national strategy of public employment services for employers⁴⁰⁶. More specifically, it attributed three main functions to local employment offices in their engagement with the employers. First, to provide providing information on employment services. Second, to match labour supply and demand and pre-selecting suitable candidates. Third, to link employment services with the life-long learning system. To accomplish these functions, it was evident again the necessary upskilling of employers' counsellors in local employment offices, and investments in IT network. Moreover, in line with the 2016 Council Recommendation on long-term unemployed⁴⁰⁷, Italy eased the online registration of jobseekers and improved the individual in-depth assessments. Moreover, it is worthy to remember that vocational training opportunities at the training centres oriented to people not yet participating to the labour market, and to jobseekers as well were difficult to access⁴⁰⁸. Indeed, continuous vocational training is generally

⁴⁰³ OECD (n 381).

⁴⁰⁴ Legislative decree 14 September 2015, n. 150 « Dispositions in matter of labour services and active policies, ex art. 1, co.3, law 10 December 2014, n. 183». (15G00162) ([GU n.221 23-09-2015 - Suppl. Ordinario n. 53](#))

⁴⁰⁵ OECD (n 381).

⁴⁰⁶ *ibid.*

⁴⁰⁷ Council of the EU, Council recommendation of 15 February 2016 on the integration of the long-term unemployed into the labour market *OJ C 67, 20.2.2016, p. 1-5*

⁴⁰⁸ In 2018, only 7.2% of individuals who were either unemployed, underemployed or inactive received a training measure (against 16.9% in the EU on average).

provided by employers as key instrument to increase competitiveness and workers' skills and resiliency in front of organisational changes⁴⁰⁹.

Notwithstanding the efforts, key challenges persist. More precisely, the lack of coordination of ALMPs, the weakness of ANPAL's role as coordinator of the network. Also, the scarce integration and coordination of ALMPs with assistance and education & training policies, the insufficient exchange of data between local offices and between regions are the main reason of regional disparities in terms of services provided.

Some steps have been taken to strengthen public employment services and reduce regional disparities. The latest reform took place in 2019, under the common name of citizenship income (*Reddito di cittadinanza*)⁴¹⁰. Such measure does not directly fall under the active labour market policies field, because it was meant to sustain economically families at risk of marginalization and has a proactive character in making people active in the job search. Within the framework of the new minimum income scheme, one billion euro per year since 2019 was allocated to «strengthen PES and implement the activation component of the reform»⁴¹¹. Indeed, the law provides that those eligible have to comply with precise behaviours, such as their immediate availability to work, and to accept a 'reasonable' job offer, in order to receive the benefit. Notwithstanding the efforts made at normative level, the network of active labour market policies did not provide a clear monitoring and evaluation system for local and regional offices. Also, coordination among active policies and among national and sub-national levels, which is key to ensure a proper match between demand and supply of labour, was not truly carried on, thus PES placement capacity remains low⁴¹².

1.3 EU2020 objectives : a sluggish implementation

On the year of expiry of the EU2020 strategy, Italy still was far from the EU2020 employment objective and the EES did not produced the hoped effects. An overall view on the objectives of EU2020 in the employment and education field is provided in the following table.

Index	2020	EU2020 target	EU level
Employment rate (%)	62.6	67	72.5
Early school leavers rate (%)	13.1	16	9.9
Tertiary education attainment (30-34) rate (%)	27.8	27	41

In the period between 2010 and 2020, Italy did not manage to make its employment levels to kick off. In 2020, total employment rate dropped back to 2017 levels clearly missing the EU2020 target. Among the causes of this unsuccess there are obviously the pandemics-related shortcomings but also to the abovementioned structural problems and in particular the lack of a florid economic fabric. For sense of completeness, it is

⁴⁰⁹ European Commission, «Country Report Italy 2020' {[COM\(2020\) 150 final](#)}»p.39. Between 2010 and 2015, the share of firms providing some form of training rose from 55.6 per cent to 60.2 per cent.

⁴¹⁰ Law Decree 28 January 2019, n. 4 «Urgent dispositions in matter of citizenship wage and pensions» ([GU n.23 del 28-01-2019](#))

⁴¹¹ Law 30 December 2018, n. 145, art.1, co. 258 ([GU Serie Generale n.302 del 31-12-2018 - Suppl. Ordinario n. 62](#))

⁴¹² OECD (n 381).

worthy to emphasise the phenomenon of informal work, which in 2018 it was esteemed to amounting at euro 192 billion, about 12 per cent of national GDP⁴¹³, and involving 3.6 million people working informally or totally undeclared in sectors such as agriculture, trade, construction and personal services. Among recent initiatives to address the problem, the national institute for social welfare developed a program to identify ‘fictitious contracts’⁴¹⁴. However, by virtue of the economic growth between 2014 and 2019, labour market conditions continued to improve in 2019, when Italy recorded an employment rise for the sixth consecutive year reaching 63.8 per cent in the period July-September⁴¹⁵. Despite this positive trend, Italy is still far from the EU average of 74.1 per cent. According to a Commission report⁴¹⁶, the age class which contributed most to the employment raise is that of senior workers occupied in the service sector mainly in central and northern regions. Moreover, another driver of the employment rise between 2013 and 2019 is the stabilisation of work through the consolidation of forward job contracts into permanent ones⁴¹⁷. Incentives to permanent positions were granted in 2018 by the so called *Decreto Dignità* (‘dignity decree’)⁴¹⁸, which among the other provisions reduced the maximum legal duration of temporary contracts and increased the contribution burden on on-call contracts, making them less convenient for employers.

The main positive employment trends can be observed in Northern and Central regions, where signs of recovery from the 2008 crisis are visible, with results often in line with, if not above, the EU average⁴¹⁹. On the contrary, Southern Italy continues to move backwards, widening the historic gap between North and South. Considering data⁴²⁰ of 2018, it emerges a deep discrepancy between Northern regions, which were all above the national average of 63 per cent, and Southern regions, which showed below-average rates⁴²¹. Given the fact that one of the main obstacles to employment in southern regions is the high cost of labour, the government tried to alleviate this regional gap through a reduction of the labour cost in terms of contributions by 30 per cent for those already employed as employees in southern regions⁴²². Moreover, to favour youth and women, in 2020, it was issued a law recognising temporary contribution allowances to employers willing to hire precarious workers under the age of 36 under an open-ended contract, and long-term unemployed women regardless of their age.

Additionally, as far as the issue of gender equality is concerned, women still represent one of the most affected groups by the financial and economic crisis. In the framework of EU2020 strategy 2020, the Commission

⁴¹³ Istituto Nazionale di Statistica, «[L'economia non osservata nei conti nazionali: anni 2015- 2018](#)», Statistiche Reports, 14/10/2020

⁴¹⁴ Simulated contracts signed for receiving undue social security benefits.

⁴¹⁵ European Commission, «Country Report Italy 2020» (n 409), p.36

⁴¹⁶ *ibid.*, p.9

⁴¹⁷ *ibid.*

⁴¹⁸ Law decree n. 87/2018 «Urgent dispositions in matter of dignity of workers and of undertakings». (18G00112) converted into law on 9 August 2018 ([GU Serie Generale n.186 del 11-08-2018](#))

⁴¹⁹ Agi and Openopolis, «[Occupazione 2020 - Il Lavoro in Italia e in Ue Rispetto Agli Obiettivi Di Europa 2020](#)» (2020).

⁴²⁰ *ibid.*

⁴²¹ *ibid.* In 2018, 35 were the percentage points separating the employment rate of *Provincia autonoma di Bolzano* and the Sicilian one.

⁴²² Law decree 14 August 2020, n.104, art.27 ([GU n.203 del 14-08-2020 - Suppl. Ordinario n. 30](#))

underlined the need for turn the female employment situation⁴²³ by creating a comfortable and encouraging labour market environment and working conditions, as well as complementary services. Notwithstanding the efforts at EU level, still Italian women seem not to be favoured and sustained to participate in the labour market as they should. In 2019, slightly more than one woman in two aged 15 to 64 was part of the labour force, only 56.5 per cent, which is one of the lowest shares in the EU and significantly below the EU average of 67.4 per cent⁴²⁴. Over the last decade, the highest participation was registered among women aged 35 to 44 years old, which reached 70 per cent in 2019. Excluding Sardinia, all the other southern regions are in ‘blacklist’ of the ten regions with the lowest female employment rates in EU. As mentioned in chapter two, the main cause behind this dramatic trend is partially due to the caring responsibility towards children traditionally attributed to women and to social prejudice. It is estimated indeed that among inactive women, 35.7 per cent of them do not participate to the labour market due to women caring responsibilities, against 31.8 per cent at EU level⁴²⁵. As stressed by the Council of the European Union, «parenthood is one of the main obstacles to the full participation of women to the labour market»⁴²⁶. In Italy in 2017 the male parent employment rate exceeded the female one by about 19 percentage points, thus making Italy the country with the deepest gender employment gap behind Malta. Regional differences are to be noted particularly given the deep gap of 42 percentage points that posed at the opposite the female employment rate of *Provincia Autonoma di Bolzano* from Sicily. However, despite the relatively comfortable environment in Northern and central regions, on average only slightly more than one in two women living in those regions was formally in employment (53.8 per cent in 2019). Moreover, during the latest economic crisis, again women and youth were those facing main difficulties in accessing and keeping their presence into the labour market. Between 2019 and 2020, female participation decreased from a peak of 56.5 to 54.7 per cent. This means that about 400 thousand women shifted from a situation of either employment or unemployment to inactivity⁴²⁷. When considering young population aged 15 to 24 years old, it could be noticed that over the last decade their participation to the labour market remained low around 26-27 per cent, while their unemployment rate dropped below 30 per cent in 2019 from a peak of 42 per cent in 2014⁴²⁸, suggesting a gradual increasing in the number of youths who get fixed up in a formal job. The same trend is confirmed in case of people aged 25 to 29 years who in theory should have completed their studies, at least the upper secondary education cycle. However, even if their employment rate is by far higher than of the youngest (aged 15 to 24), still only half of them has a formal job (56.3 per cent in 2019)⁴²⁹. Observing the trend over time, still the share of young workers in employment is

⁴²³ The man-woman disparity in the level of participation to the labour market is still high in all Member States. Women are disadvantaged in all the 27 countries, without exceptions.

⁴²⁴ Cfr. OECD, «[OECD Labour Force Statistics 2010-2019](https://www.oecd-ilibrary.org/employment/oecd-labour-force-statistics-2018_oecd_lfs-2018-en)» (2020), p.98 <https://www.oecd-ilibrary.org/employment/oecd-labour-force-statistics-2018_oecd_lfs-2018-en> and European Commission (n. 49), p.97.

⁴²⁵ Ibid., p.98.

⁴²⁶ European Commission (n. 409)

⁴²⁷ Cfr. OECD (n. 424) and Agi and Openopolis (n 419).

⁴²⁸ Ibid. p.98

⁴²⁹ Eurostat (2021), Youth employment by sex, age and educational attainment level ([YTH EMPL 010](#)).

below the pre-crisis levels⁴³⁰, and regional disparities remain unfulfilled. The demand for labour is higher in Northern regions for young people than the Southern regions. The national mean of 37.8 per cent is thus not representative of the actual Italian situation, which is split in two⁴³¹. The fact that young workers in Bolzano have a likelihood of find a job 38 percentage points higher than their peers in Sicily is quite explicative⁴³². Consequently, given the steady development of the labour market, which requires an ever-increasing skilled human capital, specific attention was paid to youth and to the relevance of the vocational paths they undertake. As remarked in 2019 by the Commission in the Joint Employment Report, «the estrangement of young people from the labour market, for a prolonged period of time» could be reasonably thought «to trigger negative implications on social cohesion and potential growth»⁴³³. Through the EES and EU2020, EU institutions invited member states to implement reforms dedicated to address the issue of early school-leaving and youth unemployment. The EES called on a constant and pronounced commitment to stem the phenomenon of NEET, youth aged 15 to 29 years old who dropped out school without attaining at least an upper secondary diploma and who are not in training or working activities. Indeed, if properly re-integrated in training and personal development paths, those same individuals would positively contribute to both economic and social growth in all EU Members, thus stemming unemployment. With the aim to face this social plague and obstacle to economic growth, EU institutions put in practice initiatives dedicated to reducing the number of NEET in the 27 Member States, above all the Youth Guarantee scheme⁴³⁴. The idea was to provide a job or training activity to those who completed their course of study and that cannot manage to find an occupation. The Council claimed EU Members to pay attention particularly on «young people under the age of 25 years» enabling them to receive a «good-quality offer of employment, continued education, an apprenticeship or a traineeship» no later than four months since they left upper secondary education or became unemployed⁴³⁵. The Council specified that employment services should have been the first key step towards youth activation. Thus, employment services were entrusted with strengthening their relationship with employers in a view to boost training and job opportunities for young people. Early school-leavers should have been firmly encouraged to complete an upper secondary school. Moreover, raising awareness on the Youth Guarantee scheme was thought to be fundamental in making young people conscious of the actual advantages they have in terms of both employment and personal development when they choose to stay active instead of inactive. With reference to young population, the Italian specificity refers to the elevated percentage of NEET. Being education compulsory for all pupils aged 6 to 16 years old, the phenomenon of school abandonment is related

⁴³⁰ Ibid. comparing 2019 employment level of youths aged 15 to 29 (2.8 million) to those in 2007 (3.7 million) it is evident a net loss of about one million young workers.

⁴³¹ Agi and Openopolis (n 419).

⁴³² Ibid.

⁴³³ European Commission Directorate-General for Employment Social Affairs and Inclusion, «Joint Employment Report 2019 as Adopted by the EPSCO Council on 15 March 2019» (2019), p.7

⁴³⁴ European Council, «Council recommendation of 22 April 2013 on establishing a Youth Guarantee» (OJ C 120) 26.4.2013 ([2013/C 120/01](#))

⁴³⁵ Ibid.

to students aged over 16 and is particularly exacerbated in southern regions. In 2018, NEET accounted for 23,4 per cent of the whole population aged 15 to 29 years old, corresponding to 2.1 million individuals. Data remained basically unchanged in 2020 at 23.3 per cent. Regional data about NEET confirm the difficult situation youth face in Southern Italy, where more than 26 per cent of the population aged 15 to 29 years is not in employment nor in education, and well above the 2018 national mean of 23,4 per cent. One could affirm that the phenomenon is structural because since before the crisis, Italy recorded NEET levels higher than the EU average⁴³⁶. The Italian NEET rate reached its peak in 2014, when youth not in employment nor in education were about 26,2 per cent against 15,4 per cent in EU⁴³⁷. Still in the recovering phase from the crisis, Italy struggles to maintain its young population active. The positive aspect is that the target of 16 per cent scheduled for 2020 was met in advance, and in 2020 early school leavers fell to 13.1 per cent. According to Eurofound report⁴³⁸ dated back to 2012, the phenomenon of NEET produced a 153-billion-euro loss on the EU economy, equal to 1.2 per cent of the European Union's GDP. In Italy, expenses in terms of unemployment and social welfare subsidies, social costs, loss of income and income tax amounted at 32 billion in 2011, more than double than in Germany where such expenses amounted at 15 billion⁴³⁹. Furthermore, in spite of the relatively wide possibilities of choice among higher education courses⁴⁴⁰, some of the early leavers are not motivated to continue their studies because they do not receive a proper orientation towards actual employment prospects of their course of study. While some others are influenced by the fact that access to the labour market has remained difficult, even for the highly skilled, except for graduates in higher technical institutes⁴⁴¹. In 2015, indeed, only six in ten 25-34 years-old graduates with tertiary education were formally in employment⁴⁴². This represented a reduction of seven percentage points compared to 2005 level⁴⁴³. In addition, despite the number of tertiary education graduates is relatively low⁴⁴⁴, their earnings after entrance in the labour market are in most cases not satisfactory⁴⁴⁵. It is thus common among higher education graduates to

⁴³⁶ 18,8% was the Italian NEET rate in 2007 against 13,2% at Eu level.

⁴³⁷ Eurostat, 2019

⁴³⁸ Eurofound (2012), «[NEETs – Young people not in employment, education or training: Characteristics, costs and policy responses in Europe](#)», Publications Office of the European Union, Luxembourg, p.2.

⁴³⁹ Ibid.

⁴⁴⁰ Universities, high level arts music and design institutions and higher technical institutions.

⁴⁴¹ See Zuccaro, A., «Istituti Tecnici Superiori - Monitoraggio nazionale 2019 – Sintesi», INDIRE, Firenze, 2019. Higher technical institutes (Istituti Tecnici Superiori) are highly practical tertiary education courses which generally last two years, thus shorter than other tertiary programmes which usually take between 3 and 6 years before completion. The high potentiality of employability of skills acquired through the course lays in the fact that students are kept in close collaboration with employers, thus enabling them to smoothly transit into the labour market. However, despite the great majority of graduates from such institutes are employed (81 per cent), the number of participants was about 18 thousand in 2021 against 1.8 million enrolled in universities (<http://ustat.miur.it/>), which suggests an education pathway that should be further promoted. More information on Istituti Tecnici Superiori is available at <<https://www.indire.it/progetto/its-istituti-tecnici-superiori/>>

⁴⁴² Almalaurea, «XVIII Rapporto Almalaurea Sulla Condizione Occupazionale Dei Laureati» (2016) and European Commission (n.46), p.41

⁴⁴³ Ibid.

⁴⁴⁴ In 2018, the share of 30-34 year-olds with a tertiary educational attainment was also below the EU average (27.8% against 40.7%).

⁴⁴⁵ Almalaurea, «Lauree STEM: Performance Universitarie , Esiti Occupazionali e Gender Gap» (2019) available at <https://www.almalaurea.it/sites/almalaurea.it/files/comunicati/2019/cs_almalaurea_lauree-stem_2019_0.pdf>. After five years from graduation, graduates from scientific and technological studies earn an average monthly wage around euro 1570,

emigrate abroad in search of more pleasant job opportunities. Although, this phenomenon is not balanced by «an equal immigration of highly-qualified and skilled graduates, thus leading to a brain drain that could hinder Italy's competitiveness»⁴⁴⁶. The main weak point of the Italian tertiary education is underfunding. Due to the economic shortcomings related to the 2008 crisis, between 2009 and 2013, the 'austerity' measures did not spare higher education from funding cuts. In five years, indeed, public expenditure decreased at all levels of education in Italy, including at tertiary level, where public expenditure dropped by 10 per cent. In 2013, only 4 per cent of GDP and 7.3 per cent of total public expenditure was invested in education. In 2014, Italian public expenditure on tertiary education was «among the lowest in the EU, at only 0.3 per cent of GDP and 0.7 per cent of total general government expenditure»⁴⁴⁷. Since 2014, new reforms have led to substantial additional investment, but still in 2017 public expenditure on education amounted at 3.8 per cent of GDP and 7.9 per cent of total general government expenditure⁴⁴⁸.

Since 2014 ANPAL is the authority that guide and orient the implementation of Youth Guarantee at regional level. To youth that adhere to the scheme are offered information, orientation, training, apprenticeship, traineeship, entrepreneurship, mobility and the possibility to join national civil service. As pointed out in the country report by the EU Commission⁴⁴⁹, in 2018 about 1.5 million young NEETs adhered to the scheme. Also, six in ten of them successfully accomplished at least one of the activities offered in the framework of the National operative plan youth employment Initiative (Pon Iog), funded by EU, through which they were given the opportunity to be introduced into the labour market⁴⁵⁰. Among the initiatives available to young NEETs the most widely applied revealed to be traineeships. Nonetheless, this type of contract was in many cases used by employers by virtue of the fact that are more favourable in terms of costs than employment contracts. Additionally, employment incentives were granted to employers willing to hire young people which adhered to Youth Guarantee. According to the Commission evaluation of Youth Guarantee scheme's implementation in Italy, the same scheme positively contributed to the standardisation of the services provided, and to individual-focused services, as well as to favour companies hiring of young workers⁴⁵¹. The adherence to the scheme registered high scores with 900 thousand of young people enrolled by the end of 2015⁴⁵². Nonetheless, «challenges remain in regard to both the number and the quality of offers being made to young people»⁴⁵³. Indeed, less than 30 per cent of those adhering to the project actually received a job offer⁴⁵⁴. Also,

(only 16,4 per cent more than graduates from other studies 1.350 euro), with a deep gender pay gap, since on average men earn a wage 20 per cent higher compared to that of women.

⁴⁴⁶ European Commission (n.409)

⁴⁴⁷ Ibid, p.40

⁴⁴⁸ Eurostat, General government expenditure by function (COFOG).

⁴⁴⁹ European Commission, «Youth Guarantee Country by Country - Italy» (2020) available at <<http://ec.europa.eu/social/BlobServlet?docId=13641&langId=en>>.

⁴⁵⁰ Ministry of labour and social policies, Directorial decree n. 1709\Segr D.G.\2014 available at <https://www.lavoro.gov.it/documenti-e-orme/normative/Documents/2014/Decreto_Direttoriale_8_agosto_2014_n1709.pdf>

⁴⁵¹ European Commission (n.409).

⁴⁵² Gillian Golden and others, «Education Policy Outlook: Italy» (2017) <<https://www.oecd.org/education/policy-outlook/country-profile-France-2020.pdf>>,p.10

⁴⁵³ European Commission (n. 409)

⁴⁵⁴ Ibid.

«while better co-ordination has improved implementation at the regional level, regional differences persist, and information is not always available on the number and quality of the measures delivered at the local level»⁴⁵⁵. The problem that seems to persist is the scarce orientation and transparency about employment prospects of tertiary education programmes. In light of the above considerations, it could be noticed that there is room for improvements in the whole cycle of education and training, as well as in the process of transition towards the labour market, while upgrading skills continues to be the critical tool to give impulse to growth and competitiveness⁴⁵⁶.

Moving forward to long life learning, which is one of the core objectives of the EES, it could be observed that in 2020 still only 8.1 per cent of people in their working age had a recent learning experience (against 11.1 per cent in the EU)⁴⁵⁷. Moreover, in light of the increasing mismatch between the number of jobs requiring low qualifications (2.5 million in 2017) and the number of low qualified workers (over 12 million)⁴⁵⁸, what catches the eye is the rare participation of low-qualified workers (nearly 4 in 10 adults⁴⁵⁹ aged 25-64) in training activities (about 2 per cent)⁴⁶⁰.

Hence, in a view to increment the shades of professional qualifications that can be attained by students of all ages after a vocational course of study, in 2019, the State-Regions Conference adopted the National Repository of Education and Training Qualifications and Professional Qualifications⁴⁶¹. In addition, an initiative to close the gap on digital skills is the project Digital Republic (*Repubblica Digitale*)⁴⁶², which is geared to enable skills development to take place in all age classes and «to prevent a widening digital divide and risks of new forms of social exclusion». The broad idea is thus to guide the new generations to new jobs, where automation and innovation are dominant, by investing in technical, scientific and digital skills⁴⁶³. These same skills are and will be more and more requested by the demand of labour, while the low number of professionals in these fields where most of the new job will be created is concerning⁴⁶⁴. According to the European Commission, Italy is currently one of the countries exposed most to advanced digital skills' mismatches in the coming

⁴⁵⁵ Ibid.

⁴⁵⁶ Cedefop, «Skills forecasts: trends and challenges to 2030», Publication Office, 2019 available at <<https://data.europa.eu/doi/10.2801/626296>>

⁴⁵⁷ European Commission (n.409), p.41

⁴⁵⁸ Ibid.

⁴⁵⁹ Eurostat (2021) «Population by educational attainment level, sex and age» ([EDAT LFS 9901](#)). In 2020, 37.1 per cent of those aged between 25 and 64 years old were at most holder of a lower secondary diploma, corresponding to about 12 million people.

⁴⁶⁰ Eurostat (2020) «Participation rate in education and training (last 4 weeks) by type, sex, age and educational attainment level» ([TRNG LFS 10](#))

⁴⁶¹ Cfr. Repertory act n. 155/CSR ([statoregioni.it](#))

⁴⁶² Cfr. Ministry for technologic innovation and digitalisation, «National strategy for digital skills» (2020) and Ministry for technologic innovation and digital transition, «2025 - Strategy Technologic Innovation and Digitalisation of the Country» (2020) <<https://assets.innovazione.gov.it/1610546390-midbook2025.pdf>>. The project launched by the Digital Transformation Team (<https://teamdigitale.governo.it/it/repubblica-digitale>) involves all sectors including public administration.

⁴⁶³ European Commission (n.409)

⁴⁶⁴ Istat, «Livelli Di Istruzione e Ritorni Occupazionali.» (2019) <https://www.istat.it/it/files//2019/07/Report-Livelli-di-istruzione-e-ritorni-occupazionali_2018.pdf>. Graduates in STEM subjects are currently the most requested.

years⁴⁶⁵. One of the causes of this exposition could be the relatively low number of pupils studying scientific subjects, also known as STEM subjects (Science, Technology, Engineering and Mathematics). Indeed, in Italy in 2017 graduates in these fields were about 26 per cent, among which 6 in 10 were men.⁴⁶⁶ After five years from the graduation, the employment rate of STEM graduates touches 90 per cent (4 percentage points higher than that the rate of non-STEM graduates), with a marked gender gap between male and female employment rates (92.5 per cent and 85 per cent respectively)⁴⁶⁷. Eventually, another field already mentioned in the White Paper on which built the EES, and which is crucial today, is the environment-related sector, and especially the energy transition related skills, where the number of people employed has been growing at a fast pace. Hence, as the Commission suggests, investing in labour orientation, notably towards the abovementioned ‘new’ sectors is essential to guarantee an inclusive and long-lasting growth⁴⁶⁸.

2. Germany

Despite the slow growth in GDP rate, the ageing of the population, and falling average working hours led the actual number of employed people to rise «from the end of the 1990s, with short dips or reversals only during economic downswings⁴⁶⁹, and reached a pick of 80.6 in 2019»⁴⁷⁰. Germany is one of the few member states that during the financial crisis suffered less in terms of employment⁴⁷¹. This successful result has been called ‘German miracle’⁴⁷². This reputation is mainly due to its florid economy characterised by a prominent manufactory sector, where human capital is seen as a competitive advantage. This is one of the reasons why the manufacture sector is so deeply developed and qualified in Germany. Employees are indeed more and more required to possess high levels of skills to pursue high productivity tasks at the workplace. Till the 90s, the German labour market was characterised by a dual apprenticeship system which consisted of the combination of part-time vocational education at school and on the job training at the workplace⁴⁷³. In addition, workers enjoyed high levels of protection guaranteed by the strong presence of social partners in the labour market. The social security net was indeed particularly generous in terms of unemployment benefits. Nonetheless, the long-term consequences of the reunion of Eastern and Western Germany led to an increasing unemployment rate that reached the peak of 13.4 per cent in 2002 and five million of people in 2005. A difficult challenge was given by long-term unemployment, as well as youth. In addition, the high cost of labour in

⁴⁶⁵ European Commission Directorate Generale for Research and Innovation, ‘The Changing Nature of Work and Skills in the Digital Age - Publications Office of the EU’ (2019) <<https://op.europa.eu/en/publication-detail/-/publication/508a476f-de75-11e9-9c4e-01aa75ed71a1/language-en>>.

⁴⁶⁶ Almalaurea (n 445).

⁴⁶⁷ Ibid.

⁴⁶⁸ European Commission, Directorate-General for Employment, Social Affairs and Inclusion, «Employment and social developments in Europe 2019: sustainable growth for all: choices for the future of Social Europe», Publications Office, 2019, <https://data.europa.eu/doi/10.2767/79057>

⁴⁶⁹ M Knuth, «The Impact of the Labour Legislation Reform in Germany - Labour Market Reforms and the “Jobs Miracle” in Germany» (2014) available at <<https://www.eesc.europa.eu/sites/default/files/resources/docs/qe-02-13-503-en-c.pdf>>, p.9.

⁴⁷⁰ The growing number of people in employment would still lead to a fall in the unemployment rate even if absolute jobless figures did not fall, because the denominator used to calculate the unemployment rate is increasing.

⁴⁷¹ Along with France and Malta, Germany recorded a positive employment growth rate since 2009.

⁴⁷² Cfr. Knuth (n 469)

⁴⁷³ Marie Ullmann, Diana Toledo Figueroa and Christa Rawkins, «Education Policy Outlook: Germany», OECD, (2020).

Germany in terms of welfare system induced entrepreneurs to delocalise their production process abroad to make savings in terms of labour costs. Therefore, this led to a reduction in the demand side of labour in Germany.

2.1 A clear and long-term strategy to tackle unemployment

The challenge for the German government was thus to «increase employment by reforming the German labour market and the country's welfare system»⁴⁷⁴. In 2002, given the concerning unemployment level and with a view to pursue the Lisbon goal of full employment, Chancellor Gerhard Schroder set Agenda 2010, a reform package centred on labour market and welfare system⁴⁷⁵. Doubtlessly the cornerstone of Agenda 2010 was the set of reforms named after Peter Hartz, the Volkswagen's Human Resources director. Peter Hartz was charged by the Chancellor as director of the Committee⁴⁷⁶ with the task to support the government in implementing the strategy of Agenda 2010. In 2002, the Hartz committee drafted a report, which was to be used as a basis for the reforms targeting unemployed. The first step was the restructuring of the federal employment agency. The core idea was to increment employment flexibility, push for activation of the inactive working age population and improve the attractiveness of the unemployed giving them a concrete opportunity to be reintegrated into the social and economic fabric. A second step was the introduction of part-time contracts and the promotion of self-employment to ease job creation. Further, new job centres at local level were necessary to simplify the match between demand and supply of labour. Hence, with this scope in mind, on 1st January 2003 the government Spd-Grünen brought into force the first two acts on 'modern services in the labour market', Hartz I and Hartz II. Hartz I introduced Personal Service Agencies (PSAs) to be intended as agencies dedicated to labour market matching activities. While Hartz II established 'Mini-jobs' and 'Midi-jobs' as part-time contracts, and *Ich-AG* (Me, Inc.), which consisted of monetary incentives for unemployment benefit recipients to undertake their own business. The former were labour contracts with a limited wage ranging between 400 and 450 euro per month and a minimum level of protection and welfare tailored to low-skilled workers. More specifically, the assumption at the basis of Hartz I was that PSAs organised as 'one-stop public employment centres' for all jobseekers (*zentrale Anlaufstellen*) would have been able to effectively engage jobseekers into at least temporary labour relationships, moving them away from irregular jobs⁴⁷⁷. By virtue of this justification, «mini jobs were extended to millions of labour contracts in the next years, above five million in 2009, till becoming the dominant employment form in sectors such as catering, distribution and domestic work»⁴⁷⁸. Midi-jobs were a variant of the mini jobs with a higher wage swinging between 800 and 850 euro per month. Additionally, these reforms envisaged a reduced contribution burden on employers, the reduction

⁴⁷⁴ Hopp J, «[The Hartz employment reforms in Germany](#)», Centre for Public Impact, 2nd September 2019

⁴⁷⁵ Ibid.

⁴⁷⁶ Despite the effort to increase its representativeness, the commission remained exclusive as opposition parties, Labour ministry and employers' representatives were not present and trade unions were marginalised. Cfr. Gaskarth G, «[The Hartz Reforms... and their lesson for the UK](#)», Centre for Policy Studies (2014).

⁴⁷⁷ J Timo Weishaupt, «*From the Manpower Revolution to the Activation Paradigm: Explaining Institutional Continuity and Change in an Integrating Europe*» (2011), p.266

⁴⁷⁸Hopp J (n 118)

of the maximum period of unemployment insurance, and the introduction of strict job acceptance rules for the unemployed (the so-called activation conditionality). Under Hartz I workers were required to promptly refer to the employment office any notification of layoff. So that, the office would have swiftly proceeded with job placement activities for the new unemployed. The rationale behind both Hartz I and II was the jobseeker activation, «especially those who had experienced long periods of unemployment, by easing their re-entry into the workplace»⁴⁷⁹. Further, another relevant point of the reforms was the updating of the Federal Employment Agency, Hartz III, which entered into force in 2004, and radically modified the employment centres management system. The Federal Employment Office was converted into the Federal Employment Agency (*Bundesagentur für Arbeit*, BA), shifting its role towards a more result-oriented «managerial body»⁴⁸⁰. The objectives were to ensure that the activation mechanism was actually linked to passive measures, and in particular to the unemployment benefit, and to strengthen the relation with employers willing to hire long-term unemployed. Hartz III Act, however, did not reflect the initial Commission's vision, which wanted a one-stop centre for all of the unemployed, and the regional level PES to be «Competency Centres», entrusted with the promotion of regional economic activity⁴⁸¹. Nonetheless, the political compromise resulted in the abolition of the regional PESs, while local offices were attributed the provision of services. Federal PESs were responsible for funding short-term unemployed and the provision of services. While long-term unemployed were assisted by local authorities through a basic income support funded by general taxation⁴⁸². Eventually, the last act of the labour market reform under the Schroeder government was Hartz IV, which officially entered into force on 1st January 2005. Such a measure has been considered widely unfair provoking complaints and protests especially in Eastern Germany. The core of the reform was the merger of the unemployment insurance with the social assistance benefit, and the amount of the resulting 'unemployment compensation' (*Arbeitslosengeld II*, ALG-2) was considerably low⁴⁸³. The feeling was that the German labour market was moving towards a kind of «anglophone marketisation», which basically entailed «unnecessary hardship» for low-skilled workers⁴⁸⁴.

As a matter of fact, between 2006 and 2008, unemployment fell to 7.5 per cent, with a slight trend inversion during the financial crisis in 2008 and then continued its downward trend, dropping to three million people in 2010⁴⁸⁵, and to one million and half in 2020. As result, three million and half workers moved from unemployment condition to employment status. In those same years, different visions about Hartz reforms rose among different actors. Among the supporters could be found the following. The German Institute for Employment Research, which is an institution within the Federal Employment Agency, pointed out that the

⁴⁷⁹ Weishaupt (n 477). p.265

⁴⁸⁰ *ibid.*

⁴⁸¹ *Ibid.* p.268

⁴⁸² *Ibid.* «Responsibility for various benefits recipients was shifted from one authority – and budget – to the next».

⁴⁸³ cash benefits around euro 300, complemented by rent and heating allowances.

⁴⁸⁴ Weishaupt (n 477) 193.

⁴⁸⁵ Hopp J (n.118)

labour market resulted more dynamic in terms of faster filling of vacancies⁴⁸⁶. Indeed, lightening the labour cost gave the impulse for the labour demand to grow. Moreover, the same Institute declared that the acquired flexibility made the labour market less vulnerable to economic cycles. This acquired resilience is particularly visible in the fact that Germany is the almost only one country in Europe who suffered less from the shortcomings of the financial crisis with steadily growing employment levels. Employment became uncoupled from the business cycle, and strengthened internal consumption growth, which revealed to be the key in avoiding shortcomings due to external economic slowdown. The reforms were acknowledged for having brought 2.5 million people into employment condition and having helped the labour market to become adaptable in front of idiosyncratic events⁴⁸⁷. This acquired resiliency was actually what the Lisbon Strategy advocated when claimed for a «competitive and dynamic society»⁴⁸⁸.

Nonetheless, all that glitters is not gold. Among those critics moved against the reform package, there can be found the following. First, those unemployed who entered into employment actually shifted to the category of working poor or were at risk of poverty. Moreover, by virtue of the exasperated flexibility and the reduced costs of labour in terms of contributions, thousands of regular workers were replaced by millions of mini-jobs contracts⁴⁸⁹. This was the opinion stated by the German cooperative newspaper ‘Taz’, according to which mini and midi-jobs «increased the number of people working in precarious conditions and without legal claims to social insurance or worker protection. It argued that the quantitative success of a lower unemployment rate needed to be seen in the light of these low-quality employment conditions»⁴⁹⁰. What meant these reforms was a reduction of the work time, with a prevalence of part-time contracts rather than full-time contracts. Nonetheless, it should be noted that the Lisbon Strategy claimed not only for ‘more’, but also to ‘better’ jobs, which is not the case of the German labour market reforms to have contributed to the social advancement of the groups more in need. Moreover, jobcentres at local level were not effective because their staff was unprepared and overcharged of workload. Furthermore, unemployed were not given any choice. In case they did not accept the first job offer available, they would have had to renounce to the unemployment benefit⁴⁹¹. Additionally, trade unions considered «PSAs and the expansion of temporary work as a threat to their membership, because few temporary workers were members of trade unions»⁴⁹².

However, with reference to the ‘miraculous’ performance of Germany during the economic crisis, one could argue that in 2009, multiple factors coincided that explain the stability of the employment situation⁴⁹³. In particular, being the German economy based on internal demand consumption, the ‘property market’ bubble

⁴⁸⁶ Ibid.

⁴⁸⁷ Ibid.

⁴⁸⁸ Ibid.

⁴⁸⁹ As stressed by Hopp, at the end of 2010, there were about 7.4 million of workers under ‘mini-jobs’ contract and almost 800 thousand of workers under forward contract.

⁴⁹⁰ Herrmann Ulrike, «Armut schafft keine Arbeit», 9 December 2018, Taz.

⁴⁹¹ Hopp J (n.118)

⁴⁹² Gaskarth G, «The Hartz Reforms... and their lesson for the UK», October 2014, Centre for Policy Studies, <https://www.cps.org.uk/files/reports/original/141024133732-TheHartzReforms.pdf>

⁴⁹³ Knuth (n 469), p.27

barely affected Germany compared to other EU Members where the economy was significantly more export oriented. Before the reforms, senior workers who became unemployed commonly flowed into early retirement. After the reform, the duration of unemployment benefit for older workers was reduced thus pushing them to stay active longer⁴⁹⁴. At that time the perception was that any imposition at work was preferable to unemployment, and this meant that employers had a wide margin of manoeuvre in shaping labour contracts, against the limited bargain of employees which made significant renounces to maintain their job position⁴⁹⁵. According to the German Institute for Employment Research⁴⁹⁶, despite that the German labour market is less vulnerable to economic cycles than prior to the Hartz reforms, the inevitable shortcoming of the flexibility measures was the enlargement of the number of part-time contracts and as a consequence low wages and income inequality. Therefore, on 1 January 2015, an hourly legal minimum wage of euro 8.5 was introduced⁴⁹⁷. The law was proposed because of increasing wage inequality and decreasing collective bargaining coverage over the last 20 years.

In light of the fact that education is one of the main drivers of employment, it could be interesting to look at the objectives of Lisbon and EU2020 strategies in this field.

Index	2010	2020	EU2020 target	EU level
Employment rate (%)	75	80.6	77	72.5
Early school leavers rate (%)	11.8	10.1	10	9.9
Tertiary education attainment (30-34) rate (%)	29.7	36.3	42	41

Being education compulsory till the age of 18⁴⁹⁸, the whole population is generally well educated⁴⁹⁹, with almost the totality of those aged 25- to 34-year-olds having completed the secondary education cycle. While about one in three of them continued the studies obtaining a tertiary diploma. The fact that this latter group is particularly favoured on the labour market⁵⁰⁰ clearly reveals the positive relation between advanced education attainments and wider employment possibilities⁵⁰¹.

The flagship of the internationally renowned German education system is the dual apprenticeship, which is available in over 350 recognised skilled qualifications. The system provides that the acquisition of suitable skills is developed through the combination of training activities at vocational college and working activities under apprenticeship's contract at the undertaking's premises for a period of two years. Both employers' and

⁴⁹⁴ Cfr. *ibid.* and Martin Rosemann, Andrea Kirchmann, «Wer sind die Betroffenen der Krise? Parallelen und Unterschiede zur vorangegangenen Krise» In: WSI-Mitteilungen (11) (2010), pp. 560–568.

⁴⁹⁵ Cfr. *ibid.* and Anja Kettner, Martina Rebien, «Job safety first? Zur Veränderung der Konzessionsbereitschaft von arbeitslosen Bewerbern und Beschäftigten aus betrieblicher Perspektive», *Ordnungspolitische Diskurse*, 7, (2009), available at <http://www.ordnungspolitisches-portal.com/Diskurse/Diskurse_2009-07.pdf>

⁴⁹⁶ Cfr. *ibid.*, p.25 and Institute for Employment Research, «Fixed-term employment. Current figures of the IAB Establishment Panel 2012» (2013).

⁴⁹⁷ Michael Fritsch, Moritz Zöllner and Michael Wyrwich, «An Evaluation of German Active Labor Market Policies and Its Entrepreneurship Promotion» Jena Research Papers (2016).

⁴⁹⁸ Ullmann, Figueroa and Rawkins (n 473).

⁴⁹⁹ In 2018, 87 per cent adults with held at least an upper secondary qualification

⁵⁰⁰ According to Ullmann, Figueroa and Rawkins (n 117), 88 per cent of those aged 25 to 34 is into employment.

⁵⁰¹ 81 per cent in 2018.

trade unions' representatives have a say on governance and funding and an active role in shaping the contents of school programs in a view to minimise any potential skill mismatch occurring in the transition from school to work and professionals' shortages in the near future. The fact that students from the dual apprenticeship program enter the labour market while they are still at school enable them to acquire working experience at the earliest age of their career and to materially practice at the workplace what they learnt at school. It is not by chance that within the upper secondary education, vocational courses seem to be preferred to more general programmes. Nonetheless, tertiary attainment has been growing since 2008, by virtue of the considerable reward in terms of wage and employability possibilities.

Additionally, the success of the education system could be safely attributed to national spending on education. Compared to other EU Members, public spending on education is consistently generous. In 2016, Germany spent 4.2 per cent of national GDP on education, and an annual spending per-student around euro 15 thousand considering all education cycles. In line with the commitment of the European employment strategy, a remarkable amount of resources is invested yearly on research and development activities⁵⁰². Nonetheless, some relevant inequities persist in educational outcomes, with socio-economic backgrounds still having a strong influence on the phenomenon of early leavers.

To respond to such challenges in the most inclusive way, overtime Germany adopted measures to enhance integration and participation of all students into education system at all levels. Among the others, in 2006 it was launched JobStarter, a long term-vision structural program of training aimed to spread the culture of innovation and innovative approaches to training at regional level. Within the framework of JobStarter, later in 2013, the network of Co-ordination Offices for Vocational Training and Migration (KAUSA)⁵⁰³ constituted an impactful effort to create a long-lasting collaboration among institutional and private subjects on social integration of people from migrant background. At regional level, local services offices assist all entrepreneurs and in particular those from a migrant background to get closer to innovative training practices and stimulates participation in vocational training among young people from migrant backgrounds and their families.

Moreover, in 2007 it was launched a strategy⁵⁰⁴ to increase the number of students participating in higher education, which by virtue of the considerable amount of resources invested on it (about 40 billion) revealed to be effective. Indeed, between 2005 and 2015 the number of students enrolled in tertiary education rose by 40 per cent, and the offer of degree programmes expanded as well. Within the same strategic framework, in 2010 the Quality Pact for Teaching in Higher Education was an agreement among higher education institutions geared to strengthen a positive collaboration towards an even more competence-oriented learning⁵⁰⁵.

⁵⁰² In 2020, Germany spent euro 106 billion on research, corresponding to about euro 1260 per capita.

⁵⁰³ Federal Ministry of Education and Research (BMBF), «Report on Vocational Education and Training 2015» (2015) available at <https://www.bmbf.de/upload_filestore/pub/Berufsbildungsbericht_2015_eng.pdf>. Koordinationsstelle Ausbildung und Migration.

⁵⁰⁴ German Federal Ministry of Education and Research, «*Bekanntmachung der Verwaltungsvereinbarung zwischen Bund und Ländern über den Hochschulpakt 2020*» 5 September 2007 More information about the Higher Education Pact 2020 is available at <<https://www.bmbf.de/bmbf/de/bildung/studium/hochschulpakt-2020/hochschulpakt-2020.html>>.

⁵⁰⁵ Ullmann, Figueroa and Rawkins (n 473).

Additionally, in the same year, the Support Strategy for Low Achieving Students was geared to do not leave anyone behind, especially students with learning difficulties, and to promote proficiency with the broad aim of prevent early school leavers. An evaluation run in 2017⁵⁰⁶ acknowledged a valuable decrease in the number of students who decided to leave their upper secondary school without having attained a secondary education qualification. More recently, between 2018 and 2019, the federal government and the Länder agreed on the need to strengthen both higher education and vocational training systems. In 2018, the Vocational Training Pact served to innovate the vocational education and training system by taking advantage of digital tools and improving the interplay among programmes. moreover, the Pact provided for a minimum training allowance and an enhanced equivalence between vocational and general studies. In 2019, it was signed an agreement known as the Future Contract for Strengthening Studying and Teaching in Higher Education (*Zukunftsvertrag Studium und Lehre stärken*). The contract provided consistent annual financial resources (about 4 billion) to be destined to higher education. In the same year, in a view to push for innovation in the vocational education field, the Ministry of Education and Research launched the competition ‘Shaping the Future - Innovation Clusters for VET Excellence’, trying to make regional and industrial actors collaborating to lead innovation in VET provision methods. The latter initiative built on a previous resolution⁵⁰⁷ aimed to prepare vocational students for their future challenges by increasing the quality of education and training provision. Moreover, with an eye on workers at risk of unemployment, in 2018 the German government issued the Qualifications Opportunities Act which gave workers whose job contract was about to expire priority access to training activities. In 2020, EU institutions⁵⁰⁸ identified a set of issues for Germany in education and training field. First, despite moderate early school leavers rate at 10.3 per cent, regional differences persisted, with school dropout being more common in Bremen or Hamburg (16 per cent) than in Swabia (6.9 per cent). Second, more and more youth aged 30 to 34 years old are tertiary diploma holders (35.5 per cent in 2019), but still under the EU average of 40.3 per cent. Third, teacher shortages could undermine the quality of the education system. As pointed out by the German Teachers’ Association, between 2019 and 2020 there were around 15 thousand vacancies, while about 40 thousand of job positions were assigned to non-teacher staff. Forth, with reference to a target of the Lisbon strategy, EU institutions mentioned the expanding ECEC services, despite large supply gaps remain⁵⁰⁹. Fifth, in terms of public funding of the education system, it could be observed that it stood at 4.2 per cent of GDP, and 9.4 of public expenditures, without substantial increasing during the last years, at

⁵⁰⁶ Nicolas Wingerhager and others, «*Untersuchung Der Auswirkungen Des Hochschulpakts 2020*» Institut für Innovation und Technik (2017) available at <https://www.bmbf.de/bmbf/shareddocs/downloads/files/08-12-2017-kurzfassung-untersuchung-hsp-iit_barrierefrei.pdf;jsessionid=F31CCBB72AA34A345075EF55868F0B22.live471?__blob=publicationFile&v=1>.

⁵⁰⁷ Vocational Schools 4.0 - Further Development of the Innovative Strength and Integration Performance of Vocational Schools in Germany in the Coming Decade. For more information see <<https://www.efvet.org/portfolio-items/schools-4-0/>>

⁵⁰⁸ European Commission, «Country Report Germany 2020, accompanying the Document 2020 European Semester: Assessment of Progress on Structural Reforms, Prevention and Correction of Macroeconomic Imbalances, and Results of in-Depth Reviews under Regulation (EU)» No 1176/2011 (2020). [SWD\(2020\) 504 final](#)

⁵⁰⁹ Ibid. As in other EU Members, in Germany children between one and six years old are officially entitled to attend early childhood education. The almost universal participation rate in ECEC (95 per cent) shows how such services are determinant in combining work-life balance of families. Among children under 3, the enrolment rate was 37 per cent, resulting increased by 20 percentage points since 2005.

least between 2015 and 2018. With reference to the relatively low rate of tertiary graduates it could be argued that this outcome is safely attributed to the strength of the vocational sector. Certain professions requiring a tertiary qualification in other countries can be accessed through the vocational track in Germany.

All in all, the German experience in the implementation of the EES could be considered satisfactory under several aspects. Above all the priority given to the quality of education and training as the best defence against the risk of unemployment and as driver of ‘better’ jobs. The dual system is indeed internationally renowned as a best practice in easing the transition of students to the world of work.

3. Sweden

As representative of Northern EU Members, Sweden is a country where the population has a confident approach and trust in the public institutions and in its officers, aware that the general taxation truly represents the way the notorious high-quality life standards, and the generous welfare are made possible. The positive framework of the Swedish labour market results from the combination of a welfare system with active labour market policies, and a «well-established social dialogue»⁵¹⁰. The positive conditions of the today’s labour market are the outcome of a long process of improvements started notably in the early 90s, when the banking and monetary crisis toughly hurting the Swedish labour market obliged the government to drastically increase the public expenditures on both active and passive labour market policies⁵¹¹. The Swedish labour market is characterised by the strong presence of social partners, especially in large export undertakings counting thousands of employees. Workers, indeed, are widely protected through long-term contract and a satisfying remuneration in relation to the cost of living. Social integration issues are less pronounced than in other Members, as foreign workers are more and more requested and can easily integrate into the economic fabric⁵¹².

3.1 Preventing unemployment through effective LMPs

Index	2010	2020	EU2020 target	EU level
Employment rate (%)	78.1	80.8	80	72.5
Early school leavers rate (%)	6.5	7.7	7	9.9
Tertiary education attainment (30-34) rate (%)	45.3	52.2	50	41

As observed in the previous chapter and recalled by the above table, Swedish employment levels have been among the highest during the whole period between 2000 and 2020, thus being in line with both Lisbon and EU2020 employment objectives. According to OECD estimates⁵¹³, labour market participation of people aged 15 to 64 grew from 79 to almost 83 per cent in the last two decades. The total employment rate increased by

⁵¹⁰ European Commission, «Country Report Sweden 2020, accompanying the Document 2020 European Semester: Assessment of Progress on Structural Reforms, Prevention and Correction of Macroeconomic Imbalances, and Results of in-Depth Reviews under Regulation (EU) No 1176/2011 [SWD\(2020\) 526 final](#) (2020).

⁵¹¹ Ecorys/IZA (n 165).

⁵¹² European Commission (n.510)

⁵¹³ OECD (2021), Labour force participation rate (indicator). doi: 10.1787/8a801325-en (Accessed on 20 October 2021) available at <<https://data.oecd.org/emp/labour-force-participation-rate.htm>>

four percentage points reaching 77.1 per cent in 2019, and 82.1 per cent when considering people aged 20 to 64 only⁵¹⁴. As in other countries, unemployment revealed to be highly sensitive to macroeconomic events, considering that both in 2009-2010, in 2013 and in 2020 unemployment rate was above 8 per cent⁵¹⁵. The main aspect on which the EES took place has been the active labour market policies, especially those in favour of young workers. The unemployment of youth was indeed particularly high, remaining well above 10 per cent, with a peak in 2009, when unemployment among young people was at 26 per cent among men and 23 among women⁵¹⁶. To strongly tackle the phenomenon of unemployment and in particular long-term unemployment among young people the Swedish government structured public employment services in multiple levels. Indeed, the current strength of the PES system in preventing unemployment lays down not only in information campaigns at school level, but also in the close collaboration with social partners, government agencies, municipalities, private businesses and organisations as well as with police and prison officers. The aim in this case was to promptly identify and address cases of individuals at risk of falling under the influence of criminality. The core idea behind the management of PES is to prevent unemployment instead of curing it once it occurred. Hence, given the fact that in Sweden most young jobseekers remain unemployed for few months the main focus of PES is on support and job search activities⁵¹⁷.

Since 2012, public employment offices were provided with an assessment tool which reveals to be particularly useful in determining the path to be preferred for each jobseeker in accompanying him or her towards a reintegration into the employment status. According to the personal characteristics of the PES applicant, the tool shows the likelihood of quick re-employment. Thus, contributing to the early identification of those subjects more at risk of becoming long-term unemployed. Furthermore, what makes the Swedish system of active labour market policies truly effective is the consistency of follow-up and evaluation phases⁵¹⁸, which are carried on by the Institute for Evaluation of Labour Market and Education Policy, a dedicated research institute under the Swedish Ministry of Employment.

Following the ‘Job guarantee for youth’⁵¹⁹ project established in 2007, once the registration phase is completed and the Individual Action Pact⁵²⁰ is signed, the jobseeker is entitled to receive employment services in turn of a committed effort to looking for a new occupation. After counselling and coaching activities, the jobseeker is introduced to either a work or training experience or start-up support. Eventually among the requirement embedded into the Individual Action Plan there is the obligation to accept a reasonable job offer.

⁵¹⁴ OECD (2021), Employment rate (indicator). doi: 10.1787/1de68a9b-en (Accessed on 27 August 2021)

⁵¹⁵ OECD (2021), Unemployment rate (indicator). doi: 10.1787/52570002-en (Accessed on 31 August 2021) available at <<https://data.oecd.org/unemp/unemployment-rate.htm>>

⁵¹⁶ Ibid.

⁵¹⁷ Ministry of Employment, «[Youth Employment Policies in Sweden – the Swedish Response to the Council Recommendation on Establishing a Youth Guarantee](https://www.government.se)» (2014) available at <<https://www.government.se>>.

⁵¹⁸ Institute for Evaluation of Labour Market and Education Policy (IFAU) <<https://www.ifau.se/en/About-IFAU/>>

⁵¹⁹ Directed towards young people (aged 16– 24) who have been unemployed and registered as jobseekers at the PES for at least three months over a four-month period.

⁵²⁰ It is an agreement between the jobseeker and the employment office entailing mutual obligations. On one side the jobseeker has to actively undertake job search activities, while the officers have the duty to provide assistance according to the specific needs of the individual. Since 2013 the jobseekers are required to document their job search activities.

Also, there are motivation courses available for registered young jobseekers which drop out school without having attained an upper secondary diploma. As the name suggests such programmes have as exclusive focus school mainstreaming of early leavers. The maximum period in the Job guarantee for youth is 15 months. After 15 months in the programme the person is enrolled in the job and development guarantee. For what concerns other disadvantaged groups such as immigrants, there are generous employment incentives for those employers willing to hire youth foreign workers. Beside this, immigrants are embedded in a mechanism of social integration as foreign workers are required to join training activities which include not only a general orientation to the labour market, but also individualised coaching as well as Swedish language courses enabling to obtain certificates of professional and language skills⁵²¹. In 2017, about 200 million were allocated to schools exclusively to enforce specific activities of early intervention⁵²². Such activities are necessary because inactivity often involves youth with a difficult situation both in the private sphere, such as family issues, educational failure, illness or disability and lack of self-esteem, and in the social sphere. All these elements bring along a high risk of social exclusion with all the consequences already mentioned. The measures adopted in such cases are meaningful only if individualised and prolonged over time. Among the initiatives put into practice there have been more thorough training for teachers, and better structured vocational programs within the upper secondary cycle of education. Moreover, already in 2010, on the basis of, among the others, the German experience, Swedish social partners reinforced the role of apprenticeship in all sectors as a way to favour youth employment. Beyond this, social contributions for workers aged under 26 years old are halved compared to those for older workers. The rationale behind the normative is to make the wage of young workers as much as possible adherent to their productivity, especially in case of lack of previous working experience. Eventually, to enhance labour mobility, dedicated grants are allowed in cases in which a jobseeker has low chances to find an occupation near his or her place of residence and consist of a compensation for travel and accommodation costs. Additionally, special measures have been developed for young people with disabilities to ensure their inclusive integration in the working environment and social community. Among the others, there can be found subsidised employment, development employment, public sheltered employment, and assistive devices in the workplace.

3.2 The role of local actors

The launch of the European Employment Strategy signed a turning point for the Swedish subnational authorities, which used to remain outside the decision-making process related to the employment and social field⁵²³. But when it came to the drawing of National Action Plans, the main subnational organizations, namely the Swedish Federation of County Councils (SFCC) and the Swedish Association of Local Authorities (SALA)

⁵²¹ Judith Peterka and others, «Education Policy Outlook: Sweden» (2017) <<https://www.oecd.org/education/policy-outlook/country-profile-France-2020.pdf>>.

⁵²² Ibid.

⁵²³ Mariely López-Santana, «Having a Say and Acting: Assessing the Effectiveness of the European Employment Strategy as an Intra-Governmental Coordinative Instrument» (2009) 13 EIOP European Integration Online Papers 1.

«had an active ‘say’»⁵²⁴ in the process leading to employment policies. Policies are then managed and implemented by the Swedish National Labour Market Administration, which is the executive agency of the ministry of labour. The material enforcement of the policies takes place at local level, under the accountability of the County Labour Boards and the PESs, which deliver services to citizens. The governance of labour market policies is in the hands of the national government jointly with the social partners. The above-mentioned subnational organizations conceived the European Employment Strategy as a call for horizontal cooperation. It represented a valuable chance to create meaningful interactions with social partners with the scope to improve their visibility and role in shaping labour market decisions and policies⁵²⁵. Moreover, specific initiatives were conducted to diffuse and implement the EES principles in a coordinate even if ‘soft’ way. Among the others, the Local Action Plan programme proposed by local authorities (SALA) in 2001. The project was a concrete effort to spread the objectives embedded into the strategy, make policy issues clear and enable their implementation through a bottom-up approach instead of through an imposition from the top-down⁵²⁶. This view was truly in line with the Commission indication that «partnership shall be encouraged on all levels and the parties of the labour market as well as regional bodies and representatives of the civil community shall be given the opportunity to contribute».

3.3 A committed and consistent enforcement of Lisbon and EU2020 objectives: high employment levels, wide-ranging childcare services, low school abandonment and enhanced tertiary education attainment.

Today, the Swedish economy can be considered prosperous, even if highly sensitive to external events, as shown by the drop in employment occurred between 2020 and 2021. In the last biennium, on average unemployment affected over 8 per cent of the working age population. Young workers are historically one of the most disadvantaged groups in the labour market with on average one in five of them being unemployed⁵²⁷. During the pandemic crisis unemployment rose and touched one youth in four with negligible differences among men and women⁵²⁸. Despite this, workers aged 25 to 34 years old who graduated from a tertiary education programme revealed to be better equipped against adverse events occurring in the labour market⁵²⁹. Moreover, the duration of the unemployment spell exceeded twelve months only in only one case of unemployment in five, with a peak in correspondence of the economic slowdown between 2009 and 2010, about 75 thousand individuals⁵³⁰. For what concerns the opposite age class, one could argue that the ageing of the population can be considered truly active, as the share of senior workers aged 55 to 64 years old kept

⁵²⁴ Ibid.

⁵²⁵ Ibid. «Now we have some kind of instrument to discuss how to go about what is the link to what, and how to solve situations as a whole making the local parliament more important, to make them have a broader view of what is going on at the local area. And then you have better instruments to find out what your sphere of interest is and how to solve things».

⁵²⁶ Ibid.

⁵²⁷ Ibid.

⁵²⁸ OECD (2022), Youth unemployment rate (indicator). doi: 10.1787/c3634df7-en available at <<https://data.oecd.org/unemp/youth-unemployment-rate.htm#indicator-chart>>

⁵²⁹ OECD (n.473) In 2015, only 5.1 per cent of graduates aged 25 to 34 years old were registered as jobseekers.

⁵³⁰ Cfr. chapter 2, tables 4 and 5.

increasing reaching 78 per cent in 2018⁵³¹. Moreover, in compliance with the principles of the EES, the Lisbon target related to female employment has been maintained over the whole period. Gender equality in the labour market is particularly effective, since more than 70 per cent of women in their working age are employed or self-employed⁵³². One of the factors that contributed to raise, and maintain high, the participation of women to the labour market is the wide provision of early childhood education and care services. As outlined by the OECD report, in 2017, these services covered about 93 per cent of children aged 3 years old. Improving quality in ECEC is a priority in Sweden, which recently implemented a revised curriculum for ECEC⁵³³.

Eventually, for what concern educational levels, the share of people in their working age having completed at least the upper secondary school cycle grew from 73.7 per cent in 2000 to 79 per cent in 2020⁵³⁴. The percentage grows when looking at the age class of young people aged 25 to 34 years old, because 82 per cent of them have attained the upper secondary education diploma, while 46 per cent graduated from tertiary studies⁵³⁵. As mentioned above, education is highly remunerative both in terms of employment possibilities and wage. In 2018, indeed, only about six in ten (62.3 per cent) of those with low qualifications managed to gain a firm foothold in employment compared to nine in ten (89 per cent) of tertiary graduates. To confirm this, the Commission highlighted the fact that most occupations require medium high levels of skills, basic job positions represent indeed only a minimal share (5.4 per cent) of the total employed, the lowest in the European Union⁵³⁶. As in other EU Members, in 2011 Sweden introduced work-based learning, as the main element of vocational education programmes in upper secondary schools to favour a smooth transition from school to work. Hence, to boost employability. The number of participants increased over time also by virtue of the support provided by social partners and other stakeholders to regional structures for work-based learning⁵³⁷. This support enhanced the quality and supply of work-based learning and apprenticeships, resulting in a doubling of «the number of apprentices between 2013 and 2019 (about 12.4 thousand apprentices) »⁵³⁸.

Another focal aspect of the EES relates to the phenomenon of early school-leavers, which in Sweden ranged between six and seven per cent with a spike in 2020 (7.7 per cent)⁵³⁹. In 2019, the rate of young people aged 15 to 29 years old neither in education, employment nor training was among the lowest in the EU, at 5.5 per

⁵³¹ Cfr. chapter 2

⁵³² In the last rank of [Global Gender Gap Report](#) published by *World Economic Forum* in 2021, Sweden was 5th out of 156 participants.

⁵³³ Peterka and others (n 521).

⁵³⁴ See Eurostat (2021), «Population by educational attainment level, sex and age (%) - main indicators», ([EDAT LFSE 03](#))

⁵³⁵ OECD, «Education at a Glance 2016: OECD Indicators», OECD Publishing, Paris, (2016), <http://dx.doi.org/10.1787/eag2016-en>.

⁵³⁶ European Commission, «Country Report Sweden 2020 European Semester: Assessment of Progress on Structural Reforms, Prevention and Correction of Macroeconomic Imbalances, and Results of in-Depth Reviews under Regulation (EU) No 1176/2011 {COM(2020) 150}» (n 510).

⁵³⁷ OECD, (n.535). The Knowledge Boost programme consists primarily of «government grants that local authorities can use for permanent study places in VET, with work-based learning comprising at least 70% of the education».

⁵³⁸ Cedefop, «Developments in vocational education and training policy in 2015-19: Sweden», Cedefop monitoring and analysis of VET policies, Publications Office of the European Union, Luxembourg (2020)

⁵³⁹ Peterka and others (n 521).

cent⁵⁴⁰. Moreover, with reference to lifelong learning, further efforts have been made in enlarging adult participation in education and lifelong learning by making the system free of tuition fees⁵⁴¹. Since 2017, adults aged 20 and over who dropped out studies are entitled to their education program and obtain an upper secondary diploma⁵⁴². The yearly average public spending of on education has been historically high. Between 2005 and 2013, Sweden spent about 5.5 per cent of its GDP on education each year, which basically meant about euro 11.5 thousand. Additionally, during the last decade tertiary education attainments rose dramatically with about 52 per cent of workers aged 30 to 34 years old having completed a tertiary education course⁵⁴³. Sweden continues to improve its policies to facilitate labour market integration. Eventually, with regards to a major point of the EES, the transition from passive to active labour market policies, it could be argued that Sweden performed with proficiency. Public employment services are deeply structured and became effective in making the labour market more inclusive mainly through supporting education and training⁵⁴⁴. In addition, the large number of who arrived in 2015 has brought new challenges. Integrating asylum seekers in the school system is also an important priority. To improve the attractiveness of the teaching profession, the government is increasing financial incentives and continues to support teachers' continuous professional development. At the same time, skills mismatch in terms of employment in terms of the field of study, type of qualifications or level of skills persists. As in other countries, it is not rare indeed that firms encounter difficulties in filling vacancies due to the lack of workers with adequate skills, with emerging wage pressures in sectors requiring high skills. The challenge is thus to provide relevant upper secondary education that will prepare young adults for work, as well as capacity for further learning⁵⁴⁵. Among the recent policies adopted there can be found the following. Since students in the Swedish tuition for immigrants language training programme (SFI) are often unable to participate in VET due to lack of proficiency in Swedish, some of the funds for this policy are to be invested in combined educational programmes. Further, likewise the continuous training of public employment offices is necessary to ensure the quality of the services provided, the continuous training of teachers is fundamental to guarantee high-quality and effective education. One of the methods is the collaborative learning⁵⁴⁶, with new "boost" programmes, the most significant ever developed in Sweden. These research-based programmes represent an investment of more than EUR 28 million. The challenge that remains lays in raising educational attainment and skills outcomes and ensuring attractiveness of VET. Recent policies and practices Work-based learning, including apprenticeships, has been integrated as

⁵⁴⁰ Ministry of Employment (n 517).

⁵⁴¹ In Sweden education is free at all stages of education and in both private and public schools, the system is indeed funded through municipal taxes and state grants. Swedish Government can provide financial support (through study grants and study loans) to students to cover for their living expenses if a minimum performance level in the number of credits achieved

⁵⁴² OECD (n.535)

⁵⁴³ See chapter 2

⁵⁴⁴ European Commission, 'Country Report Sweden 2020 European Semester: Assessment of Progress on Structural Reforms, Prevention and Correction of Macroeconomic Imbalances, and Results of in-Depth Reviews under Regulation (EU) No 1176/2011 {COM(2020) 150}' (n 510), p.9

⁵⁴⁵ Peterka and others (n 521).

⁵⁴⁶ Collegial conversations with the support of a supervisor and didactic support material

part of vocational education and training in upper secondary schools since 2011. Furthermore, according to the EU Commission some issues remain to be properly addressed. Among the others, the segmentation of labour market in terms of gender and nationality. Foreign-born women seem indeed to face major challenges to access the labour market. Apparently, only six in ten non-EU women are formally employed, against almost 9 in 10 Swedish men⁵⁴⁷. Thus, particular attention is paid to foreign-born women by the Swedish government through public employment services. The increase in unemployment levels can be attributed to persistent skills mismatches and to the wide number of people who accessed the labour market despite the relatively low demand for labour⁵⁴⁸. However, the Swedish experience showed that competitiveness leading to economic growth and high employment levels is possible without affecting the social security for workers.

⁵⁴⁷ European Commission (n. 536).

⁵⁴⁸ Ibid.

CHAPTER 4

NEXT GENERATION EU: THE NEW PATH TOWARD INCLUSIVE OCCUPATION

1. Enabling youth employment to be the driver of economic growth⁵⁴⁹

1.1 Next Generation EU: definition, scope and structure

From more than 20 years since its launch, the European employment strategy is still at the basement of the European governance. Maybe, the recent measures in response to the pandemic related crisis are exactly what European policymakers meant to be realised 20 years ago as the only way to enable an inclusive sustained and sustainable growth. The weaknesses affecting the labour market which have been underestimated by several member states over the past two decades exacerbated during the pandemics. In May 2020, the Commission proposed a major recovery plan for Europe, known as Next Generation EU. What should be outlined is that it consists not only of a mere recovery from the economic slowdown triggered by government measures to curb the spread of the virus, but especially of a way to make up for two decades of flaws. In the short-run the scope of the plan is to repair the economic and social damages caused by the COVID-19 pandemic crisis, in particular by protecting and creating jobs. But long-term objective is to build and enhance resilience as well as further economic integration in the EU. The plan, which formally entered into force in February 2021, envisaged a financial tool in the amount of euro 723.8 billion, which have been made available as a joint long-term debt exposition on capital markets⁵⁵⁰. This enormous quantity of funds was necessary to finance reforms and investments, which will be undertaken by Member States until 31 December 2026. Differently from the austerity measures enforced as response to the 2008 financial crisis, this time the answer is all in conscious investments able to trigger a long-term economic growth and to make the economy adaptable in front of idiosyncratic events. Provided that the Fund has been generated through long-term debt exposition on capital markets, it is clear that investing on youth, as the name of the fund suggests, is the only way to enable economic growth and debt repayment. The rapid shift towards a carbon neutral Europe and digital transformation is reshaping the labour market, as well as our everyday lives. The only way to grasp these opportunities is to invest on the ‘right skills’. In other words, the idea is to prevent unemployment by orienting students towards scientific studies, especially green and digital technologies, on which Europe is currently investing enormous resources and that will allow them to maximise their employability potential at the end of their studies. This is a way to limit also potential skills mismatches occurring in the phase of transition to the world of work⁵⁵¹. Green economy, digitalisation, health, education and employment are the spheres at the very core of the strategy to relaunch Europe. The role of renewable technologies in reaching carbon neutrality by 2050 and to

⁵⁴⁹ Nujin and Miyamoto (n 297).

⁵⁵⁰ Council of the European Union, «Council Decision (UE, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom» (OJ L 424, 15.12.2020), p. 1–10 available at <<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020D2053&from=IT>>

⁵⁵¹ Cedefop, «Digital, Greener and More Resilient. Insights from Cedefop’s European Skills Forecast» (Luxemburg: Publication Office 2021) <https://www.cedefop.europa.eu/files/4201_en.pdf>. For more information see [Next-generation skills intelligence to drive recovery in Europe | CEDEFOP \(europa.eu\)](#)

the role of digitalisation during the pandemics in the provision of education and training activities are indeed not negligible. Building on the Lisbon and EU 2020 principles, this renewed strategy geared towards a strong and resilient Europe maintains the focus on competitiveness, sustainability, inclusivity and most importantly advanced knowledge. Within the framework of Next Generation EU, there have been established specific programs, each with a detailed scope. Among the others, the Recovery and Resilience Facility, to which has been allocated a major part of the resources of NGEU, about 660 billion. Other programs include ‘ReactEU’ (Recovery Assistance for Cohesion and the Territories of Europe), Just transition, and ‘rescEU’. The former is a programme to which are allocated 47.5 billion to be spent on health care and social services, employment incentives for small and medium enterprises and income support for workers, as well as on initiatives within the framework of the green deal and the digital transition with application in the education systems⁵⁵². While the project ‘rescEU’ has a narrower focus on the protection of EU citizens against natural disasters and emergencies in general⁵⁵³. The latter programme, ‘Just transition fund’, finances targeted actions to limit the drawbacks, in terms of job losses of the energy transition. The concrete support provided to workers occupied in those companies active in sectors affected by the change has been made possible by virtue of euro 30 billion allocated to the fund by Next Generation EU. Resources will be channelled especially to those regions where industry is still carbon intensive. Each Member is entitled to receive a share of the NGEU fund according to the specific country needs. Within the programme Recovery and Resilience Facility, each EU Member had to draft a Recovery and Resilience plan, where it was deployed ‘how many and where’ resources would have been allocated in the form of reform package to carry out by 2026. However, EU Members had a limited margin of manoeuvre in filling out the Plan. Indeed, EU institutions established specific areas where to spend the funds, namely green and digital transition, inclusion and cohesion, education and skills and health, and minimum thresholds related to two main flagship areas, digitalisation and energy transition. In a way that EU Members were entitled to receive their share of funds only if they respected the thresholds. In particular, Members had to allocate at least 37 per cent of their resources to ‘energy transition’ initiatives and measures, while at least 20 per cent to sound policies in the sphere of the digital transition. At the present time, these plans are under implementation. And what seems clear from an overlook on national recovery and resiliency plans is the firm commitment towards wide-ranging structural reforms but also a decisive change in the approach towards innovation as the real prime mover for growth. Among the investment’s areas object of focus there are education, training and research, health, digitalisation and innovation, green revolution and economic transition, infrastructures and social inclusion and cohesion. Clear is the prominence of investments to improve education. It is crucial to educate society so that it can easily adjust to digital changes and a more sustainable economy. Policies oriented towards training of the workforce (upskilling and reskilling) are

⁵⁵² For more information see <<https://www.consilium.europa.eu/>>

⁵⁵³ For more information see <<https://www.resceu.eu/>>

obviously prodromal and contribute the virtuous cycle of analytical and soft skills leading highly innovative future and improving the common well-being.

2.1 New objectives for employment and education by 2030

On 4 March 2021, 20 years after the launch of the Lisbon Strategy, the Commission reaffirmed the common objective of EU Members, a stronger social Union built on jobs and skills⁵⁵⁴. This time the EU institutions ensured that more attention is being paid to a «fair, inclusive and resilient socioeconomic recovery from the pandemic related crisis». Hence, again with the aim to make the strategy as clear as possible to all actors of the European social and economic fabric, EU institutions⁵⁵⁵ fixed new objectives to be pursued by 2030.

2.2 Objective 1: to bring the employment rate of the working age population aged 20 to 64 up to 78 per cent by 2030.

In March 2021, the Commission presented a recommendation on effective active support to Employment following the COVID-19 crisis (EASE)⁵⁵⁶. The policy recommendations presented by the EASE strategy embraced and stressed on the necessity of active labour market policies, and in particular employment incentives, entrepreneurial support, training activities and enhanced effectiveness of employment services). As mentioned above, job creation is going to kick off especially in new strategic sectors, ecologic and energy transition as well as digital field, all potential incubators of millions of job positions. Over the past years, but especially since the Paris Agreement was signed in 2016 which fixed the common objective towards carbon neutrality to be reached by 2050, renewable energy sector worldwide employed at least 11.5 million people, directly and indirectly⁵⁵⁷. The progress achieved in deploying renewable energy has yielded impressive socioeconomic benefits over the past several years, including employment along the value chain. Currently, women are underrepresented in the energy sector in general, and in the renewables energy sector in particular, accounting for only 30 per cent of the workforce⁵⁵⁸. What should be underlined here, is that the under participation of women in one of the two leading sectors on which Europe is investing more is a critical factor that should not be underestimated by European policymakers. A comprehensive policy framework to align short-term recovery goals with long-term decarbonisation strategies, and to ensure an inclusive transition is essential to leave no one behind. Hence, to pursue such ambitious objective efforts should be concentrated on unfolding a just transition, in the sense to avoid by all means any unbalances between job losses and gains. Thus, specific labour market measures, as well as social protection, and regional development efforts should ensure that the next generation of workforce occupied in the energy industry will give room to women, youth

⁵⁵⁴ European Commission, «Commission Recommendation of 4.3.2021 on an Effective Active Support to Employment Following the COVID-19 Crisis (EASE)» available at <https://ec.europa.eu/info/publications/commission-recommendation-effective-active-support-employment-ease_en>.

⁵⁵⁵ European Commission, «Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - The European Pillar of Social Rights Action Plan {SWD (2021) 46 final}» available at <https://eur-lex.europa.eu/resource.html?uri=cellar:b7c08d86-7cd5-11eb-9ac9-01aa75ed71a1.0001.02/DOC_1&format=PDF>.

⁵⁵⁶ European Commission, (n 554).

⁵⁵⁷ IRENA, «World Energy Transitions Outlook» (2021), p.47-49.

⁵⁵⁸ *ibid.*

and most disadvantaged groups. However, structural problems today still represent challenges to the concrete realisation of a carbon neutral economy. Among the others, inadequate infrastructures, lack of appropriate information about green alternatives and consequences of individual actions, scarce tangible results, unwieldiness of affordable large-scale technologies that support ethical choices. National governments of EU Members have the prominent task to raise awareness among their citizens on the benefits of the transition, to firmly support individuals and businesses and to enforce standards and regulations that facilitate a shift in the consumers' behaviour towards sustainable choices. NGEU is crucial in materially enabling the change. Moreover, digitalisation⁵⁵⁹ introduced new modes of consumption and use, a different approach to work, and innovative technologies to support new services. Beyond contributing to saving time, create economic advantage, provide a better access to information, digitalisation also provided new professions and business opportunities. Aspects that show room for improvement could be identified in digital illiteracy and lack of up-to-date digital infrastructure not only for urban but also for rural areas. Therefore, a successful digital transition will require the collaboration among all stakeholders from education, undertakings and society as a whole under a sound guidance of EU institutions and national governments. The Commission envisaged among the objectives concerning the digitalisation's sphere that about 20 million job positions for ICT specialists are expected to be covered by 2030, with a balanced participation among men and women⁵⁶⁰.

2.3 Objective 2: to make at least 15 million people to lift from the status of poverty or at risk of.

In 2019, about 91 million people were at risk of poverty, of which 18 million were children and teenagers. Hence, to firmly express a renovated commitment towards children's protection and well-being, the Commission adopted a proposal for a Council recommendation on establishing a European Child Guarantee⁵⁶¹. The main rationale behind the initiative is that often disparities in education opportunities occurring at an early age of life, if not addressed, are likely to exacerbate in job possibilities and life standards when children become adults.

2.4 Objective 3: Focus on youth and their education

Young people, the 'next generations', are at the very core of the present strategy for growth. Most of the measures within the framework of NGEU are geared to the employment, integration and social advancement of young people. In July 2020, the Commission launched the Youth Employment Support package⁵⁶², for the

⁵⁵⁹ European Commission, «Proposal for a Decision of the European Parliament and of the Council Establishing the 2030 Policy Programme "Path to the Digital Decade"», COM(2021) 574 final, (2021) <https://eur-lex.europa.eu/resource.html?uri=cellar:6785f365-1627-11ec-b4fe-01aa75ed71a1.0001.02/DOC_1&format=PDF>. For more information see [European Digital Strategy](#).

⁵⁶⁰ European Commission, «Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 2030 Digital Compass: The European Way for the Digital Decade», [COM\(2021\) 118 final](#) (2021).

⁵⁶¹ European Commission, «Proposal for a Council recommendation Establishing a European Child Guarantee {SWD(2021) 62 final}», COM(2021) 137 final, Brussels, 24.3.2021 available at <[https://ec.europa.eu/transparency/documents-register/detail?ref=COM\(2021\)137&lang=it](https://ec.europa.eu/transparency/documents-register/detail?ref=COM(2021)137&lang=it)>

⁵⁶² Council of the European Union, «Council recommendation of 30 October 2020 on A Bridge to Jobs – Reinforcing the Youth Guarantee and replacing the Council Recommendation of 22 April 2013 on establishing a Youth Guarantee», 2020

youths building on four elements, a reinforced Youth Guarantee⁵⁶³, vocational education and training, renewed impetus for apprenticeships, and additional measures supporting youth employment. In the Council recommendation of 30 October 2020 on a bridge to jobs⁵⁶⁴, all EU countries committed to the implementation of the reinforced Youth Guarantee, which steps up the comprehensive job support available to young people across the EU, now embracing not only the youngest but all those aged under 30 years old with a precise target method towards guys not in employment not in education. A further action undertook and currently carried on by the Commission is the strategy for an even more enhanced cooperation at EU level in education and training towards the European Education Area and beyond (2021-2030)⁵⁶⁵. The project has been formally adopted by the Council. Among the priorities of the strategy there is the need for increase the quality of education and inclusion, concretely provide lifelong learning opportunities, adequately funding tertiary education and orient studies towards green and digital transitions. All the above-mentioned elements will also contribute to limit the share of early leavers aged 18 to 24 years old out an upper secondary diploma and no longer in education and training which is envisaged to remain below 9 per cent by 2030.

Moreover, one of the EU policy targets proposed within the strategic framework for European cooperation in education and training towards the European Education Area and beyond (2021-2030) concerns tertiary educational attainment. The EU is strongly committed to increase the share of people aged 25 to 34 having completed a tertiary education cycle till 45 per cent by 2030⁵⁶⁶. This European strategy for universities is geared to support and enable higher education institutions across Europe. Therefore, building bridges for higher education cooperation is being made possible through facilitating transnational education activities, sustainable European universities alliances, a legal statute for alliances of higher education institutions and a Joint European degree⁵⁶⁷. The ‘new’ mission of higher education is indeed to prepare students for the labour market, not only to provide them a formal qualification at the end of the course of study, but also and specially to transmit meaningful competences valuable once workers entered in the labour market⁵⁶⁸. Therefore, key actions to be undertook for young people include the following⁵⁶⁹. First, the promotion of a life-cycle approach to work (entailing renewed efforts to build employment pathways for young people and to reduce youth unemployment, jointly with resolute action to eliminate gender gaps in employment, unemployment and pay). Second, the creation of inclusive labour markets for jobseekers and disadvantaged people. Third, improvement in the matching of labour market needs. Eventually, investments in human capital as well as eased loans and

⁵⁶³ Ibid.

⁵⁶⁴ Ibid.

⁵⁶⁵ 2021/C 66/01

⁵⁶⁶ Eurostat (n 324).

⁵⁶⁷ Council of the European Union, «Council Resolution on a strategic framework for European cooperation in education and training towards the European Education Area and beyond (2021-2030)», (OJ C 66 26.2.2021) available at <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=uriserv:OJ.C_.2021.066.01.0001.01.ENG>.

⁵⁶⁸ Cristina Sin and Alberto Amaral, «Academics’ and Employers’ Perceptions about Responsibilities for Employability and Their Initiatives towards Its Development» (2017) 73 Higher Education 97.

⁵⁶⁹ See for more information <<https://ec.europa.eu/social/main.jsp?langId=en&catId=1146>>.

grants offer to young entrepreneurs. For the sake of clarity, a European Skills Agenda⁵⁷⁰ was fixed. The Agenda consists of four pillars which encompass twelve actions to be realised in five years. The first pillar, «a call to join forces in a collective action» envisages a «Pact for Skills» (action 1). The second pillar aims at a coherent and proper alignment between skills and jobs (actions 2-8)⁵⁷¹. The third pillar is focused on supporting lifelong learning through a European approach to qualifications and a new Europass platform (action 9-11). Eventually the last pillar provides for a «framework to unlock investments in skills» (action 12) through the financial assistance from the European Social Fund and the European Investment Bank.

2. NextGen EU in Italy

Italy is the largest beneficiary of the Next Generation fund. Indeed, about euro 209 billion⁵⁷², corresponding to almost one third (27.8 per cent) of the total amount of resources provided by EU (euro 750 billion) have been allocated to Italy. This considerable financial support will be employed by our government to address present issues, which could obstacle a smooth and sustained recovery from the pandemic related economic slowdown. Among the most relevant it is worth to mention diffuse poverty, demographic decline, technologic change, working poor, labour insecurity, immigration, gender and regional employment gaps. Hence, the challenge of Italian labour market institutions consists in, on one side, adapting to technologic, cultural, and social changes which are triggering new needs, and on the other side, catching up with other Members in the employment services and welfare systems.

An unbreakable link between passive and active labour market policies could be the response not only to inefficiencies related to the potential moral hazard among unemployment benefit's recipients, but also to make labour market transitions less traumatic for workers. The support provided to unemployed should be functional to allow public employment services and institutions to concretely offer social and job reintegration paths and to empower human capital in a way to enable people to get permanently out of such a difficult situation.

The pandemic related crisis has been the time in which emergency income protection measures were geared to those previously excluded and most disadvantaged. For the first-time, self-employed workers were provided with support. Hence, active labour market policies with a specific focus on those excluded could represent a chance to make the system more inclusive. Key will be the role of job centres in limiting the impact of the employment drop, and the digitalisation of public employment services.

The national recovery and resiliency plan provides for consistent investments in employment policies to which are allocated about euro 6.66 billion from the Recovery and Resilience Facility and euro 5,97 billion from REACT-EU program. This is a clear effort to pose a remedy to past poor attention towards the issue of training, skills and active labour market policies. Resources will be directed to a major coordination among policies

⁵⁷⁰ European Commission, «European Skills Agenda for Sustainable Competitiveness, Social Fairness and Resilience» (2020) <<https://ec.europa.eu/social/main.jsp?catId=1223&langId=hr>>.

⁵⁷¹ Actions 2 to 8 include strengthening smart and entrepreneurial skills, supporting strategic upskilling actions, proposing a recommendation on VET, and giving scope to the [European Universities Initiative](#).

⁵⁷² Magnani A., «Next Generation EU, cos'è e come funziona», *Il Sole 24 Ore*, 4 March 2021.

concerning social services, lifelong learning and vocational training, and to the improvement of the quality of the public employment services as well as of the allocation capacity by job centres. The intention of the government⁵⁷³ is geared to introduce a meaningful and far-reaching reform of active policies and vocational training, by supporting upskilling and reskilling programmes and integration of unemployed beneficiaries of income support and defining essential levels of training for the most vulnerable groups. In particular, within the national recovery and resilience facility the mission ‘Inclusion and Cohesion’ embraces a total budget of euro 27.6 billion from Next Generation EU. More specifically, to employment policies will be dedicated euro 12.6 billion, which are needed to implement the abovementioned review of active policies⁵⁷⁴ and the strengthening of employment centres⁵⁷⁵ and their integration with social services and the network of private operators. In addition, the modernisation of the labour market, providing better opportunities to youths, women and vulnerable groups, and the promotion of new skills through the reform of the training system. The focus is on closing the gender employment and pay gap, as well as on addressing geographical differences⁵⁷⁶. Among the measures already enforced and in phase of enforcement there can be found the following.

The vocational education reform enforced by the Ministry of education looks at make curricula of vocational institutes adherent to the demand for skills from the business world. Particularly, it guides the model of vocational education towards digital innovation. Moreover, the reform of higher vocational education institutes, in an effort to ensure their wide presence in all the regions of the country. Further, with the intention to limit potential mismatches of skills in the labour market a reform of the orientation system is going to be introduced, which basically increase the number of hours devoted to orientation activities in the last years of the lower and upper secondary schools. In the field of social protection, the reform of social shock absorbers is going to enlarge the audience of income support beneficiaries. CIGS is extended to undertakings active in all sectors, while a special fund (*Fondo di integrazione salariale*) covers the needs of micro and small firms⁵⁷⁷. Moreover, the Budget Bill⁵⁷⁸ for 2021 provided that part of the resources (233 million) dedicated to the Fund for the implementation of active labour market policies within the framework of React EU program, will be used for a newly established program named Employability Guarantee (*Garanzia di occupabilità- GOL*)⁵⁷⁹. The program is geared to job integration through well-elaborated active labour market policies. Among the beneficiaries of the program there are NEETs, disadvantaged women, disabled, older workers, and unemployed who are not eligible for income supplement measures, working poor, and self-employed workers who ceased their activity. Such program will be implemented through the funds drawn from REACT-EU

⁵⁷³ Presidency of Council of Ministries, «Piano Nazionale Di Ripresa e Resilienza» (2021) available at <<https://www.governo.it/sites/governo.it/files/PNRR.pdf>>.

⁵⁷⁴ Reform of active policies and training (500 million)

⁵⁷⁵ 500 million to strengthen and modernise the network of PES in a way to properly implement active policies

⁵⁷⁶ Reduction of the cost of labour for women and youth in southern regions financed by ‘ReactEu’ in terms of employment incentives (4.47 billion).

⁵⁷⁷ Law 30 December 2021, n. 234 Budget Bill for year 2022 ([GU n.310 del 31-12-2021 - Suppl. Ordinario n. 49](#))

⁵⁷⁸ Law 30 December 2020 n. 178, art. 1, c. 324 Budget Bill for year 2021 ([GU n.322 del 30-12-2020 - Suppl. Ordinario n. 46](#))

⁵⁷⁹ Ministry of Labour and Social Policies jointly with the Ministry of Economy and Finance, «Adozione del Programma nazionale per la garanzia di occupabilità dei lavoratori (GOL)» ([GU Serie Generale n.306 del 27-12-2021](#)), 5 November 2021.

program (euro 500 million) and from the National plan for recovery and resiliency (4.4 billion) available between 2021 and 2023. The objective to be met by the end of 2025 is to make at least 3 million to benefit from the program, with a specific focus on vocational training, according to which at least 800 thousand people are supposed to join these activities. Moreover, at least 3 in 4 participants are supposed to be women, long-term unemployed disabled, young people under 30 years old and over 55 years old.

In addition, a National Plan for New Skills⁵⁸⁰ was adopted with the objective of reorganise training activities of workers who are either unemployed⁵⁸¹ or at risk of unemployment⁵⁸² or poverty⁵⁸³ by the means of a strengthened system of vocational education and the definition of minimum standard levels of quality of skills upgrading. The plan integrates initiatives on favour of youths, such as a concrete implementation of the dual system and effective support to young NEETs. Moreover, in July 2020 the commission renewed the prominence of insisting on the programme youth guarantee established in 2013. Instead of engaging only the youngest, namely those aged under 25 years old, the reinforced project is geared to reach all the young people till the age of 29. The programme meant to provide young jobseekers with a job offer, orientation towards the continuation of studies, apprenticeship, internship or other training measures. On the basis of the Council highlights, Member States had to transpose it within their national legislation and to introduce a set of measures in favour of youth, financed by the European project Youth Employment Initiative and by the European Social Fund. To give scope to Youth Guarantee, the Ministry of Labour and Social Policies established a fund operative since January 2016 to make credit access more affordable to young NEETs registered to the program who wish to start their own business⁵⁸⁴ by the means of eased interest-free loans ranging between euro 5.000 and 50.000. Furthermore, the national plan encompasses actions devoted to fight against the issue of underground economy and labour exploitation by the means of improving the quality of labour and working conditions. Among the actions envisaged by the reform there is the intention to make informal work more expensive than formal work, in a way that the benefits stemming from working and operating in the formal economy will overcome the costs. To give scope to this intention, the role of the National Inspectorate of Labour will be strengthened, methods for data collection on informal work will be subjected to innovation as well as the introduction of incentive measure for formal work and deterrence measures for informal work. Beyond this, wide-ranging campaigns of advocacy to raise awareness among citizens on the actual advantages of formal work will be carried on.

Eventually the other components embedded in the mission Inclusion and Cohesion of the National Recovery and Resiliency plan embrace social infrastructures, families and the voluntary sector and special interventions for territorial cohesion. The former includes actions devoted to creating local assistance networks, supporting

⁵⁸⁰ Ministry of Labour and Social Policies jointly with Ministry of Economy and Finance, «Adozione del Piano Nazionale Nuove Competenze», 14 december 2021

⁵⁸¹ Beneficiaries of NASPI and DIS-COLL

⁵⁸² Recipients of CIGS

⁵⁸³ Beneficiaries of Citizenship income

⁵⁸⁴ Ministry of Labour and Social Policies, directoral decree n. 426 del 29 december 2015 and n. 7 of 18 January 2016

families in a vulnerable status, communities and the voluntary sector, and financed by Next Generation EU through a budget of euro 10.8 billion. The latter component, instead, provides for a reinforcement of the national strategy for peripheral areas relaunched by the 2030 Plan for Southern Italy⁵⁸⁵ with a budget of euro 4.1 billion. Tailored interventions will support youth employment, enable the energy transition, build meaningful infrastructures and advanced research centres in marginalised urban contexts to be regenerated.

⁵⁸⁵ Ministry for Southern Italy and Territorial Cohesion, «2030 Plan for Southern Italy» (2020).

CONCLUSIONS

The conclusions of this thesis can be summarised as follows.

- Unemployment is one of the most concerning problems that affected the European Union's society at the time of its establishment in 1992 as well as at the present time. The costs generated by unemployment can be either private or social, economic, or psychological. While private costs mainly consist of income and skills loss in the short-term, and of poverty and social exclusion in the long-term, social costs are truly disparate and represent the main rationale behind the intervention of the EU institutions. Among the others, slower economic growth, increasing inequality in income and wealth, skills erosion and loss of competitiveness, higher welfare spending and low tax revenues. These shortcomings exacerbate as long as the unemployment spell lengthens.
- Since 1992 EU institutions and Member States recognised that reaching high level of employment and improving life standards were key principles of the Community. Beyond unemployment, the main obstacles to full employment at that time were reported to be lack of flexibility, inefficiency of the labour market matching, high cost of work, inadequacy of social protection schemes, and lack of competitiveness. A set of remedies was then pointed out, above all active labour market policies.
- The step forward was a comprehensive European strategy which introduced a set of common goals associated to employment policies. After a first phase known as the Essen process, the European Employment Strategy was formally institutionalised at the Amsterdam summit in 1997. The process consists of a set of employment guidelines, which Member States had to transpose at national level in the form of National Action Plans, documents where Members deploy concrete actions to give scope to the employment guidelines. After this 'bottom-up' phase, a monitoring phase follows, with the Commission and the Council providing specific highlights to each Member on any possible room for improvement.
- In 2000, the Lisbon summit pushed for a strong commitment towards the modernisation of the education system and the labour market in all the Members of European Union. This commitment flowed into the Lisbon Agenda, where specific targets referred to employment goals to be reached by 2010 were made explicit. Since education was seen as one of the main factors able to trigger "more and better jobs", education and employment policies started to be more and more interconnected.
- As the great financial crisis posed considerable challenges to the economy of most EU Members, in 2010, the new EU2020 strategy defined new and more ambitious goals in both the employment, education and social spheres. The principles embedded into the European Employment Strategy have been widely applied in EU Members even if with remarkable differences among regions.
- From the assessment of the patterns followed by each Member in their effort to comply with the EES provisions a number of considerations could be drawn. First, the countries that invested more resources in active labour market policies in times of economic growth, revealed to be more resilient when the financial crisis occurred. Second, given that unemployment is more likely to affect women, youths, disabled and

low skilled, the countries that adopted a focused approach to support these disadvantaged groups show today considerably lower unemployment rates than those who did not. Third, as the levels of education attainment are directly related to employment levels, and negatively related to unemployment levels, countries that invested more on education and training can boast today not only ‘more’ but also ‘better’ jobs for their workforce.

- The insights from the implementation of the Strategy in Italy, Germany and Sweden demonstrated that the strategy itself has been introduced and implemented in quite different ways by each Member. The wish of success by the means of growth and competitiveness was more impactful in some countries, and this ambition was reflected in the determination through which policies were adopted at national level. Above all, the case of Germany, where the problem of unemployment was addressed by all available means and with great sacrifices for workers, says it all. Sweden already had a permeable ground made out of a collaboration among national and sub-national actors that allowed the strategy to penetrate deeply in the national economic, social, institutional, and political fabric. The case of Italy is useful to remind that structural problems must be addressed in a structural way. Italy struggled to take on board some key principles of the strategy with consistency and to maintain the focus on the most disadvantaged groups. Only recent active labour market policies which built on best practices shared by the best performing Members show signs of a real commitment towards an inclusive growth.

- With the outbreak of the sanitary crisis, and the economic crisis that followed to lockdown measures, EU institutions and Member States were faced with new challenges, above all the soared unemployment levels. The joint response was to relaunch the economy through the creation of a common fund, known as Next Generation EU, which definitely signs a new decisive chapter of the EES. The broad scope is to recover from the weaknesses of the last two decades that exacerbated during the latest pandemic crisis and to build a strong and more resilient Europe. The strategy for the present decade has been conceived to boost those sectors that are going to be more and more strategic in the near future, digitalisation and the energy and green transition. The fact that Members are bounded to spend a certain share of the resources of the fund on these strategic sectors will allow a more co-ordinated and inclusive growth, and to possibly and hopefully minimise the issue of unemployment.

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