The aim of this paper is to comment on the policy/measure presented in the Discussion paper on ‘Youth Unemployment in the Netherlands’, prepared by the host independent experts Jaap de Koning, Arie Gelderblom and Peter van Nes from SEOR, Erasmus University, Rotterdam. I discuss (a) the policy context, economic circumstances and institutional/legal background in the Netherlands from the point of view of reducing youth unemployment; (b) the potential transferability of the policy/measures to the Bulgarian policy/measures for fighting youth unemployment and (c) important issues that are currently debated in Bulgaria related to youth unemployment and the further development of the labour market.

Decreasing youth unemployment is a key element in current Dutch policy. In October 2003 as a major policy initiative the Dutch government launched a Task Force against Youth Unemployment. This Task Force will operate for four years. The Youth Unemployment Task Force sets out a plan, called ‘Working together’ to generate 40,000 jobs for young people. The acquiring of these jobs is supposed to be achieved in various ways, namely: approaching employers directly with regard to jobs for young people; traineeship placements; stimulating modern initiatives; stimulating training for young people and through conducting a nation-wide campaign.

Under the targets, formulated in its ‘Action Plan’ and through the undertaken initiatives, the Dutch Cabinet intends to limit youth unemployment to not more than twice the average unemployment rate. The basic principle of the plan is for every jobless youth person either to be re-employed or to be receiving education within six months.

By the end of 2004 under the Task Force plan ‘Working together’ the objective was for 7,500 young people to occupy one of the acquired 40,000 jobs so as to gain work experience. As pointed out in the discussion paper, at present there is not enough information to evaluate the impact of the Taskforce measures on youth unemployment. Additionally, the Taskforce has not been in operation long enough to assess the effects on youth unemployment.

The discussion paper presents a quite analytical description of youth unemployment in the Netherlands, comprehensive comparative analysis and valuable conclusions with regard to the long-term youth unemployment as a primarily social problem (p.3); the importance of proper identification of the inactive youth people as special target groups that needed special policy measures (p.4), the outlined negative correlation between the unemployment rates and the educational level (p.5); the crucial role of the so called ‘starting qualification’ as a factor preventing unemployment after school graduation in the Netherlands, the need on bettering the cooperation and the coordination between the main local actors as a key objective, the drawn out conclusion about the effectiveness of the subsidies for job seekers, job counselling and placement for regular jobs and the small effect of job creation schemes on the chance of getting a regular job; the role of training as an effective reintegration instrument for older workers and ineffective for young people; the conclusion about the higher effects of the active measures in the Netherlands, compared with the international experiences. Anyway, some statement and
conclusions rise questions related the efficiency of the ongoing active labour market policy, targeting youth unemployment e.g. “there is little evidence for a slow-down in youth unemployment growth” (p.4).

1. Assesment of the policy context, economic circumstances and institutional/legal background in Bulgaria in view of their relevance to the policy/measures for reducing youth unemployment

In the first half of 90’s Bulgarian economy was characterised with sharp changes in growth, fluctuating stabilisation policy, large amount of inherited foreign debt and slow process of the structural reform. These processes delayed the transition and led to collapse of the economy in 1996. The introduction of currency board in 1997 put the end of this unstable period and the economic development started to improve gradually. Along with the stable rates of growth the macroeconomic environment is characterised with decline of inflation and maintenance of balanced state budget. For six years running Bulgaria maintains economic growth over 4.5%. So, the sequence of years, in which the GDP growth permanently exceeds the 4% level, gives arguments to conclude that in the recent years thanks to the achieved domestic macroeconomic stabilisation Bulgaria has entered in a period of sustainable and relatively high economic growth.

Over the last thirteen years employment was quite unstable and employment changes were significant mainly due to employment decrease. In the period 1989-1993 employment decreased by more than 1.4 million people. In 2003 employment numbered 3020 thousand people, being over 1998 level but still below 1993 level by nearly 200 thousand people.

Over the studied period youth employment had decreased more compared to the average employment decrease. Youths were the first that were fired due to lack of working experience. They were also a neglected group with regard to hiring because of the same reason. Due to that over the years the number of new enters in unemployment of youths after graduating from school increased. As a reaction to this fact youth unemployment became a priority target group of ALMP, where several programmes were designed and already implemented for subsidized employment of youths, graduating from school.

2. Assessment of the potential transferability of the policy/measures to the Bulgarian policy/measures for fighting with youth unemployment

The potential transferability of the policy measures to the Bulgarian labour market policy measures I would evaluate as ‘quite high’ due to at least two reasons. i.e.(a) the governmental high concern about youth unemployment in Bulgaria and (b) the existing similarities with regard to some of the youth unemployment profiles and causal factors, e.g. early school drop out.

Table 1 indicates that during the last five years (1999-2004) youth unemployment rates in Bulgaria in accordance with LFS data were twice as high as overall unemployment rates. Long-term youth unemployment accounted for nearly half of total youth unemployment. Total long-term unemployment stayed stable and high for a relatively long period of time. The low employability of young people pushes many of them to the informal employment or stimulates their emigration. All these data point out that both unemployment and youth unemployment in particular, present a significant problem for the economic and social development of the country.
A study of youth unemployment and outlined profiles indicated, that youth unemployment is not evenly spread amongst all young people (Targeting youth employment policy in Bulgaria, Niall O’Higgins, Francesco Pastore, Iskra Beleva, Andrej Ivanov, 2001). The unemployment rate is highest among youths with low level of education (62.9% of all unemployed people in age group 15-29 in September 2004), less qualification (70.9% of all young unemployed people in the age group 15-29 in September 2004). The lack of work experience causes the low employability of young people compared to that of adults.

Data from the Survey of Youth Unemployment (2000) showed that at least one-fifth of the registered unemployed young people were actively engaged in informal income earning. According to a Survey of Youth Emigration (2000) about 30% of respondents with high education and qualified young people declared a willingness to emigrate.

The above facts focused the attention and the efforts of the government (in office since 2001) on youth unemployment problems. This government announced that active labour market policy would be a key element of the economic and social policy. It undertook a series of actions to change the approaches of the design of the active labour market policy, by increasing the decentralisation of activities and introducing an individualised approach of working with unemployed people. The funding of the ALMP, covered by that time from a special fund named ‘Professional Qualification and Employment Fund’ was transferred to the state budget. Thus the expenditures on ALMP increased from 0.42 % of the GDP in 1996 to 1.65%. (Joint Memorandum on Social Inclusion of the Republic of Bulgaria, 2004, p.52).

Since 2001, the Ministry of Labour and Social Policy started to prepare and implement Annual National Action Plans following the guidelines of the European Employment Strategy. In fact, since 1996 various ALMP measures have been implemented, some of which were specially targeted on young unemployed people. The programmes and measures offered subsidised employment for youths, temporary employment, training and qualification courses, incentives for geographical mobility and self-employment as well as social assistance for the unemployed. There are special programmes targeted on disabled young people and orphans. As a result the youth unemployment
rate decreased in 2004 compared to 2003 but still remains twice as high as the overall unemployment rate.

3. **Important issues relevant to the policy area that are currently being debated in Bulgaria and for the future developments of the labour market policies**

One important issue is the lack of correspondence between the qualifications of young people and the demands of the labour market. This fact focuses the attention to education. The educational system in Bulgaria is in a process of modification so as to better prepare young people for their entry into the labour market. Nevertheless, the system is still relatively inflexible and the VET system, in particular, often provides training in obsolete skills. Although the Vocational Education and Training Act was changed, the practical steps for bettering the balance between the demand and supply of the labour force and the youth labour force in particular, are slow and need to be accelerated.

Another issue is the need for the acquisition of basic general skills, which is a prerequisite for the acquisition of professional skills. From this point of view, we meet the problem with the decreasing enrolment especially in the secondary education. The secondary education in Bulgaria is compulsory. Nevertheless there is a large fall in enrolment from 90.8% in 1991 to 83% in 1995 and 84% in 2000 (Study on the Social Protection Systems in the 13 Applicant Countries, Bulgaria, Country Study, 2003). The dropping out from the education system, especially for some ethnic groups, is also a significant concern. The average rate of dropping out in 2002/2003 was 3%, including 2.7% for the first 4 classes in the primary school, 3.2% for the next three classes and 3.0% for the secondary educational level (Education in the Republic of Bulgaria, 2004).

Another quite important issue is the improvement of the links between all actors in the labour market: employers, workers’ organisations, the national employment service and schools. The links between the employers and school directors are not well developed and better links are needed at the level of local employment councils. The mentoring by local employers and by the staff of local employment office should become a usual practice and not incidental acts.

And the last, but not least important issue is the need for better balance and forecasting of the need of the labour market and the education system, especially in the area of professional and vocational education.
References


