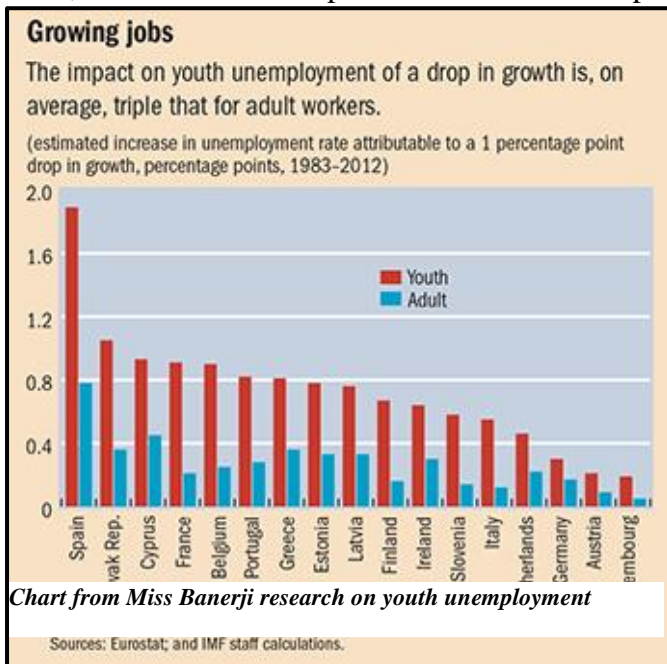


Youth Unemployment in Advanced Economies in Europe: Searching for Solutions

On March 2nd 2015 my Global Governance class and I had a very interesting Global Conversation with Angana Banerji, senior economist in the IMF European Department. We had a very deep discussion on youth unemployment, which is, for young students as we are, a very touching everyday issue. Quoting our guest's research "*Youth unemployment is a particularly serious problem. The youth unemployment rate stood at an unprecedented 23 percent in the euro area in mid-2014, well above the rate in 2007. This reflects a combination of sharp increases in unemployment during the crisis, together with persistently high levels of unemployment, although the mix varies across countries*".

Most of the research Miss Banerji focused on the importance of growth for employment to rise. In particular youth unemployment rates are, on average, almost three times as sensitive to output growth as adult unemployment rates. This relationship holds true in every country, notwithstanding wide variations in employment dynamics across countries. This may be due to the concentration of youth unemployment in cyclically sensitive industries and in small and medium enterprises. Moreover youth employment is concentrated in sectors that tend to be more sensitive to the business cycle: manufacturing, wholesale and retail trade, and hotels and restaurants. Before the crisis, these sectors comprised between 65–75 percent of youth employment in countries where



youth unemployment increased the most after the global crisis. These sectors have been hit hard by the crisis (e.g., the collapse of the housing boom has affected the construction sector). In the particular case of Italy the crisis meant a great loss for little or medium entrepreneur that were forced to fire their personnel, starting from the youngest and therefore less experienced ones.

A huge number of questions were answered by the guest during the final open discussion. Jacopo Tramontano made a question on the importance of aggregate demand for employers in order to shift from experienced workers to youngsters. Miss Banerji answered recalling the importance of long term thinking as the base of every State's economic cycle. Concerning another

question on the causes of unemployment in advanced economies our fellow guest told us "*The analysis unambiguously confirms that economic activity has been the most important determinant of changes in unemployment in Europe. This is true regardless of how economic activity is measured (GDP growth or the output gap). Countries that have witnessed the largest decline in economic activity since the crisis tend to be those with the biggest increases in youth unemployment rates*".

To sum up, the conference was very satisfying and incredibly interesting, spacing from economical subjects to more political concerns, in the very spirit of Global Governance program.

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