



Youth unemployment in Germany and the United Kingdom in times of Covid-19

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Despite economic and institutional differences, youth unemployment figures in Germany and the United Kingdom rose during the Covid-19 pandemic and reached a peak in August 2020. Since then they have tended to decrease in both countries. Three aspects are important in this regard: the total number of unemployed youth, the inflow pattern of young people into unemployment, and the duration of their unemployment spells. The analysis of the two countries' youth unemployment is embedded in a broader European perspective.

In the aftermath of the Great Recession, the total number of young unemployed in the European Union and most of the member states decreased steadily from 2013 to 2019. This trend reversed in 2020. With the onset of the Covid-19 pandemic, youth unemployment figures rose across Europe, however, with substantial differences between countries.

The development of youth unemployment during the

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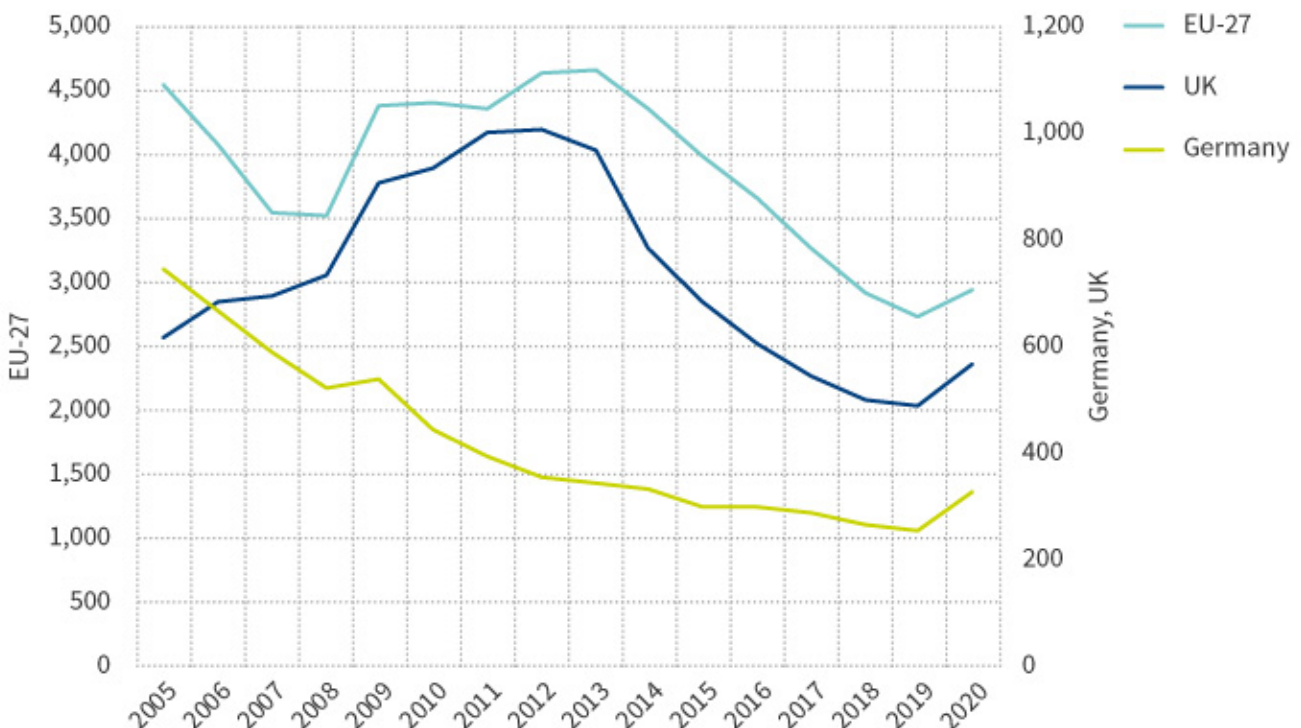
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Covid-19 pandemic

Figure 1 shows the number of unemployed youth for the European Union, Germany, and the United Kingdom from 2005 to the present. [Youth unemployment](#) in the European Union worsened during the Great Recession and its direct aftermath (2009-2013). Nevertheless, almost all European countries have recovered since 2013. In 2019, youth unemployment was at an all-time low. Whilst the British figures closely followed the European trend, youth unemployment in Germany was only slightly affected by the Great Recession. Since 2005 youth unemployment decreased more or less steadily with a temporary blip in 2009.

Figure 1: Annual youth unemployment in Germany, the United Kingdom, and the 27 European Union countries (2005–2020)

In thousand



Notes: "Youth unemployed" comprise persons aged 15 to 24; in the United Kingdom aged 16 to 24. To make data comparable over Brexit times, we employed data from the British Labour Force for the British youth unemployment figures instead of the European. Sources: European Labour Force Survey (EUROSTAT-LFS), British Labour Force Survey (ONS-LFS), own calculations.

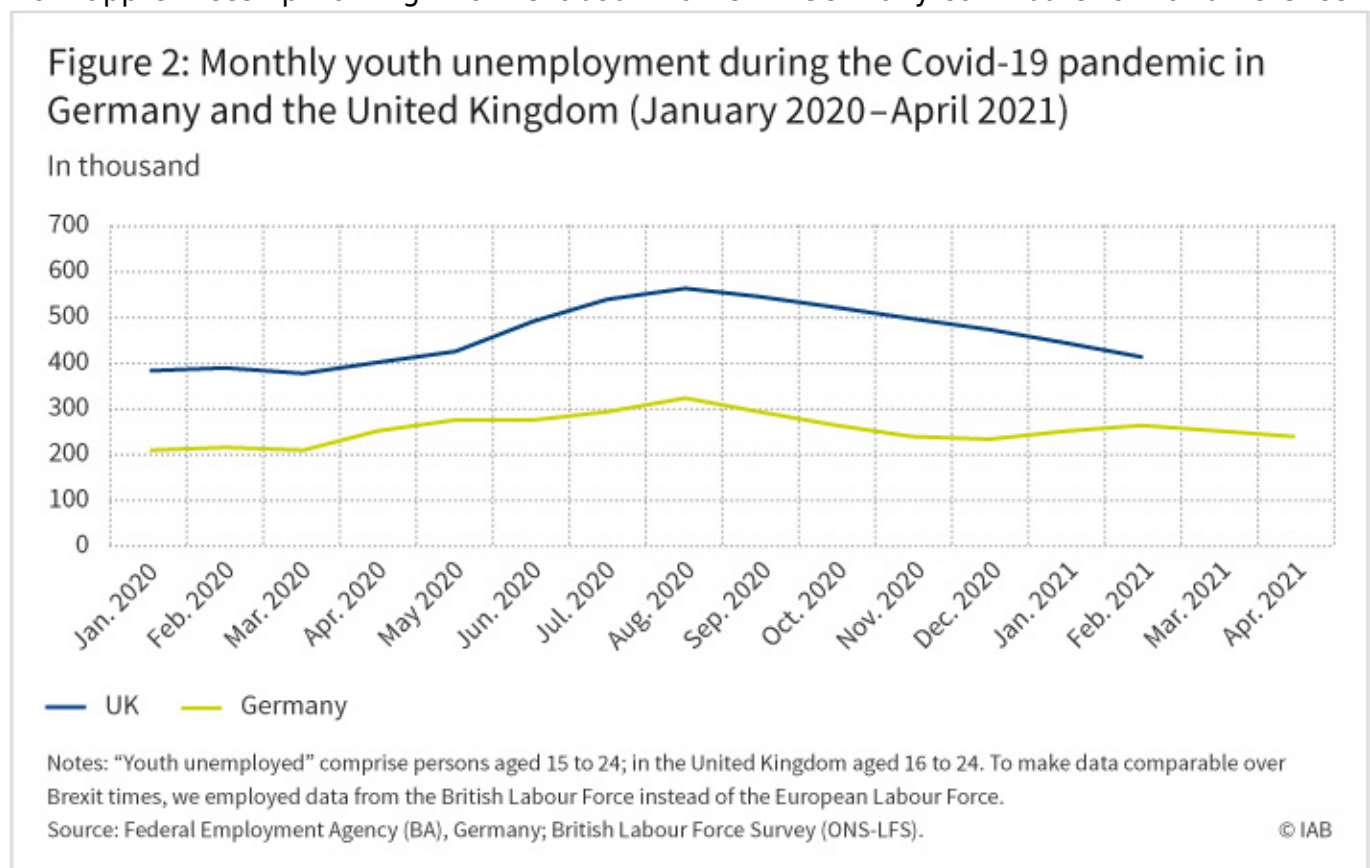
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From a monthly perspective, youth unemployment figures started to rise immediately with the introduction of containment measures in March 2020. In both countries, the figures for

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unemployed youth increased until August 2020, and have decreased since then country-specific (see Figure 2). However, the total numbers of young unemployed differ between Germany and the United Kingdom, with around double the size in the United Kingdom – despite the fact that Germany has the larger youth [labour force](#). According to a 2016 study by Hans Dietrich and Joachim Möller, higher enrolments in education and a smooth transition from apprenticeship training into the labour market in Germany contribute to that difference.



Increase of youth unemployment rates

The Covid-19-related turn of youth unemployment is also expressed in the country-specific youth unemployment rates. Since the early 2000s, German youth unemployment rates have been far below those in most other European countries. This has not changed during the pandemic. The rate in Germany increased by 1.7 percentage points from 5.8 percent in 2019 to 7.5 percent in 2020, and remained the lowest in the European Union. In the United Kingdom, the youth unemployment rate increased by 2.1 percentage points from 11.4 percent in 2019 to 13.5 percent in 2020, which is still slightly below the European Union average (see Table). As shown by Clemens Noelke in a 2016 study, a pattern of stronger

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response of youth unemployment rates to the business cycle is typical for countries classified as liberal like the United Kingdom, which are characterized by low employment protection and weak unemployment security in contrast to corporatist countries like Germany. Besides employment protection, however, up to now it has been unclear in how far the Covid-19-related job retention schemes (similarly designed in Germany and the United Kingdom) contributed to those unemployment trends.

From a broader European perspective, the Covid-19 pandemic led to increased youth unemployment rates in almost all European countries, with the exception of Greece that had struggled with very high youth unemployment rates already before the pandemic hit (see Table).

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Table 1: Youth unemployment rates in the United Kingdom and in the 27 European Union countries (2019, 2020)

In percent

	2019	2020	change in %-points
United Kingdom	11.4	13.5	2.1
EU-27	15.0	16.8	1.8
Belgium	14.2	15.3	1.1
Bulgaria	8.9	14.2	5.3
Czechia	5.6	8.0	2.4
Denmark	10.1	11.6	1.5
Germany	5.8	7.5	1.7
Estonia	11.1	17.9	6.8
Ireland	12.5	15.3	2.8
Greece	35.2	35.0	-0.2
Spain	32.5	38.3	5.8
France	19.5	20.2	0.7
Croatia	16.6	21.1	4.5
Italy	29.2	29.4	0.2
Cyprus	16.6	18.2	1.6
Latvia	12.4	14.9	2.5
Lithuania	11.9	19.6	7.7
Luxembourg	17.0	23.2	6.2
Hungary	11.4	12.8	1.4
Malta	9.3	10.7	1.4
Netherlands	6.7	9.1	2.4
Austria	8.5	10.5	2.0
Poland	9.9	10.8	0.9
Portugal	18.3	22.6	4.3
Romania	16.8	17.3	0.5
Slovenia	8.1	14.2	6.1
Slovakia	16.1	19.3	3.2
Finland	17.2	21.4	4.2
Sweden	20.1	23.9	3.8

Note: "Youth unemployment rate" is defined as the share of unemployed youth as a percent of the total active labour force aged 15/16 to 24 years.

Source: European Labour Force Survey (EUROSTAT-LFS); data for the United Kingdom from the British Labour Force Survey (ONS-LFS). © IAB

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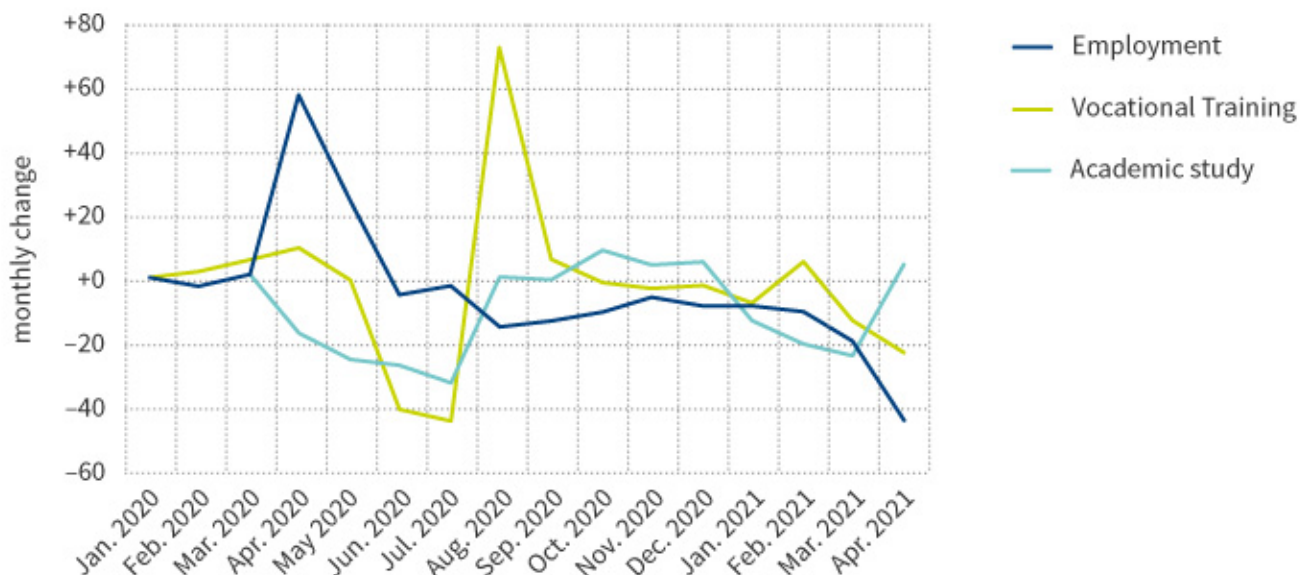
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Inflows into youth unemployment in Germany

With employment protection schemes in place, employment based on standard, open-ended contracts changed little during the Covid-19 pandemic in Germany. People having non-standard employment contracts were less fortunate. Their contracts were less often renewed and more frequently terminated than before the crisis, as a 2021 study by Christian Hohendanner showed for fixed term contracts in Germany. This is in line with an accelerated transition of young people from employment into unemployment at the start of the Covid-19 period. As the pandemic progressed, the transition rate from employment into unemployment for young people fell below pre-pandemic figures (see Figure 3). Besides transition from employment, graduates from vocational education and training, and to a smaller extent graduates from universities, who failed to secure continued employment, contributed to an increase in youth unemployment. Since data for the inflow into youth unemployment in the United Kingdom are not available, this analysis focuses on Germany only.

Figure 3: Inflow into youth unemployment during the Covid-19 crisis by status before unemployment in Germany (January 2020–April 2021)

In percent



Notes: "Youth unemployed" comprise persons aged 15 to 24.

Source: Federal Employment Agency (BA), Germany; monthly data.

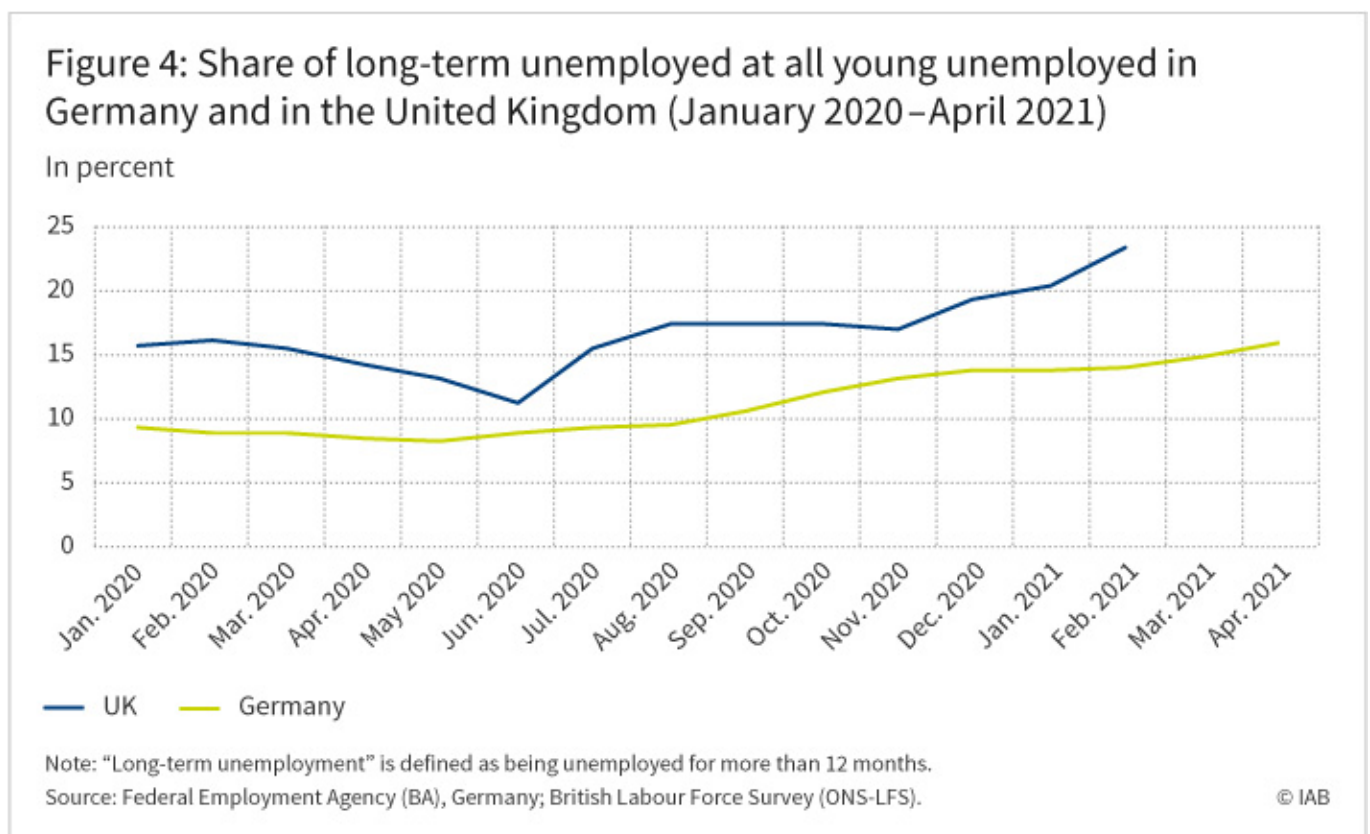
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Duration of unemployment among young people is increasing

The Covid-19 pandemic did not only increase individuals' unemployment risk, but also prolonged the duration of young people's unemployment experience. Figure 4 displays the share of long-term unemployed with more than 12 months of unemployment. Although the share rose in both countries, the proportion of long-term unemployment youth in the United Kingdom was higher than in Germany and rose faster, which led to a widening country gap over time. Whilst brief spells of unemployment during school-to-work transitions are not unusual, long-term unemployment is thought to jeopardize future career opportunities by devaluating skills and qualifications and leave scars in the lives of young people, as a 2017 study by Achim Smillen and Matthias Umkehrer shows.



Conclusion

Covid-19 has led to an increased youth unemployment in Germany and in the United Kingdom since March 2020. The youth unemployment figures reached a peak in August 2020

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in both countries, with 324,000 in Germany and 562,000 in the United Kingdom. In 2020, the annual unemployment figures amounted to 257,000 in Germany and – more than twice as high – to 556,000 in the United Kingdom. Accordingly, the annual unemployment rates were 7.5 percent for Germany and – almost twice as high – 13.5 percent for the United Kingdom in that same year. However, the time trends within the pandemic period developed similarly in both countries.

The transition from employment to unemployment contributed to rising youth unemployment especially at the very beginning of the Covid-19 pandemic, whilst later on, the frequency for that type of transitions was lower than in pre-Covid-19 times. Transitions from vocational education and training or university studies into unemployment increased with graduation periods.

However, not only inflows into unemployment contributed to the increase of youth unemployment. Moreover, the duration of individual unemployment spells extended which means less or later outflow out of unemployment. Above all, this increase of long-time youth unemployment poses a fundamental challenge for the labour market policy all over Europe, since it bears the risk of leaving deep scars in the lives of many young people.

The project

The project “Tracking youth joblessness through the Covid-19 crisis” pursues the goal of studying the dynamics of unemployment among young people and the reasons for it in the United Kingdom and in Germany. It is aimed to work out and evaluate suggestions for political measures. The unemployment of young people between 15 and 24 in the UK and those between 16 and 24 in Germany is examined in the form of quantitative analyses, cohorts, and panel studies. The project will continue until autumn 2022 and, among other things, will study the effects of the Covid-19 crisis on the mental burdens for young people, their life satisfaction, and on their specific vocational training situation. It is a cooperation project between the Institute for Employment Research (Institut für Arbeitsmarkt- und Berufsforschung) and the University College London, financed by the Economic and Social Research Council.



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