

SOCIAL DIALOGUE AND VULNERABLE GROUPS: YOUNG PEOPLE, OLD WORKERS: THE PORTUGUESE PERSPECTIVE

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ABSTRACT

The financial crisis that hit the global market in the middle of 2008 gave way to the sharpest contraction of the European economies since the Great Depression, a crisis that has resulted in widespread job losses and social hardship. Unemployment, especially youth and long term unemployment, is destructively high, and a growing numbers of workers are found among the working poor, and an evolving awareness of inequality has galvanised policy debates across the globe and Portugal is no exception to this situation. A growing cohort of workers, especially among the young and old, is shouldering the flexibility that employers demand, leading to growing job insecurity and a greater inability of workers to manage their working hours and ensure a decent income.

In this paper we highlight that policies promoting employment and equality and non-discrimination must focus on the groups of employees with the most severe problems in the labour market. One of these groups, among others, are young people and older ones, since the risks of long-term social exclusion has strongly increased in Europe for them.

Secure jobs, which were once the norm for previous generations in Portugal, have become less easily accessible for today's youth. At the same time, informal employment among young people remains pervasive and transitions to decent work are slow and difficult.

With this paper we try to dedicate special attention to this disadvantage group, because we think that it is both a social emergency and an economic necessity.

It is also of core importance to develop Active Labour Market Policy who has the aim to transfer the use of passive support to active help for integration of people in the labour market, like the Youth Guarantee programme that Portugal established.

The role of the social partners and social dialogue is also critical in this context, as they have a significant part to play in shaping and improving working conditions.

KEY WORDS: Social dialogue; vulnerable groups; young; old employees.

RESUMO

A crise financeira que atingiu o mercado global em meados de 2008 deu lugar à maior contração das economias europeias desde a Grande Depressão, uma crise que resultou em perdas de emprego generalizada e em dificuldades sociais.

O desemprego, especialmente o desemprego dos jovens e o desemprego de longa duração é extremamente destrutivo e um número cada vez maior de trabalhadores encontra-se no limiar da pobreza, originando debates políticos em todo o mundo e Portugal não é exceção.

Um grupo crescente de trabalhadores, especialmente os mais jovens mas também os mais velhos, é contratado em modalidades precárias de contrato de trabalho, o que origina uma crescente insegurança no emprego e uma maior incapacidade dos trabalhadores para gerir a conciliação entre tempos de trabalho e tempos de não trabalho, assim como a garantir um rendimento decente.

Neste artigo destacamos que as políticas de promoção do emprego e da igualdade e não discriminação devem concentrar-se nos grupos de trabalhadores considerados mais vulneráveis. Um desses grupos, entre outros, é o dos jovens e dos mais velhos, uma vez que os riscos de exclusão social a longo prazo registaram um forte aumento relativamente a estes.

Os trabalhos protegidos, baseados em contratos celebrados por tempo indeterminado, que eram a norma para as gerações anteriores em Portugal, tornaram-se menos facilmente acessíveis para os jovens de hoje. Ao mesmo tempo, o emprego informal entre os jovens continua a ser difundido e as transições para o trabalho formal são lentas e difíceis.

Com este trabalho, procuramos a dedicar especial atenção a este grupo porque pensamos que é uma emergência social e uma necessidade económica.

Considera-se, ainda, que é de fundamental importância o desenvolvimento de Políticas Ativas de Mercado de Trabalho, que têm o objetivo de auxiliarem na integração destes grupos de pessoas no mercado de trabalho, como o programa de Garantia Jovem que Portugal estabeleceu.

Entende-se, ainda, que o papel dos parceiros sociais e do diálogo social é fundamental neste contexto, já que eles têm um papel significativo a desempenhar na formação e na melhoria das condições de trabalho.

PALAVRAS-CHAVE: Diálogo Social; crise; grupos vulneráveis; jovens; trabalhadores mais velhos

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I. INTRODUCTION: NO COUNTRY FOR YOUNG OR OLD PEOPLE?

A. The financial crisis that hit the global market in the middle of 2008 gave way to the sharpest contraction of the European economies since the Great Depression, a crisis that has resulted in widespread job losses and social hardship¹. During the 2008-09 financial and economic crisis, most EU Member States experienced a major economic downturn that led to a sharp deterioration in their labour market. At EU level, the unemployment rate increased to a historically high level².

According to the ILO³ one third of the world's 1.8 billion young people are currently neither in employment, education or training. Of the one billion more youth that will enter the job market in the next decade, only 40 percent are expected to be able to get jobs that currently exist. The global economy will need to create 600 million jobs over the next 10 years -five million jobs each month- simply to keep pace with projected youth employment rates. Reversing the youth employment crisis is a pressing global priority and the socio-economic cost of inaction is high⁴.

As in some other countries in Europe, the Portuguese economy had and still has a severe problem of growth. And Portugal was hit hard by the global crisis and unemployment hit record levels but, fortunately, the unemployment rate has been declining in the last months⁵.

Concerning young people, if the level of unemployment for young people has always been higher than for the normal working population, in the wake of the economic crisis youth unemployment converted in a growing problem in EU.

As it is well known Portugal was subjected to a bailout program from May 2011 to May 2014 which led to the more recent legislative measures in the area of employment legislation and labour market, as in general in the area of economic policies, assure the compliance with several obligations foreseen in the Memorandum of Understanding,

¹As Alain Supiot wrote in 2010, "A legal perspective on the economic crisis of 2008", in *International Labour Review*, Vol. 149, No. 2, ILO, Genève, p. 151, "the global financial meltdown in the autumn of 2008 was but a symptom of deeper underlying trouble, ultimately a crisis in law and institutions".

²EUROPEAN COMMISSION, Proposal for a Council Recommendation on the integration of the long-term unemployment into the labour market, COM (2015) 462 final, 2015, p. 2.

³*Toward Solutions for youth employment 2015 Baseline Report*, 2015.

⁴According to ILO, *Global Employment Trends for Youth 2015 - Scaling up investments in decent jobs for youth*, Employment Policy Department, International Labour Organization, 2015, after the period of rapid increase between 2007 and 2010, the global youth unemployment rate settled at 13.0 per cent for the period 2012 to 2014. At the same time, the number of unemployed youth declined by 3.3 million from the crisis peak: 76.6 million youth were unemployed in 2009 compared to an estimated 73.3 million in 2014. The youth share in total unemployment is also slowly decreasing. As of 2014, 36.7 per cent of the global unemployed were youth. Ten years previously, in 2004, the youth share in total unemployment was 41.5 per cent. While the indicator marks an improvement over time, it is still worthy of note that youth made up only one-sixth of the global population in 2014 and are therefore strongly overrepresented among the unemployed.

⁵Being 12,6% in February 2016. See www.ine.pt.

signed in May 2011 between Portugal, the European Commission, the International Monetary Fund and the European Central Bank⁶.

In Portugal, also, the increase in unemployment was largely driven by low hirings, caused by a perfect storm of austerity measures, economic uncertainty, weakened external demand and downward wage rigidities. Such extreme economic environment, prompting a substantially weakened labour demand, particularly in terms of new hires⁷.

Young workers and families with younger children have been disproportionately affected by the economic contraction. And in times of severe economic situation moments, Labour Law has a very important role, not only from a legal point of view but, also, from a social one.

B. Youth has always had higher unemployment rate because they are usually the last to be hired and the first to be let go in times of crisis -Last-in-First-Out- LIFO⁸. Young people who are in employment are more likely to be made unemployed than their older counterparts. This is because they are more likely to be on less secure contracts -for example, as temporary agency employees or in a fixed term contract- and if statutory redundancy payments are weighted by seniority⁹, enterprises will make redundancies amongst younger workers first in order to reduce costs¹⁰.

Also, they engage in extensive job searching in their early years and this can involve considerable job mixing as both youth and employers look for a good combination. Also, young people will often be competing for job opportunities with better trained and more experienced applicants. In particular, they can suffer from the experience trap¹¹,

⁶This can be seen and followed in <http://www.portugal.gov.pt/pt/os-temas/memorandos/memorandos.aspx>.

⁷For more developments PEDRO MARTINS and SOFIA PESSOA E COSTA, 2014, "Reemployment and Substitution Effects from Increased Activation: Evidence from Times of Crisis", in *IZA DP. No. 8600*, p. 5.

⁸According to the ILO, *Toward Solutions for youth employment 2015 Baseline Report*, 2015, young people account for roughly 40 percent of the world's unemployed and are up to four times more likely to be unemployed than adults. The International Labour Organization projects that the situation will get worse in most developing and emerging regions. One-third of young people worldwide can be described as NEETs- not in education, employment, or training. The income of as many as a third of young people who are employed falls below national poverty lines. One in four young people in the world cannot find jobs paying more than \$1.25 per day, the international threshold of extreme poverty.

⁹Like in Portugal. For example, article 368, No. 2.

¹⁰As DAVID BELL and DAVID BLANCHFLOWER, April 2011, "Youth unemployment in Europe and the United States", in *IZA Journal of European Labor Studies*, No. 5673, p. 4, it is important to bear in mind that "Youth unemployment is one of the most pressing economic and social problems confronting those countries whose labor markets have weakened substantially since 2008, following the near-collapse of worldwide financial markets. There is an element of déjà vu around this development: youth unemployment first became a serious problem for industrialized countries during the 1980s. While labour markets were booming in the early part of this century, youth unemployment was still a concern. But the particularly rapid increase in youth unemployment during the current recession has again sharpened attention on this issue".

where employers tend to hire employees who already have experience, and as a result labour market entrants find it very difficult to gain the work experience that would make them more attractive to employers¹².

Young people are traditionally more deeply affected by economic downturns than prime-age workers and youth unemployment has increased almost 8 percent since 2008, reaching 23.3 percent in 2013 in the EU-28 countries.

Long spells of unemployment expose individuals to poverty and high youth unemployment is also reflected in very low employment rates for youth. They can also lead to deterioration of skills, distance from the labour market and it is important to keep in mind that young people are three times more likely to be unemployed than adults and that almost 73 million youth worldwide are looking for work¹³. Youth unemployment is particularly concerning as it risks damaging longer-term employment prospects for young people, leading them to face higher risks of exclusion and poverty and a decrease in the fertility rate.

Nevertheless, when we speak about youth we have to remember that it is not a homogeneous group. For example, certain groups of the young population, including women, young people with disabilities and youth of a migrant background, are particularly exposed to the risks of unemployment, long-term unemployment, early school leaving or inactivity¹⁴.

Also, at 15 years of age, nearly 100 % of the population in the EU is still at school. As the young grow older, many move into the labour market, becoming employed or unemployed, or remain outside the labour market. Not all young people make this transition at the same age, so there is a gradual rise in the number of the young people on the labour market.

Long-term unemployment affects men, young people and low-skilled workers more than other groups on the labour market, and especially hits those that work in declining occupations and sectors¹⁵.

The longer people are out of work, the more difficult it is for them to be hired again as their skills are gradually eroded. This would entail personal hardship, lower use of

¹¹The young are not selected because they do not have work experience but they can't have work experience because they are not selected.

¹²As JENNY JULÉN VOTINIUS, 2014, defends in "Young employees: securities, risk distribution and fundamental social rights", in *European Labour Law Journal*, Vol. 5, No. 3-4, 2014, pp. 377-378, "perceptions of younger persons as less needy or less deserving than older, more adult, persons are important aspects in the risk factor of youth, and they typically materialize in an understanding that it can be fair to impose lower demands on the employment conditions of young employees".

¹³According to data from the ILO.

¹⁴Youth Employment Initiative and the European Social Fund - European Social Fund thematic paper, 2014.

¹⁵Youth unemployment, Eurostat.

human capital, a waste of economic potential and an increase in social expenditure, further exacerbating the impact of demographic decline. Many of those unemployed for a year or more risk leaving the labour market altogether. Each year, a fifth of them stop trying to find another job and are considered as inactive.¹⁶

Youth unemployment also has growth implications as a generation of educated and productive people are not working at their potential and in Portugal it can be said that a generation is almost lost due to the high emigration rate of one of the most high skill generations that Portugal had. In Portugal, a significant number of young workers, frequently highly qualified, chose to emigrate, a factor that represents a waste of the investment in education¹⁷, raises doubts in our competitiveness in the long run and worsens the demographic pyramid of the Portuguese population that is already rather old on average. Finally, very high levels of youth unemployment for long periods of time can become a threat to social stability¹⁸.

That is why youth unemployment is one of the main economic and social problems of this decade. It has grown rapidly since the onset of the Great Recession. In a European context, its growth has been concentrated in Southern Europe¹⁹.

C. Also, the ageing population in many EU countries, and Portugal is one of the most affected, has created more pressures on social security systems and resulted in efforts to keep older workers in employment for longer, and the financial incentives for early retirement are reduced. This has led to later retirements, and has reduced the number of opportunities for young people seeking to enter the labour market, particularly in a time of recession with low levels of job creation.

Portugal is one of the European Countries with the lowest total fertility rate²⁰ (1, 21%²¹), and of course that is one of the biggest problems that we are facing and during the last years there was an increase in the number of elderly and a decrease in the number of young people and in the number of people aged between 15 and 64 years, that is the working age population²².

¹⁶European Commission, Proposal for a Council Recommendation on the integration of the long-term unemployment into the labour market, COM (2015) 462 final, 2015, p. 2

¹⁷One can see this information in OECD, Education at Glance 2015, in http://www.keepeek.com/Digital-Asset-Management/oecd/education/education-at-a-glance-2015_eag-2015-en#page10.

¹⁸RAMYA SUNDARAM and others, 2014, *Portraits of Labour Market Exclusion*, European Commission and the World Bank, p. 19.

¹⁹ See DAVID BELL and DAVID BLANCHFLOWER, 2015, “Youth unemployment in Greece: measuring the challenge”, in *IZA Journal of European Labor Studies*, 1, p. 1.

²⁰Which indicates the average number of children per woman.

²¹According to the data presented in www.pordata.pt.

²²In 2013, the population aging index was 136 elderly persons for every 100 young under 15 years old.

Also, it is important to bear in mind that between 2005 and 2014 the long-term unemployment rate in Portugal increased from 4.2% to 8.4%, after reaching its lowest at 4.1% in 2008. The 2014 long-term unemployment rate in Portugal is 3.3 percentage points higher than the EU average and during the same period the very-long-term unemployment rate increased to reach 5.6% in 2014, 2.5 percentage points above the EU average²³.

For many of the youth, entering and re-entering the labour market with associated short spells of unemployment is not problematic because it does not cause them too much mental or financial stress. However, unemployment with a period greater than 12 months can cause stress which is why the indicator of long term unemployment is an important one for monitoring the health of the youth labour market²⁴.

D. One must not forget also the problem related with the percentage of youth not in education, employment or training -the NEET rate- that increased. The NEET rate, which measures the share of youth aged 15 to 24 not engaged in education, training or employment, rose from 17.4 percent in 2008 to 21.6 percent in 2013. However, it is noteworthy that the NEET rate has been decreasing, falling almost 9 percentage points in the last ten years, perhaps reflecting the fact that many youth, facing a tight labor market in which their lack of work experience puts them at a disadvantage, have chosen to stay longer in school and/or training. And young people in a NEET situation are at risk of isolation, lacking autonomy and having, many times, mental and physical health problems²⁵.

An increasing share of young people in Portugal are neither employed, nor registered as unemployed, or in education or training. This high degree of inactivity implies that not only are young people failing to acquire new skills, but that they are also losing their previously acquired skills and, as a result, may find it more difficult to re-enter the labour market which can lead to long unemployment rates and social exclusion and poverty. The cost of NEETs should not be underestimated as they are likely to have tremendous consequences in terms of future human capital resources.

While unemployment in Portugal is high for both the high and low-skilled, NEET rates are particularly high for the low-skilled as a result of major job destruction in traditionally low-skilled sectors. The Portuguese economy's low levels of resilience has resulted in a failure to recover and create new jobs for the lower skilled. Low-skilled youth thus require special attention in the form of retraining, but also in supporting them to re enter the labour market by registering them in active labour market programmes²⁶.

²³Country factsheet: Long-term unemployment in Portugal – October 2015.

²⁴ILO, *Global Employment Trends for Youth 2015 - Scaling up investments in decent jobs for youth*, Employment Policy Department, International Labour Organization.

²⁵EUROFOUND, 2014, *Eurofound Yearbook 2013: Living and Working in Europe*, Dublin, p. 51, as well as for a further analysis of the precarious employment of the youngsters, *vd.* EUROFOUND, 2013, *Young people and temporary employment in Europe*, Dublin.

²⁶See *infra*, the *Retomar* programme.

However, as the European Commission pointed out²⁷ young people hold the key to Europe's future dynamism and prosperity. Their talents, energy and creativity will help Europe to grow and become more competitive, modern and productive as we move beyond the economic and financial crisis.

E. Recently the unemployment rates of young people show a significant fall in the EU as a whole and in most Member States but remains very high and people aged 15-24, in particular females, appear to be significantly exposed to labour market discouragement and in many cases are subjected to inter-sectorial discrimination because they are young and women.

On the other hand, the integration of adults aged 25-39 in the labour market appears to be another question to Member States and Portugal is no exception. People aged 25-39 have not yet benefitted from the recent modest recovery that has happen in Portugal. They have been hit hard by the crisis, and recent data continues to show a contraction in the employment for this age group, although less strong than in previous quarters²⁸. According to data presented in September 2015, the youth unemployment rate stood at 32.2%. There is also the problem that the at-risk-of-poverty is more marked for youth. And it is also important to pay attention to the problem of long term unemployment although it has decreased during the last months.

Increasingly, youth can expect to start off with non-standard jobs like internships, volunteering, part-time work, seasonal work, temporary work on limited-term contracts, self-employment, temporary-help agencies, on-call work, telecommuting and home working. Hopefully, these will just be stepping-stones to more permanent jobs, but youth may also be trapped in a self-perpetuation pattern of remaining in such jobs. Youth are also engaging in part-time work while still at school, running the risk that it may interfere with the education process, especially if done in large amounts²⁹.

F. Portugal has successfully completed a demanding adjustment programme under conditions of strong fiscal constraints, high unemployment and accelerated reform. Securing equitable, high-quality education and jobs are essential parts in building a strong foundation for further growth and social well-being for the people in Portugal.

Portugal has the fourth highest youth unemployment rate among OECD countries³⁰ and a large number of young people who are not employed or in education and training

²⁷ 2013, *Working Together for Europe's young people*, p. 3.

²⁸ According to the data presented by INE (National Institute of Statistics), in www.ine.pt.

²⁹ According to *Tackling Youth Unemployment*, Edited by Morley Gunderson and Francesca Fazio, Cambridge Scholars Publishing, 2014.

³⁰ However one must not forget that it is important to realize that the youth unemployment indicator does not refer to the whole of the age cohort in question, the majority of whom are still in education because in Portugal school attendance is compulsory up to the age of 18. This is less the case in relation to the young adult population aged between 25 and 29 of whom the vast majority might be expected to be already employed on the labour market or in search of a job. See MARGHERITA BUSSI and LEONARD GEYER, *Youth Guarantees and recent developments on measures against youth unemployment - A mapping exercise, Background analysis 2013.04*, ETUI.

-NEET-. This has large negative effects for the individuals concerned and for society as a whole. Job creation is the biggest challenge for Portuguese society in order to address high levels of youth unemployment. Major investment has targeted supporting young unemployed people, including the EU Youth Guarantee Programme³¹.

Making sure that programmes supporting young people are well designed and coherent, along with well-developed systems for career guidance and information is essential for improving the activation of skills in Portugal's young population.

G. On the other hand the rapid ageing of the EU has put emphasis on the need to extend working lives and has highlighted the importance of the employment and social situation of older people.

Raising the employment rate of older people is of key importance to achieve the Europe 2020 employment target and to guarantee the sustainability and adequacy of pensions and more generally social protection systems. However, at the same time the situation of older people needs to be analysed from a social perspective to better identify which kind of challenges they face across the EU.

In all EU Member States the employment rate of older workers - aged 55-64 - is lower compared to the overall working age population - 20-64³².

II. YOUTH AND OLDER WORKERS (UN)EMPLOYMENT IN PORTUGAL AND THE ROLE OF SOCIAL PARTNERS

A. INTRODUCTION

At the moment it seems indisputable that Portugal is a country that offers few attractive and, above all, very limited expectations of future for our younger population.

In the last decade, the number of young people between 15 and 29 years was reduced by almost half a million. Between 2001 and 2011, in 302 of the 308 Portuguese municipalities the number of young people decreased.

On the other hand, young people have a significant weight in emigration: in 2012 it was estimated at about 26,000, the number of young permanent migrants (50% of total) and about 27,000 youth temporary migrant (39%). There was also an increase in the qualification levels of young people and those numbers continued, in 2013 and in 2014³³.

Apart from being more affected by non-standard forms of employment, young workers tend to change jobs more often. The proportion of employees looking for a different job and actually changing jobs is higher among young employees and it is mainly those

³¹See all this in OECD, *Skills Strategy Diagnostic Report Portugal 2015*, 2015.

³²See all this in *Different conditions of older people across the EU* – European Commission, October 2015.

³³Vide *Emigração Portuguesa – Relatório Estatístico*, in http://www.observatorioemigracao.secomunidades.pt/np4/?newsId=3924&fileName=OEm_EmigracaoPortuguesa2014_RelatorioEst.pdf.

countries where young employees are more affected by non-standard forms of employment that have higher proportions of younger employees looking for a job and/or who have changed jobs in the previous year. The incidence of part-time employment and especially temporary contracts among young workers is already relatively high in Portugal, and the prolonged jobs crisis has probably forced young people to be less selective about the type of job they are prepared to accept, admitting part-time works, temporary contracts and fixed term contracts. There is a risk that this potentially more unbalanced position in labour markets will negatively affect the strengthening of the labour market attachment of young workers. This considerably delays their transition to adulthood, as well as any decisions about becoming parents, a particularly undesirable consequence in Portugal that has an already low fertility rate³⁴.

In reality the type of contract held by those younger employees who succeed in entering the labour market is often temporary and non-voluntary based on the idea of flexicurity and the idea that an increase in the labour market flexibility will decrease unemployment. The last in, first out principle frequently comes into play, with young workers often among the first to lose their jobs in times of acute crisis for instance due to non-renewal of their temporary or fixed term contracts³⁵. However, there is lack of scientific evidence that levelling-down the young employees' rights by promoting more ways of temporary contracts and precariousness will increase their opportunities in the labour market³⁶.

So, it is important that the changes should seek to protect the categories of more vulnerable workers and of those with greater difficulty in accessing the labour market like the young people, as well as those who have been removed from the job market for a considerable period of time, or who, due to illness, disability or reduced capacity, have more difficulty in finding and maintaining a job, but not, we think, by demolishing and decreasing employment security.

B. THE ROLE OF THE SOCIAL PARTNERS

In Portugal there is there is a long tradition of social dialogue and many subjects are discussed prior in the Social Concertation Standing Committee. The main tasks of this Standing Committee is to foster dialogue and social concertation to enter into agreements and they must also give an opinion on the restructuring and socioeconomic development policies, as well as their implementation; provide solutions for the proper functioning of the economy taking into account its effect on the social and the labour fields; regularly appraise the evolution of the country's social and economic situation; appraise the legislation projects concerning social and labour matters, namely labour

³⁴The general fertility rate recorded an average 44.3% in the 1990s, declining to 42.0% in the following decade, dropping further in the following years, to stand at 33.9% in 2013. The youth fertility rate continued to follow a downward trend observed since 2000. The rate stood at 21.9% that year, i.e. quite close to the average levels seen in the previous decade, but since then it has exhibited a noticeable downward pattern, reaching 10.6% in 2013. The general fertility rate has been declining since 2000, fluctuating at around 40.0% between 2007 and 2010, and declining to 33.9% in 2013. See www.ine.pt.

³⁵EUROFOUND, 2014, *Working Conditions of young entrants in the labour market*, Dublin, and EUROSTAT, April 2015, *Underemployment and potential additional labour force statistics*.

³⁶ See JENNY JULÉN VOTINIUS, *Op. cit.*, p. 387.

law, and employment policies, vocational training, social welfare, tax and public administration policies are included among the matters to be discussed, which includes Active Labour Market Policies.

In relation with these issues there is a long tradition of discussion prior to the adoption of any legislation by the government and there are many Social Agreements over the years that were adopted and that cover the subjects of the youth unemployment, the long term unemployment, the older workers and the ageing of the population. It is important to pay attention to several of the Social Agreements over the years and what was agreed on to see this participation, not in terms of real collective agreements, but prior of the approval of any legislation about this issues.

The first agreement that we can refer is the 1990's Social Agreement that was signed by all social partners with the exception of the CGTP –IN from the workers' side. This Agreement was important because it dealt with the legal system of pre-retirement and the education and professional life.

It was reached an agreement upon the objectives that were to be achieved with the introduction of the voluntary system of pre-retirement for workers aged 55 or over and the necessary measures for the introduction of such a system were identified.

Also it was reinforced the strategic importance of investment in the professional training of active workers, both through their improvement and through their recycling and reconversion, a factor which highlighted the preventive role of professional training. Amongst the measures that were agreed, attention was draw to the signing of an Agreement based on the following guideline: the promotion of workers' qualifications; the right of workers and their representatives to information and consultation; the strengthening of the role in the definition of employment and professional training policies. In the area of workers' education and professional training and their placement in the labour market, the CPCS agreed to establish the bases for the signing of an Agreement on Professional Training policy in the first quarter of 1991 with many ideas but we highlight the idea of the development of programmes designed to provide access to the labour market for less-favoured groups, in particular the long-term unemployed, women and handicapped workers and the encouragement of the involvement of young people in active working life.

Following this idea it is very important to emphasize the Vocational Training Policy Agreement of 1991 because it was signed by all social partners and they agreed that "Taking into account the results obtained from social dialogue, within the scope of the respective Committee, the Government undertakes within a month form the signing of this present Agreement to approve: a bill on pre-apprenticeship, which is an integral part of the present Agreement. To this end, financial resources will be channelled from the operational programme for the "alternating vocational training of young people".

Pre-apprenticeship was intended to cater for young who have passed the school-leaving age, without completing their compulsory education and its aim was to help them this same level of education, as well as to create other conditions of access to vocational skill training which would qualify them in particular to become apprentices.

This system is therefore part of further schemes for combating educational wastage, whilst at the same time allowing for the person's entry into the world of work.

Steps will be taken to ensure that, before they enter into working life, young people are gradually guaranteed vocational skill training for a period of not less than one year. To this end the channels that already exist for this purpose will be strengthened, especially vocational schools, apprenticeship, the fight against educational dropout and wastage, and the vocational component in the ninth to the twelfth years of compulsory education. There will be an increase in the resources allocated for the vocational training of young people outside the educational system and, under the scope of the reform of structural funds, the idea will be defended that these funds should make a greater contribution towards the financing of this system".

More, they agreed that the Government would further undertake "a programme similar to that for the Entry of Young People into Working Life (IJOVIP) aimed at the long-term unemployed. To this end financial resources would be channelled from the operational programme for the "vocational training of long-term unemployed adults".

This programme -which was designed to promote the training and integration of adults into working life- would consist of twelve months of activities divided between theoretical training, simulated practice and on-the-job-training. In addition to the training allowance, incentives would also be provided for the person's entry into occupational activity; and to intensify measures relating to the employment and training of women and young people, with particular emphasis on those who are part of the operational programmes of the Community Aid Programme.

Following this idea the Social Partners also agreed on a proposed decree-law about Legal Framework for Vocational Training, where article 2 about concept established that "1. For the purposes of this present law, vocational training is understood to mean the overall and continuing process by means of which young people and adults, either integrated or to be integrated into working life, are prepared for the exercise of an occupational activity".

Also article 11 about Priorities established that "1. Taking into account the provisions of article 5 and 6, it is the duty of the Minister of Employment and Social Security to establish the priorities to be observed in the granting of support for training. 2. In the definition of these priorities, the following criteria in particular will be taken into account: a) The access of young people to initial vocational training".

They also approved a proposed decree-law to regulate pre-apprenticeship where it is written that "Access to pre-apprenticeship courses is afforded to young people aged between 15 and 21 years of age who, at the date of their enrolment have not completed their compulsory school education, who do not attend any school or course dependent upon the Ministry of Education and are not covered by any legal provisions relating to compulsory school education."

Again in 1996, but this time without CGTP- IN there was a Short-Term Social Dialogue Agreement where the social partners agreed on "Reviewing, following consultation with the social partners, the legal regime governing support to the hiring of youths in search

of their first job and of the long-term unemployed, so as to make it a real instrument capable of net job creation”.

On the Strategic Social Pact 1996/1999 of December 1996 there was a Chapter III about Active Policies on Employment, Education, Training and the Information Society.

The Social Partners agreed on “Fighting unemployment, setting special store by young trained people, where the waste of resources is most evident, and older workers, where the risk of definitive exclusion from the labour market is higher”.

On this Chapter III, point 5 it was agreed on the “improving the functioning of the job market, for both people and companies, calls for the organisation of more effective processes for the inclusion of young people and the reinsertion of the unemployed and of workers at risk. This must be linked to the reform under way of public employment and training services and to the development of human resource prognosis management. It also requires the encouragement of job sharing based on reducing work time, on spreading the habit of voluntary part-time work and on more flexible management of the active life cycle split between time for work, training, with the family, for other occupations and for leisure. Some of the most important aspects for the immediate fight against unemployment can be found here. The Social Partners and non-governmental organisations in general can play a significant role in improving the way the job market functions.”

Also, point 6 about Creating new areas of proficiency and combating social exclusion through education and training, stresses out that “the response to the obsolescence of skills, which is at the root of structural unemployment, is an education and training policy that ensures, simultaneously, a broad school education and regularly renewed professional proficiency, giving rise to new factors of competitiveness within a framework of equal opportunity and active combat against new forms of social exclusion. It is a matter of ensuring real training opportunities throughout life for all citizens, which presupposes the strengthening, coordination and redrawing of education and training systems with a view to providing training solutions that are flexible and tailored to each target group, using varied methodologies ranging from classroom training, informal relations, self-teaching by computer and on-the-job training to training organisations”.

They pointed out that it was very important to “widen the real opportunities for school and career guidance, for training in skills and for social and professional reinsertion, with the priority going to young people and the most disadvantaged social categories. This goal can only be attained by way of an important effort towards stepping up the measures included in the active employment policy and training policy in a bid to achieve a range of specific objectives. In particular, in the context of concerns about youth training and employment: a) Widening school and career guidance to be able to cover, especially, all young people of the 9th and 12th grades, all registered unemployed people and all workers undergoing professional retraining.

The Agreement on Employment Policy, the Labour Market, and Education and Training, 2001 was also important because social partners stressed out that “the government and its social partners have agreed that modernizing the Portuguese

employment system in a manner that would allow Portugal to bridge the gap between its European partners should be based on three priorities -taking into account the European Employment Strategy and the strategy defined by the National Employment Plan:- Combat low levels of schooling and professional qualification; -Promote quality employment; -Intervene via active, integrated policies dealing with employment, training and jobs. To assure this the social partners and the government set out some strategic objectives and one was “Combat the trend of pre-maturely introducing young people into the labour market– a practice that runs counter to the qualification and future sustainability of employment- and the pre-mature exit of workers from the workforce”.

They also agreed “that by 2006 all young people until age 18, whether or not they are employed, may follow education or professional training programmes that permit them to obtain duly certified higher levels of schooling or professional qualification; create, within a 6 month period, legislation for dealing with employment of workers under 18 years of age that do not have professional qualifications, stipulating that their labour contracts include a training clause guaranteeing them access to training and professional qualification; review, within a 6 month period, the status of trainees and interns, namely in terms of training in a real work environment.

The government and its social partners agreed that introducing a Training Clause in the labour contracts of young people under 18 years of age entering the labour market: would increase the qualification of young people in Portugal, improve their conditions of entry into the labour market, prevent social and professional exclusion, while increasing company productivity;

Also it was agreed on discourage pre-mature exit from the labour market on the part of older workers.

In 2006 it was signed another Social Agreement on Professional and Vocational Training by all social partners where is was stressed again the need to improve the vocational training specially for the most disadvantaged -young workers, low skilled workers and older workers-, promoting the professional internships.

This Agreement led to another one in 2007 about the Reform of the Vocational Training.

In 2008 there was an Agreement on a New System of Labour Relations, Employment Policy and Portuguese Social Protection and the social partners agreed on measures to improve the open-ended contracts with the young and benefits to the employers who contract them. They adopted a measure of exemption until 3 years of the social security contribution to employers who celebrate an open ended contract with young people until 30 years old. Another measure was the *INOV-Jovem* programme that offered placements, fostered innovation among SMEs and facilitated the integration of young graduates into the labour market.

But there were also measures to facilitate the re-entry of older people unemployed with more than 55 years old by again an exemption of payment to the Social Security.

In 2011 it was signed another Agreement where it was agreed that it was vital to facilitate the recruitment and transition of young people and the unemployed to the job market. To achieve that the Government and the social partners considered priority to create measures to facilitate the hiring and the transition of young people and the unemployed to the labour market, including through the strengthening of professional internships and support the recruitment to the long unemployed. Another way was to encourage the entrepreneurship.

In 2012 there was the Commitment for Growth, Competitiveness and Employment where the social partners considered very important to “strongly focus on enhancing the levels of education and qualification of young people at all levels” and to achieve that “employment policies and vocational training take on a key role, enhanced by its structural role in improving the competitiveness of companies, the high number of unemployed and the duration of unemployment and the needs of companies and workers, particularly young people” and “increasing the proportion of young people in vocational courses in secondary education”.

They also agreed on several active labour law policies because the Government and subscribing Social Partners considered it vital to adopt measures that provide an incentive to hiring.

Within this framework, they regard the *Stimulus 2012* measure as positive, as it created a support for hiring the medium and long term unemployed, while contributing towards an increase in their future employability by providing vocational training.

Also the Social partners agreed that the current economic situation, at the time of the Agreement, and high unemployment rate that had been recorded in Portugal created the need to introduce measures which could facilitate the return of the unemployed to the labour market.

To this end, the Social Partners, without prejudice to any existing measures, supported a measure that combined the granting of unemployment benefits with the acceptance of full-time job offers by the beneficiaries, contributing towards a more rapid return to the labour market. The intention was to encourage a better adjustment in the labour market, while reducing the number of vacant positions which coexisted with a high level of unemployment. This measure was also a way to maximize the prospects of future employability of beneficiaries of unemployment benefits.

It was highlighted also that in a context of profound and constant change, continuing training and lifelong learning and the upgrading of technical skills and qualifications is a core factor for any developed society, both in terms of competitiveness and improvement of people's living conditions.

Thus, the Government and Social Partners agree to create mechanisms which may facilitate access to continuous training for all workers; the review of training programs should be geared towards further simplification and effectiveness.

The Government and Social Partners considered also that it was vital to value the initial qualification and certification of young professionals and young adults, whether they

continue the ongoing long duration training course, modular training, or by recognizing the qualifications obtained over the course of their lives.

They agreed to promote the rehabilitation of the unemployed, whether or not they have benefits, guiding them to areas of high employment.

However the changes should seek to protect the categories of more vulnerable workers and of those with greater difficulty in accessing the labour market. Thus, in line with the Social Agreement of 2011, there is concern for the protection of young people, as well as those who have been removed from the job market for a considerable period of time, or who, due to illness, disability or reduced capacity, have more difficulty in finding a job.

This was a very important Social agreement because it was done during the bailout assistance programme and led to the creation of new Active Labour Law Policies and the reformulation of the existing ones³⁷.

It is also of key importance to bear in mind that both trade union confederations -the General Confederation of Portuguese Workers- CGTP-IN -, and the General Union of Workers- UGT, identify young people as one of the most vulnerable groups on the labour market, namely in relation to precarious work relations and the lack of jobs.

Both confederations understand the importance of education and training for young workers and participate in the implementation of public VET programmes.

These trade unions are represented at the Standing Committee for Social Concertation where the public VET-policies are discussed and they are also represented at the central, regional and local bodies of the IEFP (Administrative Board, Regional Consultative Councils and Consultative Councils at the local VET-Centres)³⁸.

C. ACTIVE LABOUR MARKET POLICIES IN PORTUGAL

It is necessary, at all levels, and not only in Portugal, to develop strategies and policies to match the needs of young people and support a natural progression towards adulthood³⁹. This involves not only acting on policies that favour the transition from school to work but also on related areas such as access to employment, credit, housing, youth well-being or the ability to participate in social and civic activities, in order to provide the necessary tools to facilitate young people's attainment of autonomy and participation in social life⁴⁰.

³⁷All these Agreements can be seen in <http://www.ces.pt/9>.

³⁸Vd. REINHARD NAUMANN, Portugal: EIRO CAR on '*Helping young workers during the crisis: contributions by social partners and public authorities*, 2011.

³⁹According to the *Eurostat Regional Yearbook 2015*, 2015, the employment rate fell in a majority of the EU Member States between 2008 and 2014 and some of the largest declines were in those economies most affected by the financial and economic crisis. And in Portugal, in 2014, the proportion of early leavers from education and training was particularly high - 17.4 %.

⁴⁰Activation policies derive from the flexicurity concept and active labour market policies comprehends many possibilities like helping the transitions onto, on and from the labour market, like training and

On the other hand early intervention and activation measures can work preventatively to reduce future youth unemployment rates, as well as impacting on those who are currently unemployed.

Portugal adopted in January by Decree Law No. 13/2015 a new law about employment policy that defines labour market policy goals and principles as well as the design, evaluation and financing of the different programmes established therein.

Portugal has been doing significant efforts to improve its active labour law policy and this effort has been recognized by the EU in the post-programme surveillance that Portugal has since July 2014.

In the Country specific recommendations -Council Recommendations of 14 July 2015 on the 2015 National Reform Programme of Portugal and delivering a Council opinion on the 2015 Stability Programme of Portugal (2015/C 272/25)-, the Council said that “significant progress has been made regarding the deployment of active labour market policies and the reform of public employment services. However, challenges remain as regards reaching the young people who are neither in employment nor in education or training. There is a need to increase the digitisation of services in charge of labour market matching” and recommended in paragraph 3 that Portugal should “Improve the efficiency of public employment services, in particular by increasing outreach to non-registered young people. Ensure effective activation of benefit recipients and adequate coverage of social assistance, in particular the minimum income scheme.”

D. YOUTH GUARANTEE

1. INTRODUCTION

The current high levels of unemployment across many countries, following the 2008 financial crisis, raise considerable interest on the relative merits and potential of Active Labour Market Policies and activation programmes. Active Labour Market Policy are a core aspect of the Portuguese legal system. The aim has been to transfer the use of passive support to active help for integration of people in the labour market. These programmes involve a number of measures, typically led by public employment services, directed towards reducing the length of a joblessness spell, such as counselling, training, workfare, monitoring or sanctions and the youth guarantee can be seen as one of them. And as the IMF recently stated⁴¹ “a significant effort has already been made to use active labour market policies to improve skills and labour attachment of workers”.

The Youth Guarantee is an EU initiative aimed at tackling youth unemployment, a growing problem in the EU. The Youth Guarantee seeks to ensure that all young people under 25 years get a concrete offer of a job, apprenticeship or traineeship, or continued education within four months of leaving formal education or becoming unemployed.

reintegration measures and the setting up of efficient job search support and work incentives. See NICOLA GUNDT, 2014, “The right to work, EU activation policies and national unemployment benefit schemes”, in *European Labour Law Journal*, Vol. 5, No. 3-4, 2014, pp. 357-358.

⁴¹ Portugal: Concluding Statement of the 2015 Article IV Mission, March 2015.

With the Youth Guarantee schemes closely linked to education and skills development, it is acknowledged that vocational education and training systems might have to be reformed in order to meet the goals of the initiative. The general guidelines state that national Youth Guarantee schemes should involve effective cooperation between key stakeholders such as public authorities, employment services, career guidance providers, education and training institutions, employers and trade unions. The Youth Guarantee is both a structural reform to drastically improve school-to-work transitions and a measure to immediately support jobs for young people.

The Council adopted the Recommendation of 22 April 2013 on establishing a Youth Guarantee. This calls on Member States to ensure that all young people under 25 receive a good quality offer of employment, continued education, an apprenticeship or a traineeship within four months of leaving formal education or becoming unemployed.

2. PORTUGAL

In Portugal, during the economic adjustment programme, signed with the European Central Bank, the European Commission and the International Monetary Fund -the Memorandum of Understanding-MoU-, Active Labour Market Policies were rationalized to make them more effective in supporting job creation, strengthen activation and offer more effective training opportunities. The MoU recommended that the Portuguese Government should implement policies to support the efforts of unemployed people searching for new jobs, in order to ease the transition of workers across occupations, firms and sectors. It also recommended government employment policies specially directed to more disadvantaged groups like the youth and the long-term unemployed.

Over the same period, the Public Employment Services were also reformed to improve their efficiency. In January 2015, Portugal adopted a new framework law for employment policy which aims at further rationalising the set of Active Labour Market Policies and the role of Public Employment Services, as well as at establishing the principle of systematic evaluation of the different Active Labour Market Policies programmes in the Standing Committee for Social Dialogue⁴².

In response to the worsening youth unemployment situation in Portugal, the government established the Strategic Plan for Promotion of Employment Initiatives and Youth Support to Small and Medium Business - Impulse Young – *Impulso Jovem*- to run until the end of 2013, and based on four pillars: traineeships, support recruitment, entrepreneurship and investment support. The objective of this Plan was to act on both sides of the labour market, establishing favourable conditions for the creation of skilled and sustainable jobs by companies and creating entry opportunities in the labour market for young people, offering them certified training or apprenticeships, aimed at a later lasting employment relationship, trying to reverse the installed trend of increasing structural unemployment among young people.

⁴²See *supra* 2.2.

In February 2013 the scope of the programme was broadened, enlarging the eligibility criteria as well as expanding it to additional regions and was revised in June 2013 in order to make it more effective and aggregate the bulk of active labour market policies targeted at young people: professional traineeships in key economic sectors, hiring incentives, support to entrepreneurship and VET.

By the end of November 2013 this program covered about 90,000 young people and supported many SMEs, in those four pillars and contributed to the integration of young people into the labour market, benefiting from employment support measures targeted at employers, to create businesses and self-employment, to achieve professionals and providing reinforcement skills of young Portuguese trainees, to improve the employability levels⁴³. This initiative has also entailed a comprehensive reprogramming of EU structural funds⁴⁴.

In 2014 Portugal created a new initiative that unified under the name Youth Guarantee all the previous initiatives. Portugal presented a Youth Guarantee Implementation Plan on 31 December 2013. The Portuguese Youth Guarantee contains a comprehensive array of initiatives and reforms. The target group is 15-29 year old young people.

It is very important to highlight that despite the fact that there aren't collective agreements that create measures specifically related with youth unemployment, all the social partners including the trade union confederations were involved not only in the design of the programme, because they were asked to give their contributions after a first draft was presented by the national government, but also in the monitoring of its implementation. This allowed the trade unions confederations to introduce some changes into this programme, namely the standardisation of measures and an increase in their availability to a wider group of youngsters. So far the trade union confederations consider that these changes are proving very positive in terms of results. Further, they support the idea that this programme should comply with the objectives of the Youth Guarantee in terms of measures and the age group targeted⁴⁵.

The Youth Guarantee is considered as a very important issue both for the government and for the trade unions and the trade unions have representatives in the institutions in charge of implementing the youth guarantee and many institutions were involved in the stages of it⁴⁶.

⁴³European Commission, 2013, *Working together for Europe's young people*, p. 20.

⁴⁴For example, EUR 143 million of EU funding was reallocated to finance measures that included traineeships in key economic sectors, as well as support for the contracting of people aged 18-30 years old via reimbursement of employers' social security contributions.

⁴⁵ETUI, *Youth Guarantees and recent developments on measures against youth unemployment - A mapping exercise*, MARGHERITA BUSSI and LEONARD GEYER, *Background analysis 2013.04*, p. 37.

⁴⁶For further developments see ETUC, *The youth guarantee in Europe*, 2014.

Portugal was one of the first European countries to have implemented the EU Youth Guarantee programme in 2014⁴⁷. The objective of the Youth Guarantee is to ensure that all young people under the age of 30 benefit from a good employment, training or internship offer within four months of becoming unemployed or having completed formal education. Its implementation relies on partnerships with several public and private entities.

This rapid implementation was helped by the fact that Portugal had already launched several national youth programmes in previous years in line with what was agreed in the Social Agreements with the Social Partners at the Social Concertation Standing Committee, for example, professional traineeship programmes that support unemployed young people with qualification levels from 2-8 of the National Qualifications Framework to find their first experience in the workplace through a nine-month internship. Similar to the Youth Guarantee, these internships were designed to facilitate young people's school-to-work transition and allow them to develop socio-professional skills. Youth employability success rates between 2004 and 2011 reached 82% for men and 81% for women within 42 months from the day the traineeship started.

In relation to this initiative as the European Commission⁴⁸ pointed out Portugal is making substantial efforts to put the Youth Guarantee into practice and involve all relevant governmental and nongovernmental partners in implementing it. The PES - Youth Guarantee Coordinator Entity- is conducting awareness-raising campaigns to involve partners better able to reach out to young people not in employment, education or training, namely NGOs and social institutions.

An IT Youth Guarantee platform has been set up to enable monitoring of the young people benefitting from the programme. Portugal set-up an integrated e-Portal⁴⁹ to allow young people to register directly on-line and be connected to a national register to facilitate automatic verification of fulfilment of requirements and transmission of offers.

However, there are substantial challenges to be addressed, including the PES' capacity as Youth Guarantee coordinator to engage the Youth Guarantee network's various partners, and the need to reach all non-registered NEETs. Additionally, there is little evidence that future skills needs are identified before youth guarantee offers are designed⁵⁰.

⁴⁷In Portugal the YEI (Youth Employment Initiative) specific allocation represents €160,772,169 for the period 2014–2015 (matched by the same amount from the ESF) with the Alentejo, Algarve, Centro (PT), Lisboa, Norte, Região Autónoma da Madeira, Região Autónoma dos Açores regions being eligible. The YEI is part of the Social Inclusion and Employment programme adopted in December 2014.

⁴⁸*Commission Staff Working Document- Country Report Portugal 2015, Including an In-Depth Review on the prevention and correction of macroeconomic Imbalances, SWD (2015) 41 final*, p. 32.

⁴⁹<https://www.garantiajovem.pt/>.

⁵⁰*EU Youth Guarantee: first steps taken but implementation risks ahead – Special Report*, European Court Auditors, 2015.

3. VOCATIONAL TRAINING

Many measures adopted in Member States of the EU highlight an element of education and it can be a very good way to decrease the youth unemployment by creating new opportunities of study to the young who drop-out school. By creating new forms of apprenticeships and training contracts where real high education and apprenticeship is given, the youth unemployment can actually decrease.

A broad set of reforms in education and VET have been launched since 2005 in line with what was agreed in several Social Agreements in the Social Concertation Standing Committee and that had a strong impact on the young work force. These measures have started before the crisis and some had a considerable success in increasing young workers qualification.

Portugal took measures to improve their vocational education and training systems - VET- to better reflect the needs of the labour market in general linked to the Youth Guarantee scheme and commitments taken under the European Alliance for Apprenticeships and it also introduced legislative revisions of its VET systems. In Portugal, the curricular pattern of vocational education and training was adapted and Portugal created a vocational centre network and new vocational courses at basic, age 14, and secondary, ages 15 to 17, education.

The social partners, once again, have a right to be involved in the elaboration of VET policies through their participation in advisory and social coordination bodies, specifically the Economic and Social Council, the National Vocational Training Council and the National Education Council. The social partners are also represented on official bodies responsible for implementing, monitoring and funding VET policies.

In 2012, six EU member states including Portugal set out to reform their initial vocational training systems along German lines⁵¹. They signed a Memorandum on Cooperation in Vocational Education and Training in Europe with Germany, which agreed to provide technical assistance and financial. The aims of the reform programme include improving the quality and attractiveness of VET, increasing social partner involvement in training and enhancing mobility via a number of related measures, including an exchange programme that will enable apprentices to undertake some of their training in Germany, regional training networks, and a peer learning on-line platform, which will provide access to examples and advice. The German government has called upon German firms with subsidiaries in the six EU member states to take the lead in the creation of the apprenticeship networks⁵².

Portugal has been doing significant progress in reforming its education system by means of many measures to fight early school leaving, and improve tertiary attainment rate and labour market matching⁵³. Nevertheless, the full implementation and efficient

⁵¹JASON HEYES, *Vocational education and training and the Great Recession: supporting young people in a time of crisis- Report 131 – 2014*, p. 11.

⁵²Further developments can be seen in <https://www.garantiajovem.pt/emprego>, with the name “The job of my life” - <http://www.thejobofmylife.de/en/home.html>.

use of funding remains central. In particular, further work is necessary to reduce skills mismatches, including by increasing the quality and attractiveness of vocational education and training, including dual vocational education and training, fostering employers' involvement in helping to design programmes and providing adequate in job trainings and apprenticeships. There is also a need to effectively implement career guidance and counselling services for secondary and tertiary students in line with labour market needs and skills anticipation, and strengthen the links with the business sector⁵⁴.

The implementation of the Youth Guarantee started on 1st January 2014 and progress is underway. Between March and December 2014, 67,317 people aged under 30 and not in employment, education or training -NEET -, took part in measures classed as a Youth Guarantee quality offer once they had been registered by the Public Employment Services for a maximum of four months. These included, on the basis of the data from the Vocational Training and Employment Institute, work placements, vocational training and traineeships.

However, in spite of these progresses, there are substantial challenges to be addressed. There is also the need to have effective skills anticipation and outreach to non-registered young people, in line with the objectives of a youth guarantee⁵⁵.

In Portugal, the set-up of integrated e-Portals allows young people to register directly on-line and be connected to a national register to facilitate automatic verification of fulfilment of requirements, and transmission of offers.

Entrepreneurs are, as OECD pointed out⁵⁶ an important source of economic growth and job creation and play an important role in innovation by helping to bring ideas to the market. About a quarter of Portuguese exports today come from firms younger than 10 years old, and young firms generated almost half the jobs created in Portugal. Entrepreneurship has been high on Portugal's political agenda in recent years⁵⁷, and some encouraging progress can be seen.

⁵³ See the results in OECD, *education at a Glance 2015*, cit.

⁵⁴ All this can be seen in STEFAN CLAUWAERT, *The country-specific recommendations (CSRs) in the social field - An overview and comparison, update including the CSRs 2014-2015*, 2014, and DAVID NATALI and BART VANHERCKE, *Social policy in the European Union: state of play 2015* Sixteenth annual report, 2015.

⁵⁵ All this can be seen in European Commission, February 2015, *Country Report Portugal 2015 Including an In-Depth Review on the prevention and correction of macroeconomic imbalances*, {COM(2015) 85 final}, and June 2014, *Commission Staff Working Document: Assessment of the 2014 national reform programme and stability programme for PORTUGAL - Accompanying the document Recommendation for a COUNCIL RECOMMENDATION on Portugal's 2014 national reform programme and delivering a Council opinion on Portugal's 2014 stability programme* {COM(2014) 423 final}, COUNCIL OF THE EUROPEAN UNION, March 2015, *Joint Employment Report*, and IMF, January 2015, *Portugal: First Post-Program Monitoring Discussions—Staff Report; Press Release; and Statement by Executive Director*.

⁵⁶ OECD *Skills Strategy Diagnostic Report Portugal 2015*.

⁵⁷ In the Programme of the Current Government in Portugal it is expected launch of the "*Seed programme - Programa semente*" - that establishes incentives for those who want to invest in small businesses.

Continued efforts are needed to strengthen entrepreneurship in Portugal by increasing access to finance, further administrative simplification, systematic promotion of entrepreneurship throughout the education system, and providing targeted training for entrepreneurs to achieve that Portugal has created hiring incentives and start-up subsidies as means to promote the activation of young jobseekers, also established hiring incentives to stimulate job creation for other groups among the long-term unemployed. Also general hiring incentives have been introduced or reinforced in Portugal.

Start-up incentive schemes have widely developed across Europe to support the unemployed to take up an entrepreneurial activity and promoting youth entrepreneurship and making Europe more entrepreneur-friendly has recently become a priority on the EU policy agenda. Of course, self-employment and entrepreneurship are not a magic potion for solving the youth unemployment crisis, as only a minority of young people have the right skills, ideas and personality traits. Nevertheless, “making Europe more business-friendly and helping young people transform their creative ideas into successful business plans by removing the barriers to entrepreneurship has many potential benefits, including direct and indirect job creation and the development of human capital and new skills”⁵⁸.

In Portugal *Investe Jovem* is another programme that offers financial support to young people to become self-employed or create their own microenterprise. There is also the program supporting entrepreneurship and self-employment, the national micro credit program, and the network of perception and business management⁵⁹.

Another measure that is very recent is the COOPJOVEM programme that is a support to cooperative entrepreneurship programme⁶⁰.

The programme *Investe Jovem* can only be used by young people between 18 and 29 years and it is regulated by Decree Law No.151/2014 of 30 July. This is a programme that aims to grant financial and technical support to young unemployed, between 18 and 29 years old, who present a viable business idea.

The *Retomar* programme, another measure, consists of a yearly financial support for students who have dropped out of education, providing incentives for them to complete their University studies and in the year 2014-2015 reached 200 young students.

These programmes are important because low-skilled youth require special attention in the form of retraining, but also in supporting them to re-enter the labour market by registering them in active labour market programmes.

⁵⁸EUROFOUND, *Youth entrepreneurship in Europe: Values, attitudes and policies*, 2015, p. 1.

⁵⁹In Portuguese: apoio ao empreendedorismo e criação do próprio emprego; programa nacional de microcrédito; RPGN – rede de perceção e gestão de negócios. The rules can be seen (in Portuguese) in <https://www.garantiajovem.pt/emprego>.

⁶⁰Decree No 354/2015 of 13 October.

And there are other programmes to help the qualification and decrease unemployment but also to increase of workers' qualification because in a context of profound and constant change, continuing training and lifelong learning and the upgrading of technical skills and qualifications is a core factor for any developed society, both in terms of competitiveness and improvement of people's living conditions.

In Portugal, as in other countries, NEETs run the risk of becoming so demotivated that they stop looking for a job and it is urgent a more targeted and individualised approach to reach low-skilled young NEETs.

Portugal has taken steps to address this risk through such initiatives as the Active Youth Employment -*Emprego Jovem Activo*- programme launched in July 2014, again after the hearing of the Social Partners, and that offers socio-professional integration of young people with low qualifications and furthest from the labour market, within a work project of limited time duration.

The programme's mandate is to facilitate the social insertion of young people who have not completed compulsory education. Selected low-qualified youth are invited to contribute to a project for six months under the supervision of higher-qualified individuals. The programme aims to promote peer learning and the development of professional, social and emotional skills, such as the ability to meet deadlines, collaborate with others and work autonomously. Participation in the programme also aims to incentivise young people to return to formal education and training pathways or the labour market.

We also have to bear in mind that internship programmes have been key in supporting the entry of Portugal's youth to the labour market and regarding the internship pillar in Portugal there is the possibility of a paid internship, lasting nine months, in all sectors of activity, to improve the transition of young people into the labour market, regulated in Order No.204-B/2013 of 18 June, as amended by Ordinance No.375/2013 of 27 December, Ordinance No.20-A/2014 of 30 January and the Ordinance No.149-B/2014 of 24 July, and Order No.9841-A/2014 of 30 July.

However, early school leaving and disparities in performance hamper the development of high level skills, and tertiary attainment remains low when compared with other EU countries. Unemployment rates also show that there is a need to make education and training more adaptable and responsive to emerging needs. Education should therefore remain high up on the policy agenda over the coming years, as a major driver of sustainable economic growth and productivity.

In reality skills have become, as OECD explains⁶¹ the key driver of individual well-being and economic success in the 21st century. Without proper investment in skills, people languish on the margins of society, technological progress does not translate into growth, and countries can no longer compete in increasingly knowledge-based economies.

⁶¹OECD Skills Strategy Diagnostic Report Portugal 2015, p. 50.

The challenge for Portugal is to continue ensuring that stronger links are built between the education system and the labour market, not only in a way that better prepares young people to enter the workplace, but also in a way that makes work opportunities available to them through effective apprenticeship programmes and internships⁶².

As a result of the policies implemented by the end of 2014, more than 227,000 young people had been covered under the Youth Guarantee, waiting to reach about 378 thousand young people in late 2015.

The improvement in global economic conditions and the recent initiatives to combat youth unemployment have also led to the gradual improvement of the main indicators of both the number of NEET and the youth unemployment rate⁶³.

However, despite all these efforts, the IMF considered⁶⁴ that a National Skills Strategy is still missing but that steps were taken to improve the monitoring of the transition from active labour market programmes into regular employment, which can help to improve the effectiveness of PES in fostering the employability of participants in employment and training programmes. Financial support has become available for geographical mobility within Portugal so as to foster relocation that improves labour market matching.

4. EXEMPTIONS OF PAYMENTS TO SOCIAL SECURITY

Another measure to improve the employment of young people is the possibility of exemption from contributions to Social Security for employers who hire young people looking for employment through open-ended contracts, either full-time or part-time. These entities are exempted from paying social security contributions in charge -23.75%- by the employees until 36 months - at most -. These young persons are what is called 1st job seekers, which are a persons aged over 16 and under 30 that, at the time of the contract, has never had a permanent contract. Of course, it must be said, that despite this is a way to promote the employment of young people, the notion of 1st job seekers creates the possibility of having young employees who are considered first job seekers and that actually are integrated in the labour market for many years through fixed term and temporary contracts because the idea that prevails, unfortunately, is that it can be fair to impose worst labour conditions to these workers.

It is important however to notice that these exemptions also are valid to the workers that are unemployed more than a year and so can be seen also as a measure to help older workers, meaning people with more than 45 years, to re-enter in the active life.

⁶²OECD Skills Strategy Diagnostic Report Portugal 2015, p. 63.

⁶³Vide Programa nacional de reformas – Portugal, 2015, p. 33, and Programa de estabilizada de 2015-2020, April 2015.

⁶⁴Second Post-Program Monitoring Discussions—Press Release; and Staff Report, August 2015, Post-Programme Surveillance Report, Portugal, Spring 2015, Institutional Paper 006 / July 2015, 2015, p. 21.

5. OLDER WORKERS

Older people in Portugal have been substantially affected by austerity measures imposed by the government over the last years. Despite having universal pension coverage, the poverty rate in old age is still high at 7.8%. Since 2010, when pensions were cut by 3.5% to as much as 40%, pensioners lost around 628 million euros per year. Apart from the new taxation known as Extraordinary Solidarity Contribution, the new legal framework for retirement will continue to have a significant impact on older persons income security⁶⁵.

Record levels of unemployment, in particular among young adults, have also put extra pressure on pensioners, whose support to the younger generations has increased since the beginning of the economic crisis.

The older segments of the workforce constitute the largest share of long-term unemployed in Portugal. Evidence shows that the lower-qualified have more difficulty finding employment than higher-qualified groups⁶⁶.

Low levels of education thus increase the likelihood of falling into long-term unemployment, which may partly explain why older workers are particularly vulnerable in Portugal. Despite not representing the largest group, the share of 25-49 year-olds in long-term unemployment has been growing at a fast pace over the past few years. The perseverance of a large number of long-term unemployed over long periods of time generates huge social and economic costs in terms of passive labour market expenditure and on social assistance systems which can provide support when the long-term unemployed exhaust their rights to unemployment benefits.

Also, as the European Commission pointed out⁶⁷, raising the employment rate of older people is of key importance to achieve the Europe 2020 employment target and to guarantee the sustainability and adequacy of pensions and more generally social protection systems. However, at the same time the situation of older people needs to be analysed from a social perspective to better identify which kind of challenges they face across the EU.

In all EU Member States the employment rate of older workers - aged 55-64 -, is lower compared to the overall working age population - 20-64.

The problem is that long periods of unemployment have negative impacts on individuals' well-being, self-esteem and motivation, as well as negative implications for career prospects. Skills' deterioration happens overtime as a result of not used skills and can severely hinder employability.

⁶⁵GUSTAVO SUGAHARA, *Commentary on Portugal's domain ranks in the 2015 Global Age Watch Index*, 2015.

⁶⁶See all this information in *OECD Skills Strategy Diagnostic Report Portugal 2015*, p. 70 and *Country fact sheet: Long-term unemployment in Portugal – October 2015*.

⁶⁷*Different conditions of older people across the EU* – European Commission, October 2015, in <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2356&furtherNews=yes>.

These issues are further compounded in the case of older workers who comprise the largest share of long-term unemployed and often worked in industries that no longer exist. Older workers tend to have low skills, particularly in a country such as Portugal where educational attainment levels have been historically low. Lower skills are often considered as non-transferable and imply lower productivity compared to younger workers as well as higher costs, as wages may increase with age. From an employer's perspective, it may be more beneficial to retrain and hire younger workers than those who are older and long-term unemployed, as they are expected to contribute to the business for more years.

Experiencing long periods of unemployment can result in a progressive social detachment from the labour market. Social detachment limits the number of ways of finding employment, such as social networks and other connections. The long-term unemployed may eventually transition to a status of discouraged workers under which they are still interested in getting a job, but no longer actively look for it, which can result in their own exclusion from the labour force. Older workers may also exit the labour force and take early retirement given a perceived lack of other available options. Improving job search assistance services and retraining programmes can contribute to reaching out to the long-term unemployed and helping them reconnect with the labour market⁶⁸.

It is important that the design of unemployment benefits does not engender adverse effects on incentives to employment in line with what was agreed in several Social Agreements. Generous social benefits and assistance entitlements, coupled with a high tax burden for low earners, act as disincentives for individuals to re-enter the labour market at the risk of taking up low-paid work. The opportunity cost of moving from unemployment to employment can become too high. High unemployment benefits can thus act as a disincentive to work.

To combat this situation it was adopted an Implementing Order No. 26/2015 of 10 February, which reformulated the measure Encouraging Job Acceptance - *Incentivo à Aceitação de Ofertas de Emprego*- that allows to combine the allocation of unemployment benefits with the acceptance of job offers, contributing to a faster return to the labour market and with special conditions to people older than 45 years old.

In Portugal, recently, in March 2015 it was adopted a new programme -*Reativar*- by Implementing Order No. 86/2015 of 20 March to promote the reintegration of long-term unemployed persons and who are over 31 years old in the labour market and that seeks to promote and finance specific occupational training.

The Employment-Insertion Contracts⁶⁹ were designed to improve individuals' employability. These contracts focus on the long-term unemployed, including older unemployed workers aged 45 and plus. This measure seeks to prevent the unemployed from becoming fully inactive, and avoid skills depreciation and social exclusion from

⁶⁸For more developments see EUROPEAN COMMISSION, *Proposal for a Council Recommendation on the integration of the long-term unemployment into the labour market*, COM (2015) 462 final, 2015.

⁶⁹*Contratos Emprego-Inserção*. <https://www.iefp.pt/en/emprego-insercao>.

the labour market. The programme is of a maximum of 12 months and subject to financial compensation for its participants.

Another measure that can help older people, and also the young people, is the programme adopted in the Implementing Order No. 85/2015. This Implementing Order seeks to promote geographic mobility in the labour market by introducing financial support to unemployed persons who enter into an employment contract to be performed in a place that is located far away from his/her former residence.

This measure is important because one cannot forget that barriers to employment can be two-fold: they refer both to barriers to accepting a job offer and barriers for employers to hire. The geographical location of employment vacancies can represent a challenge in effectively matching jobs with workers. Portugal has high territorial variations and some regions may show more employment opportunities than others but can also experience skills shortages. However, relocating to another city or region to seek better job prospects can be a difficult choice to make for people with families or care responsibilities and can lead many to reject employment offers.

Another measure that is called *Estímulo* is applicable not only to the young but also to the older people with 45 or more years old. This measure gives financial incentives to the employers who establish an employment contract with more than 6 months but the employer has to give vocational training to the employees.

It is important also to highlight a measure designed to promote gender equality in the labour market, and that is applicable to all workers despite their age and that is the Implementing Order No. 84/2015. This Order provides financial support to employers who conclude employment contracts with unemployed persons from the underrepresented gender in specific jobs -with less than 33.3%-.

In Portugal measures passed in the period 2008-2012 caused the ratio between average old age pensions and wages to decrease by about 45 percent⁷⁰.

With a high share of older workers in unemployment, a rapidly ageing population, and a working-age population with comparatively low levels of education, Portugal needs to ensure support to those in society who are most at-risk.

It is important to notice that in the Programme of the new Government in Portugal there is the possibility of creation of a new Programme-called *Contrato Geração*- Generation Contract - to support the sharing of employment between the older workers and young ones by creating the possibility of the older ones that are closer to retirement age to remain working but at part-time and allowing the hiring of young ones. With this measure it is expected that older workers, if they wish, reduce their working time instead of opting out for an early retirement and, at the same time, to give the opportunity for hiring young people unemployed or looking for their first job.

⁷⁰The 2015 Pension Adequacy Report: current and future income adequacy in old age in the EU Volume I, Joint Report prepared by the Social Protection Committee (SPC) and the European Commission (DG EMPL),2015, p. 175.

IV. CONCLUSIONS

The level of youth unemployment remains very high in several EU Member States, and there is increased awareness of the economic and social consequences associated with long-term disengagement from the labour market.

It is also well documented the problems encountered by young people across the world to gain and retain decent jobs. According to the ILO, global unemployment rates among youth continue to rise- now at 12.9 per cent - and they are expected to stay there and even increase in some regions over the next five years. For employed youth informality remains prevalent and transitions to decent and stable jobs are slow and hard.

In Portugal, in addition to a high unemployment rate, the youth remains the most vulnerable group with regard to job quality. This represents a huge waste of highly qualified human resources, which should be at the service of economic recovery and that, currently, sometimes just find the emigration as an alternative to their financial and social survival.

Provide young people with better living conditions by improving their qualifications and their work is essential for a sustainable economy and social development because they hold the key to the dynamism and prosperity not only of Portugal but all the world.

The fact that we are facing the most qualified generation ever compels us to seek to meet the conditions necessary for the integration of young people into the labour market, which means strengthening the focus on education, professional training and retraining, as well as promoting dignified and smooth transition between school and employment based on quality and combating precariousness.

It is essential to have young people with better skills and adjusted to the labour market, in particular by passing strengthen in go secondary and vocational education, as well as the continued reduction of drop-out school in Portugal. Undoubtedly, the State will have a key role in this process, and only with a robust economic recovery we can have a decrease on youth unemployment, despite the important complementary role that Civil Society can play. It is essential, moreover, that Civil Society take on new responsibilities in this area, particularly through partnerships with the business community, and contributing to innovative solutions and greater efficiency, otherwise we can get to be known as no country for young people. Unquestionably, if we are not able to address problems with more ambition we can hardly get it back to a country for young or older people.

Young people are most affected by the negative effects of the crisis demonstrated in rising unemployment, precarious integration in the labour market and difficulty in achieving a stable job. Incentives exist to encourage employers to celebrate work contracts or to take on young people who have completed an internship but the share of young temporary employees has been constant and fast increasing.

The Youth Guarantee is an extremely ambitious goal because it is a measure that includes several policies, that all coordinated can assist young people in the transition between studies and working life. By including several issues that are related either by

education, training, internships and employment there is an attempt to cover all areas that present more problems and achieve better relations between supply and demanding the labour market. In fact, the Member States where the training policy and stages are better developed and coordinated are the same that experience a lower youth unemployment rate.

Thus, it is not considered that the best way for the full integration of young people into the labour market are the flexibility of the labour market, but rather institutional factors such as the quality of education, learning, training and the existence of an effective education system in transition from school to the labour market. To solve the problem of youth unemployment, education remains the main response. It will also require more transverse and integrated solutions for such a complex challenge as is the employability of young people, considering that limit the action to the phenomenon of unemployment will not be sufficient.

However, the youth guarantee, as all the other policies to foster the employment of young people, to truly succeed, needs political will and investment, establishing partnerships and cooperation with employment and vocational training institutes, with undertakings, with the social partners, educational institutions and youth organizations, creating effective employment opportunities. Priority should be given to training and not let young people cope alone with unemployment, under penalty of becoming economically inactive and NEETs. We think that, given the challenge of trying to solve the high youth unemployment, the solution should be, not the promotion of greater job insecurity on the idea of any job is better than no job, but the adoption of means to favour the emancipation of young people, as well as dignified and decent working conditions, and social partners have here an essential role.

In fact, it is only possible to have a genuine economic growth if all employees have an effective opportunity to work.

In relation with older workers the problem is the same. Despite the fact that they are sometimes the latest to become unemployed, once they are unemployed they have much more difficulties in finding a new job. This points out to skills erosion, rising social exclusion and even higher poverty. Also experiencing long periods of unemployment can result in a progressive social detachment from the labour market.

Older workers tend to have low skills, particularly in a country such as Portugal. Lowerskills are often considered as non-transferable and imply lower productivity compared to younger workers as well as higher costs, as wages may increase with age. From an employer's perspective, it may be more beneficial to retrain and hire younger workers than those who are older and long-term unemployed, as they are expected to contribute to the business for more years.

So, it is vital to have active labour policies to help older people to re-enter in the labour market.

One must not forget that Labour law should try to correct the inevitable antisocial consequences of the free market, ensuring, through its rules and collective bargaining, a rebalancing between workers and employers avoiding the excesses of the powers of

these and giving to those the deserved dignity as people. And the measures provided for hiring older workers or young people are examples of this characteristic of Labour Law.