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Youth unemployment in Germany and Sweden – Vocational education under pressure to reform

Artighetsfraser (Utformas i samarbete svenska ambassaden i Berlin)

In the summer of 2006, Alliance for Sweden based its election campaign on the pledge to create more jobs in more and growing companies, to reduce the exclusion that leads to widening social and economic disparities between people in Sweden. The Alliance was given a clear mandate to change the situation in our country.

The centre-right Alliance Government is now taking further steps in different areas to permanently increase employment levels and reduce the exclusion that has marked the lives of far too many people in Sweden for far too long. More jobs and more companies are the basis of our policies. We believe that people want to work, take responsibility, be creative and invest in ideas that not only benefit them and the people they are close to, but also lay the foundation for the social and economic development of society.

We want to create a society characterised by a sense of community and diversity, where everyone has equal opportunities. For example, young people must be able to get into the labour market and get a job. People who happen to have been born outside the country must receive a fair assessment of their previous education, work experience and skills, so that they can obtain work in Sweden.

If our welfare is to be of good quality and maintain high standards, we need a high employment rate, a plentiful labour supply and many new and growing companies. More people must be given a reasonable chance to start working and share in the security that comes with work.

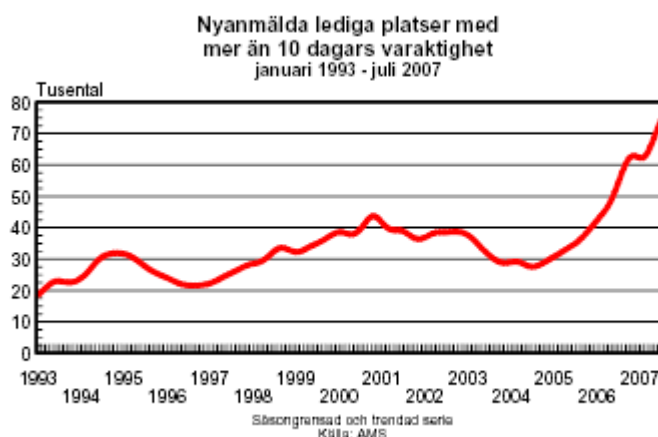
The supply of labour and the employment rate are now growing markedly in Sweden, partly of course as a result of a vigorous economic upswing but also as the outcome of the policies implemented by the Government.

(Diagram 1 visas och kommenteras med texten under diagrammet)



Unemployment has fallen by 29 per cent in one year. 173 000 people or 3.7 per cent of the labour force were registered as unemployed with Sweden's public employment services at the end of July. This decline represents 1.5 percentage points or 71 000 people compared with July 2006. The sharp reduction has only been surpassed by a few months around the turn of the century 2000/2001 over the last 15-year period. Unemployment rates among women declined somewhat faster than those of men.

(Diagram 2 visas och kommenteras med texten under diagrammet)



The inflow of vacant jobs gained new momentum

The demand for labour continues to increase. The declining trend that we have seen in recent months was reversed in July. The number of newly registered vacancies increased to 46 000, which was 56 per cent more than in July last year. Permanent positions are growing the fastest. The largest increase was in trade and finance and the contract services sector.

This is a development that must be well looked after and used so as to further boost employment, which is the social and economic foundation of welfare. It is therefore important to ensure that employment can continue to

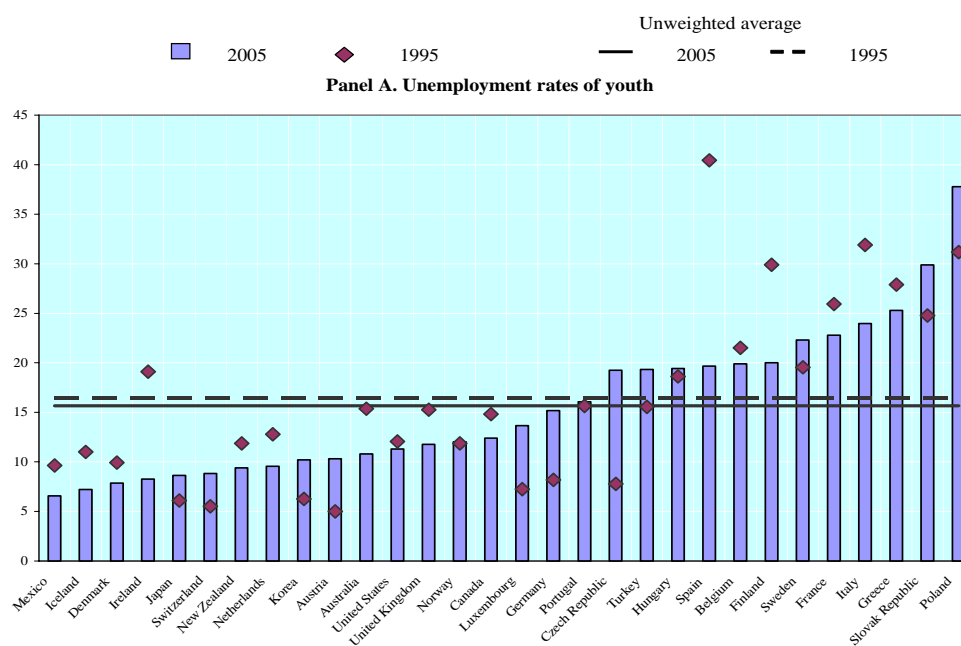
grow. It is also important to improve matching between jobseekers and vacancies.

Youth unemployment

Despite the good economic climate and the positive trend in the labour market, the employment rate is still much too low. The situation is particularly worrying for groups that are in the weakest position in the labour market or are completely outside the labour market. Sweden has a high youth unemployment rate compared with other countries and it has risen since 1995.

(Diagram 3 visas och Sveriges position identifieras och jämförs exvis med Tyskland och Danmark. Both Sweden and Germany have a situation that was less favourable in 2005 compared with 1995, but Germany has a considerably lower unemployment level. Denmark holds a special position and has improved its situation since 1995, lying now at a very low level.)

Figure 1. Youth unemployment, 15-24 years, OECD, 1995 and 2005



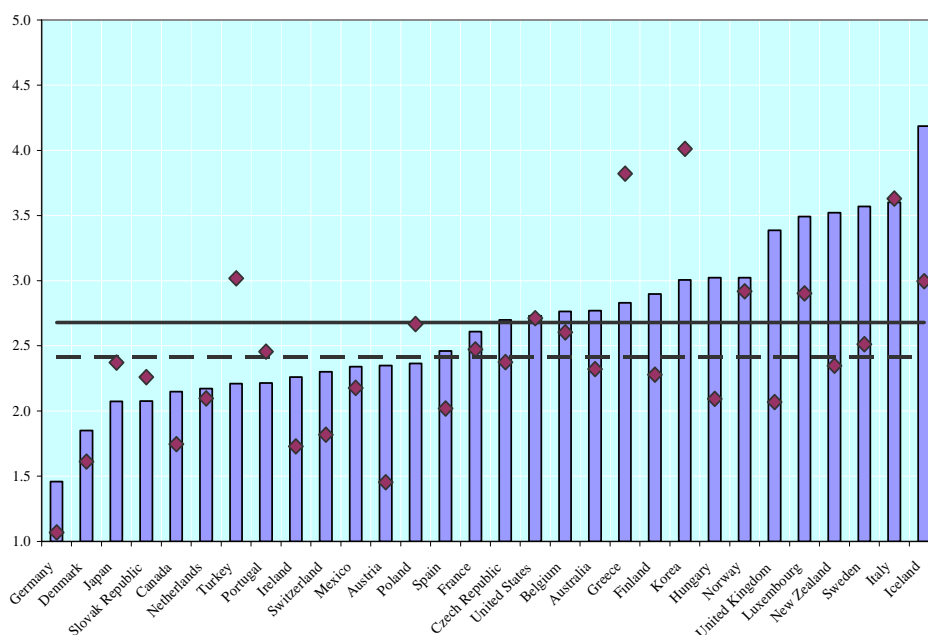
Source: OECD (2006)

Youth unemployment is sensitive to the economic climate which means that a more neutral measure is young people's relative unemployment rates compared with those of adults (25-54 years of age).

(Diagram 4 visas och kommenteras med texten nedan)

Figure 2. Youth unemployment in relation to adult unemployment, OECD, 1995 and 2005

Panel B. Ratio of the unemployment rate of youth to those of the adults



Note: See Figure 1 for an explanation of the symbols.

Source: OECD (2006)

Youth unemployment in Sweden is 3.5 times higher than that of adults; this is a very high figure compared with other countries. The ratio has deteriorated markedly since 1995. Denmark is a success story in terms of the situation of young people in the labour market. Youth unemployment is very low from an international perspective.

The situation is naturally unsatisfactory and to give more young people the chance to obtain jobs or return to work, the Government is implementing a special reform package to fight youth unemployment. The package includes proposals for reduced employer's social security contributions for young people, a special job guarantee for young people and an initiative for apprenticeships and vocational training. In the rest of my speech I shall only touch upon the changes that are being made in the field of education.

Sweden's upper secondary school needs to be reformed

Almost all students in Sweden go on to upper secondary schools from compulsory school, but by no means all complete their education. The fact that one in four boys and one in five girls do not obtain a school-leaving certificate within four years, despite the fact that programmes last three years, must be seen as a serious failure. It is particularly serious, since research has shown that young people who complete their upper secondary education have considerably greater chances of obtaining jobs and becoming established in the labour market than those without this education. Above all, a large proportion of students on the vocationally-oriented programmes do not obtain a school-leaving certificate. There is therefore an enormous need to review the changes in the design of upper secondary school that are necessary to enable more children to complete their education within the designated time.

Upper secondary school programmes have become increasingly homogeneous. The differences between the various programmes have narrowed. Many programmes of a vocational nature have become far too theoretical, with too little time for the vocational subjects. All students are required to learn subjects that give them basic eligibility to higher education, regardless of the individual student's goals, talents or interests. The core subject courses are largely governed by a traditional academic perspective. Better use must be made of different interests and aptitudes. Upper secondary school must therefore be more clearly split into programmes preparing the student for further education, vocational programmes and apprentice programmes.

Since today's Swedish upper secondary school was created, developments in society and working life have been rapid. Working life places demands on the breadth and depth of employee skills, at the same time as labour market mobility is increasing. Global competition and rapid technological developments are creating new conditions. Working life and various industries have given clear signals on the need for changes in these programmes. There is a lack of trained labour in some occupational areas where employees normally get their basic vocational training in upper secondary school. At the same time, programmes are organised that do not meet the needs of the labour market. To ensure that young people have a fully developed basis for their choices of programmes and that they receive training of a high standard, cooperation between the school system and the world of work needs to be intensified.

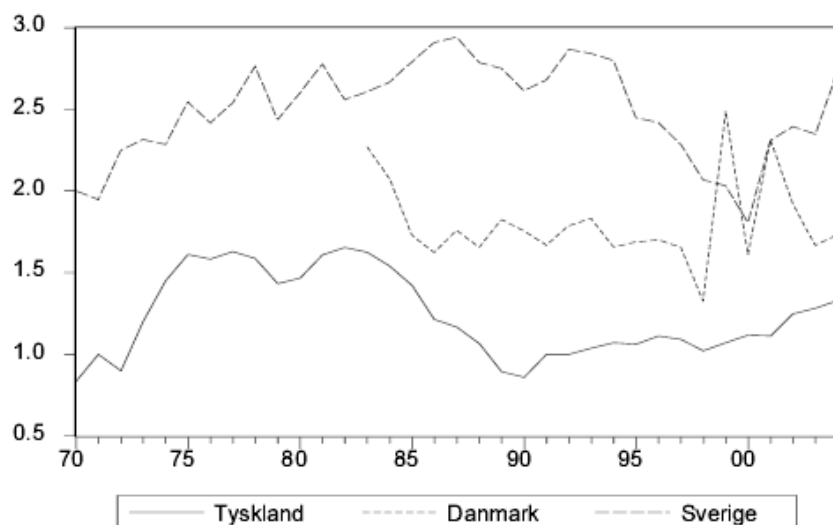
As is clear from the above description of the problems, there are a number of reasons for reforming the Swedish upper secondary school system. Because of this, the Government appointed in the spring an inquiry that will draw up proposals for the future structure of upper secondary school programmes. The inquiry is to present its proposals in March 2008 and we expect a new reformed upper secondary school to be in place from autumn 2010.

Sweden is implementing a pilot project with an upper secondary apprentice programme

Examples from international studies have shown that vocational training organised as apprentice programmes seems to make it easier for young people to establish themselves in the labour market. Both Denmark and you in Germany have classical apprentice programmes as the main alternative in your vocational training systems. Relative unemployment rates for young adults compared with older workers are lower in both Denmark and Germany than in Sweden and have been so for many years with very few exceptions.

(Visa diagrammet nedan)

Diagram 6 Öppen arbetslöshet bland unga vuxna i åldern 20–24 år relativt arbetslösheten i åldrarna 25–64 år, i Tyskland, Danmark och Sverige åren 1970–2004.



Källa: OECD.

The close link between vocational programmes, training and the labour market seems to facilitate the transition from training to work. Sweden cannot afford not to make use of this opportunity.

The Government has therefore come to the conclusion that it is so important to introduce upper secondary apprentice training that there is every good reason to start quickly and by doing so, gain further experience in this field before a decision is taken on a permanent system. Work is currently underway at the Ministry of Education and Research on preparing a pilot project providing upper secondary apprentice programmes, starting in the autumn of 2008 to supplement, and act as an alternative to vocational programmes which are more school-based. The idea behind this pilot project is to build in and test elements that may be relevant for the ordinary upper secondary apprentice system in the future, such as placing a larger proportion of the programmes at workplaces than has been the case hitherto, allowing apprentices to be employed during their apprenticeship and compensation to be paid to companies for taking on an apprentice.

At least half the training is to be undertaken at a workplace. Training standards will be ensured by such means as obligatory local apprentice councils consisting of representatives of schools, companies and trade unions. The responsibility of the school and the workplace will be regulated in local agreements. It should be possible to reduce the number of general theoretical subjects in favour of vocationally-oriented subjects. Design and implementation will be characterised by considerable local freedom and flexibility to suit the wishes and demands of different individuals and industries.

Workplaces offering to take on, supervise and train apprentices will be entitled to compensation from the entity responsible for schools. The size of this will be set locally, but the state will contribute SEK 25 000 per student place per year to the entity responsible for schools. The initiative plans for 4000 new apprenticeship places per year in the next few years. This initiative also includes support for supervisor's training.

The Government considers that the influence of the different parties over basic vocational training and particularly over upper secondary apprentice programmes is extremely important for the quality of the training, its attractiveness and establishment. It is therefore proposed that a national vocational training council be established, which would primarily have an advisory function in connection with the pilot project on upper secondary apprentice training. The council will consist of representatives of the industries taking part in the pilot project and representatives of the education system at national level.

Other areas in the vocational training system will also be reformed

An inquiry chair has been appointed to analyse and present proposals for how the Swedish post-upper secondary vocational training system, currently consisting of a number of different types of training, can be combined under a common framework called the Vocational University College. The aim is to ensure that follow-up, evaluation and quality assurance are undertaken on equal terms in this area and to increase opportunities for applicants to obtain a good overview of the alternatives in the field of education.

Teacher education and further training of teachers are other areas to which the Government is giving its attention. A number of evaluation reports show that teacher education is not meeting the requirements that may be set up by society. An inquiry chair has been instructed by the Government to present proposals for a new teacher education, where subject depth will be given greater weight than hitherto. Well-educated teachers are a key factor in a successful education system. A particular problem is the lack of vocational teachers. Here the problems are so serious that it may be necessary to prioritise this area particularly through targeted initiatives.

To sum up,

At the moment, the labour market situation in Sweden is much better than it has been for many years. The economic boom and the Government's labour market policy are now clearly visible in the reduced unemployment figures. Even for young people, unemployment figures are falling, but are still too high.

Opportunities for young people to establish themselves in the labour market must be improved. This can be done by more young people completing their education and choosing programmes that are required in the labour market. To achieve this, the links between education and the working world must be intensified. To this end, large parts of the Swedish education system will be examined and reformed in the next few years.

Thank you for giving me the opportunity to speak today and for listening so attentively, and I look forward to the rest of the day with great interest.

Diagram 1.

Unemployed people as a percentage of the labour force January 1992—July 2007

Per cent

Source: National Labour Market Board and Statistics Sweden

Diagram 2.

Newly registered vacant positions, lasting more than 10 days

January 1993–July 2007

Thousands

Source: National Labour Market Board

Figure 1. Youth unemployment rates, aged 15–24, OECD, 1995 and 2005

Source: OECD (2006)

Figure 2. Youth unemployment in relation to adult unemployment, OECD, 1995 and 2005

Note: See Figure 1 for an explanation of the symbols.

Source: OECD (2006)

Diagram 6. Open unemployment among young adults in the age-range 20–24 years relative to unemployment in the age-range 25–64 years in Germany, Denmark and Sweden, 1970–2004

Germany Denmark Sweden

Source: OECD