



Claim!

CITIZEN'S NETWORK
FOR PEACE,
RECONCILIATION AND
HUMAN SECURITY

Montenegro Chronicle 1 – Youth unemployment

by ADP-Zid

Podgorica, June 2013

The presidential elections in Montenegro took place on April 9th, 2013, but the dilemma who is the real winner has still been present. Institutions in charge - the National Electoral Commission and the Constitutional Court, have declared there is no legal ground for the opposition's request for the annulment of the election, that the election was not rigged, and third time in a row Montenegro have got their new-old president.

Starting point for the suspicion of the regularity of the electoral process and the election results was the problem of unemployment and uncertainty among the youth regarding their perspective and the ability to find employment. Overture to the campaign was a scandal that the media called "The Snapshot". What had actually happened? The daily newspaper "Dan" has published transcripts of the audio recording of the session of the Presidency of the ruling Democratic Party of Socialists, which was held on the eve of the parliamentary elections on October 2012. The content of taped conversation raised suspicions that the ruling party used state resources for offering active employment measures in exchange for votes. According to published transcripts, DPS President and Prime Minister Milo Djukanovic said that employment must be carried out in accordance with the political interests of the party. "We will employ this year 8,000 people, and we will be looking to first employ those who support DPS. One employee - that's four votes. Therefore, if we hire, we cut them [opposition] one vote and raise our votes." These words were stated by Zoran Jelc, the official of DPS and former director of the Employment Agency.

Hard accusations came from the opposition, as well as the demands for launching an investigation to ascertain as to whether the recorded plans were implemented in practice. Just a few days after the recordings were made available in the press, the Public Prosecutor's Office announced that the recorded statements do not contain elements amounting for an abuse of state resources, and therefore there is no ground for an investigation. While the government denies the charges, regarding them as a political conspiracy of the media and the opposition, the European Union commanded the state to investigate all the allegations. The European Investment Bank has already announced its own investigation as to whether the affair involved misused money from European funds.

"Everything that was done illegally on the basis of my political initiatives or instructions shall be charged only to my responsibility, but on the basis of specific facts and procedures rather than media spin. The only relevant question is whether the conduct of any institution or individual involves any misuse or illegal acts for which people are discriminated against on political grounds", Đukanović said.

On the other hand, the citizens only record the facts. "The fact is that young people from DPS are still more equal than others, that state university is still demoted, that membership in the DPS unfortunately worth more than the state university diploma," said Nikola from Podgorica for Al Jazeera.

Although the dispute is still ongoing, "The Snapshot" affair clearly shows what political elite thinks about the problem of unemployment. For young people it is less relevant whether hard evidences will be collected to prove cronyism expressed as a form of corruption in the employment field. The fact that political affiliation has important role in hiring is extremely worrying for young people as it creates uncertainty regarding the possibilities to fulfill their own potentials.

The results of studies on different aspects of the issue carried out through various projects in the last decade have been indicative. Among others, an important research was initiated and coordinated by the ADP all the way back in 2004 through a regional project implemented across Montenegro, Macedonia, Serbia, Kosovo, Albania, and with the technical support of renowned researcher Srećko Mihajlović, PhD. Research findings indicated that one in six people between 18 and 35 years were a member of a political party; but three fifths of the respondents saw personal interests as the main motivation for a membership in political parties; and less than a quarter of them linked membership to their own political career, making in total 84%. Members of the party involved in the study had very similar and open relationship. Compared to non-members, they emphasized a little less personal interest (56%) and a little more political career (26%). Three quarters of the respondents thought that the connections are necessary condition for getting a job in the public sector, with political connections being more important (43%) than non-political (32%). Among the members of political parties, this belief that political connections are very important was even more prominent: political connections were



prioritized by 48% in comparison to non-political connections stressed by 22%. Under circumstances of volatile economic situation, 1/5 of the respondents were willing to be employed by the ruling party even under a clear risk that they would be fired if his party lost the power. The perception of young people nearly nine years ago indicated that the politics and political ties were dominant factors in employment in the private sector as well, as 52% of respondents agreed with this statement.

This research has shown that young people perceive Montenegrin society as one that discriminates against young people in employment, especially in public institutions, on the basis of their political affiliations: 87% of respondents shared this opinion. Two fifths of respondents felt that discrimination is always present, 1/2 that discrimination is present in most of the cases, while only 12% were of the opinion that there was no discrimination in most cases.



The public campaign ADP organized with the lifting of balloons had an extraordinary campaign slogan and design: "European Union is not a member of your political party". However, a bystander on the central event in Podgorica commented: "Your previous campaign for the preservation of Tara River was great, but this is pure utopia."

A number of problems identified in this study offered clear indications that an unaddressed issue, such as political interference in hiring, has ceased to be perceived as a problem, due to accommodation based on fear or pure existential needs. Therefore, it is not surprising to observe the lukewarm public response to "The Snapshot" scandal. The statements of senior leaders of the Government in response to the recording just reconfirmed what most of people had known how politicians in power are considering reduction of the youth's economic insecurity.

The key difference from the situation ten years ago is the fact that current economic crisis enhances severity of the unemployment problem, especially among youth.

Of the total number of the citizens of Montenegro, two third (67%) are old between 15 and 65 years near 60% of which are active, working or looking for a job.¹ The remaining 172,384 individuals of the same age are inactive. The main reasons for inactivity are: studying (29.9% of inactive population), health reasons (12.5%), taking care of children (9.4%), while 6.6% of the officially inactive population are in fact working at home². Additionally, 1/8 of inactive population want to work but do not seek employment³ 12.6%)³

Currently, the average waiting time for an employment is 3.7 years. Otherwise, the unemployment rate culminated in 2000, when the Employment Agency registered over 80,000 unemployed (as of 650 000 inhabitants), with near 30% of them being under 25 (29.8%).

The way the unemployment rate is calculated actually creates a rosy picture of reality, as the Government sticks to the number of unemployed youth officially registered with the Labor Office. The unemployment rate on 31st December 2012 was at 13.46%. From a total of 30,521 unemployed people, 9,776 of them are young people of up to 30 years. Monstat - National Statistical Office working according to Eurostat methodology, finds that unemployment rate among young people is higher and that in December 2012, the unemployment rate in the category of 15 - 24 years was 45%, and that for the population of 25-49 years it was 21.3 %.

The problem of youth unemployment and the difficulties in gaining the first employment are very high on the list of challenges for young people in the Montenegrin society, as well as in the whole of Europe. There are a number of factors that affect the rate of unemployment, the most important being the existence of the gray market, and discrepancies between the educational system and the labor market needs. Low motivation of young people enrolled at the higher

¹ The Labor Law gave the possibility of engagement to the population of this age group. As of 2010, the limit is raised to 67 years.

² Research: Labor Force and Employment in Montenegro, the Institute for Strategic Studies and Prognoses - ISSP 2007

³ Labour force in Montenegro, 3rd quarter of 2010

education to focus on gaining high quality knowledge is related to the socialist period legacy of secure employment, "safe jobs" with low risk of getting fired, often equalized with work engagement within the public administration.

The nominal statistics on youth employment is affected by the gray economy on the labor market in Montenegro. There are three basic forms: employment in the gray economy, unregistered employment in the formal sector, and employment in the formal sector as a "partial registration". Employment in gray economy means working in unregistered companies or unregistered self-employment. Another form of unregistered employment in the formal sector implies the involvement of people in registered companies, but without social insurance. The third manifestation of the gray economy is partly registered employment; employees whom employers (or themselves) pay taxes and insurances only for a portion of entire income, usually for the amount of official minimum wage.

Additionally, changes in the education system related to the implementation of the Bologna Declaration (common in the most of the EU countries' higher education), and the establishment of private colleges and universities, have created a discrepancy in the ratio of the number of students versus the needs of the market. Number of unemployed college graduates has increased by 55.2% from 2007 to 2010 (from 2388 to 3705). During last year, there were 7,749 registered unemployed with a university degree at the Employment Agency.

Meanwhile, there have been efforts to find a remedy on two different ways. During the economic boom, caused by property sales and direct foreign investment, the Government of Montenegro and the Employment Agency initiated a series of active measures to combat youth unemployment. Among them was the program to stimulate employment and entrepreneurship. Since the beginning of 2006 until the end of October 2010, 356 loans were approved for unemployed persons aged 15-24. It resulted to the employment of 497 people, representing about 8% of total loans for self-employment. Those measures have been present to a lesser extent during the period of economic crisis, when lack of money has been visible: budget for active measures was reduced by over 61% only in the last two years. Instead of letting the Employment Agency to do its job, ad hoc problem solving has been in place. The Ministry of Labour and Social Welfare initiated amendments to the Law on Volunteer Work, so to include a special form of voluntary contract replacing internships. By signing this contract for one year with some institution, youth "got a chance" to gain the requirements for taking the exam as a prerequisite for getting a job within governmental institutions. This practice spread to the private sector causing informal legalization of volunteering in private companies. Fortunately, this measure was not fully implemented when the cabinet of former Prime Minister stepped into the process by passing the Law on vocational training of persons with higher education. It created the preconditions for the Montenegrin government, in parallel with the election campaign for the Parliament, to undertake a professional development programme for around 4,500 unemployed university graduates for which it was allocated 10 million euros. With these measures, we arrive at the beginning of the story and earlier mentioned affair "The Snapshot": the measure itself is an integral part of the affair.

There are other significant problems that are beyond the reach of the politics. The state is again, as in socialism, in the role of an employer. The Government has developed a platform for applications, matching candidates and employers, its institutions collect working reports and resolve problems between employers and persons who are in vocational training. In the end, governmental institutions are the ones that perform direct monthly payment. Everything has been provided by the Government. There are examples of tasks such as selling shoes in vocational training for the job of economists, and that at the beginning in many offices people were standing, because of lack of chairs. However, there are great examples as well, with the ministers as supervisors of the process.

Still, it would be better to start calling the thing by its name and to know what these programs serve for. Then young people who are in the vocational training apprentices would not be called "interns" by the media or staff officers, the parents would not have thought that the "kids" are hired only because they work for a guaranteed amount of 240 Euro net. Then the youth would ask fewer questions regarding their employment status, their labor rights, what will happen after ... because they would know that they are still actually unemployed and they need the experience and knowledge to get the first real job. Then measures would contribute to the issues on the field to become less complicated. Then the methodology for researching the labor force market (done by National Statistical Office- Monstat) wouldn't crumble as it is the case in the implementation of Labour Forces Analyses (LFA) because youth engaged in vocational training are presented as employees, while they are on the evidence of unemployed in the Employment Agency. And volunteering wouldn't be perceived as working for free for a future job in some institution, which makes life difficult for us who try to raise responsibility and participation to the community. Then, the state would not get 3,500 new people to train simultaneously, because there is no capacity to respond to many of the important issues for the European integration path of the country.

To get out of this vicious cycle of problems, we need a vision for an employment policy, and certainly more comprehensive legal regulation of all forms of engagement other than full time employment. All measures included in trainingship should be clear. They should convince people that things won't be the same as it has been in the last 60 years. People should not think that the state has to provide them a job, and if not, he/she has get it done through his/her parents' connections. If the young people are not active, there will be no public pressure to influence the creation of economically stable and secure environment for the citizens of Montenegro.