

A stylized map of Europe composed of a grid of grey dots, with several dots highlighted in red to represent specific countries.

A long overdue signal to Europe's youth

Opportunities and obstacles to implementation
of the European Youth Guarantee

July 2013

- The introduction of a »youth guarantee« is long overdue in the countries of Europe. The European initiative has an important initial political and budgetary impact, particularly in countries with a conservative government.
- Previous experience has shown that austerity programmes tend to stand in the way of interest in a reduction in youth unemployment in numerous respects. Moreover, programmes to implement purely on the demand side are reaching their limits in the current situation, even if they are better developed.
- Economic stimulus programmes and the active creation of »good jobs« represent a long overdue yet necessary complement, particularly for the most severely affected European labour markets.

1. Why Europe needs a European Youth Guarantee

A suppressed problem hits the headlines

The European Youth Guarantee has already achieved one thing before even being implemented: it has drawn media attention to the little-considered problem of youth unemployment. For some time now, young people in Europe have had a harder time gaining a foothold in the labour market than their elders. In many EU countries, the rate of unemployment among under 25s has been significantly above average for many years, with little political attention paid to the issue. The debt and economic crisis dramatically exacerbates the latent problem: according to Eurostat, 23.5 per cent of young people in the EU27 were unemployed in April 2013. The rate was therefore twice as high as it was for the adults. Particularly in the countries affected by the debt crisis and austerity such as Greece (youth unemployment rate: 62.5 per cent), Spain (56.4 per cent), Portugal (42.5 per cent) and Italy (40.5 per cent), an entire generation is currently in the process of losing its employment prospects.

These alarming statistics have led to youth unemployment being emphatically prioritised in the EU agenda. The Party of European Socialists (PES) initiated one of the most important political initiatives: in April 2013, the European Council agreed a »European Youth Guarantee« (EYG) promising young unemployed people vocational training or employment (see the box on the following page). The EYG provides a conceptual framework for national measures to combat youth unemployment and will make a total of six billion euros of funding available to the Member States for projects and programmes from 2014.

The debate on the previously underestimated stabilisation of youth unemployment has thus reached a decisive point: will the Member States take advantage of the EU funding to tackle the problem with new programmes more consistently than in the past? Or will the universally praised EYG concept fail in the face of a lack of political will for implementation of the concept or practical hurdles that have been set too high?¹

1. These questions were considered at a workshop of the Friedrich-Ebert-Stiftung (FES) entitled »The European Youth Guarantee – how to implement and make it work in the Member States« held in Brussels on 13-14 May 2013 to which the FES invited experts from Germany, Spain, Italy, Portugal, Greece, Romania, Czech Republic, Finland and Austria. The event participants shared their findings on and suggestions for the

Youth unemployment: a different story in each country
It is not easy to find a universal solution to tackle youth unemployment for all Member States. The causes and development of this phenomenon simply vary too much from country to country. There is no such thing as common »European« youth unemployment. The proportion of young people without employment may well have increased significantly in most European countries since 2000, however: »The development of youth unemployment in each country is a story in itself,« tells Hans Dietrich of the Institute for Employment Research (IAB) in Nuremberg. Though young unemployed people were certainly always the first to feel the effects of the financial and economic crisis, major differences exist within the EU: while one of the highest rates of youth unemployment was recorded in the Baltic countries during the financial crisis, this is currently dropping considerably. And while the Southern European countries are experiencing record youth unemployment, the rates in Austria (eight per cent) and Germany (7.5 per cent) have remained stable at under ten per cent for years now.²

Particularly countries in crisis set other priorities

Several factors cast doubt on whether the prospects for implementation of the EYG are good in all countries. Very few EU countries have made tackling youth unemployment a leading political issue – not even the Mediterranean countries where almost half of young jobseekers currently cannot find work. Something else on the governments' to-do lists is far more important: »Austerity takes precedence over everything else,« says Miguel Cabrita from the Lisbon University Institute of the situation in Portugal where youth unemployment has more than quadrupled since 2000. The Portuguese situation is to some extent symptomatic of the situation in the other Mediterranean countries. »Austerity programmes have clear priority for the governments over all projects that create jobs,« Cabrita explains. While a few initiatives to tackle youth unemployment brought the Portuguese

EYG in a round table discussion with European experts from the field of politics, trade unions and labour market institutions. The direct quotes featuring in this text were taken directly from statements made during this workshop.

2. The FES paper »We are excluded« takes a detailed look at the background to youth unemployment in Europe based on country reports from selected EU Member States. <http://library.fes.de/pdf-files/id-moe/09478.pdf>

Focus on the European Youth Guarantee Six billion euros to tackle youth unemployment

The European Union is to make subsidies totalling six billion euros available for a European Youth Guarantee (EYG) between 2014 and 2020. It is to guarantee young people under the age of 25 «a good-quality offer of employment, continued education, an apprenticeship or a traineeship» or a «quality training programme» within a period of four months of becoming unemployed or leaving formal education. With the employment initiative, the EU specifically seeks to integrate young people without any formal training or job from regions in which the youth unemployment rate was over 25 per cent in 2012 into the labour market. The funds for the EYG that the Member States can tap into to implement a youth guarantee will come from European Structural Funds such as the European Social Fund (ESF) and the European Regional Development Fund (ERDF); the funding must be co-financed by the respective participating countries.

In December 2012, the European Commission agreed a youth employment package in which rapid introduction of a European youth guarantee was already proposed. On 16 January, the European Parliament published its recommendation on establishing a youth guarantee; on 28 February, the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO) also reached an agreement. The European Council comprising the heads of state or government endorsed the initiative on 22 April 2013 and, in light of the dramatic youth unemployment in Europe, called for rapid implementation of youth guarantee systems in the EU states.

Introduction of the youth guarantee is not binding for the Member States. So far, it has met with widespread political approval yet also with extreme reluctance for practical implementation. To date, only a few countries (including Austria and Finland) have introduced their own youth guarantee.

government publicity, their content seemed half-hearted and addressed too few of those affected, says Cabrita.

Politicians emphasise:
»We are not responsible – the market is«.

One further critical factor in implementation of the EYG is that, in part, the political sphere does not consider itself responsible for reducing youth unemployment. Particularly conservative governments rely on industry to solve the problem itself. In the Czech Republic, programmes to tackle youth unemployment have, to date, barely had a chance: »Our government does not want to introduce anything that it does not deem necessary,« reports Vit Samek from the Czech-Moravian Confederation of Trade Unions (CMKOS). In light of the highly restrictive budget, there is only interest in measures to tackle youth unemployment when these are funded entirely by the EU. Similar to other European countries, the Czech Republic has outsourced advice and recruitment services for young unemployed people to private agencies. Yet there is a lack of state control

and evaluation to establish whether or not these agencies are actually successful.

Particularly conservative governments also dismiss experts' calls for economic stimulus programmes to create more jobs. It is for this reason that the revival of demand is a blind spot in economic policy debates in Spain, for example. Instead of campaigning for decent wages so that demand for the economy's products once again increases and new jobs can be created, the Spanish government focuses on weakening the role of the trade unions and the importance of dialogue with social partners. »Further deregulation and flexibility of the working conditions was seen as the most effective way – and, in part, the only way – to create more jobs,« emphasises Fernando Rocha Sánchez from the trade union-linked Spanish foundation, »Fundación 1º de Mayo«.

Deregulation of the labour market as mantra

In all European countries, entry-level jobs for young people are often temporary and badly paid. These precari-

ous jobs may well get young people off the streets, but they certainly do not form a solid basis for a secure career and are consequently a part of the problem. Despite this, many EU countries ascribe – similar to Spain – to the motto of »Less state, fewer regulations« in their labour market policy. Thus the Italian government also sees flexibility in the labour market and further relaxation of protection against dismissal as the only viable ways to combat youth unemployment, states Francesco Pastore from the University of Naples II. Indeed, this actually tends to achieve just the opposite. Just recently, the so-called »Fornero Law« made temporary work more expensive and permanent work cheaper – though at the expense of protection against dismissal. »The law had little impact on the labour market and even cost jobs, as it is no longer as easy to extend contracts,« Pastore reports. A reform of the reform is already under discussion.

Tackling unemployment is increasingly a private concern

The European trend is currently increasingly towards considering unemployment and the ways out of this as a private concern of the unemployed. For 20 years now, for example, Romania has battled an unemployment rate that is so high, society has grown accustomed to the problem and exerts very little public pressure on the positively perplexed government. The Romanian population has stopped hoping for solutions from the political sphere and instead seeks individual strategies for economic survival, reports Iulian Stanescu from the Romanian Academy's Research Institute for Quality of Life.

In a similar vein, many of the funding programmes offered to date essentially call upon young unemployed people to create jobs for themselves by working freelance. And this in times in which experienced entrepreneurs are not creating any new jobs. »Launching a company of your own is more difficult now than ever before,« stresses Portuguese expert, Miquel Cabrita. »The government essentially passes on responsibility and tells young people: 'If you cannot find anything here, then work for yourself!'.« If the economy does not pick up again sometime soon, he fears a 'revolving door' effect: after just a short period of self-employment, some unsuccessful young entrepreneurs once again find them-

selves without a job. The funding for start-up companies could be of interest to well-qualified graduates, adds Spanish trade unionist, Fernando Rocha Sánchez. »But for young people without any qualifications, this funding is useless.«

Austerity policies weaken local authorities and public administration

One question seems particularly crucial to the prognosis of who will introduce the EYG and who won't: can the public administration even complete the work required for such a complex concept? In Italy, Spain, Portugal and Greece, austerity policies have made drastic savings in the social budget as well as collective redundancies in public services necessary. This has meanwhile noticeably reduced the quality of state services for the general population. The employment services and responsible ministries are performing poorly due to a lack of financial resources and fewer workers in the short-staffed authorities, some of whom are insufficiently trained and others of whom are demoralised by the austerity measures.

Ironically, the pressure to save prevents the urgently needed funding from being paid out: the administrations are in part already overwhelmed by the procedure to apply for financing from the European Social Fund. »The procedure to access these funds is extremely complex,« tells Italian expert, Francesco Pastore. »We cannot do it; we do not have the structure to do so.« The devil is often in the details for EU applications in Romania too: the government there in part simply does not have the cash flow to pre-finance projects until the allocated EU funds arrive.

Excursus: What happens when nothing happens

One of the most important arguments for implementation of the EYG in many Member States as rapidly as possible is a glance to the future: what will happen if too little continues to be done to tackle youth unemployment? In many countries, there are signs of a trend that is dangerous for democracy: young people are losing faith in their state, and alienation from and mistrust in the established political parties and institutions on the

national and EU levels is growing. In Italy, the established parties paid the price for this during the elections held in early 2013 when a large majority of young people voted for Beppo Grillo's populist protest party. In Spain, powerful social movements such as the *Indignados* (lit. indignant) were formed, which staged social mass protests on central squares in Spanish cities for days on end in 2011. In Romania, Spain, Italy, Portugal and Greece, the »brain drain« is palpable: the young, in part highly qualified unemployed people are emigrating. Indeed, they are even being encouraged to do so by their own governments – besides the loss of skilled workers and expertise, this also signifies a political declaration of bankruptcy. The introduction of a youth guarantee could be a long overdue signal for frustrated young people that the political establishment is committed to their interests.

2. What implementation can achieve

The EU should exert political pressure on the Member States

At the start of 2013, the EU garnered considerable interest in and praise for the EYG concept. Yet the youth guarantee is no use to anyone merely on paper. The concept must be implemented rapidly and in an undiluted form, and the EU has opportunities to build up the necessary political pressure for this: »Implementation of the programme would help make youth unemployment a priority in the European Semester and a priority in the European Commission with their recommendations to Member States,« emphasises Spanish MEP and chair of the Youth intergroup of the European Parliament, Eider Gardiazábal Rubial, from the Progressive Alliance of Socialists & Democrats (S&D), which sees the EYG as an »extremely important tool«. Others propose the introduction of European guidelines for a youth employment quota or observance of a »youth employment« criterion in public procurement regulations.

The EU should counter the danger that Member States facing economic hardship will not implement the entire EYG concept but rather pick out specific parts with mandatory minimum requirements. This could be a sensitive issue, suspects Jan Kreutz from the PES (please also see the short interview in the box). Most countries would have opposed clear regulations on how exactly

they are to implement the EYG from the outset during the political negotiations, he reports. Kreutz is worried that despite all the approval expressed publicly, the youth guarantee will be reduced to a symbolic policy: »Although there is currently a great deal of talk about implementation, precious little is actually being done,« he says. »After all, the nation states do not need the EU for them to do something about youth unemployment. Every government and also every employer could take steps themselves. But we have not seen anything yet.«

More than six billion euros required

For many critics, the EU's plans to put a total of six billion euros towards the EYG by 2020 is far from sufficient in light of the problem's urgency and the sums spent by the EU on rescuing the banks. They have called for more and faster funding. Representatives from the European Commission countered that the EU cannot be the only one to provide financial support. The youth guarantee is a national concern, hence countries must also contribute more money for the measures from their own budgets. The European Council has meanwhile also responded to the critics. Instead of making the planned EYG funding available between 2014 and 2020, the Council already wants to pay the entire sum out by 2015.

Young people need support for longer than up to the age of 25

Experts criticise not only the sum but also the target group: the EYG is geared towards young people under the age of 25. Critics such as Eider Gardiazábal Rubial complain that this limit should be raised to at least 30 so that students unable to find work after graduating from university are also able to benefit from the scheme. Since the Bologna reform, they have effectively studied longer – contrary to the reforms' actual intention – for the majority go on to take a Master's after completing their Bachelor's degree. Instead of a strict age limit, it may therefore be more practical to essentially apply the guarantee to the first five years after entering a profession.

Only quality jobs will yield a lasting solution

The quality of the training places and jobs created by the funding will be decisive to the lasting success of the youth guarantee. The EU has emphasised to the Member States that they should be jobs of an »appropriate high quality«. Sufficient financial and social security for the young people is key. Politicians should resist the temptation to also fund precarious jobs for young people that do not offer any real prospects or less than the minimum wage according to the motto of 'The main thing is to have a job!'. Within this, it is debatable whether a youth guarantee should – as previously foreseen – fund internships, or whether this will in fact exacerbate the danger of exploiting young people.

Firm sight should also be kept of the quality of the training places created within the scope of the EYG. »Vocational training is sometimes merely a replacement for cheap labour,« criticises Hans Dietrich from the Institute for Employment Research (IAB). The Member States should avoid supporting companies with the funding programme, who merely repackage standard, permanent jobs as »training places« in order to obtain public subsidies. To allow a certain level of quality to be achieved in vocational training, it is necessary to always consider it the start of a long-term relationship between the trainee and their employer, Dietrich continues. The dual system in Germany takes just this approach. Attempts have already been made to transfer the German training system to other EU countries, but this has proven difficult, as a long-standing tradition made the dual system what it is today.

Precise tailoring to different target groups is a prerequisite for success

Appropriate tailoring of the measures to specific target groups is essential for the lasting success of a youth guarantee. The offers of assistance should be tailored to groups displaying specific characteristics such as a lack of education, migration, long-term unemployment or social background to better remedy job skill deficiencies. This could lead to implementation issues for employment service workers, points out Wolfgang Müller from the European Representation of the German Federal Employment Agency. With regard to the question

of how the different target groups can even be filtered for the EYG in light of data protection laws, for example, and how the design of offers for the individual groups should even look.

To create quality jobs for young people, the countries' employers must also be involved more in the conception of the training to better attune supply and demand to the labour market. Ben Butters, Director of EU Affairs at Eurochambres in Brussels, suggests just this. »One of the success factors in the dual system in Germany is that industry is heavily involved in development and monitoring of the vocational training places through the chambers of commerce and industry,« says Butters. This is important to ensure that the skills that emerge at the end of the vocational training process also correspond with those that employers really need.

The performance of authorities must be improved

For the funds for the youth guarantee to even reach where they are most needed regionally, the performance of public authorities (for example, in the Mediterranean countries) must be significantly improved. There are experts for whom this point is so utterly crucial that they would prefer to put the EU funding towards the development of a competent employment service rather than towards individual projects to tackle youth unemployment. At the moment, it seems more realistic for the EU to deploy special advisers to support the authorities in the Member States, who will offer civil servants and public service employees qualifications.

Excursus: Lessons learned – experiences in Finland, Austria and Germany

Since the start of 2013, young people in Finland have been entitled to a training place after completing their formal education – either in the upper secondary school or as vocational training. The state guarantees all inhabitants under the age of 25 and all university graduates under the age of 30 a job, internship or advanced or further training within three months of becoming unemployed. Within this, there are sub-programmes tailored exactly to specific target groups. »There are many differ-

ent young people with many different problems, hence there should also be many different solutions for them,« explains Pirjo Väänänen from the Central Organisation of Finnish Trade Unions (SAK). Finland spends 60 million euros on the youth guarantee every year, plus a further 79 million euros until 2016 for the skills programme for young adults holding no qualifications.

In Austria, the state invests 600 million euros a year on measures relating to a training guarantee for young people, reports Christof Cesnovar from the Austrian Federal Chamber of Labour. The offer's core has existed for years: all young people under the age of 18, who are unable to find vocational training within three months, are entitled to inter-company vocational training organised by the state. Austria makes around 10,000 places available for this every year. The offer was recently complemented with youth coaches for young people nearing the end of their formal education as well as for NEETs. The entire programme has helped Austria to achieve an extremely low youth unemployment rate, though there is also one flaw in the long term: »Employers no longer assume responsibility for the next generation of workers, and instead shift this back to the state,« criticises Cesnovar. The state trains the young people and the employers then pick out the best candidates as skilled workers without having to invest in them first.

In Germany, it is primarily the traditional dual system and the transition system with training offers in the transition between school and career that help ensure the lowest youth unemployment rate in Europe. »The statistics are to some extent deceiving though,« counters Bettina Kohlrausch from the Soziologische Forschungsinstitut Göttingen (SOFI). She adds that although the young people are employed in countless qualification

measures through the transition system – to achieve training maturity, for example – these offers are not sufficiently coordinated and there is too little focus on helping the participants to find appropriate training. To address these shortcomings, Kohlrausch calls for coupling of the qualification measures with a training guarantee in Germany too.

3. No lasting solution without growth

Despite the high hopes resting on implementation of the European Youth Guarantee, a sobering realisation prevails: »If the economic situation in Europe does not change, it will not be possible to solve the problem of youth unemployment,« stresses Spanish MEP, Eider Gardiazábal Rubial. It simply is not possible to guarantee jobs where there aren't any. First and foremost, Europe needs new growth for integration of its young people into the labour market. In the past, further and advanced training offers were relied upon to gain access to the labour market – as is also the case with the EYG. Yet the call for state economic stimulus programmes to boost demand and salaries and to help companies to also create new jobs has meanwhile become louder. In the coming three years, the European Investment Bank (EIB) intends to pay out 60 billion euros in loans to small and medium-sized enterprises who create jobs for young jobseekers. Even if economic stimulus programmes are having an impact, assistance is still required from the state. The latter must ensure that one of the primary causes of the job plight of young people is contained once and for all: precarious, temporary and poorly paid employment. For only with quality jobs can Europe eliminate the pressing issue of youth unemployment.

»More political pressure is required«

Jan Kreutz, an advisor for the Party of European Socialists (PES), on the EU's capacity to push implementation of the European Youth Guarantee in countries

Mr Kreutz, what could the EU do to speed implementation of the European Youth Guarantee in countries?

Kreutz: I believe it is important for the EU to exert pressure on the Member States who do nothing to tackle youth unemployment, do not implement the correct tools, and where there is a lack of political commitment. At the moment, this is not the case.

Who are the biggest blockers?

Kreutz: I see a difference between the conservative and social democratic governments. Many conservative governments do not understand that the state must now play an active role. Many claim that it is up to industry to create jobs. In principle, this is not untrue, but industry cannot solve the problem without any support. How is a company to create new jobs when there is no demand? The conservatives must change their mentality. They must consider how they can create new jobs more from the demand side. The social democrats are ahead in this, as they believe in an active role for the state.

What can the EU do to boost demand?

Kreutz: A balance must be achieved between growth programmes and austerity measures. New investment programmes are required and austerity measures must be slowed somewhat to allow the countries more time to consolidate.

What role does public administration play in tackling youth unemployment?

Kreutz: There is a great deal of disparity between EU countries in terms of the role played by administrations and their quality. There is both a north-south and an east-west divide. In Germany, for example, the relatively strong public sector contributes to the economic strength. Those who set up their own business receive financial support and advice from the state. This is not the case in Romania or Greece, for example. The number of employees working for the employment services is also decisive. If an employee is responsible for 50 jobseekers, then they are able to help each one individually. If – due to job cuts in public services – they are responsible for 600 people and only have time to complete the necessary forms, then the employment services do not work.



This text is based on the discussions and outcomes of the workshop »the european youth guarantee – how to implement and make it work in the member states?«, which took place on 13 and 14 May 2013 at the FES Brussels

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