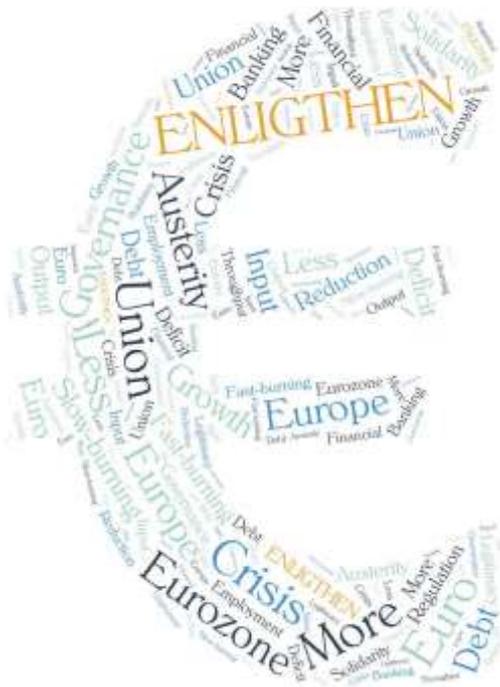




Round-Table 2 / WORK PACKAGE 4

EUROPEAN GOVERNANCE & THE TWIN NECESSITIES OF
YOUTH EMPLOYMENT AND INCLUSIVE GROWTH UNDER DEMOGRAPHIC CHANGE



TECHNICAL BACKGROUND NOTE

By Ignacio DORESTE

European Trade Union Confederation
European Trade Union Institute



Table of Contents

PART I – POLICY ENVIRONMENT	2
PART II – KEY POLICY CONCERNS	3
PART III – PREVELANT POLICY OBSTACLES	4



ARE HARD TIMES THE MOTHER OF INVENTION?

Enlightening European Responses to Fast and Slow Burning Crises

PART I – POLICY ENVIRONMENT

The fast-burning process – EU answer to youth unemployment

The answer to youth unemployment at the EU level is not new; however the crisis has triggered renewed interest on the topic.

Since the launch of the European Employment Strategy (EES), youth unemployment has been a concern at the EU level. Youth unemployment was already high back at the time with still relevant disparities across past and current EU member states. Measures put down in the table at the time pointed to the need of increasing young people's employability, one of the central pillars of the whole ESS strategy. At the time, the employment guidelines already advocated for an early intervention so as to intervene before reaching six months of unemployment. Offering a "new start in the field of training or employment" was to prevent the increase of long-term unemployment among the youngest. This the commitment to raise the participation of young people in the labor market was reiterated in the revised guidelines for the 2005-2008 period¹, i.e. the new priorities for the Lisbon Strategy. Along with employment-oriented policy initiatives, the youth policies were both developed as a dedicated policy initiative (European Youth Package) and integrated into education and training policy (e.g. Education and Training 2010).

Since the crisis and its dramatic impact on youth (un)employment rates, the pace of production of ad-hoc initiatives targeting youths were accelerated and included as full component of the renewed Lisbon Strategy - Europe2020 – namely the "Youth on the Move" Initiative. This initiative already included the idea of Youth Guarantee but mainly as a means to *ensure that each young person had a job* (Youth on the Move, page 7, 2010), which slightly differs from the broader definition in the Youth Employment Package adopted in 2012. Within the umbrella framework of the Youth on the Move, the Youth Opportunities Initiative that took place between 2012 and 2013. It aimed at helping MS with high level of youth unemployment in order to combat early leaving from school and training and provide young graduates with a first work experience. In 20102, the Youth Employment Package was approved. It provided a more comprehensive in scope creating a fertile environment for several initiatives namely the Youth Guarantee, the Quality Framework for traineeships and the European Alliance for Apprenticeship. The role of the social partners has been clearly underlined in the official documents of the Commissions and, at the European level, the social partners gathered to provide their answers and positions both via negotiations (Framework of Actions) and self- initiated initiatives (Work Program). However, the clear role of the TU in particular is still not institutionalized across countries in the design, implementation and monitoring of active labor market policies for young people and in particular, the Youth Guarantee.

The slow-burning process – EU answer to intergenerational solidarity

Many EU members states have shown a contradictory scenario since the outburst of the crisis - and especially after the second recession of 2010 - in which reforms have been undertook to delay the age of retirement, while youth unemployment has remained high. Flexible schemes to de-regulate the labour

¹ (Council Decision on Guidelines for member states, 2003, p: 18) / Council Decision of 22 July 2003 on guidelines for the employment policies of the Member States. // <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32005D0600>



ARE HARD TIMES THE MOTHER OF INVENTION?

Enlightening European Responses to Fast and Slow Burning Crises

relations of young people have been implemented in many countries with the objective of promising a stepping stone in their careers towards quality employment.

Active ageing refers to the place and role of older people in society, their living conditions and the way to “grow old well” or even of their continuation in the labor market. The ETUC believes that a pertinent response cannot be reduced to simply proposing to increase the legal pension age. The ETUC rejects firmly any policy aimed at introducing an automatic mechanism with no negotiation with the social partners to raise the legal pension age or any other uniform solution that would apply to all Member States.

Three fields of action defined the core position of the ETUC in terms of active ageing and inter-generational solidarity:

- Youth employment, acting principally upon quality of training and jobs proposed ;
- Active ageing, mobilizing primarily on working conditions and health and safety in the workplace, whilst allowing employees to retire earlier after long careers or arduous professions
- The quality of pensions, guaranteed by Social Security systems and by perennial financing, based on intra and inter-generational solidarity and sufficient to allow all pensioners and particularly women to live in dignity without recourse to benefits.

It is within this spirit of struggle against all forms of discrimination, particularly related to age, that in the framework of the social dialogue, the social partners concluded on 2012 a European Framework Agreement “For an inclusive labor market”.

If progress has been made, it must be acknowledged that there is still a lot to be done, particularly to allow younger workers to enter the labor market as well as allowing older workers who wish to remain in it. Quality jobs creation should be the number one priority. 24 million men and women, and about 5 million under 25s, are currently unemployed in the EU. Some 10 million jobs have been destroyed since the onset of the crisis in 2008. Getting Europe back to work is not the only challenge. Equally important is to ensure that new jobs are quality ones which allow people to have decent standards of living and contribute to their well-being and to a robust economy.

PART II – KEY POLICY CONCERNS

Key policy concerns relative to European and national labor market and welfare policies in general targeting youth unemployment refer back to two levels: the macro and the micro level.

Macro level

The European economy has gone through two recessions since 2008. The first policy reactions to the crisis in 2008 suggested that the EU was on the right track. The fall in private sector activity was to be countered by a stimulus from the public sector. The second recession, after 2010, followed after the reversal of that early approach. The dominant rhetoric and the accompanying policy measures have pointed in two opposing directions. On the one hand there has been a verbal recognition that past policies had failed and that a big change is needed if GDP and employment growth are to be restored. However, this coexists with



ARE HARD TIMES THE MOTHER OF INVENTION?

Enlightening European Responses to Fast and Slow Burning Crises

an insistence that there can be no substantial change to the central principles governing past policies, most notably the adherence to the recently tightened fiscal rules. As a consequence, austerity must continue. However, unless there is a major change in policy thinking, as well as general rhetoric, the EU economies face the prospect of an agonizingly slow recovery with dampened prospects in several 'core' as well as 'periphery' countries.

In contrast to the weak recovery in activity rates in the recent period, the quality of jobs continues to deteriorate. Non-standard employment, largely involuntary, is on the rise, with negative consequences for labor market attachment, income, and career development, but also for productivity in the long run. The high volatility of temporary jobs points to an increasing risk of segmentation of the labor force, with low transition rates into permanent jobs and weak contribution to the net growth in employment. The findings point to the urgent need to redirect European-level policies and strategies by putting job quality firmly back on the EU policy agenda and at the same time ensuring its high profile and application.

Micro level

Countries with a high level of long-term youth unemployment suffer also from high levels of NEETs. The high levels of medium- to long-term unemployment and NEETs call for preventative policies but for also appropriate measures to reach out to young people who are already experiencing long spells of inactivity. Moreover, data for some selected countries show that the youth/adult unemployment ratio is still high but that its increase is due not only to an increase in youth unemployment but also to the vulnerability of adults on the labor market. Because of the heterogeneity of unemployed and inactive young people as well as the protracted nature of their inactivity, it seems highly unlikely that short-term and/or piecemeal active labor market policy measures could ever succeed in reducing unemployment. It is essential therefore that the focus be placed on the long-term sustainability and appropriate design of labor market policies.

Employers' organizations and trade unions are in the capacity of putting forward practical solutions to address youth unemployment taking into account the specific situation of each country, in order to contribute to growth, employment and social cohesion. Actually, the Commission's proposal for a Council Recommendation on a Youth Guarantee stated that such schemes should be built on partnership-based approaches. However the involvement of social partners in the design, implementation and assessment of youth employment policies is far from being a reality. Many National Governments do not open channels of negotiation with the social partners and many times trade unions are not even consulted.

PART III – PREVELANT POLICY OBSTACLES

The crisis and austerity measures implemented at national level in the last years have had a very negative impact on the working and living conditions of young people in Europe. The dramatic job loss has shrunk the employment rates of young people, and in several countries the reduction has been larger than 30%: 23.8 million people were unemployed in the EU in February 2015 - of whom around 4.85 million were young people under the age of 25 (Eurostat). If already before the crisis levels of unemployment were structurally higher among young people than for adults, after its outburst the situation has worsened dramatically and in some countries there are more young



ARE HARD TIMES THE MOTHER OF INVENTION?

Enlightening European Responses to Fast and Slow Burning Crises

people without a job than employed (Eurostat, data for 2013).

Temporary jobs, precarious contracts, lack of basic social protection and even discriminatory practices on the basis of age are the norm for millions of young people who are trying to make their way in the labor market: the number of young people in the EU working with a temporary contractual arrangement is increasing and the number of permanent jobs constantly falling.

In times of crisis, the labor market policies promoted are the same as years ago: a set of measures to be implemented to boost the offer side. Why would this time be different? If the youth guarantee is going to get rooted in some of the least developed countries in terms of welfare and labor market services, how would this really contribute to the overall improvement of the school-to-work transitions if the policies are implemented ad-hoc often without rethinking the whole social and education, but also labor market systems?

Wouldn't it be better to restore a basic but important universalistic approach across the welfare regimes – also named “generosity” and coverage - and then set up more targeted approaches to the more at-risk populations?