LOOKING FOR JOBS AFTER THE CRISIS

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After almost eight years of economic crisis in Europe, the discussion for what comes next has been launched.

Brussels and the EU capitals are exploring ways to take advantage of the economic recovery and increase employment, after years of sluggish economic activity have dealt a severe blow to crisis-hit countries.

EU policymakers have taken a number of initiatives to tackle the unemployment phenomenon, especially for young people, including the Youth Employment Initiative and the Youth Guarantee Scheme. But have all these efforts delivered?
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to push structural reforms, economists say

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Countries prioritise research, education to avoid ‘lost decade’
Despite positive momentum, the European economy still faces challenges in terms of low investment, youth unemployment and the social fracture growing across the bloc.

Last November, the European Commission projected the highest growth rates for Europe since the eruption of the 2007-2008 financial crisis.

The EU executive significantly revised upwards its forecast for 2017 and 2018, as more jobs were added. The unemployment rate in the EU is now at 7.3%.

European countries have also balanced their public accounts. The average deficit in the EU now stands at 1.1% of GDP.

But the quality of the recovery is far from optimal. For Marco Buti, director general of the Commission’s DG Economy and Finance, “the recovery remains incomplete and several features of the economic expansion remain atypical”.

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Europe’s economies are highly indebted, and Europeans who have jobs are compensated with low salaries. In countries like Spain, whose recovery has been praised in Europe and elsewhere, the phenomenon of the working poor is spreading.

Mario Draghi, the president of the European Central Bank, has warned repeatedly over the past months about low wages, as the bank is preoccupied by their impact on low inflation.

Economic Affairs Commissioner Pierre Moscovici also told reporters last November that the recovery has been “more subdued” than in past recessions because of the “sluggish” wage growth in the national economies.

In addition, public investment remains below pre-crisis level and still represents a low percentage of the EU’s GDP, despite the efforts made at the national and European levels, including the European Fund for Strategic Investments.

And for many young Europeans job insecurity is the new normal, with low wages, partial contracts or just no opportunities.

The Parliament and the member states also agreed on adding €110 million to Horizon 2020, the EU’s research programme, and €24 million for Erasmus.

But giving more opportunities for young people, increasing the quality of jobs, better wage compensation, and returning to the investment levels registered before the crisis started would require a bigger effort from the national capitals and the private sector.

There is a lot at stake. For Socialist MEP Maria Joao Rodrigues, the persistent social fracture represents a long-term challenge to the stability of the EU, and it will be one of the top priorities to address over the next few years.

Against the backdrop of the improved fiscal situation across Europe, the priority for the EU institutions and the member states will be reforms aiming at boosting Europe’s potential growth so the expansion can last and its fruits be shared equitably, said Buti.

As part of this ‘structural reforms 2.0’ push, the Commission includes improving the functioning of the labour market and labour market participation, building better education and training systems, and improving the diffusion of technology and the completion of the bloc’s single market.

But as the Director of the IMF’s European Department Poul Thomsen warned, “there are significant limitations on what Brussels can do to speed up reforms in member states”. Looking at the experience of the bailout programmes, he said that reforms would stick only if “there is a strong domestic ownership”.

For him, “the current strong cyclical recovery provides the best possible economic environment” to implement such reforms. Europe cannot waste this recovery.
What if the youth could change Europe’s economic reality?

By Luis Alvarado Martinez | European Youth Forum

We need a reality check. Some in Europe may be celebrating the slow but steady rise in employment rates and economic growth. But young people have very little to celebrate, writes Luis Alvarado Martinez.

Luis Alvarado Martinez is the President of the European Youth Forum, a platform which consists of youth councils on a national level as well as international non-governmental youth organisations in Europe.

We are the generation who has had to bear the highest cost of the economic crisis and the group in society most at risk of poverty and social exclusion. What if, this year, we had the power to change this reality?

The opportunity to set a new course for Europe is within reach. Discussions are already ongoing in the European Commission to determine the next Multiannual Financial Framework (MFF). This will shape the political priorities of the European Union for at least the next five years and undoubtedly have a direct impact on us citizens. Young people’s futures are hanging in the balance.

So what kind of Europe do we want to build? If our ideal future is a society based on sustainable living, quality jobs, and equality of opportunity for all, then the answer is clear. We need to invest in youth. The time is now.

INVESTING IN YOUTH IS INVESTING IN EUROPE

Making the choice to invest in youth is not about prioritising one generation over others. Investing in young generations means safeguarding the

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future of the European project itself.

By prioritising and investing in programmes such as Erasmus+ or the Youth Employment Initiative, the European Union is supporting hundreds of projects focused on including and empowering young people, fighting social and economic exclusion and preventing discrimination and hate speech from taking root in our societies. Imagine how much could be achieved if there was an increase in funding to fight youth unemployment or ten times more budget for Erasmus+?

Young people are already making a difference in our societies, doing things differently and making changes. Europe needs to build on this, to invest in this.

**BUT, ISN’T THIS HAPPENING ALREADY?**

Both yes, and no.

The good news is that the EU is on the right path. The Youth Guarantee is one example of the potential the EU has to make a real difference in the lives of young people. This promising initiative aims to provide all young people under 25 with a good-quality, concrete offer within four months of them leaving formal education or becoming unemployed. Exactly the kind of ambition that we need!

The less good news is that since the launch of the Youth Guarantee, supported financially by the Youth Employment Initiative, the implementation has been less than smooth sailing. Only now are we beginning to see some of the positive impact.

The value of the Youth Guarantee in the fight against youth unemployment is clear. What we are faced with, however, is a gap between the outcomes that were promised and the funding that was actually made available. Vulnerable young people, the group most in need of this support and the main target of the Youth Guarantee, are those who have been most let down by this lack of sufficient investment.

So, how can we make sure that we don’t continue to fall short of what can be achieved?

We need to keep investing directly in young people. This is key. However, we can also be much more effective in monitoring where this money is invested. Reaching out to those young people who are furthest away from society and the labour market, requires us to better understand the specific barriers they face. This is why the role of youth organisations could not be more crucial. They are best placed to increase the value and success of the Youth Guarantee, acting as intermediaries between young people and employment services on the ground. However, they can’t do the best work possible without the current administrative burdens and restrictive access to funding.

**CHANGING THE WAY WE THINK ABOUT ‘YOUTH ISSUES’.**

The Europe that young people want goes far beyond the “any job is better than no job” mentality. Our generation is done with being used as cheap labour, stuck in endless cycles of unpaid internships and precarious jobs.

The next Multiannual Financial Framework is an opportunity to work towards a more Social Europe, to turn the new Social Pillar into more than just a set of guiding principles. This means concrete actions with adequate funding to ensure that social inclusion and social rights become a reality for all.

Building a better future and changing the reality for young Europeans requires us to go beyond only looking at the latest employment statistics. We can’t expect to meet the needs of current and future young generations without looking at how we can achieve this across all policy areas. The wellbeing of young people cannot be confined to just one government department.

If we want to innovate we need to ensure that youth initiatives, such as the Youth Guarantee, are part of a wider, comprehensive strategy. It’s time to have real measurement and quantification of how much money the EU invests in young people. It’s time to move towards a model based on concrete results.

The increasingly familiar words we hear so often from our political leaders that ‘youth are the future’, mean nothing if not backed up by real financial commitment. These resources must not only be reflected in the framework of the next Multiannual Financial Framework but also in national budgets. The financial backing and support of member states’ to effectively implement EU schemes cannot be understated.

The European Youth Forum and our member organisations across the continent are ready to work for a better reality for all young people in Europe. Our voice must not be excluded from the discussions.

It’s simple. For the future of Europe, we can’t afford to not invest in youth.
In some member states, young people were employed for a month or even less under the EU-financed Youth Employment Initiative and this is the wrong message that should not be tolerated, MEP Romana Tomc told EURACTIV.com in an interview.

Romana Tomc is a Slovenian member of the centre-right Group of the European People’s Party in the European Parliament.

Firstly, YEI means the financial package for the measures prepared by the member states, so we should bear in mind that when it comes to the member states’ efforts, we should ask ourselves how ambitious member states were at implementing the YEI. The answer varies state by state. Finland was certainly very successful, some southern countries unfortunately less so. The main conclusion of the report would be that we expressed great political and financial commitment to support the YEI as a more stable, targeted instrument. We emphasised the need that in the future, NEETs should be reached more efficiently. Here I would like to mention that it is crucial that member states play their role, with efficient measures, by seeing YEI as an additional instrument and by much needed educational reforms, in order to prevent skills-mismatch. Combining all these – young people will be able to sustainably integrate into the labour market. I believe Parliament suggested ways to improve the YEI, I hope in the future member states will be able to report, according to the collected data, and therefore...
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also present better results.

**How can the EU address the lack of reliable data regarding the implementation of such initiatives?**

This first written evaluation, or report, showed us that there are many problems that we need to address. You can find these challenges and many more in the Court of Auditors report. Each country should ensure that data is collected, otherwise, evaluation is impossible. The main message should be that we will continue with the YEI, but we will do it better, also when it comes to data.

In your report, you stressed, “The Youth Guarantee must be the first step towards a rights-based approach to the employment needs of young people.” **How could this be achieved in countries that have been affected by the crisis and where labour relations do not meet the average EU standards?**

This paragraph is still under consideration since the vote is taking place on Thursday. So we have to wait until Thursday. Rights-based approach basically means that young people have some standards when getting their contracts, and I believe it is also linked to the question of a quality offer. In some countries there were examples where young people were employed for a month or even less, under the YEI. This shouldn't be the case or a good example, especially not if the EU is financing it. By letting this happening, we would send the wrong message. Even though I agree with you regarding difficult labour relations and the rise of atypical employment, we should strongly oppose the practices of labour legislation violation being used under the YEI.

Despite several initiatives to boost employment, the brain drain of young people seems to be an open wound for the EU. In addition, few countries have linked employment to education. Are these signs that the EU single market is not functional yet?

**The situation of labour markets is difficult and most of the countries are facing skills mismatch. Linking employment to education should, therefore, be a basic reform in every European country. The single market is one of the greatest achievements of the EU. But to be honest it still lacks the solutions deriving from the four basic freedoms, especially when it comes to the free movement of people. The consequences of someone working abroad are not just brain drain for one country, as you mentioned, but also the question of social rights such as pension rights, unemployment benefits, child allowances etc. Because of that, I believe the single market is still in the making.**

The EU has emphasised the need to support the so-called NEETs (young people not in employment, education or training). However, in many countries, the term is still unknown, meaning that the subject is ignored. Are the member states turning a blind eye to the phenomenon or can the EU Institutions not convince them of its severe implications in society?

First, let me just mention that 16 million NEETs have entered YG schemes and YEI has provided direct support to over 1.6 million young people in the EU. It is true that member states didn’t make enough efforts to reach inactive youths (NEETs). The problem is that once somebody becomes inactive this usually leads to long-term unemployment. Ireland was a country that tackled this specific issue, in my opinion, quite smartly, because they offered money to their citizens to register themselves as unemployed. By doing so they got reliable statistics on the percentage of NEETs in their country. When they identified them, they were able to make measures more targeted. This should be the first step when reaching NEETs. I don’t believe that the countries are turning a blind eye. I believe that they didn't have time to do the research, to prepare suitable reforms, instead they rather used YEI money to replace already existing national reforms.

**How do you see the role of civil society, particularly youth organisations, in the monitoring of employment initiatives as part of a bottom-up approach? Do you believe that youth organisations currently have enough of a platform to make their voices heard?**

The situation differs across the EU. In some member states, this is really the case – so that youth organisations are not involved enough and that we can speak about the lack of bottom-up approach. But for example in Slovenia, so in my home country, this was not the case, since youth organisations were greatly involved in the implementation process. So it again depends from country to country. In the report, I mentioned the absence of youth organisations in the implementation process, so that member states will be able to improve this issue in the near future as well.
To tackle the long-running problem of high youth unemployment across Europe, the EU has introduced a range of initiatives and so-called “guarantees”. A long-term strategy could contain the adaptation of a dual education system, which has worked well in Germany and several other EU countries, EURACTIV Germany reports.

In Portugal, Mafalda studied computer science. But after graduation, she could not find work. “The studies lacked practical relevance, they contained too much theory that did not benefit me on the job market,” says the 26-year-old Portuguese.

“In Portugal, you either do vocational training – but in that case you lack the theoretical basis – or you study like me and the companies do not know what to do with you as you lack practical experience.”

Mafalda has been doing an apprenticeship as an electronics technician for a company in Berlin for the past year. “Here I can work with

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cannot be copy-pasted par for par,” he says.

**DIFFERENT COUNTRIES, DIFFERENT TRADITIONS**

A report by the IDW*, to which Flake contributed, suggests that conditions for dual vocational training are very different in the seven European countries that were analysed. “Vocational training in many countries has not yet reached its full potential,” the study concluded.

“In southern European countries, there is a great image stigma of vocational training,” says Flake. Vocational training usually has a lower reputation than studying. For this reason, politicians and industry need to work together to ensure that vocational training is an attractive option to young people and their parents.

Measures such as the EU’s so-called ‘Youth Guarantee’ have, however, shown little results so far. The “guarantee” to provide employment or a training vacancy for each unemployed young person within four months has not become reality. In 2017, more than half of all unemployed young people in the EU had been jobless for more than six months.

**SUCCESS STORY, BUT NO BLUEPRINT**

“For my parents, it was not easy when I decided to start an additional vocational training after I finished my studies – in addition, so far away, in Germany,” Mafalda recalls. “But there is no similar training to be found in Portugal. And maybe I can even stay in this enterprise. I like the working climate and the advanced training offer, too. In my profession, there are constant technological developments. If I want to stay attractive in the job market, I have to be able to educate myself further.”

According to Flake, much

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Countries prioritise research, education to avoid ‘lost decade’

By Jorge Valero | EURACTIV.com

Smart spending and a focus on future-oriented priorities, such as innovation and education, will be key to create more jobs in the next decade.

There is no room for losing another decade, national and EU representatives concurred in January during a high-level conference on the EU’s next multi-annual budget for 2020-2027.

The Lisbon Agenda and Europe 2020 didn’t deliver their promise of turning Europe into the most dynamic and competitive region of the world.

Today’s digital revolution is driven by US-based companies such as Google, Amazon, Facebook, Apple or Microsoft. Long-standing European firms are struggling to complete their transition to the fourth industrial revolution.

In the aftermath of the financial crisis, hundreds of thousands of jobs were lost. While many have found their way back to the workplace, and the unemployment rate across the EU has fallen to 7.3%, automation could represent a bigger challenge than the ‘great recession’.

The World Economic Forum’s 2018 Global Risks Report pointed out that “systemic challenges have, if anything, intensified amid proliferating indications of uncertainty, instability and fragility.”

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Against this backdrop, member states want to make their economies more competitive by investing more in innovation.

**MONEY AND PRIORITIES**

In this context, the next MFF will be the key instrument to mobilise the bloc’s energies.

As German vice-chancellor and Foreign Affairs Minister Sigmar Gabriel said, the long-term budget is a political instrument “not just bookkeeping.”

“Are we spending on the right things?” he asked the audience while adding that Europe should also consider increasing its spending to cope with fast-changing reality.

To Karel Luyben, rector of Delf University of Technology (Netherlands), the return on investment in education takes more time to appear, but “it is much more and much longer lasting”.

“The combination of education and research are the best options for long-term returns,” he told the audience of the conference.

Currently, two-thirds of the budget goes to the common agricultural policy and cohesion funds. For several countries, including Germany, the Netherlands and Austria, these are the policies of the past.

That is why some capitals call for ‘deep’ cuts on farmers’ subsidies and grants given to member states for big infrastructure projects.

Budget commissioner Günter Oettinger said that the only two areas that would avoid cuts in the next MFF are Horizon 2020, the EU’s research programme, and Erasmus.

Supporters of cohesion policy argue that this budget line, which amounted to €350 billion during the 2014-2020 period, will help to make Europe a more competitive region.

“We believe that a stronger Europe would happen only if people feel more safely or if Europe’s competitiveness is more robust,” said János Lazar, minister for the office of the Hungarian prime minister.

In order to improve the competitiveness, he said that cohesion policies represent “win-win situations” as they benefit all.

For Alberto Nadal, state secretary for the Budget and Expenditure, Cohesion is the flip side of the internal market.

“When we deregulate the markets there are winners and losers. Not everybody is going to benefit in the same way,” he explained.

In his view, cohesion expenditure is a transfer from the winners of globalisation to the losers.

“It is not worth it to create areas of productivity if not everybody is going to benefit in the same way,” he said.

The next MFF could become also a ‘stick’ to punish member states. For the time being, the ideas floated link EU funds to the fulfilment of the rule of law.

But institutions have already considered linking the EU budget to the implementation of structural reforms.

In late 2012, a report by the Presidents of the EU institutions proposed making EU funds contingent on structural reforms.

A “strong appetite” exists for introducing such conditionality, said Lilyana Pavlova, minister for the Bulgarian Presidency of the Council.

But she warned that “we have to be very careful” if it is finally adopted, as it could be “counterproductive” if that conditionality goes against the overarching goals of the EU, for example, if it is only imposed on cohesion spending.