

THOMAS SABLowski / SANDRA SIERON

PRECARITY GUARANTEED

THE “EUROPEAN YOUTH GUARANTEE” IS AN INEFFECTUAL ATTEMPT TO TACKLE THE ISSUE OF YOUTH UNEMPLOYMENT

According to Eurostat, the unemployment rate for 15- to 24-year-olds in the third quarter of 2014 in the European Union was 21.3 percent. The official number in Spain was 52.4 percent, with 49.5 percent in Greece, 40.4 percent in Croatia and 39.3 percent in Italy. The high level of youth unemployment in the EU is not only an economical problem; it is increasingly also a political problem for governments. This is because the movements protesting the crisis policies of the EU governments and the Troika – consisting of the European Commission, European Central Bank and International Monetary Fund – are greatly supported by young people. It is therefore not surprising that Martin Schulz, the re-elected president of the European Parliament, in his first speech to the newly formed parliament on 1 July 2014 on the political challenges in his new term of office gave top priority to the “shocking level of youth unemployment”, which he called “a threat to our democracy”.¹

The new president of the European Commission, Jean-Claude Juncker, also opened his political guidelines for the future work of the Commission by saying that the youth unemployment had reached new record levels and declared that creating new jobs was the primary objective of his agenda.² The “discovery” by top European politicians of the problem of youth unemployment is of course nothing new. Already in 2005, the Council of the European Community agreed that unemployed young people should be enabled to make a new start within 6 months of losing their job. On 6 July 2010 the European Parliament asked the Commission and the Council to introduce the European Youth Guarantee to ensure that young people are offered a job, apprenticeship, continued education or a combination of work and education within four months of becoming unemployed. The European Commission’s communication of 15 September 2010, Youth on the Move, adopted this demand and requested that Member States take the appropriate action. However, little happened. On 5 December 2012 the European Commission then proposed introducing a Youth Guarantee. The European Council adopted the associated *recommendation* on 22 April 2013. However, recommendations are not binding for Member States in the same way as the Council’s regulations, directives and decisions are. The fact that plans for a Youth Guarantee at the national level have nonetheless been brought forward may be related to the considerable worsening of youth unemployment over the last few years. The EU is mobilising funds for its introduction. EUR 10 billion is to be provided annually from the European Social Fund (ESF) for the period 2014–2020. Then, as part of a Youth Employment

Initiative, further EU funds will also go to regions where youth unemployment is above 25 percent. Between 2014 and 2015, a budget of EUR 6 billion is earmarked for the Youth Employment Initiative, with EUR 3 billion allocated for the creation of a new EU budget title. The Member States involved are also required to mobilise at least another EUR 3 billion from their allocated ESF funding. Since these funds do not constitute additional public spending, but merely a specific reallocation of EU funds, no new multiplier effects result.

A DROP IN THE OCEAN

Interestingly, the Youth Employment Initiative funding is not being allocated in proportion to the number of young unemployed in the participating countries, but for political purposes. Of the EUR 3 billion making up the new EU budget title, the highest amount (EUR 881 million) is allocated to Spain, followed by Italy (EUR 530 million) and then France (EUR 290 million). Great Britain receives less even though it has more people in the NEET category (Not in Employment, Education or Training) than Spain.³ NEET rates do not explain the distribution of EU funds either. Bulgaria, the country with the highest NEET rate in the EU, receives EUR 294 per NEET, while Italy, the country with the second-highest NEET rate, receives EUR 416 per NEET. This is followed by Greece with EUR 734, Ireland with EUR 616 and Spain with EUR 1038 per NEET. The fact that Spain, Italy and France received the largest allocation can be attributed to the fact that these countries are more important for the European internal market than smaller countries such as Greece, Ireland or Portugal. Furthermore, the economic and political situation

in Italy, France and Spain in late-2012/early-2013 appeared particularly fragile, if we ignore the countries that had already been subjected to the Troika's programmes. In short, it seemed at that time that the further development of the EU crisis would be determined in these countries.

The European Youth Guarantee is in line with the neoliberal concept of "labour market flexibility" and an "activating" labour market policy, which also defined Germany's Agenda 2010. It must also be understood as part of the Lisbon Strategy, as well as the Europe 2020 programme, which is built on the Lisbon Strategy. The Lisbon Strategy also defined political objectives for the labour market that were particularly related to youths and young adults. These objectives aimed to promote their Europe-wide mobility, reduce the rate of early school-leavers to 10 percent and halve by 2010 the number of 18- to 24-year-olds who have only a lower secondary education and are not in further education or training.

The seven flagship initiatives of Europe 2020 included the Youth on the Move campaign, which contained specific requirements to increase the performance of the education system and to facilitate the entry of young people into the labour market, as well as an agenda for new skills and jobs to "modernise" labour markets and empower people by developing their skills throughout the lifecycle and better match "labour supply" and "demand", including by fostering labour mobility.⁴

"PASSIVE" YOUNG PEOPLE AS TARGETS

According to the concept of the "activating" labour market policy, the Youth Guarantee targets youths and young adults that are described as "passive" (the so-called NEETs). While the European Commission itself refers to Eurostat data to point out that structural factors, such as having a migrant background, coming from a poor household, having a disability or living in a remote area, increase the likelihood of belonging to the NEET group⁵, its solution strategy blames the "passivity" of the individual. The primary aim is above all to improve "employability". The question as to whether increasingly better educated young people are actually able to find suitable jobs or whether they, in spite of their better education, have to compete for a stable or even shrinking number of jobs is not raised at all. Let us look at the figures: The proportion of graduates aged 20 to 29 in the EU-28 rose from 34.5 percent in 2007 to 45.6 percent in 2012. In the same period, the unemployment rate of graduates in this age group rose from 11.5 percent to 18.1 percent. These figures show that the number of graduates in the EU is rising, while the number of unemployed graduates is increasing too.

Permanently alternating between employment and training and continuing education – in line with the idea of "lifelong learning" – has become the guiding principle. In fact, the education system is increasingly being used as a temporary storage facility for the unemployed. It also changes in qualitative terms by being subject to labour-market policies. Education as a means of emancipation and the general development of the individual becomes less important, while the focus is placed on the "promotion of professional skills" and the seamless transition from education to employment. If the latter fails, this is attributed to the education system not sufficiently meeting the requirements of businesses, which is then taken as a need to reform the education system as defined by the economy. Accordingly, one of the central aims of the EU employment policy for young people is to develop

a "quality framework for internships" and to promote a "European education alliance" with a view to developing a dual-training system based on the German model.

According to the European Commission, one of the objectives of the Youth Guarantee is to foster "entrepreneurship" in young people:⁶ "Successful entrepreneurs, role models, are important in fostering entrepreneurial spirit in young people." The "continued guidance on entrepreneurship and self-employment for young people" as well as ensuring "greater availability of start-up support services" are regarded as a means of implementing the Youth Guarantee. "Entrepreneurship courses" would awaken the entrepreneurial spirit even in schools, building on the simple principle that if nobody can find a job, everyone just becomes self-employed so that the official statistics are true. Self-employment also comes with material incentives. The plan of the Spanish government to implement the Youth Guarantee, for example, provides for the introduction of a "flat rate" of duty and tax during the initial months of self-employment and makes it possible to receive unemployment assistance, which should be used as "capital". The competitiveness of such a livelihood is highly questionable and not free of sanction mechanisms; "Hartz IV" (the German unemployment benefit model) and all previous workfare programmes would be good examples. In self-employment, the risk of income loss is completely transferred to the individual. All measures proposed by the European Commission for the implementation of the Youth Guarantee are based on the principle of "mutual obligation", which dictates participation in labour market "measures" and can entail sanctions for a lack of cooperation. The Commission warns that the Youth Guarantee could include a "moral hazard" if young people rely on the fact that they will be offered jobs. This risk will, however, be small, since it is doubtful that there are actually enough jobs and that they can be created by means of EU funds.

REDISTRIBUTION IN FAVOUR OF CAPITAL

By introducing "recruitment incentives" for employers as a means of implementing the Youth Guarantee, the Commission implicitly recognises the fact that market mechanisms as such do not provide a sufficient supply of jobs. According to the neoclassical view of the labour market, the lack of willingness of businesses to hire young adults is, among other reasons, due to excessive wages or "non-wage labour costs". The Commission's demands include "reduc[ing] the cost of labour in a budget neutral way", i.e. reducing wage and income tax and increasing indirect taxes and contributions. The call for "budget neutrality" follows from the austerity policies also adhered to by the Commission. According to the Commission, such a shift from direct to indirect taxes would lower gross wages, which would reduce the burden on businesses and increase labour demand. The fact that such a reconstruction of the tax system has a regressive effect from a distributional perspective is swept under the carpet. It weakens the purchasing power of the lower income groups, i.e. the unemployed, pensioners and students, reduces their effective demand and eliminates still more jobs.

Grants for hiring difficult-to-place young people are a further means of implementing the Youth Guarantee that benefits businesses. In order to promote employment, in Spain, for example, social security contributions can be reduced or completely waived. One of the programmes relates to a combination of part-time employment and train-

ing, where social security contributions can be reduced for up to 12 months. The First Job programme facilitates temporary employment for people who do not have a chance of being offered a permanent position. The overall costs incurred by businesses for so-called traineeships can be borne by the State for between six months and three years. For three years, businesses that convert fixed-term contracts into permanent jobs receive subsidies for social security contributions to the amount of EUR 500 per year for male employees and EUR 700 per year for female employees.⁷ However, the question here is whether such subsidies will lead to more jobs or merely increase windfall profits.

Last but not least, measures to promote “labour mobility” in the EU aim to contribute to the implementation of the Youth Guarantee. Those who cannot find employment on the national labour market are encouraged to emigrate. To achieve this, information systems on available jobs are to be upgraded on a cross-border basis – as if it was only due to a lack of information that people are unwilling to leave their home country despite poor perspectives. The expansion of points of contact is also envisaged, as is the introduction of “awareness raising campaigns” and the promotion of voluntary organizations that offer mentoring programmes. The available funds are, however, very limited. The number

JOBLESS, NEET AND THE NEED FOR MONEY

Youth unemployment in EU-28 and distribution of funds from the Youth Employment Initiative

Country	Population	People at work	Unemployed	Unemployment Rate ¹	Not economically active	NEET	NEET Rate ²	Funds ³	Share ⁴ of funds
Austria	991,000	541,000	52,000	8.7	398,000	64,415	6.5		0
Belgium	1,326,000	335,000	82,000	19.8	909,000	163,098	12.3	39.64	1.32
Bulgaria	815,000	178,000	70,000	28.1	567,000	175,225	21.5	51.56	1.72
Croatia	520,000	88,000	66,000	43	366,000	86,840	16.7	61.82	2.06
Cyprus	107,000	30,000	12,000	27.8	65,000	17,120	16	10.81	0.36
Czech Republic	1,194,000	301,000	73,000	19.5	820,000	106,266	8.9	12.71	0.42
Denmark	700,000	385,000	63,000	14	252,000	46,200	6.6		0
Estonia	168,000	55,000	15,000	20.9	98,000	20,496	12.2		0
Finland	641,000	268,000	63,000	19	310,000	55,126	8.6		0
France	7,409,000	2,136,000	668,000	24.4	4,606,000	896,489	12.1	289.76	9.66
Germany	8,962,000	4,178,000	370,000	8.1	4,415,000	672,150	7.5		0
Greece	1,076,000	141,000	174,000	55.3	762,000	218,428	20.3	160.24	5.34
Hungary	1,161,000	216,000	85,000	28.1	861,000	170,667	14.7	46.49	1.55
Ireland	553,000	156,000	68,000	30.4	329,000	103,411	18.7	63.66	2.12
Italy	6,041,000	1,121,000	611,000	35.3	4,309,000	1,274,651	21.1	530.18	17.67
Latvia	255,000	73,000	29,000	28.5	153,000	37,995	14.9	27.1	0.9
Lithuania	411,000	89,000	32,000	26.7	291,000	46,032	11.2	29.69	0.99
Luxembourg	61,000	13,000	3,000	18	45,000	3,599	5.9		0
Malta	57,000	25,000	4,000	14.1	28,000	6,042	10.6		0
Netherlands	2,023,000	1,281,000	134,000	9.5	608,000	86,989	4.3		0
Poland	4,659,000	1,150,000	415,000	26.5	3,094,000	549,762	11.8	235.83	7.86
Portugal	1,128,000	266,000	161,000	37.7	701,000	159,048	14.1	150.2	5.01
Romania	2,703,000	645,000	189,000	22.7	1,869,000	454,104	16.8	99.02	3.3
Slovakia	728,000	146,000	76,000	34	506,000	100,464	13.8	67.43	2.25
Slovenia	223,000	61,000	16,000	20.6	147,000	20,739	9.3	8.61	0.29
Spain	4,567,000	833,000	945,000	52.9	2,799,000	849,462	18.6	881.44	29.38
Sweden	1,239,000	498,000	154,000	23.7	588,000	96,642	7.8	41.26	1.34
United Kingdom	7,743,000	3,629,000	963,000	21	3,152,000	1,084,020	14	192.54	6.42

Age group 15 to 24. Year of data: 2012. The population comprises the labour force and the not economically active population. The labour force comprises people at work and unemployed persons. NEET are persons not in employment, education or training. ¹ Number of unemployed divided by the total number of employed and unemployed in the age group ² Number of NEET in relation to whole population in the age group ³ in millions of euros ⁴ in percent

of young people registered with the EURES portal to search for employment throughout the entire EU has significantly risen since 2010, with the highest increases seen in Greece (394 percent), Spain (295 percent) and Italy (196 percent). In 2013, as part of the MobilPro-EU programme, the Spanish Labour Ministry, for example, and the German Ministry of Labour and Social Affairs agreed on the Job of My Life programme, whereby 5,000 Spanish youths are to be provided with training or employment in Germany within four years. The programme had to be temporarily suspended in April 2014 due to an excessive number of applications.⁸ According to a Eurobarometer survey, on average, the willingness of people across Europe to move to another country for work has declined since 2011. This could be linked to the fact that migrants in the target countries are more often on fixed-term or part-time contracts compared with locals and are often over-qualified for the work they do.⁹

THE INGREDIENTS FOR A VICIOUS CYCLE

The European Youth Guarantee is an ineffectual attempt to tackle the issue of youth unemployment in isolation from its constituting economic circumstances. The programme is inadequate in quantitative terms, since the available financial means are much too low given the number of people affected. It is, however, also inadequate in qualitative terms, since it ignores the causes of high youth unemployment. First, it should be noted that a more or less high unemployment rate is a precondition for the functioning of the capitalist mode of production, as was shown by Karl Marx in *Capital*. If the growth rate of labour productivity exceeds that of national income, unemployment rises. In the EU, it has been empirically determined that national income growth rates have been falling since the mid-1970s and that unemployment has risen throughout the economic cycles. On the pretext of fighting youth unemployment, standards for youths and young adults were established in such a way as to undermine actual labour standards. As a result, the number of people in this age group working in precarious conditions is higher than the average and they are therefore the first to fall victim to crises. The first consequence of a crisis is the dismissal of contract workers and the termination of fixed-term employment and training relationships, with the effect that youth unemployment rises to a greater extent than general unemployment. This in turn gives rise to a new round of measures to support precarious jobs for young people based on the principle that a precarious job is better than no job. The European Youth Guarantee is just one measure in a long line of neoliberal labour market reforms and special youth measures that promote the vicious circle of unemployment and precarity. However, it seems that young people are no longer willing to stand by in silence and watch their future being sold out without putting up a fight. And it is for this reason that the protests against European crisis policies are synonymous with a rejection of European youth labour market policies.

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Thomas Sablowski is senior research fellow for Political Economy of Globalization at Rosa-Luxemburg-Stiftung in Berlin.

Sandra Sieron studies Political Theory in Frankfurt a. M.

¹ Schulz, Martin (2014): Inaugural Speech by Martin Schulz as President of the European Parliament, European Parliament, 1 July 2014. ² Juncker, Jean-Claude (2014): A New Start for Europe: My Agenda for Jobs, Growth, Fairness and Democratic Change. Political Guidelines for the next European Commission. Opening statement in the European Parliament plenary session, 15 July 2014, page 2. ³ In the statistics, the term NEET refers to youths and young people who were unemployed at the time of the survey (who are unemployed or inactive according to the definition of the International Labor Organisation) and who have not been in education or training for a duration of at least four weeks prior to the survey (Eurofound 2012: 22 et. seq.). In contrast to the unemployment rate, which relates to the economically active population of an age group, the NEET rate is calculated with regard to all persons of this age group. As a result, there are usually more NEETs than unemployed; the NEET rate is, however, lower than the youth unemployment rate. ⁴ The Youth on the Move campaign has ended as of December 2014. See: http://ec.europa.eu/youthonthemove/index_en.htm. We could not find any evaluation of the campaign so far. ⁵ European Commission (2012): *Arbeitsgrundlage der Kommissionsdienststelle. Begleitunterlage zum Vorschlag für eine Empfehlung des Rates zur Einführung einer Jugendgarantie*, 5 December 2012, page 4. ⁶ Ibid, page 26 et seq. ⁷ Ministerio de Empleo y Seguridad Social (Ministerium für Beschäftigung und soziale Sicherheit) (2013): *Spanish National Youth Guarantee Implementation Plan*, December 2013. ⁸ Berlingieri et al. (2014): *Youth Unemployment in Europe. Appraisal and Policy Options*, Robert-Bosch Foundation, page 80 et. seq. ⁹ European Commission (2014): *EU Employment and Social Situation. Recent trends in the geographical mobility of workers in the EU*. Quarterly Review, Supplement June 2014.

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