European Youth Guarantee

di Jutta Steinruck
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In April 2013, the EU Member states started formally the Youth Guarantee. This was the first success in a long story of challenging ways to fight Youth Unemployment in a European Initiative. With the Youth Guarantee the Member States should ensure that, within four months of leaving school or losing a job, young people under 25 can either find a good-quality job suited to their education, skills and experience; or acquire the education, skills and experience required to find a job in the future through an apprenticeship, traineeship or continued education.For us Socialists and Democrats the adoption of the youth guarantee has been a very positive step, since it offers a fresh start for millions of young people.

This is a great victory for a fairer Europe, as well as for our social-democrat family, as it follows the path we started out in 2011. The Youth guarantee is important to respond to youth unemployment, which affects almost a quarter of young people. This is also a key social element of the strategy to exit the crisis.

The EU heads of state and government have decided to allocate â‚¬6.4 billion in EU funds. 3.2 billion are coming from the European Social Fund and â‚¬3.2 billion from a new budget line. Although this is already a good start, this amount is not enough for a successful youth guarantee. The member states must be given support to put it into practice. We need to make sure that further money is available. The discussion on the EU budget 2014-2020 showed us already, that we still have no guarantees that further funds can be found to support the youth guarantee over the seven-year period.

For many years now the Socialists and Democrats have been calling for stronger, more targeted action to make a real difference, including investment to boost growth, create jobs and make the youth guarantee work for young people. Too little has been done so far. There are standards missing to measure the implementation of the youth guarantee and also compulsory targets for fighting youth unemployment within the framework of the European semester. It's a serious indictment that we are more ambitious in rescuing the banks than we are in providing job perspective to our young generation and hence in changing the lives of millions of young Europeans. In the last four years, the overall employment rates for young people fell three times as much as for adults.

Most of the Member States should also identify and activate those furthest away from the labour market. We need to reach these inactive young people who are not registered with the Public Employment Service. Today, 7.5 million young Europeans between 15 and 24 are not in employment, not in education and not in training (NEETs). In 2012, 29.7% of young people (15-29) were at risk of poverty or exclusion in the EU.

The gap between the countries with the highest and the lowest jobless rates for young people is extremely high. There is a gap of 44 percentage points between the Member State with the lowest rate of youth unemployment (Germany at 7.2% in December 2014) and the Member State with the highest rate, Spain (51.4% in December 2014). Spain is followed by Greece (50.6% in October 2014), Croatia (44.8% in the fourth quarter 2014) and Italy (42% in December 2014).

The International Labour
Organisation has estimated the cost of setting up Youth Guarantees in the Eurozone at â‚¬21 billion per year. However, the costs of NOT acting are far higher. The European Foundation for Living and Working Conditions (Eurofound) has estimated the economic loss in the EU of having millions of young people out of work, education or training at over â‚¬150 billion in 2011 (1.2% of EU GDP), in terms of benefits paid out and lost output.
This is in addition to the
long-term costs of unemployment to the economy, to society and to the individuals concerned, such as increased risk of future unemployment and poverty. The cost of doing nothing is therefore very high: the Youth Guarantee scheme is an investment.
The Youth Guarantee is
based on successful experience in Austria and Finland that show that investing in school-to-work transitions for young people pays off. The Finnish Youth Guarantee helped to reduce unemployment amongst young people, with 83.5% successfully allocated a job, traineeship, apprenticeship or further education within three months of registering.
But if we have a look one year after the adoption of the Youth Guarantee, the results in the other member states do not
need the initial expectations. The budgetary constraints faced by Member states and the lack of available funding at the initial stage of the programming period have caused significant delays in the implementation of the Youth Guarantee. I therefore fully support the European Commission's proposal to increase the initial pre-financing in 2015 from around 1% to 30% for the allocation of the Youth Employment Initiative. This will help EU countries, some of whom are still facing difficulties, to start implementing the Youth Employment Initiative. This is not new money in addition to the â‚¬3.2 billion earmarked for the initiative - it is just more cash up-front and less to be reimbursed later, but it will help. It is a good and important signal that Europe is serious about investing in its people, ending the harsh austerity of recent years.
But we also have to be aware, that the
availability of funding is a necessary but not sufficient condition for an effective implementation of the Youth Guarantee. In several regions across Europe, the absorption capacity of the ESF fund, particularly linked to administrative and human resources skills, is very low and this might undermine the realisation of the Youth Guarantee in the country.
Finally,
again, although the introduction of the Youth Guarantee might still have a positive impact both in terms of labour market outcomes and institutional change by stimulating improvement of labour market services, the supply-side labour market policies need to be considered in conjunction with education, youth, and welfare policies as well as the bigger macro-economic context.

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