

# Young people and the labour market





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# 1 Foreword

Dear Readers and Friends,

Since the 2012 education year, the European Centre for Workers' Questions (EZA) and its members have identified in numerous series of seminars, education and training events the importance of good vocational training for the successful labour market integration of young people in Europe, and pointed up possibilities for workers' organisations to shape policies in this area.

The aim of the projects co-ordinated on "Young people and the labour market" in 2016 was to put the issue of youth unemployment in the broader context of economic development, ecology/sustainability and social coherence.

One of the major lessons from the financial and economic crisis is that stable economic development is a prerequisite for creating sustainable employment opportunities for young people. Although consolidating public finances in the countries of Southern Europe hardest hit by the crisis was necessary, it also resulted in a drop of investments, hindered the economic recovery, and produced an increase in unemployment in many places, especially among young people.

All the indications are that the advancing digitisation of the world of work will cause a decrease in employment opportunities for low-skilled workers and greater demand for higher skill levels by companies and public administrations. That is why vocational training that conveys theoretical knowledge and practical skills on a highly specialist level is becoming increasingly important.

The question of youth unemployment must be addressed from a long-term and holistic perspective. The project series seminars made it clear that although instruments like the youth employment guarantee can improve the situation of young people in the labour market in the short and medium term, long-term solutions must be sought that provide them with better quality opportunities in the labour markets in the long run.

A demand repeatedly made in the projects was that sustainable employment must offer young people a material quality component, namely wage and working conditions that enable them to plan their future and for their family in the long run. The compatibility of family and job as well as access to life-long learning facilities must also be secured. In addition, sustainable employment for young people must also contain an intangible quality component that guarantees them job satisfaction.

That is why the nine education events in the project series called for a new business ethic based on Christian-social principles that serves (young) people instead of controlling them.

I would like to thank EZA's member centres that were involved in the project series (FIDESTRA, Fundacja Nowy Staw, HKD Napredak, KIKEA-DEOK, Association of Christian Artists, KAP, IFES, USO) for their active participation and commitment. My special thanks go to Helmut Skala, who headed up the project co-ordination, stimulated seminar content, evaluated the results and wrote this final report, for his considerable and invaluable commitment.

The European Commission's Directorate-General for Employment, Social Affairs and Inclusion assisted our activities with content and funding. Our aim with this brochure's results and recommendations for action is to provide workers' organisations and their multipliers with stimuli and ideas for their daily work, and we would be delighted to receive suggestions and

comments on these questions that are pressing for every worker in Europe.  
You will find our contact details on the back of the brochure.

I hope you enjoy reading it!

*Sigrid Schraml*  
*EZA Secretary-General*

## 2 Introduction

The series of nine seminars designed by EZA in 2016 on **“Young people and the labour market”** addressed the issue of creating opportunities for young people in the labour market and improving the business location Europe and lasting stability in the labour market. EZA aims to make an active and constructive contribution to this with concrete proposals. Unfortunately, it is still a matter of effectively combating the continuing highly problematic unemployment in many European countries, especially among young people.

Whereas the coordinated projects on “Effective vocational training as an important task for workers’ organisations” in the 2015 education year prioritised vocational training as a key instrument for combating youth unemployment, the coordinated projects on “Young people and the labour market” in the 2016 education year approached this important subject beyond the education aspect, primarily from the angles of economic development, ecology and social cohesion.

### **The political and economic situation has changed dramatically in the last 15 years**

In 2000, there was still great optimism in Europe and the European Union. Very ambitious goals had been set for the future, formulated in the “Lisbon Strategy”:

*“By 2010 the European Union must become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion”.*

Unfortunately, more than 15 years later we are confronted with a totally different situation: for, instead of creating new jobs, many European countries

are saddled with high levels of unemployment, with young people being hardest hit. This unemployment – affecting what is being called a lost generation – brings with it serious political dynamite.

The trust of the population in politicians, as well as in trade unions and even in the churches, is diminishing drastically, allowing extreme right-wing and left-wing movements to flourish. This was expressed very clearly at the seminar in Bad Honnef. The elites, who are supposed to set the example in times of crisis, have failed. The banks were indeed saved, but at the expense of the people and with a catastrophic impact on the labour market.

Young people are particularly hard hit by this, facing high unemployment rates and precarious employment situations offering few prospects, if any. This is also causing increasing fear among broad sections of the population of social marginalization, a fear politicians should take very seriously. However, we must not be overcome by fear, for after all we are living in an EU which is enjoying the longest period of peace and prosperity we have ever had in Europe. We must stick to this European way.

Of course, the labour market situation can be improved with numerous political measures; what is vital, though, is solely a healthy, prospering economy in the long term. An economic system can only be sustainable and of benefit to society as a whole if it applies the market mechanism yet creates additional prudent systems of governance that take social and ecological dimensions into consideration.

In times of crisis, relying solely on the market's power of self-healing is a wrong and more than anything inhuman approach. The model of the "eco-social market economy" provides a sustainable economic policy supported by the people that results in justice, the common good and social peace. It is a model that led to the successful reconstruction after World War II and was supplemented by ecological thinking.



This model could also be successfully applied in the current crisis. Yet the EU is not in a position at the moment to operate a common, complex and integrative economic policy. As we found out the hard way with the euro crisis, however, a financial policy with no competence to act in the area of economic policy is doomed to fail.

### 3 The remit

There is no doubt that Europe's human capital potential is its most important asset. That is because the continent can hardly access substantial natural mineral or other exploitable resources. In view of a rapidly ageing working population, it is all the more important to integrate young people successfully in the labour market. However, this can only succeed if they are given the high-quality training that will not only open up access to the labour market for them but will also guarantee them in the long run an income that opens up secured prospects for the future.

Unfortunately, in many countries we are faced with the phenomenon that, although young people have highly qualified theoretical and academic education, it does not open up any access to the world of work for them. It is therefore a primary task for us to counter an erroneous image conception that accords much greater prestige in these countries' society to academic qualifications than practical training and skills that are in demand in the labour market.

Employers must also be urgently made aware, and given assistance in this by politicians, that they have to bear significant co-responsibility for their employees' training and skills acquisition, especially their future employees. In some countries this co-responsibility has been practised in a successful and exemplary way for decades with dual (theoretical and practical) apprenticeships.

For workers' organisations, it is a priority not only to champion an improvement in the level of education and training as well as practice-oriented, proper professional skills for the young people of Europe, but also to take co-responsibility for this along with employers' organisations in a spirit of social partnership.

## Hence the remit of the projects coordinated in 2016 was:

1. To take stock of the current labour market situation for young people and point up trends.
2. To draw comparisons between the regions developing differently and examine the causes.
3. To point up already discernible progress in reform based on programmes and recommendations of the EU and its member states, such as the “Youth Guarantee”, insofar as possible within short observation periods.
4. To encourage political leaders in the individual countries and in the European Union to promote professional qualifications and skills that are in demand in the labour market.
5. To illustrate misguided developments and success factors in the efforts of the European Union and the individual countries to combat youth unemployment.
6. To identify and grade additional influencing factors in the labour market for young people.
7. To draw up concrete proposals for improvement and in addition draft practical proposals and demands to politicians and the social partners.

## 4 The structure of the project coordination

The organising institutions were responsible for designing the programme of their respective seminars, meaning that expert presentations were able to illustrate in a structured way the situations differing a great deal from region to region. This enabled valuable comparisons to be drawn. Experts from business, from public authorities, labour market administrative bodies, education and science, as well as the churches, were invited. EU and national policymakers were also given the opportunity to contribute their standpoints.

High-ranking representatives of the social partners' organisations attended the seminars and workshops. Representatives of independent foundations likewise made valuable contributions. Reports from representatives of the following countries were also presented and discussed:

Albania, Austria, Belgium, Bosnia-Herzegovina, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, England, Estonia, Germany, Greece, Italy, Lithuania, Malta, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia and Spain.

Those attending the seminars and workshops were given ample room for discussion, to enable the conclusions and deductions of those directly affected to be drawn.

The organisation of informative visits to educational institutions, companies and other institutions was also appreciated.

But it was also important that those directly affected, young workers, played a significant part in the seminars. In every seminar, representatives of youth organisations, especially the EZA Platform for Young Workers (PYW), were

given the opportunity to state their standpoints creatively in contributions and consolidate them during in-depth discussions.

We are most grateful to the organising institutions for the outstanding organisation of the seminars listed individually below.

### **The individual seminars of the project coordination:**

The first meeting was held during the EZA kick-off seminar in Malta in December 2015. In chronological order the other seminars were:

1. "Vocational training: assessment of the levels of young people's integration into the labour market. What results have been achieved for young jobseekers?" 6-8 May 2016 in Amarante/Portugal, organised by FIDESTRA
2. "Youth unemployment – the Youth Guarantee throughout Europe", 27-29 May 2016 in Nasutów/Poland, organised by Europejski Dom Spotkań – Fundacja Nowy Staw
3. "Education and employment of young people in South East Europe – the problem of migration to the European Union", 2-4 June 2016 in Zagreb/Croatia, organised by HKD Napredak
4. "Youth unemployment in Europe", 23-25 June 2016 in Copenhagen/Denmark, organised by Europejski Dom Spotkań – Fundacja Nowy Staw
5. "Youth employment strategies, new and better jobs and decent work – a challenge for trade unions to bring about real changes through effective social dialogue", 5-8 July 2016 in Limassol/Cyprus, organised by KIKEA-DEOK

6. "Combating youth unemployment in the art and culture sector", 30 July to 1 August 2016 in Bad Honnef/Germany, organised by the Association of Christian Artists
7. "The task of workers' organisations and other parts of civil society in realising sustainable development (with particular regard to the young generation)", 9-11 September 2016 in Velehrad/Czech Republic, organised by KAP
8. "European Social Forum 3 – Youth unemployment: challenges and possible solutions", 22-25 September 2016 in Iași/Romania, organised by IFES
9. "Policies and new challenges in the struggle against youth unemployment in the EU", 13-16 November 2015 in Madrid/Spain, organised by USO – CCFAS

## 5 The situation of European youth in the labour market

The labour market situation of young people in Europe, which differs so much from region to region, still represents a serious and unsolved problem. It results firstly in a regional division in Europe and secondly in socio-political upheaval. The latter manifests itself in the lack of prospects for young people, societal uprooting, and intra-European migration. The situation was exacerbated by the rapid opening of the labour market to jobseekers from new member states of the European Union. The current social issue was triggered off primarily by the financial crisis that began in 2007 with the totally unregulated, speculative business practices of the banking sector that went out of control.

The extremely ambitious efforts of the EU and its Member States with funding schemes, extra funds, employment guarantees, and a focus on a stronger vocational training policy meeting the needs of the labour market, have produced successful results which, although differing from region to region, are already significant.

Youth unemployment statistics are undoubtedly a key instrument for assessing the situation and demonstrating changes. Like all statistics, though, they must be viewed with due caution, as they are strictly quantitative and not at all qualitative. This means that the unemployment statistics include as employed those in precarious, temporary and often underpaid employment without any differentiation. In Poland, for instance, there are many young people in rural areas – the figure is said to be about 1 million – who are not included in any unemployment statistics because they live and work on small family farms. There are similar examples in many other countries. For instance, statistics in Austria do not take into account the considerable

number of young people in training or re-training. Tens of thousands of young migrants whose asylum procedures have not yet been completed are likewise not covered by these statistics.

In spite of these statistical inaccuracies it is, however, a sad reality that more than 4.5 million young people aged between 15 and 24 in the EU are out of work. Despite a slight decrease, the youth unemployment rate is more than double that of total unemployment. More than 7 million people aged between 15 and 24 are neither in work nor training, i.e. are NEETs (Not in Education, Employment or Training), a figure that is permanently rising owing to the current migration movement with a disproportionate number of young people.

EZA has devoted two series of seminars to this dramatic and dangerous situation and to overcoming it. In the projects coordinated in 2015, the primary focus for combating youth unemployment was the necessity for high-quality, market-oriented vocational training in demand in the labour market.

In the projects coordinated in 2016 and presented here, above and beyond the importance of vocational training the phenomenon of youth unemployment is studied in a holistic approach, not only pointing up facts but also coming up with proposed solutions.



## 6 Content and results of the seminars

### a. The demand-oriented development of the labour market

Precarious employment and brain drain in different European countries  
Unfortunately, there are still considerable regional differences in the labour market situation in Europe. The continent is split in terms of employment, with the South, the South East and some nations in Central and Eastern Europe in particular still suffering from high unemployment levels. This results in a migration movement that further weakens these regions, and in a lack of prospects caused by unemployment or precarious employment.

Although Portugal and Spain, for example, have substantially restored the stability of their financial sector and national budget, and Italy is trying to, it has been at the expense of a full-blown austerity policy, combined with weak public investments and a very high (especially youth) unemployment rate with primarily regional variations. This was established mainly by the seminars in Amarante and Madrid, unfortunately with examples that are still topical.

As in many other countries, the employment situation in Portugal varies a great deal from region to region and sector to sector. Quite good results have been achieved through vocational training programmes that take into account the requirements of the labour market and the particular region's resources. As a result, new jobs have been created and youth unemployment slightly improved. This was possible owing to the collaboration of the social partners - employers' and workers' organisations - with the local authorities.

At the seminar in Zagreb, Croatia's unemployment rate was quoted as roughly 15% and youth unemployment at 40%, with the highest percentage of over 60% for graduates. This has resulted in a brain drain of graduates, above all doctors and technicians, a loss to the requisite consolidation of Croatia as a business location.

The unemployment rate in Slovakia varies greatly from region to region; youth unemployment has levelled off at about 30%, with the main problem being long-term unemployment. There is a similar picture in Slovenia, because so far the government has not succeeded in creating a better and more modern education system.

One particularly serious phenomenon is emigration in Bulgaria, the consequences of which for Bulgarian society are further exacerbated by the low birth rate. At almost 50%, the highest percentage of unemployed young people is those with no secondary or tertiary education.

The situation in Serbia is similar, resulting in more and more young people migrating to industrial nations in Western Europe. A rather different, but even more serious situation is that in Bosnia-Herzegovina, because the principal cause is the difficult political situation that results in the government authorities failing to shoulder their responsibility to improve the situation of young people.

The labour market situation in Greece has hardly improved, unfortunately, and is extremely poor, especially for young people. According to reports from the Greek workers' representatives, this is due primarily to the course of severe austerity that hampers economic recovery. However, considerable problems are also to a large extent home-grown, due to deficits in administration and in the tax system, and must be rectified for there to be future growth. At present, there is a massive exodus of young people whose high-level qualifications are not in demand in the Greek labour market. Many of

these young people are seeking work in, for instance, Cyprus (mainly for language reasons), which in turn puts additional pressure on the Cypriot labour market for young people.

A particular problem is corruption in politics, administration and business prevalent in some countries. Of course, there are no reliable statistics on this, only estimates at best. A representative from Moldavia described this state of affairs as particularly serious. Unfortunately, it is also evident in some countries, though, that even a criminal conviction constitutes no obstacle to being elected to parliament or to assuming government responsibility.

## **The future demand for skills**

Forecasts relating to the European labour market indicate that although the total number of people employed will fall, not least because of the demographic shift, at the same time the level of qualifications will rise significantly.<sup>1</sup>

The forecast demand for low-skilled workers will decrease from 21.5% to 13.8% by 2025, mainly because of technical innovations, whilst the demand for highly qualified employees will increase sharply from 31.2% to 38.2%. The ageing population structure can only be balanced by higher qualifications and the further integration of people currently out of work.

Although the rapidly increasing immigration of refugees and migrants will change the demographic shift in purely statistical terms, in the short and medium term it will not have a positive influence on the labour market. Owing to skills that for the most part do not meet current requirements, it will even increase the number of NEETs.

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1 CEDEFOP-European Centre for the Development of Vocational Training; Briefing note: "Europe's uneven return to job growth", Thessaloniki June 2015

In the near future job opportunities for the low-skilled will decrease sharply and shift to medium-skilled people, but primarily to those highly qualified. What is meant by 'highly qualified' here is basically not an academisation of training, but vocational training that combines theoretical knowledge with practical application on the highest technical level. This will also be the logical consequence of further increasing automation, mechanisation and the use of robotics not only in production industries but also in service sectors.

### **Green jobs as an opportunity**

Besides youth employment, the seminars in Zagreb and Velehrad in particular had chosen the sustainable management of our environment as another focus and put the encyclical letter "Laudato si" at the forefront of discussions.

This is because endeavours to improve youth employment must incorporate protection of the environment and responsibility towards future generations, thus safeguarding respect for creation.

The increased protection of the environment may well create new occupations, but as is the case with IT skills, which now are key to many areas of working life, there are signs that, in future, green skills will become equally important at almost every workplace.

However, a CEDEFOP study also shows that the need to re-train employees to work in a totally different "greener" sector may not be as great as expected. That is because qualifications in sectors of the economy that are "old" or even in decline can still be of value for a low-emission economy.

For instance, employees with experience in shipbuilding and in the oil and gas industries are in great demand in the wind energy sector owing to their skills in welding, surface treatment and equipment design. Case studies

clearly show that through further qualifications or “topping up” existing job-specific skills, employees – provided they have solid grounding in multi-disciplinary skills – can be enabled to fulfil the complete spectrum of tasks of a new, green job.<sup>2</sup>

## **The impact of Industry 4.0, robotics and cyber systems**

Considerable investments are required in some sectors because of the great demand for upskilling. Such investments are also necessary, though, for creating new sectors. The most important thing is to overcome an increasing systemic weakness in many countries which restricts productivity and competitiveness as well as the ability to take advantage of the opportunities of green growth.

What is more worrying than the lack of “new” green skills are the deficiencies in leadership skills and job-related specialist expertise, often relating to science, technology, engineering and mathematics (STEM).

As a result of the demographic change, in some countries there is already a lack of engineers – female engineers in particular – to replace those retiring. This trend was confirmed in the series of seminars by representatives from numerous countries. So it is of utmost importance to promote these studies and professions more intensively and make them attractive to young women as well.

This calls not only for counselling at as early a juncture as possible on future careers or training, but also for ongoing advice and also support during the professional career.

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2 CEDEFOP-European Centre for the Development of Vocational training; Briefing note: “Skills for green jobs”, Thessaloniki, July 2010.

The changes brought about by the Fourth Industrial Revolution have both a positive and a negative impact on the labour market because of new requirements and the obsolescence of previous skills and knowledge.

At the International Christian Artists seminar in Bad Honnef, particular reference was made to the necessity for the generations to work together in this situation by mutually accepting contributions, opportunities and challenges. In this way, young artists and the older generation of artists can learn a great deal from one another and benefit from that.

The new possibilities of information and communication technology offer not only easy and multiple access to information, but also easy options for reproduction, use and commercialisation.

But this is also cause for great concern that, for instance, creative artists (composers, designers, authors, choreographers, screenwriters etc.) will lose their livelihood because of the rise in illegal copies. The situation is similar in many branches of science, teaching and research. On a global scale, then, intellectual property and copyright must be protected, and related proprietary rights, trade mark rights etc. preserved and adapted to technological progress.

After each previous stage of industrialisation it was the case that the loss of many jobs, whole professions even, was bemoaned. Yet it is also the case that new fields of activity have always been created, albeit necessitating new skills and adapted forms of training.

The next stage beginning now, the Fourth Industrial Revolution, is not only a fact; what differentiates it from that which was is also its speed, which compared to the previous industrial revolutions allows far less time to adapt to the future needs of a newly structured labour market with innovative fields of activity.

In this situation, the countries and regions that have the biggest advantage are those with an adaptable, multifaceted education system, one that more than anything co-operates closely with practice. These are also the countries in which this is viewed not as a secondary option by society but as a future-oriented model of success.

However, successful systems like this cannot be created within a short period of time, they have to grow organically instead. The time this requires is a major problem for politicians, as the pressure to succeed exerted on politicians calls for rapid results. That is why it is all the more important to have long-term programmes and recommendations on a European level that also take realistic timescales into account and compel the leaders in the Member States to act with a long-term view.

## **b. The efforts of the European Union and the national governments to combat youth unemployment**

### **The strategic aims of the European Union**

The European Union's ambitious aims in 2000 to be achieved with the "Lisbon Strategy" have been missed by a long chalk. The main cause was the subprime crisis set off by the USA, which developed into the European financial and debt crisis from 2007 onwards, combined with the requisite programmes to save the euro. This crisis has destroyed years of economic and social upswing, and also unsparingly pointed up the structural weaknesses of the European economy and the EU's common policy.

The European Union initially reacted to this development with the "Europe 2020" strategy to first overcome the financial crisis and with it lay the foundations for a more competitive economy with more job opportunities. The aim of this strategy is to create smart, sustainable and inclusive growth. Smart growth is to be achieved through more effective investment in education, research and innovation, sustainable growth through resolute emphasis on a low-carbon economy, and inclusive growth through the priority creation of jobs and the fight against poverty. This strategy comprises five ambitious headline targets in employment, innovation, education, the fight against poverty, and climate/energy. Parallel to the "Europe 2020" strategy, however, the international financial and monetary institutions imposed a rigid austerity programme, primarily for those countries that were already suffering from economic structural problems. This belt-tightening policy hindered investments and economic upturn, and is one of the most serious reasons for the regional explosion in unemployment. The hardest hit by this have been young people, suffering from a precarious lack of prospects. This austerity policy was discussed notably at the seminar in Limassol by representatives of workers' organisations from Greece and Cyprus, and was con-



demned as the main cause of the high rate of youth unemployment in those countries.

The “Europe 2020” strategy was complemented by another European Commission initiative under its President Jean-Claude Juncker, which aimed at creating new jobs through investments in the economy:

“My first priority as Commission President will be to strengthen Europe’s competitiveness and to stimulate investment for the purpose of job creation. [...] The focus of this additional investment should be in infrastructure, notably broadband and energy networks as well as transport infrastructure in industrial centres; education, research and innovation; [the promotion of] renewable energy and [energy efficiency]. A significant amount should be channelled towards projects that can help get the younger generation back to work in decent jobs.”<sup>3</sup>

The Member States are responsible for putting these initiatives into practice, albeit with substantial funding made available by the EU.

The investment initiative involved creating a special European Fund for Strategic Investments (EFSI) as a joint project of the EIB group (European Investment Bank and European Investment Fund) and the EU Commission. It was modelled on the successful Marshall Plan for Europe after the Second World War with its ERP (European Recovery Programme) credit system.

The EFSI is furnished with a guarantee of 16 billion euros from the EU budget and a contribution of 5 billion from the EIB group.

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3 Political guiding principles of Commission President Jean-Claude Juncker, 15 July 2014, speech before the European Parliament.

The EU's main instruments for realignment are:

- The “New Skills Agenda for Europe”, prioritising the quality of training, mobility and information
- The European Alliance for Apprenticeships
- Strengthening vocational training (Quality Framework for Traineeships)
- The Youth Guarantee

### **The Youth Guarantee**

The Youth Guarantee is a key instrument in the fight against youth unemployment, but is certainly no long-term panacea, as no government in a market economy-oriented state can create jobs. They can only be achieved with a prosperous economy.

Although the Youth Guarantee has gained traction in many countries and has already helped improve the situation, it requires time and patience. In large countries like Spain, with its marked regional differences, the development is very ambivalent, as vocational training and practical work still have a bad image, and academic titles in particular increase social prestige.

The national reports in the seminars drew an overwhelmingly positive picture of the results of the Youth Guarantee. This instrument, facilitated by the EU through the ESF (European Social Fund) and other funding, is also subject to permanent evaluation by the European Commission as well as by the European Trade Union Confederation (ETUC) Youth Platform, as reported in detail in Madrid.

The main focus of the seminar in Copenhagen organised by the EZA Young Workers' Platform was on the European Commission's instruments for strengthening the labour market for young people, their positive effects as well as their weaknesses.

Debate centred on the Youth Guarantee and the status of its implementation. The EZA study "Implementation of the Youth Guarantee" is also a valuable basis for this.<sup>4</sup>

However, it is also important to address youth employment from a sustainable and holistic perspective. Although instruments like the Youth Guarantee can defuse the worrying situation in the short and medium term, the Youth Guarantee and/or the guarantee of jobs by state institutions cannot constitute a long-term solution encouraging social cohesion. For, besides the material quality component, the focus must also be on the immaterial quality component for sustainable youth employment. Only in this way can the instability and lack of prospects faced by the majority of young people in Europe be combated. The material quality component must encompass commensurate high pay and also working conditions that enable young people to plan their future and their own family in the long run. The compatibility of family with children, employment and lifelong learning must also be ensured.

But the immaterial quality component must not be ignored. This is because job satisfaction and enjoyment are the basis that enables social cohesion and development. For many young people, this immaterial quality component is more important than purely material aspects.

This job satisfaction and enjoyment can also prevent the irreparable loss of dynamism and innovation caused by the unfortunately often forced migra-

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<sup>4</sup> Implementation of the Youth Guarantee in Europe – working paper; Michael Schwarz, EZA Königswinter, 2015.

tion of young people, and counter ageing of the society in many European countries.

### **Focus on vocational training**

A crucial factor of the new EU strategy for combating youth unemployment is vocational training. It has absolute priority among the European Commission's instruments. One thing that is given special emphasis is the "dual training system", i.e. practical work in an employment relationship in a company complemented by theoretical specialist knowledge and general education in vocational schools. Upper secondary level vocational schools are just as important, though. However, these must ensure that the practical part of the training is carried out in suitably equipped facilities (workshops, laboratories, kitchens etc.) of appropriate quality and quantity. Both variants are successful and of high quality if they provide a direct career start after training and – in the case of the particularly successful models – also guarantee access to tertiary education.

An indication of the importance attached to vocational training is the change in responsibility for the EU vocational training agency CEDEFOP, which was transferred from the Commission's Directorate General for Education to DG Employment.

### **The employers' responsibility**

The "Europe 2020" strategy also relies on the active cooperation of employers, not just in creating and securing jobs, but also in training a skilled future workforce.

However, in regions that have no tradition of "dual vocational training", with its apprentice system by and large organised by the employer associa-

tions in self-administration and the complementary state-organised vocational schools, it is difficult to establish such a training model. For it is above all employers who have to be convinced of the purpose and importance of training young employees in-house for their own firms and, beyond that, the business location as a whole.

This awareness of the social partners' responsibility for training young people is being created by the EU's "European Alliance for Apprenticeship". This alliance combines public authorities, chambers of trade, industry and commerce, social partners, education and training institutions, regional authorities, youth organisations and science, to promote apprenticeships and establish them better throughout Europe.

### **Efforts in the individual countries**

It is the responsibility of the Member States' governments to implement the European Commission's programmes and recommendations.

The Member States are obliged to report regularly on progress and any problems in implementation.

These national reports and the recommendations on them drawn up by the EU are also of valuable assistance to the social partners' organisations in defining their political priorities and making their demands on politicians.

Unfortunately, in the past a mostly misguided reforming zeal among politicians led education systems in the wrong direction. Very often the OECD also made a negative contribution to this, by regarding the degree of a society's development in as high a population of higher education graduates as possible (a stated aim of the "Europe 2020" strategy), whilst ignoring regional economic requirements and traditions. The upshot in many countries is a markedly high proportion of unemployed young university graduates.

For instance, although a few years ago such a reform policy in Poland resulted in a quadrupling of the number of university graduates, it also led to a surge in youth unemployment along with a structural lack of skilled workers. After this reform it was disappointing to find out that 40% of the graduates never worked in the professional field they had studied. 50% of the  $\leq 35$ -year-olds live with their parents and are unable to earn their own living. The situation in Greece is similar. There they speak of a “Peter Pan generation”, relying or having to rely on their families.

In many countries, vocational training is being increasingly left to private providers, who often fail to offer the requisite quality of training, thus operating away from the labour market, all the while charging high school fees.

In these cases, state-monitored accreditation in compliance with EU standards must be set up to ensure transnational comparability.

### **Instruments for an open European labour market through the recognition and comparability of skills**

When implementing the free movement of workers, under the legal provisions of the EEA, recognition directives were passed for a few regulated professions, such as the medical professions. Such a directive for all professions was not and still is not established owing to the large number and also not least to the increasing deregulation of access requirements.

To enable comparisons between professional skills to be made in the context of labour mobility, the European Qualifications Framework (EQF) was created as an instrument of comparison, and Member States were obliged to draw up a National Qualifications Framework compatible with the EQF.

An NQF has already been drawn up in many countries. Thus a European instrument of comparison has been created which does not, however, supersede national certificates.

A further improvement in the EQF and EUROPASS was implemented in the European Commission's New Skills Agenda adopted in 2016. The new EQF is also to enable skills profiles to be drawn up for non-EU citizens (e.g. migrants).

The aim of the new EUROPASS is to offer a broad spectrum of instruments and services in a user-friendly online environment that helps people make decisions on their career and education path.

In view of the large proportion of private vocational training providers, though, greater attention ought to be paid to monitoring and assuring the quality of vocational training. The proper instrument for this is already available in EQAVET (European Quality Assurance in Vocational Education and Training).

### **c. Economic policy measures for a stable and sustainable labour market**

#### **Unemployment as a consequence of an unregulated market**

The root causes of the cuts in national budgets and the associated austerity policies lie not in the failure of the market economy principle, but in the inability to apply this key instrument in a meaningful way from an economic policy point of view. The current paramount features of the global economy are totally different parameters underlying corporate objectives and macroeconomic patterns of behaviour. Sound economic models are competing with the uninhibited pursuit of growth and return on investment. This behaviour is referred to as “neo-liberalism” and often results in grotesquely dramatic interrelations and aberrations. For instance, the amount of pensions, and with it pensioners’ purchasing power in Western industrialised nations, depends to a great extent on the “shareholder value” of their contributions invested in the financial market. The increase or at least maintenance of the “shareholder value”, which in turn is supposed to ensure the level of the pension, is achieved in a solely growth-oriented financial sector speculating on virtual markets, often accompanied by streamlining measures in the real labour markets, generally by means of shedding jobs and thus reducing purchasing power. This in turn helps bring down gross domestic product and social security contributions. Public investments to support the labour market are likewise impossible. This is the situation that currently confronts Greece and Cyprus above all, with Portugal still feeling the after-effects. In addition, the banks’ losses on the financial markets have to be absorbed by the real economy, resulting in a further reduction in purchasing power through the levying of tax increases on the gainfully employed and in a reduction in stimulating public investments. This only accelerates a downward economic spiral that is hard to control.



An economic policy like this destroys jobs and causes the worst form of unemployment, that of young people. Persisting high youth unemployment inevitably leads to an entire generation lacking in prospects and to drastic societal and political destabilisation.

This situation was emphasised in the seminars with contributions chiefly from Greece, Cyprus, Portugal and Spain.

### **The lack of business ethics**

The self-regulation of the market – the sole basis of neoliberalism – presupposes the model of perfect competition, and so in practice is a business and economic fiction. It does not exist in reality. Homogeneity of goods, the absence of preferences, ultra-rapid reaction times and the maximisation of profit as the most important criteria of such a perfect market might apply in the financial markets, but in no way do they to the labour market. On top of that, there are virtual markets and trading in “financial derivatives”, i.e. commodities not secured or covered by any real economic assets. In this way, the stock exchanges have been converted from their original positive market function of regulating supply and demand into global casinos.

In this world of virtual financial markets, the theory of marginal utility has also been substantially invalidated, paving the way for insatiable greed for greater “shareholder value”, unlimited growth with no concern for nature, the environment or creation.

In the economic sphere, the moral dimension and the force of *lex naturalis*, with the principles of human dignity, solidarity and subsidiarity, is being increasingly displaced by materialistic legal positivism. In this way, instead of prioritising the individual, business and law are controlling people more and more.

## 7 The requirements of the future

### Paradigm shift in economic policy

To meet the challenges of the future, the following are needed:

- *An economy of sustainability, social balance and ecology*
- *Long-term optimisation, not short-term maximisation*
- *Balanced budgets*
- *Fair competition between locations.*

Only a prospering economy with a long-term order intake, based on sustainability and not exploiting resources, can secure a high level of employment in the long run. This can go hand in hand with proper wages that enable long-term business start-ups and create strong purchasing power in the domestic market. Unfortunately, however, the economic thinking that is put into practice with globalisation is not geared to long-term optimisation and thus sustainability, but to short-term maximisation with no consideration for the requirements of and the impact on the future.

Another aim should be balanced budgets in the long run that are in line with real economic power and are not a burden on future generations.

In the model of an eco-social market economy, too, competition is the key motivating factor. However, unfair competition between locations through social, wage, environmental and tax dumping is harmful to cohesion, not just within Europe, but also globally. In Europe, this exacerbates the erosion of solidarity and undermines integration. On the contrary, competition

ought to operate with regard to economic performance, quality and innovation.

### **Reorientation of the financial markets**

Financial crises, such as the one in 2007, can only be prevented with:

- *Independent supervision of the banking sector*
- *Financial transactions based on real markets*
- *Balanced budgets and reduced debt burdens.*

The basis for healthy economic development is well-ordered financial markets.

Measures must therefore be taken to ensure that the financial institutes accomplish their actual tasks in the real economy and do not engage in speculative trading with virtual goods. Losses on a scale of unimaginable billions are invariably borne by consumers and workers in the end. The restructuring of national budgets that have gone off the rails is borne for the most part by the workers through a harsh austerity policy, which cuts incomes and destroys jobs.

The bitter experiences of 2007 and 2008 have made some politicians rethink and brought about a strengthening of the monitoring and supervisory instruments on the financial markets. However, the main risk in the future will also come from an irresponsible policy which unfortunately – as we know – in the past overrode its self-imposed rules out of expediency.

## **A rethink in education and training**

Education and training must also turn our knowledge-based society into a know-how society because:

- *Knowledge and know-how are the most sustainable resources*
- *Science and research create innovation*
- *Investments in high-quality vocational training are sustainable.*

If in the last few decades the European Union's ambition resided in creating a knowledge-based society, in times of crisis this turned out not to be enough. To knowledge must be added know-how, which in the parlance of the European Commission is referred to rather ambiguously as "skills". This bears out the not-so-recent experience that what is crucial to every success is to be able to put existing theoretical knowledge into a high standard of practice. This is enabled by high-quality vocational training in which, besides the conveying of technical knowledge and practical application, general knowledge and education and personality development are important, not just practical instruction. Such high-quality vocational training can also counter the prejudice still widespread in many countries that vocational training with its focus on practice is second-rate, and has a subordinate image in society to university education. This is also a reason for some countries having a particularly high rate of unemployment among young university graduates.

## **Population development and migration**

To ensure a reasonable demographic development in a Europe that is ageing in many countries, what is required is:

- *A responsible immigration policy*
- *An effective fight against brain drain*
- *Willingness for integration.*

Besides the willingness to help borne by the responsibility of conscience and self-evident to every Christian, state institutions and the European Union must bear in their actions an ethic of responsibility conducive to the common good.

It is therefore expedient to implement a supportive and coordinated migration and integration policy.

Besides immigration into Europe, the emigration of skilled and motivated young people is a serious problem barely perceived by the general public. Unfortunately these young people see no future in their native land for building a good life for themselves and a family. It is precisely this generation, though, that would have it in its power to make a positive impact on the future of its region; precisely this generation is indispensable for developing a sustainable economy in its region. But precisely these people feel forced to emigrate to other regions or countries in Europe; some even leave Europe, reducing the young human potential that is essential for strengthening the economy and consolidating social cohesion. In addition to the low birth rate in the majority of European countries, this contributes to the rapid ageing of the continent. Millions of these young people from Southern and Eastern Europe – extreme examples are Bulgaria and Romania in the East, Portugal and Spain in the South – are lost forever to their regions, even to Europe.

## Returning to Christian-European values

From the beginning, man was created as a social being, and therefore has to participate in society according to his possibilities and abilities in a spirit of solidarity without, however, eschewing his personality in the process.

It is therefore important to:

- *Make human dignity, solidarity and subsidiarity maxims for action*
- *Fight the increasing relativism in faith and in the adherence to ethical values*
- *To look to the future with optimism, in spite of all difficulties, bolstered by faith and hope.*

The Tyrol-born priest and Professor of Social Ethics at the Theology Faculty of Vienna University, Johannes Messner, made a crucial contribution in the 1930s era of change to the scientific substantiation of adherence to Christian-social values in our society, thus laying a secure foundation for the Christian workers' and trade union movement. It was primarily in his magnum opus "Die soziale Frage"<sup>5</sup>, which he had to write in exile on the run from the National Socialists, that the founder of the Vienna School of the Doctrine of Natural Law addressed business ethics and the values of a humane social order.

His doctrine is based on the triad of human dignity, solidarity and subsidiarity. He thus opposes any materialistic and therefore inhuman totalitarianism. He rejects both any collectivism that deprives man of the development

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<sup>5</sup> Johannes Messner, "Die soziale Frage im Blickfeld der Irrwege von gestern, der Sozialkämpfe von heute, der Weltentscheidungen von morgen". Innsbruck-Vienna-Munich, published by Tyrolia 1956.

of personality and any materialism that degrades man to a mere production factor. These values evinced by Johannes Messner are still applicable in their entirety to a modern Christian workers' movement. For we live in an age that is seeking a model of humanity between two inhuman doctrines – unbridled neoliberalism on the one hand and a dawning nostalgia for the failed real socialism on the other – a model of humanity based on the inalienable dignity and identity of each individual.

### **Responsibility to creation and for future generations**

In the discussions and presentations of the series of seminars, in the interest of young people in Europe the following demands and aims were referred to as being primary and of urgent necessity:

- *Environmentally friendly production and minimisation of harmful emissions*
- *Environmentally responsible behaviour on the part of governments, parliaments and administrative bodies*
- *The use of renewable energy*
- *The recycling of raw materials*
- *The optimisation of transport and logistics*
- *The fight against a throw-away mentality*
- *Environmentally responsible personal behaviour on the part of each individual.*

Only if we do everything to put these demands and aims into practice can we shoulder our responsibility to creation as defined by Pope Francis, retain our own dignity, and give meaning to our pilgrimage on this planet as directed by the Papal Encyclical “Laudato si”:<sup>6</sup> **“160** *What kind of world do we want to leave to those who come after us, to children who are now growing up? This question not only concerns the environment in isolation; the issue cannot be approached piecemeal. When we ask ourselves what kind of world we want to leave behind, we think in the first place of its general direction, its meaning and its values. Unless we struggle with these deeper issues, I do not believe that our concern for ecology will produce significant results. But if these issues are courageously faced, we are led inexorably to ask other pointed questions: What is the purpose of our life in this world? Why are we here? What is the goal of our work and all our efforts? What need does the earth have of us? It is no longer enough, then, simply to state that we should be concerned for future generations. We need to see that what is at stake is our own dignity. Leaving an inhabitable planet to future generations is, first and foremost, up to us. The issue is one which dramatically affects us, for it has to do with the ultimate meaning of our earthly sojourn.”*

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6 Pope Francis, “LAUDATO SI – Die Umwelt-Enzyklika”, Herder; Freiburg-Basel-Vienna, 2015.