

**Cyprus Presidency Conference
ON JOB CREATION AND YOUTH
EMPLOYMENT
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CONFERENCE BACKGROUND PAPER

*“Creating Employment Opportunities for Young
People in line with Stability and Growth Objectives –
Key Challenges for Policy Makers”*

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INTRODUCTION

Youth unemployment is on the rise in Europe during the economic crisis. The Cypriot Presidency defines this issue not only as a problem, particularly for some Mediterranean and Eastern Member States, but as a **key policy challenge** for European leaders.

We will discuss specific actions to boost employment of young people and highlight the scope of a new *Social Investment Discourse* for the young generation in line with stability and growth objectives

BASIC SOCIAL FACTS ABOUT YOUNG GENERATION IN EUROPE

In total, **7.5 million people in the 15-24 age group** are neither in employment nor in education or training

The **financial and economic crisis** has had especially **negative effects on young people**; the youth unemployment rate rose from 15% in July 2008 to 22.5% in the EU-27 for people less than 25 years in July 2012

Long-term youth unemployment is on the rise: on average 28% of the young unemployed under 25 have been unemployed for more than 12 months. Moreover, an increasing number of young people do not actively seek employment

Many young unemployed face complex problems that lead to **poverty and social exclusion**

HOW SHOULD EUROPE PREVENT ECONOMIC AND SOCIAL EXCLUSION OF YOUNG CITIZENS?

First, we have to agree on key challenges and root causes of youth unemployment:

- a) early school leaving without qualifications, b) lack of relevant skills and lack of work experience, c) precarious employment, d) limited training opportunities and e) insufficient active labour market programmes

Secondly, we have to agree on adequate policies to boost youth employment in line with growth and cohesion objectives

Last but not least: WHO IS RESPONSIBLE TO ACT, WHEN AND HOW?

WHO IS RESPONSIBLE FOR TACKLING YOUTH UNEMPLOYMENT?

This is not an easy question.

Some policy makers may say: *“Unemployment is an individual life risk – let’s target public funds to high return investments”*.

Others may respond: *“We support fundamental social rights for everyone – what about unemployment as a privilege that gives entitlement to benefits instead of regularly seeking work?”*

Both attitudes ignore the scope and values of our unique European Social Model, that guarantees a balanced approach between development, growth, social solidarity and justice. But does this Model work?

THE INTERVENTION OF NATIONAL STATES...

The primary responsibility for tackling youth unemployment lies with Member States, including players at regional and local levels.

National authorities finance education and social programmes and have the policy levers and the budget to support horizontal or sectoral youth employment schemes. The social partners also play a key role, particularly in areas such as apprenticeships, training and working practices.

But many EU countries face significant problems to combine fiscal consolidation programmes with adequate social and employment policies....

LESSONS FROM THE ECONOMIC CRISIS

- Economic and fiscal policies should not underestimate the value of social policies.
- Employability and inclusion targets should accompany long term financial sustainability objectives.
- Efforts should be made to create stronger employability awareness and to advance good quality public employment services provided in an equitable and accountable way.

IS THERE A NEED FOR AN EU SOCIAL INVESTMENT DISCOURSE?

A relevant Discourse should be placed at the heart of the E.U. employment policy agenda for three main reasons:

- To counteract the effects of the financial crisis and to balance the relationship between markets, global economic players and European states;
- To address unemployment, poverty and social deprivation of young citizens;
- To restore confidence of young citizens in a European family of states proud both for their economic and social development.

THE SCOPE OF EU POLICIES

Despite the complex economic environment, the EU plays a supportive role in helping Member States to improve the employment and educational situation of young people in two ways:

- By reviewing national policies and performances;**
- By providing financial support to national and cross-border action in line with agreed priorities.**

But, do recent EU Policies reflect the development of the Social Investment Discourse?

RECENT EU MACHINERIES

The EU has demonstrated its deep political commitment to address the issue of youth unemployment through “Europe 2020” and other major initiatives, such as “New Skills and Jobs”, the “Youth Opportunities Initiative”, the “Youth on the Move” and the “Employment Package”.

All these policy initiatives reflect the scope of a sound Social Investment Discourse in line with stability and growth objectives. BUT MORE NEEDS TO BE DONE.

KEY CHALLENGES FOR EUROPEAN POLICY MAKERS

The Cyprus Presidency has identified three key challenges to develop sustainable youth employment policies:

- ❑ *Job creation, first work experience and sound transition from school to work*
- ❑ *Open Access to an Inclusive Labour Market*
- ❑ *EU Solidarity in terms of funding by the Community Structural Funds*

MAJOR POLICY QUESTIONS

- Should we consider youth employment as a life risk without quality guarantees? Is **precarious work** the only route to tackle unemployment?
- What about **new approaches of PES** towards young people at local, national and European level?
- Are the **green economy, health services and ICT** the big job potential areas for young citizens in Europe?
- What are the main **policy challenges to activate young unemployment beneficiaries** in an era of fiscal constraints?
- What is the role of **social partners, local government and civil society organizations** in contemporary European youth employment policies?
- What should be done to further **strengthen EU action against youth unemployment, poverty and social exclusion**?

THANK YOU