



# BULLETIN

No. 58 (653), 5 May 2014 © PISM

Editors: Marcin Zaborowski (Editor-in-Chief) • Katarzyna Staniewska (Managing Editor)  
Jarosław Cwiek-Karpowicz • Aleksandra Gawlikowska-Fyk • Artur Gradziuk • Piotr Kościński  
Łukasz Kulesa • Roderick Parkes • Patrycja Sasnal • Marcin Terlikowski

## Youth Unemployment and the Election Campaign for the European Parliament

Patryk Toporowski

*Youth unemployment and cross-border economic disparities are creating pressure on EU free movement rules. With governments slow to recognise the European dimension of the issue, the European Commission has already stepped in to claim competence. But it is the European Parliament that will drive the shift of powers to the EU in its drive to become a player in employment policy. It will make itself felt on EU spending at the latest during the planned budget review in 2016. Poland should be prepared for this and highlight once again the employment effect of structural funds.*

During the January World Economic Forum in Davos, global leaders pointed to various threats linked with high youth unemployment—a rising structural mismatch between what employers expect from workers and what qualifications young people possess, rising social and economic inequality, lower global consumption—all contributing to rising social tensions. This means that, worldwide, officials perceive this phenomenon as a critical issue and one that affects the stability of states and governments. A January report from the European Commission echoes these concerns, stating that even if youth unemployment (which is more than 60% in some EU states) decreases, societies' gradual impoverishment and rising inequality will not stop and that this will undermine the EU's goal of social cohesion.

Youth unemployment is important from the Polish perspective. At 28%, the domestic rate is lower than in Southern Europe. But there are Polish regions—those that are the least developed, with few large employers—that have higher rates. In such places, young people complain that even if a job becomes available, it's not decent and does not provide any desirable work experience or prospects. This, in turn, is turning into something of a problem in the EU. A considerable portion of the younger generation has already left the country due to the lack of domestic opportunities (out of 2.3 million emigrants from Poland, an estimated 25% are younger than 26). Many are now at the stage of starting a family, and this “temporary” migration may become permanent. With Poland facing extremely negative demographic trends, the unfavourable career prospects for youth, which induces them to emigrate, cannot help.

**The Europeanisation of Youth Unemployment Issues.** Besides undermining social cohesion in individual Member States, such trends increase tensions around free movement, a fundament of the EU. One of the most vivid examples of this is a speech by British Prime Minister David Cameron in which he decried “welfare tourism” by EU citizens. The links between EU mobility, jobs and social benefits are vividly discussed on the continent, too: in mid-January, Germany clashed with the Commission on the issues of benefits for EU citizens, thus undermining the integrity of the so-called four freedoms (capital, goods, labour, services). The rising tide of euroscepticism is also visible in such countries as the Netherlands.

At a time when, according to Eurobarometer surveys, 49% of EU citizens point to unemployment as the main challenge facing the EU, the lack of progress in improving social conditions since the beginning of the economic crisis has damaged the standing of the EU itself. Additionally, the early stages of the European election campaign have highlighted the fact that younger people are increasingly apathetic and disinclined to cast a vote. Some MEPs therefore appeal primarily to older voters. By dealing with youth unemployment, however, other MEPs hope to attract young people to participate more intensively in shaping the future of the EU and, simultaneously, to boost their own popularity.

Candidates for election have expressed concern that the EU's money is being spent on such things as bailouts instead of ameliorating the conditions of young people. Some party manifestos, such as those held by the Socialists & Democrats, the European People's Party, the Alliance of Liberals and Democrats and European Green Party, are already asserting young people's right to a decent job. But individual MEPs have also voiced personal opinions, including Hannes Swoboda from S&D, who has declared that the issue is of the utmost priority. At the beginning of April, Martin Schulz, the current president of the EP and candidate for Commission President, met with representatives of youth organisations and promised the next Parliament would be more youth-friendly and has joined 130 other MEPs who have pledged to defend youth rights during their next mandate.

**Process Driven by the Commission and European Parliament.** So far, the Commission has been off and running here. It has launched pro-employment actions (coordination of new national programmes tackling youth unemployment, or so-called youth guarantees), alongside €6 billion in additional financing for tackling youth unemployment issues. It has also used its European Semester recommendations—a set of tools enabling the EC to encourage Member States to implement structural reforms—to highlight the social dimension of the Europe 2020 strategy for growth and jobs, which enables the EC to tackle youth unemployment within the Semester procedure. However, the May elections look likely to empower Parliament. And if MEPs do succeed in making themselves felt on this issue, it will be particularly visible in 2016, during the EU's 2014–2020 budget review. With a relatively clear democratic mandate on the issue, the EP would be able to persuade other stakeholders that more EU money should be invested in combating youth unemployment.

The Commission will likely work towards this eventuality. New circumstances, such as additional EU financing for youth employment, coordination of national youth guarantees and the launch of the European Semester will pave the way for the Commission to take on greater political power. But this power will really only be secured when the Commission focuses on the gradual stabilisation of new pro-employment measures, including the European Semester. Regardless of its overall party-political stripe, the incoming Commission will probably set a course towards greater flexibility in national labour markets as well as the improvement of intra- and cross-country mobility. With some exceptions, the solutions should be acceptable to the otherwise disunited Member States, thus making the European Semester a more reliable and viable tool.

There will nevertheless be something of an interim period that will prove quite difficult for the Commission. This is because after the May elections a new Commission will be selected, and most probably the Member States will downplay the implementation of youth employment commitments. Yet, far from changing the course of policy, this will only have the effect of driving the Commission into the hands of Parliament: the new Commission will boost its hand by confirming the conclusions made by the outgoing Commission. This can be best achieved by cooperating more intensely with Parliament in this field, especially with the possibility of Schultz, now Parliament's leader, as the next Commission President. The EP, by participating in the Semester procedure, may in turn put pressure on the Member States to fulfil the Commission's recommendations.

**Conclusions** For Poland, creating sustainable mobility policy and improving young people's skills should be a priority. At home, Poland should therefore increase the facilitation of EU funds for student exchange programmes. At the EU level, Poland should promote the rule that such programs should be easily accessible in less developed or the outermost regions. Poland should also promote measures to boost EU-wide entrepreneurship, especially with a focus on the same disadvantaged regions. It should strengthen its case here by pointing to a link between high youth unemployment and the level of development and the economic profiles of its regions.

The Commission's growing political importance in the youth unemployment issue should prove acceptable to Warsaw, not least because it may ease tensions between the Member States regarding intra-EU migration. More than merely burnishing its pro-European credentials, Poland has a relatively clear interest in seeing coordination of employment policies via the community rather than intergovernmental method. A stronger role for Parliament is also feasible for Poland for similar reasons, but some problems may emerge, not least in the course of the EU budget review in 2016. Poland may see the favourable deal it won in 2014 unravel. Poland should be prepared for this eventuality and should hone its arguments on the positive effects of structural funds in light of youth unemployment. This means underlining and quantifying the effects of projects designed to ameliorate the working conditions of young people.

Money spent in Poland should be allocated in such a way that Warsaw can prove the positive impact of EU funds on the national labour market. One such possibility is to direct the flow of funds into developing new, small businesses founded by youth as well as facilitating cooperation between SME's when it comes to gaining and sharing knowledge and experience. Poland should also focus more strongly on incentivising students who study science to found innovative, technology-oriented firms and to use their knowledge and talents to gain a competitive edge. By making young people competitive on the European and global market, and thus improving their prospects, Poland will prove the utility of the common budget as a whole and structural funds in particular. Gaining and retaining such human capital could also help it re-launch high-speed economic growth.