10.6.2013 B7-0280/2013

# MOTION FOR A RESOLUTION

to wind up the debate on the statements by the Council and the Commission

pursuant to Rule 110(2) of the Rules of Procedure

on Preparations for the European Council meeting (27-28 June 2013) – European action to combat youth unemployment
(2013/2673(RSP))

**Gabriele Zimmer, Inês Cristina Zuber, Paul Murphy, Patrick Le Hyaric, Marie-Christine Vergiat, Marisa Matias, Alda Sousa, Nikolaos Chountis, Willy Meyer, Kyriacos Triantaphyllides, Younous Omarjee, Jacky Hénin**
on behalf of the GUE/NGL Group

**B7-0280/2013**

**European Parliament resolution on Preparations for the European Council meeting (27-28 June 2013) – European action to combat youth unemployment (2013/2673(RSP))**

*The European Parliament*,

– having regard to the Council conclusions on promoting youth employment to achieve the Europe 2020 objectives, adopted in Luxembourg on 17 June 2011,

– having regard to the Council conclusions on a Compact for Growth and Jobs of 28/29 June 2012, highlighting the need to combat rising youth unemployment,

– having regard to the European Council conclusions on a Youth Employment Initiative of 7 February 2013,

– having regard to the political agreement reached in Council on 28 February 2013 on a Council recommendation on Establishing a Youth Guarantee,

– having regard to the joint contribution of the governments of France and Germany in preparation of the 27/28 June 2013 Council meeting entitled 'France and Germany – Together for a stronger Europe of Stability and Growth' (30 May 2013)

– having regard to the Communication from the Commission of 29 May 2013 entitled '2013 European Semester: Country Specific Recommendations – Moving Europe beyond the crisis' (COM (2013) 350) and the proposed recommendations,

– having regard to Rule 110(2) of its Rules of Procedure,

A. whereas the Commission – as so often in the past years – had to correct its initially more optimistic economic forecasts for 2013/2014 downwards: EU-27 GDP is expected to shrink by 0.1 % in 2013, and euro-area GDP is expected to fall by 0.4 % in 2013, after a 0.6 % contraction in 2012; whereas most EU Member States thus still face recession or economic stagnation for the foreseeable future, with the southern Member States still worst hit by these developments;

B. whereas the euro-area's unemployment rate is expected to climb further to 12.2 % in 2013, from 11.4 % in 2012; whereas in February 2013 23.5 % of active young people in the EU were unemployed, with youth unemployment exceeding 50 % and even 60 % in some Member States; whereas in many Member States different categories of young people, e.g. underemployed part-time workers or people sanctioned for not complying with 'workfare' schemes, are not included in these figures and therefore real figures on youth unemployment are higher;

C. whereas in 2011 7.5 million young people aged 15-24 and 6.5 million aged 25-29 were not in education, employment or training (NEETs); whereas the economic loss due to this high number of NEETs was estimated at EUR 153 billion, corresponding to 1.2 % of EU

GDP[1]; whereas the de-regulation of labour markets of the past decades has left the majority of young people with accessing employment mostly through fixed term contracts, part-time jobs, unremunerated work placement schemes and generally precarious forms of employment, despite all former expectations that 'demographic ageing' would make it easier for them to access permanent full time employment with decent remuneration, rights and social protection;

D. whereas the 'reforms' of education systems, for instance through the Bologna process, and the austerity policies imposed in various Member States have undone many of the steps towards a more accessible education system; whereas therefore the need for an education system that is publicly owned, democratically run, accessible to all and free of charge at the point of use has become more urgent to provide young people – and in particular the most vulnerable of them – with accessible good quality education;

E. whereas youth unemployment is an important contributing factor to the sharp rise in the emigration of young people from a number of Member States, most profoundly from the so-called 'PIIGS' countries, to richer Member States; whereas this massive emigration – often of youth with higher qualifications - has deprived these countries of an important layer of their most dynamic people and has a devastating effect on local communities and their future prospects for sustainable economic and social development;

F. whereas austerity, fiscal retrenchment and neo-liberal 'structural reforms' advocated by the Commission and the Council in the framework of the European Semester since 2010, and pursued by most Member States – in particular those under the tutelage of the EC/ECB/IMF troika in so-called 'programme countries' - increased deflationary pressures on an overall fragile and stagnating EU economy, depressed wages, internal demand and tax revenues, dismantled the 'automatic stabilisers' such as social protection systems and public investment, and thus pushed most of the EU economy back into a double-dip recession, also dashing all former claims that not only current budget deficits, but in particular the ratio of public debt/GDP can be substantially reduced and fiscal consolidation achieved along this approach;

G. whereas these neo-liberal policies greatly contributed to the rise of unemployment in general and youth unemployment in particular, generating more social exclusion and poverty, and thus led to severe social regression, a further weakened economy and the de-stabilisation of European integration and democracy;

H. whereas the June 2012 Council heralded a Compact for Growth and Jobs, promising that an additional EIB lending capacity of EUR 60 billion, the mobilisation of EUR 55 billion presumably 'unallocated' Structural Funds monies and EUR 4.5 billion designated for 'Project Bonds' should provide EUR 120 billion (1 % of EU GNI) for 'fast-acting growth measures' benefitting SMEs and also contributing to reducing youth unemployment;

I. whereas the European Investment Bank (EIB) by the end of 2012 received an increase of its in-paid capital of EUR 10 billion as promised by the Council; whereas, however the actual EIB new loan signatures decreased from EUR 72 billion in 2010 to EUR 61 billion

[1] Eurofound (2012), 'NEETs – Young people not in employment, education or training: Characteristics, costs and policy responses in Europe'. Publications Office of the European Union, Luxembourg.

in 2011 down to EUR 52 billion in 2012, thus providing less for ‘growth enhancing measures’ than in the previous two years, and this against the background of the southern EU countries continuing to suffer under recession and economic stagnation spreading to further Member States;

J. whereas the European Commission’s claims that its activities for ‘re-programming’ Structural Funds monies in 2012 concerning 8 Member States with very high rates of youth unemployment resulted in targeting EUR 16 billion for SMEs and ‘growth enhancing measures’, thus potentially benefitting 780 000 young people; whereas, however, according to the Commission, figures on these re-allocations are ‘tentative, several decisions by national authorities are still pending and the estimates of the impact of the various measures may be revised over time’; whereas no reliable information seems to exist how much of the targeted EUR 55 billion of presumably ‘unallocated’ Structural Funds monies have been mobilised in 2012 or are actually programmed by Member States for 2013;

K. whereas a recent Working Document of Parliaments’ Committee on Budgets[1] pointed out that a roll-over of payments (‘unpaid bills’ by Member States) amounting to some EUR 19 billion in 2013 only for 2007-2013 operational programmes mainly under cohesion policy (the bulk of this emerging under heading 1b cohesion for growth and employment of the EU budget) is to be expected, as the slow start of 2007-2013 programmes under conditions of economic crisis and imposed austerity resulted in an extraordinarily low level of payments during the first half of the programming period and therefore these postponed payments will have to be made in the final year of the current period (2013) and most likely also to the next MFF (2014 -2020);

L. whereas this analysis neatly describes that the 2013 EU budget and possibly forthcoming ones – plainly speaking – are effectively running into deficit instead of providing huge resources of ‘unallocated Structural Funds monies’ as was claimed earlier by the Commission (some EUR 82 billion in January 2012) or the Council’s Compact for Growth and Jobs (EUR 55 billion);

M. whereas the Council’s position on the MFF 2014 – 2020 adopted in February 2013 for the first time in the history of the European Community/European Union envisages reductions to cohesion policy funding and decreasing annual EU budgets over that period towards 2020; whereas the bulk of envisaged cuts shall affect cohesion for growth and employment; whereas the EUR 6 billion for the Youth Employment Initiative envisaged by the Council for that period may require to reduce amounts for other ESF or cohesion policy spending elsewhere; whereas even earmarking a minimum share of 25 % of cohesion policy spending for the ESF as advocated by Commission and Parliament will most probably result for many Member States in severe cuts compared to 2007 – 2013 funding levels on ESF and ERDF;

1. Agrees with the views of critical economists that a stimulus of 1 % of EU GNI over 5 years as envisaged by the Compact for Growth and Jobs is too tiny to have any tangible

[1] Working Document on outstanding commitments (RAL) and the payments issue: state of play and outlook for 2013 and the next MFF; Rapporteur: Jan Mulder, Anne E. Jensen, Giovanni La Via; 08/05/2013, PE510.689v01-00

effect on reducing unemployment in general and youth unemployment in particular in the EU; points out that the negative multiplier effects of continued austerity policies as conceded by IMF experts keep in particular the economies of Member States still in recession and/or economic stagnation so much depressed that such tiny 'frontloading of growth enhancing measures' cannot compensate for the GDP losses triggered by these neo-liberal policies;

2. Considers, therefore, that the EU official slogan of 'pursuing a differentiated growth-friendly fiscal consolidation' is mere Orwellian newspeak in face of the facts and real developments in most Member States; recalls that the EIB claimed that it is having difficulties in finding sound and sustainable projects for funding, in particular in those Member States worst hit by the crisis, because of lacking public and private investment capacity; considers that against the background of declining EIB lending in 2012, the expected roll-over of payments on cohesion policy 2013/2014 and the austerity EU MMF 2014 – 2020 the Compact for Growth and Jobs EUR 120 billion stimulus is rather due to 'creative accounting' than having provided for substantial real spending so far;

3. Takes note of the Franco-German contribution (Together for a stronger Europe of Stability and Growth) in preparation of the 2013 June Council; takes note that as regards combating youth unemployment, the Franco-German contribution mainly mentions extending the 'Erasmus for all' programme, using the ESF and frontloading the EUR 6 billion Youth Employment Initiative (YEI); considers, however, that the amounts that may be mobilised by these programmes and the EIB are much too low to have a considerable impact on reducing youth unemployment and on addressing its root causes; points out that the earlier Youth Opportunities Initiative of the Commission launched in December 2011 had no tangible effect on the accelerated rise of youth unemployment rates in the targeted countries;

4. Recalls that the number of young unemployed and underemployed people far outstretches the number of available jobs, therefore clearly denounces any attempts to shift responsibility for the unemployment crisis to the young unemployed and any one sided interpretations that this is due to a 'skills mismatch';

5. Points out that the crisis and the EU's ill-fated policy mix of austerity plus neo-liberal structural reforms have led to a historically low level of private sector investment in the economy, as mass purchasing power has been diminished, internal demand depressed, income inequality and poverty risen; stresses that the EU and Member States need to pursue a radical shift in macro-economic policies with high quality employment with guaranteed worker's rights and decent social protection at its core in order to kick-start economic recovery; demands the end of the austerity policies, namely in the countries under Troika tutelage;

6. Stresses that the strengthening of the EMU will lead to the deepening of the current policies which are responsible for the huge unemployment in the Eurozone Member States, particularly in those with so-called 'Memoranda of Understanding';

7. Calls on the Member States to increase taxes on income from capital (dividends, interest rates), on capital gains, on big companies liquid assets and on big fortunes and inheritances, using the receipts from these to increase public sector led investment for

environmentally and socially sustainable development together with the taking into democratic public ownership of the economy, points out that Member States should provide for cuts in military spending and in subsidies harmful to the environment to assist the sustainable re-development of the economy and thus creating meaningful and high quality jobs and contributing to the eradication of youth unemployment;

8. Suggests that public sector led investment should be steered towards sustainable development, such as energy saving and renewable energies, clean production and waste prevention, sustainable urban development and housing, organic farming, sustainable fisheries and preservation of eco-systems, improving water and resource efficiency, re-conversion of the armaments industry, expanding and improving public services, education, health care, long term care, social services and the social economy, support to public housing construction, care and education sectors, combating poverty and social exclusion, with a view to promote the creation of sustainable 'green' and 'white' declared jobs;

9. Furthermore stresses the need to particularly address industry branches most hit by the crisis: re-conversion of the car industry towards sustainable transport services, extension of railway networks and supply of spatially inclusive and comprehensive regional train services (Programme Rail Europe 2025), promotion of 'green' shipbuilding and stabilisation of the steel industry in that context; insists that the EU and the Member States should accompany such re-conversion by measures for job retention, training, re-training and skills development, and secure employment transitions for workers in the industries concerned;

10. Calls on the EU and the Member States to promote working time reduction across the board without loss of pay for workers and the creation of additional jobs in order to avoid an increase in workload, this could possibly be assisted with declining aids to business over a transition period during economic stagnation;

11. Stresses that youth unemployment may only be eradicated if there are such macro-economic, employment and social policies in place addressing overall unemployment, poverty and social exclusion; reiterates that the current focus of the EU and Member States policies on youth unemployment on supply side measures (education, training, vocational training, improving 'employability', 'activation' etc.) – as important as a proper development of skills and competencies undeniably are – lacks a no less important focus on creating jobs for young people predominantly at local or regional level leaving such measures;

12. Strongly criticises the Commission's overall approach in its communication on 2013 country specific recommendations on 'combating unemployment' by further increasing the flexibility of labour markets and reducing 'the relatively high costs of labour' etc.; points out that it were and are these neo-liberal 'structural reforms' of labour markets pursued by Member States which are responsible for the drastic increase in precarious forms of employment, reduced levels of social protection and the expansion of low wage sectors so much deplored by the Commission's Employment Reports, developments that particularly affect young people and their employment prospects very negatively;

13. Points out that many Member States – either on their own initiative or following some

country specific Council recommendations on ‘structural reforms’ in labour market policies – apply ‘Make work pay’ and ‘activating labour market’ strategies by which in particular young unemployed people are forced to accept any low wage and low quality job or otherwise face cuts in or the entire loss of their social benefits; highlights that in particular young long term unemployed or other vulnerable young people often find themselves unemployed again after such ‘quick fix’ interventions by employment agencies, as they did not provide for any long term solutions to sustainable integration into employment;

14. Points out that many Member States apply ‘workfare’ schemes (work for your welfare) by which particularly young unemployed people are forced to participate in unremunerated work placement or work experience schemes in the private sector or community service just to retain payment of their social benefits; highlights that such workfare schemes often lead to replacing paid employment in the respective sectors covered by such schemes;

15. Underlines that most of ‘labour market activation’ schemes and workfare schemes in general are not in line with ILO Priority Convention No. 122 which all but two EU Member States ratified and which requires ratifying states ‘to declare and pursue an active policy designed to promote full, productive and freely chosen employment’; stresses that such schemes must not be accepted as covering the requirements of a Youth Guarantee Scheme as laid down by the 2013 Council Recommendation (good quality offer of either employment, continued education, apprenticeship or traineeship) and must not be eligible for funding under the Youth Employment Initiative (YEI); calls on Member States to abandon such schemes;

16. Emphasises that all action to combat youth unemployment must not be based on the failed flexicurity approach, but instead start from the concept of ‘Good Work’ as its central reference point, with a strong focus on promoting quality in work, improved social security and social inclusion, enhancing existing and introducing new workers’ rights, promoting health and safety at work, better social risk management and the reconciliation of work and non-work life; insists that Member States should take effective measures to phase out precarious and atypical employment and promote permanent employment contracts;

17. Emphasises that the Youth Guarantee should already set in for young people below the age of 30 years immediately upon facing unemployment; highlights that the funding allocated to the YEI is far below what would be necessary to have a real impact on youth unemployment; refers in this context to the ILO study ‘Euro Zone job crisis: trends and policy responses’ that raises the need for 21 billion euro to be injected to have an impact on the level of youth unemployment2;

18. Calls on the Member States to ensure high-quality frameworks for traineeships making sure that traineeships are tailored to the needs of young people and include decent remuneration, labour and trade union rights and working conditions that do not undermine the jobs, wages and conditions of the existing workforce, backed up by financial support and mandatory monitoring, as well as a common quality standard for traineeships;

19. Insists on the need to establish effective wage floors at the bottom of the labour markets (minimum wages, additionally the concept of a living wage) and also at the top (maximum

wage ceilings of e.g. 20 times the average wage), the implementation of the principle of equal treatment and equal pay for equal work or work of equal value at the same workplace and allowing for upward wage developments compensating inflation, productivity increases and a strong re-distribution component; stresses the importance of such policies in particular regard to youth employment;

20. Instructs its President to forward this resolution to the Council, the Commission and the national parliaments.