

Flexicurity policies to integrate youth before and after the crisis

Mark Smith and Paola Villa

Policy influences and responses

The priorities and focus of employment policy shift over time. An analysis of those policies that have been directly or indirectly targeted at youth over recent decades demonstrates such changes in focus.

Over this period, the European Employment Strategy (EES) exercised its influence on member states' policy-making through the 'open method of coordination' (OMC), by establishing employment guidelines and by setting quantitative targets. Guidance at the national level was provided via Country-Specific Recommendations (CSRs) on individual countries' employment policies. These were issued every year by the Commission and endorsed by the Council.

This was also a period in which European countries were encouraged to make their labour markets more flexible (i.e., more responsive to changes). There was an emphasis on moving from job security to employment security, under the assumption that an increase in flexibility should lead to higher employment opportunities for all.

Emergence of 'flexicurity' as a policy goal

An overview of policy-making before, during and after the immediate effects of the crisis highlights the emergence of flexicurity as a key goal of the EU policy framework of labour market reforms. This goal was translated into subsequent implementation at the national level in the intensity of policy-making and the direction of policy changes. This broad picture provides a lens through which we can consider policies targeted at the inclusion of young people in employment.

It is possible to chart shifting policy models and the underlying implications for youth in Europe by focusing on the CSRs, along with the recorded intensity and direction of policy activity at the member-state level (as recorded in LABREF). The period 2000-2013 (which includes the pre-crisis years) was first characterised by some employment growth and declining youth unemployment rates, followed by the Great Recession – in which young people were among the first to lose their jobs – and concluding with the austerity years when, for many young people, unemployment turned into either long-term unemployment or inactivity.

Rising visibility of young people in policy priorities

From the early 2000s, policy-makers focused on two main labour supply groups: women and older workers. By contrast, young people were not identified as a group in need of specific employment policies, and mention of younger workers was rather rare in the documentation and other mechanisms of the EES. After 2005, there was a progressive shift of attention from gender issues towards older workers, and in the more recent years from older workers towards young people.

Analysis of the content of the CSRs directly and indirectly focused on young people shows that they were centred around three broad policy areas: 'Active Labour Market Policies' (ALMP), 'Flexibility' and 'Labour market segmentation'. There was a limited focus on young people, only rising in 2011-2013. In the early period, a small number of countries received a recommendation explicitly considering young people. As the crisis emerged, some countries received a simple generic mention of young people, without any precise suggestion on what policy action to follow. Surprisingly, high youth unemployment was not even a key issue in 2009, when only three countries received some youth-related remarks. It was only in 2011-2013 that the deterioration of employment opportunities for young people was reflected in an increasing number of CSRs directly focused on policy recommendations for the young.

Increasing rate of policy activity

Analyses of the LABREF database of almost 3,600 policies demonstrate a clear increase in the intensity of policy-making and underlines the importance of ALMP, followed by labour taxation and job protection (employment protection legislation, EPL) across the pre-crisis, crisis and austerity periods. Two policy areas show a marked rise in activity in the austerity sub-period, after limited activity in the pre-crisis and crisis years: wage setting and job protection (EPL). The rising trend in policy-making intensity is visible across all country groups, although it is at a higher level in the Mediterranean countries.

The policy analysis over this period also confirms a limited focus on young people by policy-makers at the national level. In line with the trends observed in the CSRs, policies focused on young people only increased after conditions on youth labour markets had deteriorated significantly. Similarly, the most active policy area focused on youth was that of ALMP, and only in the austerity period was there a greater diversity of policy measures aimed at youth labour markets.

Shifting policy focus over time

The results demonstrate how policies wax and wane over a relatively long period, with the parallel evolution of European recommendations, national reforms and policy responses to changing economic conditions. In relation to young people, we see how the so-called 'reforms at the margin', prior to the economic crisis, led to the implementation of the flexibility policies associated with flexicurity that allowed the entry of many young people into employment when the economy was growing. However, there were subsequent calls to address segmentation and long-term

unemployment for young people as temporary jobs turned into something of a boomerang effect when young workers were among the first to lose their jobs in the crisis.

It is important to have a longer-term and stable perspective around policy-making regarding young people that relies on institutional complementarities at the national level. We would suggest that countries with a 'tradition' of youth policy and stable institutional arrangements were better able to cope with the choppy seas of the changing economic and policy environment during the crisis and austerity periods. On the other hand, those with a weaker institutional history were forced into a flurry of more reactive policy-making as they tried to cope with a more turbulent European economic and policy environment. Such results point to the need for a long-term and coordinated policy perspective in order to address challenges faced by young people entering the labour market in Europe today.

References

- Smith, Mark, and Paola Villa. 2016. *Flexicurity Policies to Integrate Youth before and after the Crisis*. STYLE Working Paper WP10.4 Flexicurity Policies to integrate youth before and after the crisis