The European Council’s latest agreement to tackle youth unemployment is unlikely to have any immediate impact.

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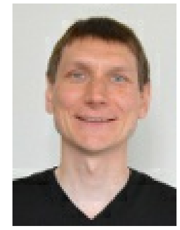
Last week the European Council held a summit largely devoted to the issue of youth unemployment. **Mikkel Barslund** *assesses the outcome of the summit, which saw extra funding committed to tackling the problem. He argues that while the measures agreed are a step in the right direction, they are unlikely to have any immediate impact on youth unemployment levels. The Commission should therefore attempt to manage expectations by clearly outlining the potential impact and timeframe of the new elements which have been agreed.*



For all but the most colour blind, youth unemployment is clearly the new black on the agenda of the European Institutions – and many member states as well. It featured as the top agenda item of the June European Council meeting last week, was the main impetus behind the call for a “new deal” for Europe last month by German and French Ministers, and has been the theme of countless conferences, workshops and panel debates. On Wednesday the German Chancellor hosted a high-level meeting with key heads of Governments and ministers in Berlin.

It is hard not to applaud the European Institutions and top politicians for their commitment and perseverance in addressing the problem of youth unemployment. Youth unemployment, indeed unemployment in general, is a major social policy problem – even if conventional headline numbers are misleading about the magnitude of the problem. Unfortunately, it is equally hard to see any game-changing policy tools emerging that would make a decisive dent in youth unemployment in the short term. Of course such a tool would not come cheap, and since there is no appetite for expensive plans – essentially (targeted) macroeconomic stimulus – among the member states that control the purse strings, this remains off the table.

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Last week’s agreement in the European Council reflects this. It consists largely of the elements which were aired in advance and outlined in communication from the European Commission a week beforehand. Around eight billion euro for disbursement in 2014-15 was put forward as part of the Youth Unemployment Initiative to help regions suffering youth unemployment rates in excess of 25 per cent. Among other things this should help the implementation of the Youth Guarantee – the EU’s poster child in the fight against youth unemployment. New efforts will also go into increasing the mobility of young jobseekers, most notably by strengthening the existing pilot programme, “Your first EURES job”, but cross-border mobility programmes can also be financed via the European Social Funds in Member States. Finally, the European Investment Bank will chip in by launching a “Skills and Jobs – Investing for Youth” programme. The details are still sketchy and some of these are to be filled in by Member States.

One thing to note is that most of these initiatives will only be operational from the beginning of 2014 – mainly due to the need to synchronise with the coming 2014-2020 budget cycle. Thus, it is a fair bet that whatever impact – and most observers agree that it would be limited – these would have, it will not be felt any time before Autumn 2014.

This, together with the amount of buzz created lately, may make it very difficult to manage the inflated expectations about the likely 'immediate' impact on youth unemployment. Therefore, there is an urgent need for the Commission to spell out *its assessment* of the likely impact and the time frame involved for each of the elements in what has been agreed. An important part of this would be to carefully state, given the weak overall employment situation, if a particular measure is likely to crowd out employment of older workers and the expected magnitude of this effect. Apart from anchoring expectations at a reasonable level, it would allow independent observers, national policy-makers, and stakeholders to better gauge the feasibility of the agreement.

An illustrative case in point is that of cross-border mobility. The Commission's main tool for increasing cross-border mobility is the EURES portal, which allows employers and employees to match via job postings and a CV database. The portal is claimed to currently result in 50,000 placements per year (although it is not clear if these are all cross-border placements). Related to the portal, and currently running as a pilot programme, "Your first EURES job" provides additional assistance to employers and jobseekers in the matching process. The expectation is that "Your first EURES job" will results in 5,000 (cross-border) placements by the end of this year.

New momentum will be given to this tool with the Council agreement, but what will it deliver? Given the numbers currently involved, it looks largely symbolic. However, this would be unfortunate because labour mobility, in particular cross-country, like the internal market for goods and services, should be one of the Commission's children. Given the lopsided labour market situations prevailing in the Union, there seems to be much more scope for action in this area than can be achieved with the EURES portal alone. Increasing lending from the European Investment Bank to small and medium enterprises (SMEs) with the financing linked to the employment of young people, is another measure that would be ripe for an impact assessment along the lines sketched above.

The European Institutions as such cannot do much in the fight against (youth) unemployment in the short run. The Commission should start to communicate this along with an assessment of what can reasonably be achieved. Then it should focus its attention on the overall unemployment situation.

If this is not done, one can fear that the need to be seen to do something about youth unemployment will see a proliferation of a string of plans and initiatives with limited impact, which are at the same time costly in terms of money and political attention.

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