



ELECTION BRIEF 19-02

WORKING GROUP ON YOUTH EMPLOYMENT

# YOUTH, UNIONS, AND A EUROPEAN FUTURE THAT WORKS FOR ALL

## KEY POINTS

- YOUNG WORKERS HAVE BEEN STRONGLY AFFECTED BY THE CRISIS
- INSECURITY ON THE JOB MARKET IS DUE TO WORKERS' WEAKENED BARGAINING POWER
- THE EU HAS AN IMPORTANT ROLE TO PLAY TOWARDS TRADE UNION REJUVENATION

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With the 2019 elections to the European Parliament around the corner, it's game time in the European Union. The EU's different political teams have taken up their positions, ready to compete for the power to direct Europe into the future. Whoever will come out on top faces a difficult task marked by many uncertainties. Regarding the world of work in particular, the EU finds itself at a crossroads. We can either continue down the path of flexibilisation of work, stagnating wages and the decline of workers' organizations, or take a turn towards a European labour market that works for everyone. Europeans under 30, who represent one third of the EU's population, can play a major role in determining which way to go. In order to seize this role we must prevent a re-run of 2014, when millennials had the lowest turnout in the EU vote. As this brief will show, the stakes are high indeed. Focusing on the role of youth and unions, it discusses the major challenges facing young European workers, reviews the EU's responses to these challenges to date, and finally makes some suggestions towards the coming years.

## YOUTH AND UNIONS TODAY

In the past decade, a perfect storm of global economic unrest, rapid technological development and a politics dominated by economic liberalization and austerity have seriously undermined the relative security that traditionally characterized European labour markets. Concretely, unemployment rates surged, in some quarters to heights not seen since the Great Recession of the early twentieth century. In response to the global recession of 2008-2009 and the outbreak of the eurozone debt crisis, governments across Europe followed a Brussels-led dual policy agenda of applying rigorous budgetary discipline to calm global markets and loosening government regulations and restrictions to attract private investors. By consequence, European workers faced the twin challenge of eroding social services and increasing insecurity on the labour market.

The issues discussed above have disproportionately impacted young people. Throughout the crisis, youth unemployment rates have reliably been twice as high as overall unemployment rates. In hard-hit countries like Italy and Greece, jobless youth's position was further exacerbated by cuts in social spending, which reduced the benefits and pensions of the parents and grandparents on whom they came to depend financially. Meanwhile, young people who do have jobs often carry out low-paid, low-status and insecure work, as their position on the labour market grows increasingly precarious<sup>1</sup>. Indeed, while EU-wide averages conceal enormous differences between member states,

young people in all EU countries are far less likely to be employed and far more likely to be working under fixed-term contracts than those aged 30 or over<sup>2</sup>.

Although there is a growing chorus of voices arguing that the crisis-time policy recipe prescribed by key EU bodies was misguided, there is also a convincing case to be made that the social sacrifices made over the past decade were necessary for the gradual post-crisis recovery that we are currently witnessing. Whatever one's position in that debate, there now appears to be a near-complete consensus that even now that youth unemployment is down, the post-crisis European labour market does not work for workers. From the European Trade Union Confederation<sup>3</sup> to the International Monetary Fund<sup>4</sup>, everyone seems to agree that wages across the EU are unjustifiably low given the recent economic recovery. Analyses highlight different reasons for this EU-wide wage stagnation, but mounting evidence presented in studies based on a political-economy approach points to one factor in particular: the decline of workers' bargaining power<sup>5</sup>, which both causes and is exacerbated by trade unions' rapid loss of members (and consequently prominence) across the EU.

Here, too, young people stand out: despite the outsized intensity of their exposure to the economic and social fall-out associated with the crisis, they are far less likely than other age brackets to be members of a union that might promote their interests by providing counterweight to the politics underlying the challenges they face. While conventional wisdom holds that young people are simply not interested in the 'outdated' model of the trade union, research suggests that young workers, in general terms, do not have unfavorable views of unions<sup>6</sup>.

To summarize, this section has discussed three phenomena: young workers have been especially affected by (policy responses to) the crisis (i), the post-crisis labour market does not work for everyone and certainly not for young workers (ii), which is due in large part to the weakening of workers' collective voice (iii). Where does all of this leave us? With a vicious cycle, threatening to take young workers with them: insecurity on the labour market is partly caused by the declining power of trade unions, which therefore have a harder time attracting young members on the basis of past concrete achievements; young people's consequently low unionization further weakens trade unions, which in turn facilitates current labour market dynamics, which continue to heap pressure on young workers. The question, then, is how to break this downward spiral and rejuvenate unions.

## THE EU: JANUS-FACED SO FAR

One might argue, of course, that the revitalization of trade unions is the unions' business, not the EU's. That argument,



## FOR A YOUTH VOICE AT WORK

however, overlooks the European Union's historical employment model and, importantly, its role in creating unions' current predicament. Regarding the first, the EU, globally speaking, remains a beacon of harmonious labour relations. The vision of a European Social Model tying economic growth to high living standards and good working conditions has been enshrined in various fundamental EU texts, committing the European Union to collective bargaining, equal opportunities for all, social protection and solidarity.

However, the EU's relationship with the trade union movement has known its rough patches too. Just before the outbreak of the crisis, the European Court of Justice released the landmark *Laval* ruling, which stated that the Latvian company *Laval* did not have to adhere to the collective agreement with the Swedish construction industry in its dealings with *Laval* employees posted in Sweden. This sparked widespread concerns about wage dumping, which continue to this day. During and since the crisis, meanwhile, the European Commission, the ECB and the IMF have, in the name of competitiveness and flexibility, put the axe to centralized collective bargaining and a myriad of other protections<sup>7</sup>.

In an important sense, then, the EU is a Janus-faced actor when it comes to the trade union movement. Its role during the crisis notwithstanding, it is doubtlessly committed to social dialogue, often consults social partners in drafting legislation, and has sponsored trade union movement efforts to raise its profile on the European level. More relevant to young workers specifically, the EU is clearly very committed to improving young people's position on the labour market. The European Commission's 2012 Youth Employment Package, consisting of an array of initiatives including the Youth Guarantee, the European Alliance for Apprenticeships and a Quality Framework for Traineeships, sought to reconcile the EU's commitment to market competitiveness and solidarity by complementing a skills-based strategy with a rights-based outlook. Yet, the ambition to strengthen young people's rights in, for example, traineeships were complicated by employer organizations' objections against regulation<sup>8</sup>.

The European Pillar of Social Rights (EPSR), launched in 2017, aims to lend substance and credence to a full-fledged EU rights-based strategy towards a labour market that works for all – or, put differently, to lay the groundwork for the 'social triple A-status' famously promised by president Juncker in 2014. While it is not designed specifically for young people, it is ambitiously intended to counter the precariousness facing young workers in particular by strengthening the social dimension of EU law and the European Semester of economic policy coordination, further developing EU-level social dialogue, and 'financial support, through a diversity of EU funds'<sup>9</sup>. Although the EPSR is necessarily bound to the limits of the non-enforceable 'compass' it is designed as, its recent one-year anniversary was welcomed by commentators' cautious optimism about its potential<sup>10</sup>. If this potential is to be realized in the years to come, the EU should shed its crisis-time erosion of workers' bargaining power and support, specifically, the rejuvenation of unions.

So, the crucial question remains: how can the EU contribute to the rejuvenation of young people's collective voice in the labour market? In essence, it can aid the improvement of the relationship between youth and union in two ways: boosting unions' position (enabling them to promote workers' interests and thereby become more appealing to young workers) and incorporating young workers' capacity to take up an active role in the political economy of the labour market into its skill-based policy logic. The first is to be achieved by actively supporting, both within and beyond the framework of the EPSR, collective bargaining in member states and on the EU-wide sectoral level, by providing for extension mechanisms that increase coverage of collective agreements<sup>11</sup> and by developing a European minimum wage policy that guarantees a living wage to all<sup>12</sup>. The second requires improving young workers' understanding of the potential of participation and representation in the world of work – an essential skill for the future. Conceptualized as such, the EU should pursue the promotion of this understanding through the roll-out of educational campaigns and expansion of its support for existing trade union efforts to educate young people on their rights and the ways in which they can help claim them.

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