



THE PROSPECTS FOR EUROPE'S YOUTH IN 2026

MITIGATING RISKS AND MAKING USE OF OPPORTUNITIES

Equal opportunities for European youth? The effects of economic crisis show how far this goal is from being realized in the near future. Youth unemployment rates in EU member states range from 7 percent to almost 50 percent. Whereas some countries lack qualified workers, others grapple to help a "lost generation" that lacks the capacity to build up an independent and sustainable existence. What must happen by 2026 to create more equal conditions for young people all over Europe?

This question is all the more urgent as our understanding of work undergoes deep changes. Work has become more digital, more fluid, and more flexible, while also confronting different expectations in terms of work-life-balance and self-fulfillment. New industries require new skills, whereas a changing value system demands a shift in the way we think about work. Thinking about the prospects for youth in 2026 therefore implies thinking about all aspects of contemporary society, for example education, research and innovation, migration, and digitalization. The way policy shapes those areas will, in turn, shape the lives of young people in the next decade.

ABOUT THE FRENCH-GERMAN FUTURE DIALOGUE

Established in 2007, the French-German Future Dialogue brings together young leaders from both countries to discuss current issues in European policy and create a sustainable network. In order to open the French-German dialogue on European questions, a third EU member state has been included each year since 2014.

Our 2016 partner country was Spain and the topic was Youth Unemployment. Participants took part in a series of foresight workshops in Dijon (April), in Lübeck (June), and in Alcalá de Henares (October). The "backcasting" methodology used in the workshops involved working backward from possible outcomes and developing policy recommendations for achieving the most desirable scenarios.

The program is organized by the Study Committee for French-German Relations (CERFA) of the French Institute for International Relations (IFRI), and the German Council on Foreign Relations (DGAP) in cooperation with and with generous support from the Robert Bosch Foundation.

More information:
www.zukunftsdialog.eu

Julie Hamann:
hamann@dgap.org

Katja Borck:
borck.cerfa@ifri.org

POSITIVE SCENARIO I: EUROPE IN 2026: A CONTINENT OF CHANCES

The European Union in 2026 presents an image of greater sustainability, connectivity, and social progress to the world. Many of the worrisome phenomena of 2016 – economic stagnation, the rise of populist parties, and isolated national solutions – are now much less acute. Regional contrasts in the economic opportunities of young people across the continent have been reduced markedly.

How did this come about? Above all, Europe has managed to benefit from the rush toward a more digital, environmentally sustainable, and knowledge-intensive economic model. The continent's youth is equipped just in time with the necessary skills for the "4.0 World" with an adapted education implemented from kindergarten onward. Also, many of the structural barriers toward economic participation are tackled. As a result, work-life models, gender equality standards, and economic development in rural areas improve. Finally, economic opportunities become more aligned, as once crumbling infrastructures receive needed updates to improve regional connections across the continent.

The very positive outlook of this scenario is posited on the successful implementation of reforms, followed by their early successes in three core areas: investment and innovation; education; and social policy. Due to the time lag between implementing reforms and seeing them bear fruit, it is crucial that the first reform steps be taken around the time of the next elections to the EU Parliament in 2019. One important precondition is that the signs of European disintegration evident in 2015–16 are not to be seen again. Public attention, political capital, and financial resources have to shift away from crisis management and dominant security issues toward a focus on economic development, social policies, and education.

POSITIVE SCENARIO II: PHOENIX FROM THE ASHES

In 2026, the business climate in the EU is one of the most favorable worldwide: the "phEUnix has [®]isen from the @shes." Foreign and domestic investments are stimulating innovation and new technologies. The economy is on a sustainable, low-carbon path. The green energy sector is booming in south European countries, providing new job opportunities and economic growth to countries once ridden by crisis – Spain, Portugal, Italy and Greece. Young Europeans are part of a qualified workforce that is adequately trained for the diverse, digitalized job market. Youth unemployment rates have therefore fallen significantly in all EU countries. Life satisfaction and labor productivity have increased since the bargaining power between employers and the workforce has become more balanced. Working conditions have improved and have been made more flexible. Thanks to EU cooperation on migration and pragmatic national policies, immigrants are successfully incorporated into the job market, and well-integrated immigrants are eligible for permanent residency. How is this favorable situation reached? After the 2016 and 2017 elections in the Netherlands, France, Germany, and the Czech Republic, new, moderate governments are able to overcome national divisions and implement far-sighted policies. In the wake of Brexit, the remaining EU-27 realize that cooperation on migration, security, and economic policy is in the interest of all. Heads of the EU member states decide at the second, "momentous" Messina Conference to guide the EU out of its political deadlock with a common political approach. A new "core Europe" arises, in which, alongside Germany and France, southern and

eastern European countries are key to shaping the EU politics. The EU increases investments in digital, physical, and energy infrastructure and launches a massive investment program called “Europe of Knowledge,” which promotes education, vocational training, languages, research & development, and renewable energy and green technologies. An EU directive package is passed on working conditions, equal pay, and parental leave, including financial incentives for women working in the MINT fields.

Under these conditions, a new generation of digital natives increasingly takes over key positions in business and politics, gradually replacing the generation of baby boomers and spurring a digital revolution in the corporate sector.

STRATEGIC POLICY OPTIONS MAKE USE OF OPPORTUNITIES TO FOSTER BEST-CASE SCENARIOS

In the case of the **immigration crisis**, make access to a new EU fund pooling national debts conditional upon accepting quotas of refugees and implementing a Mediterranean rescue program; make trade agreements conditional on new migration partnerships.

To foster **innovation**, prioritize fiscal incentives and EU funds that lean toward innovation in new and traditional sectors (i.e., the automobile sector, the EU’s “Silicon Valley”) and an investment in connectivity infrastructure (high-speed internet). Use science education from kindergarten on to foster children’s innovational skills; equip youngsters with digital skills that match actual and future labor market needs.

To reduce energy dependency, make **green economy** a strategic goal to be reached by an Energy Union, promoting EU-produced renewable energies. Encourage the shift toward a green economy through EU funds.

To respond to the importance of **work-life balance** in future labor markets, set a maximum time limit of 15 hours/week in which companies require an employee to be at the office.

Encourage companies to create part-time jobs to target specific groups (seniors, young parents, students) and to set a minimum EU stipend for interns.

One step toward achieving the strategic policy goal of **gender equality** in labor markets is to make salaries transparent at the EU level. To boost fathers taking allowances, implement a 25-percent increase in parental leave allowances if both members of the couple split the leave equally.

To invest in future generations’ **knowledge of the EU**, integrate European studies into school curricula. In addition, increase budget allocations to the Erasmus exchange program to allow its use before university.

NEGATIVE SCENARIO I: EUROPEAN DEADLOCK

In 2026, the EU's situation is bleak. The idea of "an ever-closer union among the people of Europe" has been abandoned. Loss of popular appeal has not only brought the EU to a halt but also launched its progressive dismantling. After the Brexit vote of 2016, the gap widens between the populations of member states and the elites. This situation benefits euroskeptic parties not only in Germany and France but also at the European level. The presence of a good score of euroskeptic parties in European Parliament elections leads to paralysis in the EU and a renationalization of competences in the fields of Customs Union as well as common agricultural and commercial policies. Protectionism and "nationals first" are the new slogans. In 2018, the Schengen area is abolished after EU leaders prove themselves unable to find a common solution to the challenges in an international context. Another wave of migrants arrives from war-torn countries, while a new economic crisis hits Europe. Four years on, we see the end of the Bologna Process for a "European higher education area." As companies and investors leave the EU for more favorable environments, member states see their budget resources shrink, leading them to drastically cut their expenses and shift their budget priorities. Public funding for education and new technologies is reduced. Populist governments protect older citizens by giving priority to increased pensions. Europe's youth is more vulnerable, facing high unemployment and poverty. University privatization increases unequal access to education both at the national and European levels. Youth also experience an increased lack of social and job mobility. A paradigm shift occurs in European societies, fostering a generational and geographical gap. Generations clash as intergenerational solidarity wanes. In the same way, the gap widens between northern and western European countries, on the one hand, and southern and eastern countries, on the other. By 2026, the idea of the EU is little more than a memory.

NEGATIVE SCENARIO II: NARROW-GAUGE EU HEADED TOWARD CRISIS

In this worst-case scenario, the EU undergoes gradual disintegration between 2018 and 2026. There are three distinct stages. From 2018 to 2020, the European project is under stress; waves of separatism follow Brexit, and the EU refugee program is poorly implemented. In the second stage, from 2021 to 2022, matters worsen with a public finance crisis, religious conflicts, and neo-nationalist outbursts. Financial cuts start to affect education programs, the recently established hotspots for the registration of refugees are disconnected from civil society, and rising social tensions can be observed throughout the EU. In the third stage, from 2022 to 2026, Europe reaches the point of no return and simply fails. Societies are further divided (i.e. Europeans vs. non-Europeans, educated vs. poorly-educated), splits are worsened by financial crisis and budget cuts in education (leading, among other things, to the end of the once-praised Erasmus program). Teachers strike across the EU, and national economies lack qualified labor forces. Due to conflicts and poverty in the European neighborhood, refugee movements remain intense. In 2026, the situation in the EU is so grim that there are few prospects of recovery. The EU finds itself blocked in a deep institutional crisis. Only 17 members remain. Freedom of movement comes to an end with the abolition of the Schengen zone. The EU's migration policy also fails. Finally, the lack of investment in education results in a fundamental privatization of the educational sector and almost insurmountable inequality between Europeans and non-European immigrants. A "lost generation" faces high levels of unemployment.

STRATEGIC POLICY OPTIONS MITIGATING RISKS TO AVOID WORST-CASE SCENARIOS

Adequate education and training are the absolute preconditions for preparing young people for success in the labor market. An **education encouragement scheme** should be implemented in all member states. First, the percentage of national expenditure on education must not be counted toward the government deficit in order to avoid “brain drain” and to support those states that invest in it. Second, existing exchange program must be broadened in terms of targets (teachers, executives, and trainees), content, and impact.

A comprehensive approach on migration must be developed to reflect the fact that the EU neighborhood’s stability is deteriorating and that migration flows are increasing. With regard to conflicts in the eastern Mediterranean and the Middle East, cooperation with countries such as Turkey, Egypt, and Iran should be maintained while respecting European and international obligations to human rights. When it comes to admitting refugees to the EU, “solidarity funds” should be set up in order to share the social and economic expenses. Finally, inclusive urban planning strategies must be implemented to encourage social cohesion.

The EU has **to trigger innovation**. Modernizing the economic model is the key of the future EU, and Asia and the United States are gaining power in new technologies. The EU should create an “Entrepreneurship Act” to remove barriers and administrative obstacles for entrepreneurs, start-ups, and small- and medium-sized companies.

The EU has **to spur innovation**, not just ease it. One way is to direct European funds toward innovation and encourage investment from the private sector. New industries must be a priority. The EU has to enhance and design strategic plans for robotics, smart cities, and green energy.

Sustainable labor conditions and a more competitive and comprehensive job market require three elements: job security; work and life balance; and a successful transition from education to the job market. Employees need job security to get involved and develop their skills. Flexibility in working conditions, equal salaries, and equal parental leave are necessary to guarantee work-life balance. Adapted vocational training in all member states is important to ease the entry of young people into professional life.

There is no doubt about the crisis of the European project. European leaders have not been able to respond to the major demands of citizens. **Redesigning the European Union** requires creating a “Solidarity Emergency Mechanism” for crisis situations of all kinds (migration, natural disasters, terrorism, etc.). The idea is to empower local levels to provide resources to people with ideas who are willing to help. This requires deep reflection about the future of the European project. All member states should think carefully about European institutions and decide if and where further integration is possible. Once the common project is clear, citizens would also get involved through EU-wide civic education programs.

POLICY OPTIONS: WHAT WE RECOMMEND

Expand Erasmus++ through fiscal incentives: Allocate more funds to Erasmus-type programs that encourage cross-border exchanges of working people, especially those with non-academic backgrounds. Include compulsory courses about the EU to develop common civic values and give new momentum to the European project.

Do not count the percentage of GDP invested in R&D and education in the budget deficit: Education fosters democracy and develops critical intelligence to tackle 21st-century challenges. Education should be supported by an innovative environment that furthers understanding of complex problems and finds equally complex and appropriate solutions.

Set up R&D research clusters of scientific institutions and private companies: The European Commission needs a strategy to incentivize the creation of research clusters between scientific institutions and private companies with a focus on digitalization. Give priority to clusters in regions that are not already innovation hubs. The project can build on existing R&D program such as Horizon 2020.

Foster green "Silicon Valleys": The European Commission should award incentive packages, for example, in the form of tax reliefs and investment protections, to entrepreneurs with projects promoting environmental and social sustainability in fields such as renewable energy, environmental protection, social cohesion, and community building.

Promote salary transparency and equality: A European directive should oblige employers to publish an average salary of different job categories for women and men. This measure would incentivize equal pay, make better use of women's skills, and contribute to growth.

Make equal duration of parental leave for parents compulsory: Both parents should decide, up to a defined legal maximum, the total duration of the parental paid or unpaid leave they want to take. It should then be compulsory to split this leave evenly between both parents, making career interruptions as well as developments more equitable.

Set up an EU fund to incentivize refugee admission and a neighborhood investment strategy: Each EU member state should choose where and how to invest up to a fixed monetary share in such fields as development and humanitarian aid or border management. An innovative mechanism could also be introduced by pooling a percentage of each member state's national debt into a fund for distribution only to those who admit refugees. Accompany this with a comprehensive investment plan for countries in the Middle East and Maghreb linking investment to migrant readmission agreements.

Give incentives to companies to split jobs (hire 2 for 1): The EU should create incentives for companies to split existing jobs to allow for every young European citizen to take up a job corresponding to her/his qualifications and to provide more opportunities to unemployed European citizens and immigrants. The incentive to split one full-time job into two part-time jobs could be provided through preferential tax regimes or through subsidies for employers.

Unite subsidiarity with deeper integration: The principle of subsidiarity needs to be translated into practice and should serve as a basis for national, regional, and local parliaments and non-governmental actors to solve issues that directly concern them in ways they deem most effective. Subsidiarity will also better strengthen the democratic legitimacy of decisions impacting EU citizens where appropriate.



The authors:

Jan Bahr-Vollrath

Rosa Cornejo Rodríguez

Henri Dupuis

Simon Haefner

Ramona Koppe

Carlota Marti Núbò

Georg Neubauer

Marta Paradés Martín

Silke-Maria Preßentin

Isabel Skierka

Anaïs Boelicke

Monika Chhor

Antoni Fournier

Natalie Hallensleben

Claire-Marie Kostmann

Carlos Mascarell Vilar

Philipp Nießen

Marta Pont Guixa

Clément Rausch

Javier Adel Tahiri Sánchez

Clémentine Chaigneau

Méria Diabira

Claire Gloaguen

Jean-Michel Hauteville

Salvador Llaudes

Cristina Mont Castro

Joan Carles Pamies

Henri Pouban

Martin Schiller

Carlos Victoria Lanzón

This report was edited by Julie Hamann, officer in the DGAP's Program on France/ Franco-German Relations, and Katja Borck, project manager of the Ifri's Study committee for Franco-German Relations Cerfa, with the assistance of Miranda Robbins.

