

**UTRECHT UNIVERSITY
FACULTY OF LAW, ECONOMICS AND GOVERNANCE
AND
MASARYK UNIVERSITY
FACULTY OF SOCIAL STUDIES**



**POLITICAL-ECONOMIC IDEOLOGY OF THE EUROPEAN UNION
WILL THERE BE A CHANGE?**

Master's thesis

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Master's thesis

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Affidavit

I hereby declare that this Master's thesis represents my own written work and that I have used no sources or aids other than those indicated.

Utrecht, 12.8.2015

.....

(Ondrej Križko)

Abstract

The goal of this master's thesis is to analyse and define the political-economic ideology followed by the European Union as well as look at its potential transformation after the global financial crisis, especially with the introduction of the Juncker plan. In this regard, the research draws attention primarily to European Union's investment strategy and youth unemployment as the two variables contributing to the delimitation of the theoretical paradigm from which the European Union emanates. The study first introduces two theoretical concepts that are most relevant for characterising European Union's behaviour, which according to the existing literature are modern-Keynesianism and neoliberalism. These, after the analysis of the constellation of the European Social Fund and the European Investment Bank, answer the question which political-economic paradigm is more consistent with the present European Union's set-up and thus help us to derive what the currently followed ideology is. Ultimately, attention is then drawn to the Juncker plan determining whether the new investment plan for Europe brings a change not only from the policy perspective but also from the ideological point of view.

Key words: Political-economic ideology, Modern-Keynesianism, Neoliberalism, Investments, Youth unemployment, European Union

Abstrakt

Cieľom danej diplomovej práce je analýza a definovanie politicko-ekonomickej ideológie, z ktorej Európska únia vychádza ako aj pohľad na jej potenciálnu transformáciu v dôsledku globálnej finančnej krízy, obzvlášť po predstavení Junckerovho plánu. V tomto smere sa výskum zameriava predovšetkým na investičnú stratégiu Európskej únie a nezamestnanosť mladých ako dve premenné prispievajúce k vymedzeniu teoretickej paradigmy, z ktorej Európska únia vychádza. Daná štúdia najskôr predstavuje dva teoretické koncepty, považované za najviac relevantné pre charakterizovanie správania sa Európskej únie, ktoré sú podľa existujúcej literatúry neoKeynesianizmus a neoliberalizmus. Tieto teórie, po analýze konštelácie Európskeho sociálneho fondu a Európskej investičnej banky, odpovedajú na otázku, ktorá politicko-ekonomická paradigma je konzistentnejšia so súčasným nastavením Európskej únie, a tak nám umožňuje odvodiť ideológiu, z ktorej vychádza jej aktuálna stratégia. Napokon sa práca zameriava na Junckerov plán, stanovujúc či nový investičný plán pre Európu prináša zmenu nie len z politickej perspektívy ale aj z pohľadu ideológie.

Kľúčové slová: Politicko-ekonomická ideológia, NeoKeynesianizmus, Neoliberalizmus, Investície, Nezamestnanosť mladých, Európska únia

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List of Abbreviations

EFSI	European Fund for Strategic Investments
EIB	European Investment Bank
EIF	European Investment Fund
ESF	European Social Fund
EU	European Union
NEET	Young People Not in Employment, Education or Training
SMEs	Small and Medium Sized Enterprises
YEI	Youth Employment Initiative

Introduction

Political-economic ideology to a great extent shapes the world in which we live and work. It significantly affects not only the economic structure and functioning of a state but has direct impact also on companies as well as individuals within such a system. Nevertheless, recent developments in the form of the global financial crisis prompted a wave of criticism on the ideological paradigm on which the current economy is based. Such reaction occurred particularly in regions most affected by the crisis, namely the United States and the European Union (EU).

It is worthwhile to note that the crisis hit young people particularly hard, which was in the existing political-economic setting reflected especially on youth unemployment that recorded historical heights after 2008 (EC; 2014). As a result of such a development, young people are experiencing increasing difficulties when it comes to (re)integration into the labour market which also contributes to their societal as well as political marginalisation (Verba; 2003). Consequently, as will be shown later in the thesis, this may then result in the lack of legitimacy for the elected government or undermine the trust and confidence in the democratic process as such (Verba; 2003). Thus, identifying and understanding the ideology followed by particular states may prove rather important as it can help to highlight potential problems within the established system (in this case youth unemployment) as well as predict future developments connected to the ideology pursued. In addition, showing alternatives to the existing theoretical paradigm may help to give answers and solutions to problems related to the currently pursued ideology and thus contribute to the improvement of the overall economic as well as social situation.

Apart from the societal relevance, as shown above, the paper also seeks to contribute to an academic debate. In this regard, a number of academics strived to define the current political-economic setting in the EU as well as endeavoured to “predict” what its future will be and why. So far, we can identify two groups of author that already attempted to address these questions. On the one hand side, academics such as Wilks (2009), Stiglitz (2008) or Altvater (2009) constitute a block predicting the retreat from neoliberal ideology and the reintroduction of a more Keynesian logic. On the other hand, there is a considerably greater group of authors concluding that neoliberalism is likely to not only survive but even thrive in the post 2008

period, nevertheless, this is also dependent on the form which neoliberalism will eventually adopt (e.g. Schmidt and Thatcher; 2013; Martin; 2013; Vitols; 2013; Mügge; 2013; Wigger and Buch-Hansel; 2014).

As a result of these facts, this master thesis explores in more detail the political-economic ideology pursued, particularly by the EU, and seeks to reveal whether, after the 2008 crisis which almost brought its economy to the brink of collapse, there are tendencies towards changing this approach, especially by drawing attention to the issue of youth unemployment. In other words, the main objective of this work is to analyse and define the political-economic ideology of the EU as well as look at its potential transformation over time.

The research will be conducted through the lenses of two factors. As already indicated above, the first is youth unemployment, which rose dramatically after the outbreak of the crisis. This is selected due to the fact that youth employment is closely connected to the economic system within a state and directly reflects economic developments and thus can be seen as one of the most pronounced indicators of the possible effects of the political-economic ideology pursued (Scarpetta et al.; 2010). Second are the “EU-led” investments, which are seen as a “solution” when it comes to the reduction of unemployment (e.g. Blair; 2011; Kochan and Litwin; 2011). Thus, by looking at the relationship between youth unemployment and investments aimed at its reduction, the thesis will reveal the ideological basis from which the EU emanates.

In this regard, the European Social Fund and the European Investment Bank as EU’s most significant bodies contributing to the promotion of employment, will provide the starting point for the analysis, showing on what principles the EU investment strategy towards reducing youth unemployment is based. This will enable us to derive what the EU’s political-economic paradigm is. Subsequently, attention will be drawn to the Juncker plan, the European Commission’s “new investment plan for Europe” showing whether there is a change in the ideology (after the crisis) the EU intends to pursue. By doing so, the thesis will attempt to provide answers to two main questions. First, *what can we learn, from the ideological point of view, by looking at the existing investment activities of the EU aimed at reducing youth unemployment?* – hence, gives us the answer what EU’s present ideological concept is. And second, *does the Juncker plan signalise a change in the ideological approach the EU pursues?* These are the two research question this paper will endeavour to answer.

Finally, when it comes to the structure of the work, the thesis is divided into five main sections. Despite the fact that youth unemployment itself is not the central issue of the thesis, it is important to look also at this problems in order to understand its character as well as how and why this problem arises in the current political-economic setting. Thus, chapter one conceptualises the term youth unemployment, gives a brief overview of the present state of affairs in the European Union as well as puts forward the main causes and consequences related to this issue. As for chapter two, it draws attention to the theoretical level, explaining how the problem of youth unemployment can be addressed as well as starts the debate on identifying the current political-economic paradigm from which the EU emanates when designing its economic framework. Subsequently, the remainder of the section looks at the probability of EU's ideological change or transformation by reviewing the existing literature on this topic. Chapter three then begins an independent analysis of EU's ideology by defining and delimiting two main political-economic paradigms, namely neoliberalism and modern-Keynesianism. This will enable us to highlight and understand the main features and traits characterising both theories. Chapter four draws attention to the constellation of the European Social Fund and the European Investment Bank as well as their existing investment approach towards reducing youth unemployment. In this regard, it seeks to show which instruments they utilise and on what principles these bodies operate. Subsequently, similar approach will be adopted also in the case of the Juncker plan, presenting ideas and elements incorporated in this new strategy. Finally, chapter five then applies the two theories to the European Social Fund and European Investment Bank and thus determines which political-economic ideology is more consistent with their set-up. Then, the last subsection deals with the theoretical framework of the Juncker plan determining whether the new investment plan for Europe brings a change not only from the policy perspective but also from the ideological point of view.

Methodology

As already presented above, the objective of the thesis is to explore in more detail the political-economic ideology pursued, particularly by the EU, and seek to reveal whether, after the 2008 crisis which almost brought its economy to the brink of collapse, there are tendencies towards changing this approach, especially by drawing attention to the issue of youth unemployment. In order to do so, the work employs a method which can be characterised as a comparative case study analysis.

First, emanating from the existing academic literature, the thesis introduces two theoretical paradigms. In this regard, neoliberalism and modern-Keynesianism are analysed as political-economic ideologies occurring on the two ends of the “ideological axes”, thus, offering two opposing theoretical approaches. By defining, characterising and comparing the main features of these concepts (including creation of a table highlighting the main criteria for each ideology), the work identifies theoretical frameworks which are, in a later stage, applied to the EU’s investment strategy aimed at the reduction of youth unemployment.

Second step of the procedure is to explore in more detail EU’s investment strategy to reduce youth unemployment as such, by identifying appropriate cases and subsequently characterising the ideas on which they are based and principles on which they operate. The main stimulus and driving force of this research is the Juncker plan as an indicator of a potential ideological transformation. It denotes a “brand new” coherent investment strategy to combat unemployment with special focus on youth. However, first, it is important to define and determine the currently pursued ideology. As the Juncker plan is a “first of its kind” strategy in the EU context, it is not simple to identify a fully comparable case, characterising the already existing investment strategy aimed at reducing youth unemployment. Nevertheless, taking into account the nature of the Juncker plan, there are two instruments/bodies, namely the European Social Fund and the European Investment Bank, which may be regarded as appropriate cases to compare with the Juncker plan and thus may be included into the analysis. This is given especially by the “comparability” of objectives they strive to attain as well as principles defining their functioning. Therefore, considering these facts, the thesis focuses on these three instruments and by analysing them provides a basis from which we can emanate when deciding on the ideological approach behind these “tools”.

In the last step, in order to reveal the ideological paradigm from which the EU emanates when reducing youth unemployment, the two theoretical concepts are applied in an effort to determine which ideology is more consistent with EU's approach. Following the criteria defined in the previous step, the last section connects the theoretical and practical dimension of EU's operating, defining the theoretical logic the EU pursues. In other words, this step employs a pattern matching technique. In addition, such approach also enables us to determine whether, with the introduction of the Juncker plan, EU's strategy can be seen as experiencing a deviation from the existing one indicating two distinct tendencies or rather continuing in the set trend and thus showing similar patterns.

With respect to the sources, the research uses data and information predominantly from secondary academic literature as well as official EU reports and documentation. The secondary academic literature offers a key source of information when it comes to identification and characterisation of the two theoretical paradigms and thus provides an important starting point for the research. As for the EU reports, treaties, regulations, communications and other documentation, as the objective of the thesis is to analyse and define the political-economic ideology of the EU as well as look at its potential transformation over time, this kind of sources offer a first-hand information on the goals the strategy intends to achieve as well as design and functioning of EU's programmes and instruments. Thus, this enables us to better understand *what* the EU strives to attain and *how* or by which means these objectives should be achieved.

Apart from the illustration of the documentation and procedures used in this study, which shall contribute to a greater transparency of the research and thus its reliability, it is also important to address the issue of validity. In this regard, there are two dimensions that should be highlighted. First is the question of internal validity. In the context of this research, internal validity is delineated by the relation between the "EU-led" investments and youth unemployment, on the one hand side, and the political-economic ideology of the EU on the other. To be more specific, the relation between the "EU-led" investments and youth unemployment denotes a starting point of the research, which helps us to determine and define the political-economic ideology pursued by the EU. This is given by the fact that the first two variables enables us to understand and define the link between them, as investments represent an instrument and youth unemployment reduction an objective of EU's strategy. Subsequently,

this knowledge is indispensable for the determination of the theoretical paradigm characterising such a relation.

As for the second dimension, external validity also represents an element that must be clarified. In this respect, the ideology, particularly before the introduction of the Juncker plan, is derived from the analysis of the European Social Fund and the European Investment Bank, nevertheless, as these two bodies denote EU's main investment instruments through which youth unemployment should be reduced, findings revealed by this study can be applied also to other EU's (comparatively less funded) investment tools following similar objectives. This is given by the fact that they are all based on the same logic and thus pursue similar patterns of operating. As for the Juncker plan, it has been already mentioned that this project is first of its kind and thus it is not surprising that there were no similar programmes introduced after the 2008 crisis. In any case, despite this fact, the Juncker plan can represent a programme that may set a "new direction" of "EU-led" investments into youth unemployment reduction and can thus denote a conceptual foundation for the programmes to come.

What is more, the study in general can be seen as only one strand of scientific analysing of the political-economic ideology of the EU and can thus complement or perhaps help to trigger researches also in other fields. In the end, an aggregation of findings comprising a wide range of departments of the EU, can help us to derive a complex and comprehensive theoretical framework explaining the political-economic ideology on which the EU is based. Therefore, although this study can be considered as addressing the issue of ideology merely from a single viewing point, its findings and results may be applied to and utilised also in fields analysing the EU's ideology from other perspectives.

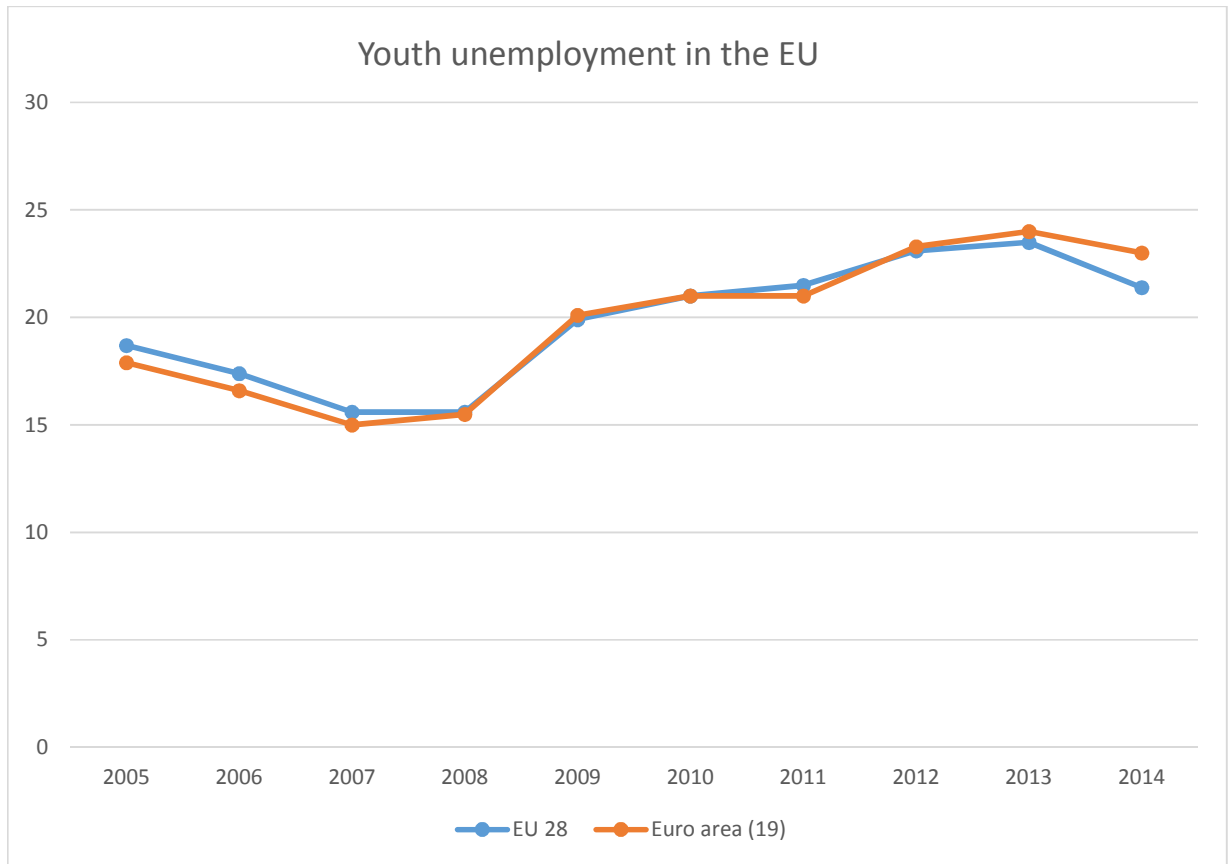
1 Youth Employment

Before starting with the analysis of the ideological approach the European Union follows, first, it is important to look at the issue of youth unemployment to understand its special character as well as how and why this problem arises in the current political-economic setting. Thus, this section conceptualises the term youth unemployment, gives a brief overview of the present state of affairs in the EU as well as sheds more light on the causes and consequences related to this issue. And as will be demonstrated later in this thesis, understanding the issue of youth unemployment will prove valuable for connecting the “practice” with the “theory”.

Emanating from the report of Eurofound (2012), young people represent a fundamental asset of European economy and society. According to Eurostat, there are approximately 60 million people between 15 and 24 in the EU (Eurostat; 2015). For this reason, it can be argued that young adults denote an incredible resource for our society. However, in order to fully exploit their potential, these young adults have to be productively employed and well integrated into the economy and society. Nowadays, and particularly as a result of the global financial crisis, many EU Member States have to face the increasing challenge of absorbing and integrating young adults into labour markets or education systems (Eurofound; 2012). This fact can be seen especially by looking at the current state of affairs in which youth unemployment¹ rates recorded historical heights (Graph 1). In this regard, it is important to mention that although the low level of labour market participation related to young adults is not a new phenomenon, what is new is the proportion it has reached in the recent period. According to Eurostat, more than 5 million young people between 15 and 24 are not able to find a job in the EU, which corresponds to an unemployment rate of 21.4% in the EU and 23.0% in the euro area respectively (Eurostat; 2015). In other words, more than one in five young people on the labour market actively seeking a job, remain unemployed.

¹ International Labour Organisation (ILO) defines unemployed as “members of the economically active population who are without work but available for and seeking work, including people who have lost their jobs and those who have voluntarily left work” (ILO; 2012). As for young people, this group comprises all the population aged between 15 and 24.

Graph 1: Youth unemployment (%) in the EU between 2005 and 2014

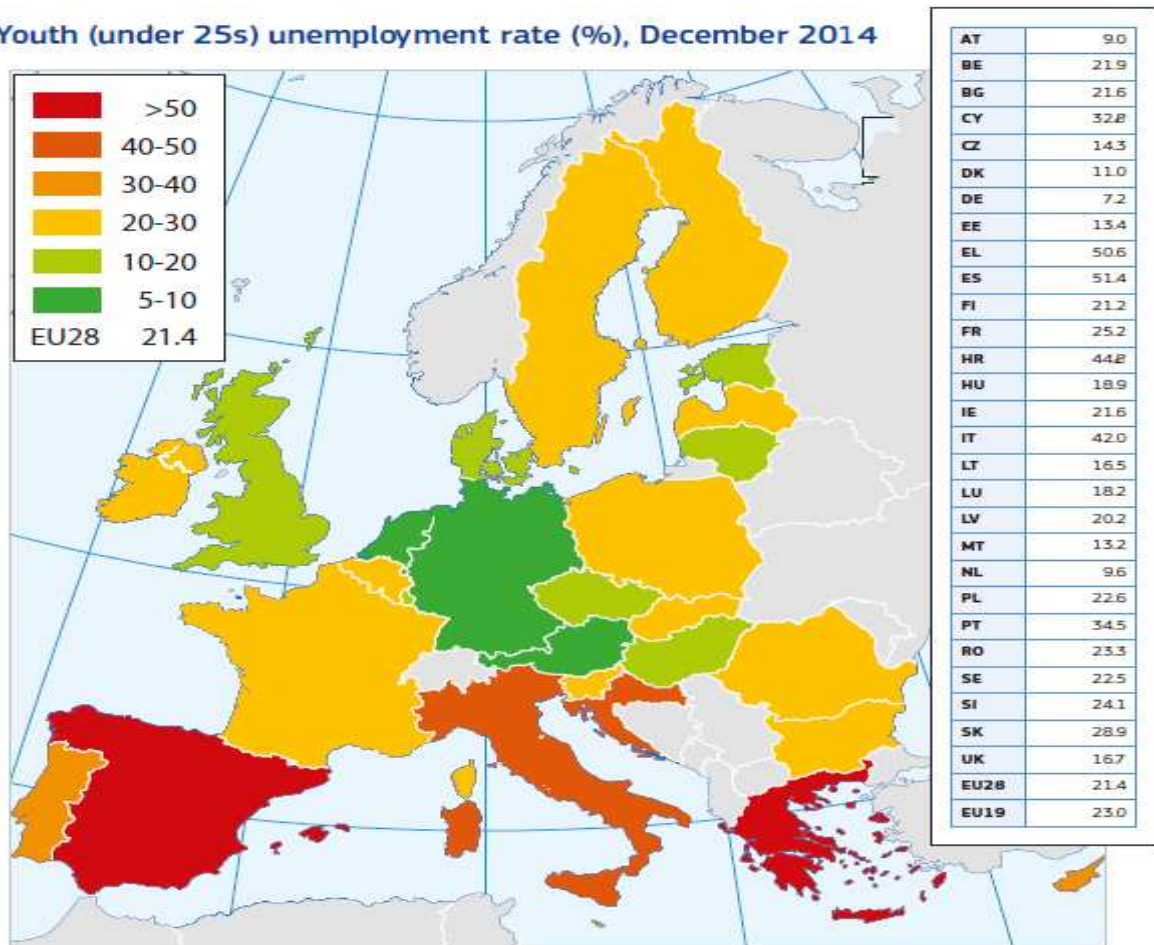


Source: Eurostat; 2015

Looking at the effects of the global financial crisis in more detail it can be clearly seen that people under 25 have been hit by the crisis significantly. The overall employment rates connected to young people dropped three times as much as in the case of their older counterparts over the last six years. Nevertheless, the difference between the Member States with the highest and the lowest youth unemployment rates is considerable. As is shown in Graph 2, the gap between the highest and the lowest rating countries amounts to more than 40 percentage points. In this respect, countries experiencing the most difficult times are Spain (51.4%) followed by Greece (50.6%), Croatia (44.8%) and Italy (42.0%).

Graph 2: Youth unemployment rate (%) across the EU

Youth (under 25s) unemployment rate (%), December 2014



Source: Eurostat; 2015

1.1 Causes

Next, in order to understand how and why the problem of youth unemployment arises in the current political-economic setting, it is necessary to explore in more detail the main causes of this issue. In this regard, it can be argued that the decline in youth employment is caused by a plurality of factors. Especially in recent years, the after-crisis poor macroeconomic performance and slow economic growth can be regarded as one of the major factors aggravating the situation on the labour market (Misbah et al.; 2012). On the one hand side, the crisis forced companies to economise in order to remain competitive, which translated into the reduction of their, especially labour costs and thus contributed to increasing number of unemployed. On the

other hand, the weak aggregate demand and propensity to savings after the crisis hinders the economic growth, which means the economy recovers rather slowly and therefore does not contribute to the creation of new employment opportunities (Marelli et al.; 2012). In general, these developments can be attributed especially to the significant indebtedness of a great number of economic actors, be it individuals, companies or states (Marelli et al.; 2012). Consequently, it is not surprising that the economic actors are reluctant to increase their consumption nor investment activity, thus the economy stagnates and so does the employment growth rate.

What is also worthwhile to note is that even if companies are willing to invest, the situation concerning the access to finance is no less problematic (Misbah et al.; 2012). Especially small and medium sized enterprises (SMEs), regarded as the motor of economic as well as employment growth, are unable to obtain financial stimulus, since credit availability, particularly in the most problematic Member States, remains rather weak and bank lending rates are still high (Misbah et al.; 2012). In this regard, limited access to finance is a problem affecting also young entrepreneurs as the lack of capital is likely to curb the number of start-ups considerably (EC; 2014). This issue is of concern owing to the fact that, among SMEs, young and starting companies account for the major share of net job growth, nevertheless, such activities are constrained as entrepreneurs lack the means to start their business.

Next, when it comes to youth unemployment as such, it was already indicated that young people were influenced to a significantly greater extent by the economic crisis than adults (Misbah et al.; 2012; Marelli et al.; 2012). This is the result primarily of the lower level of protection compared to their older counterparts as a much greater number of young people tend to be employed on the basis of temporary or fixed-term contracts (Dietrich; 2013). Consequently, the flexibility of the “youth labour market” in terms of dismissals is significantly higher. And thus, in times of an economic recession or a company’s decision to downsize, the costs related to layoffs of young workers are considerably lower.

Another major problem hampering especially young people from becoming employed is their lack of professional experience (Zimmermann et al. 2013). The effects on young workers of this are twofold. On the one hand side, probability of finding a working position is significantly diminished as employers usually require at least a certain set of experience and practical knowledge. On the other hand, even if young workers manage to enter the labour market and find a job they are likely to be treated in a different way than older employees. For

example, as a result of only temporary or fixed-term employment contracts, firms are often reluctant to invest an equal amount of financial means in training and promotion of skills and competences of young people. Thus, once made redundant, they are likely to find themselves in a rather complicated position when seeking new job opportunity. In other words, they are disadvantaged compared to workers provided with the “full training”.

Finally, whereas the poor macro-economic performance and slow economic growth is reflected in a cyclical unemployment after the recession, growing mismatches on the European labour market denote a structural problem. “Nowadays, there is a big difference between the needs and demands of the labour market and the supply that is being offered to it” (Križko and Amigoni; 2014; p. 4). In other words, despite a great number of vacancies on the European labour market, applicants are often not sufficiently qualified or competent for the specific position. As a result of such a situation, unemployment is not being reduced, in spite of existing vacancies expected to be filled. Consequently, these mismatches in skills have direct effect on economic competitiveness and growth, undermine social inclusion, as well as generate considerable economic and social costs. In this regard, the next subsection explore in more detail these effects and focuses especially on economic and social consequences of youth unemployment.

1.2 Economic Costs of Youth Unemployment

As for the consequences of youth unemployment, it can be argued that there are two major areas which are affected by this problem, economy as well as society. With respect to the economic costs, these can be analysed further from two perspectives. From the microeconomic point of view, those young people disengaged from the labour market have to face increased chances of being unemployed also in the future or they may have lower wages later in their life (Gregg; 2001). In addition, there is a threat of losing the already acquired skills and knowledge, in other words, they also face the risk of deskilling (Gregg; 2001). Consequently, these young adults may become less attractive for potential employer and thus finding a job can prove more difficult compared to those actively engaged in the labour market.

From a macroeconomic perspective, “high unemployment means that resources that should be engaged in the production of goods and services are lying idle; hence it causes a waste

of scarce resources and dampens the long run growth potential of an economy” (Ehinomen and Afolabi; 2015; p. 5). The result are lower incomes, which are than reflected in lower aggregate demand and weaker GDP growth. Furthermore, these developments may also give rise to higher levels of poverty and income inequality.

Nevertheless, to demonstrate the economic cost of youth unemployment in “real numbers”, the attention will now be drawn to a study of Eurofound (2012). Although numerous researches has already been carried out in this regard (e.g. Godfrey et al.; 2002; Coles et al.; 2010), Eurofound estimated the total economic costs of NEET (young people not in employment, education or training) on the sample of 26 EU Member States. The research showed that the loss in 2008 for the 26 Member States concerned, as a result of the lack of NEETs’ low labour market participation, represented approximately €2.3 billion per week. On the basis of these calculations, the research concluded that the total estimated economic cost of NEETs in 2008 was almost €119.2 billion. From the perspective of the aggregate GDP, this means that the 26 Member States suffered a loss of almost 1%. The calculation by Eurofound was repeated in 2011. Based on the findings, the economic costs per week in “Europe 26” rose by €0.7 billion to close to €3 billion in 2011. With respect to the share of GDP, the economic loss of the disengagement of young European people from the labour market denoted 1.21% in 2011.

All in all, the economic costs of NEET, thus, denote a great financial loss for the economy. In this regard, by not integrating young adults into the working process, all the actors as well as the members of the society become worse off. Companies lose due to lost sales and profits, individuals as a result of the general decline in their income and the state suffers because of sales losses and lower income tax revenue.

1.3 Social Costs of Youth Unemployment

As was illustrated in the previous subsection, European societies have to deal with the severe economic consequences of being incapable of reintegrating young adults into the labour market. However, the economic costs of youth unemployment are the only price Member States have to pay as a result of their excluded youth. Social sphere denotes another area which is affected by youth unemployment. In this regard, frustration of being unemployed can

subsequently convert into resentment against society as a whole or the governments that represent it (Eurofound; 2012). It can be argued that the potential implications of being young and unemployed may thus be reflected later in the democratic engagement or civic participation of young adults. Ultimately, this can be considered problematic as “the active participation of young people and NEETs in the democratic processes of society is a key element in the sustainability of society” (Verba; 2003; p. 664). If a certain social group or the majority of such a group, e.g. young unemployed adults, decides not to participate in elections and vote, political representatives may overlook and ignore the needs relevant to the respective social group (Verba; 2003). This may then result in the lack of legitimacy for the elected government. Consequently, social groups influenced by such a lack of attention by politicians may over time become alienated and lose trust and confidence in the democratic process.

All in all, taking into account the current state of affairs, it is not surprising that youth especially may become disengaged from the traditional political process and is thus less capable of representing its interests. This fact puts young people at very high risk of “abandoning” their loyalty to the society and considerably reduce their ability to raise their voice and claim their rights (Eurofound; 2012). In the extreme case, such a behaviour may result in exiting of young people from the society as a whole which can subsequently contribute to the increased risk of their political marginalisation.

Therefore, it can be concluded that the position a state adopts towards addressing this issue can be relevant not only for the economy and its progress but also for the retention of a proper functioning political system as well as its credibility and legitimacy. The next section will give a brief overview on how and by what means the issue of youth unemployment can be tackled but, above all, will show that the current state of affairs in the EU is, in principle, closely linked with the political-economic ideology pursued by the EU (Scarpetta et al.; 2010). The next chapter will, thus, look at the political-economic ideology behind EU’s “way of functioning” as well as start the debate on the likelihood related to the change of this logic as a result of the global economic crisis.

2 Theoretical Framework and the Literature Review

As can be seen from the previous section, youth unemployment may denote a serious issue that can occur within a state system. This can be explained especially by looking at the effects that this problem may have on the society as well as economy of a respective country and therefore it is necessary to approach this issue properly in order to reduce its negative consequences. According to a number of authors, investments can play a crucial role when attempting to reduce high rates of youth unemployment (e.g. Keynes 1936; Brunello et al.; 2007; Floreani; 2014). On the one hand side, they denote one of the leading force of the economic growth which is indispensable for the retention and creation of new jobs in the economy in general. But on the other hand, they can also directly contribute to greater employment rates which in turn impacts the growth within the economy. The significance of investments was firstly presented by John Maynard Keynes (1936) and has been subsequently confirmed by a great number of other scholars (e.g. Backer; 1964; Blair; 2011; Kochan and Litwin; 2011; Lazar and Lazar; 2012; Brunello et al.; 2007; Floreani; 2014; Osterman et al.; 2001). Therefore it can be clearly stated that investments are of importance when it comes to the reduction of youth unemployment as well as unemployment in general.

Nevertheless, what is also important to take into account is the way investments are incentivised as well as how and to which sectors they are allocated. In this regard, first, it is necessary to clarify that the nature and character of environment in which investments are being carried out (political-economic setting) is an important indicator of how and by which means is the investment activity managed, and not only with respect to the reduction of (youth) unemployment. Thus, when it comes to the political-economic ideology, it serves as a good indicator of explaining the investment approach towards ensuring employment.

As for the twentieth century, two main theories were setting the direction of societal and economic development. The first, which developed in times of the Great recession, was Keynesianism. In this regard, Ruggie (1982) claimed that the post war period was ruled by a system extolling the freedom for states to “support” their economies as well as enhance and promote their provisions connected to the establishment of a welfare system, including regulation of their economies in order to reduce unemployment. This argument was later confirmed and complemented by a number of other authors (e.g. Overbeek; 1990; Lipietz; 1992;

Van Apeldoorn and Horn; 2007; Gilpin; 1987; Buch-Hansen and Wigger; 2010). This approach was based on Keynes' influential work, the *General Theory of employment, interest and money* (1936), in which he explains the significance of state interventions as well as state investments into the economy in order to ensure redistribution and macroeconomic stability. Particularly relevant, for the purpose of this thesis, is his approach towards employment. In this respect, he claimed that full employment is the key to economic progress and prosperity. Keynes believed that in the case of rising unemployment, which he perceived as a sign of economic recession, state by means of public investments should directly create new jobs and thus contribute to aggregate demand which in turn, again, stimulates the economic growth. In his opinion, the state has the responsibility for taking the necessary steps aimed at reduction of unemployment and, consequently, promotion of economic growth which is linked to and dependent on the level of employment in the economy.

Following of the Keynesian ideology proved effective for more than two decades. However, with the outbreak of the economic crisis caused by the first oil shock in 1971, and occurrence of stagflation, the system based on Keynesian logic collapsed. As a result of such events, a new political-economic ideology has overtaken the dominant position in setting the direction of economic development as well as the approach towards investing in employment (Evans and Sewell; 2013). Neoliberalism was born, reviving the liberal thoughts of free market and less state interventions (e.g. Herman; 2007; Evans and Sewell; 2013; Schmidt and Thatcher; 2013; Jenson; 2010). For instance, according to Buch-Hansel and Wigger (2010), there was a clear shift from Keynesianism to neoliberalism and thus from Keynesian welfare state pursuing full employment to a neoliberal market-oriented state. They argue that EU competition policy, due to the developments in 1970s, had been slowly transformed into an instrument serving the interests of those actors reliant on the free market and greater liberalisation. Consequently, there is more emphasis placed on competition and its promotion as the "highest good ensuring more for everyone" (Buch-Hansel and Wigger; 2010). Therefore, it is clear that when it comes to the political-economic area, we can see an abandonment of Keynesian interventional approach which was replaced by the notion of competitiveness as a way to succeed on the free and more liberal market. All in all, they conclude that the neoliberal vision of "competition only" is now a dominant logic when it comes to the EU, leading to a market-based competition regime with private actors being equals to the public ones. In other words, state or public actors should not

intervene in the functioning of the market, thus leaving the private sector exposed to “natural competition”. Ultimately, all these developments attempt to create an ever-greater “level playing field” of free markets also in the global scale.

Bearing these developments in mind, it is worthwhile to explicitly stress that pursuance of the neoliberal ideology resulted also in a new approach towards exploiting employment-stimulating investments. The role of investments of ensuring full employment has changed into investments promoting competitiveness with increased role played especially by the private companies (Evans and Sewell; 2013). In other words, the idea of full employment was abandoned preferring rather an investment approach promoting companies’ ability to be more competitive on the market. From the neoliberal point of view, companies denote the leading force of economic growth by means of their progress and advancement. Consequently, they not only contribute to a greater performance of the national economy but affect also the employment situation within the state as the development and expansion of the private sector results in intensified production requirements which in turn increases companies’ demand for labour force.

Thus, when it comes to investments as such, especially one approach has occurred which has a rather strong impact also on the reduction of youth unemployment. Investments in human capital have increased dramatically with the introduction of neoliberalism (e.g. Globerman; 1986; Bartel and Lichtenberg; 1987; Blair; 2011; Kochan and Litwin; 2011). In fact, a rather large bulk of literature suggests that because of the systematic changes concerning the production process in the last decades, the demand and requirements for certain types of labour changed considerably (e.g. Schulz; 1975; Welch; 1970). It can be argued that; nowadays; investments in education and training (human capital) behave in a rather similar manner compared to investments into physical capital (Blair; 2011). As a result of this fact, it can be stated that human capital, especially in a neoliberal world, can be considered significant as it enables companies to enhance the overall productivity and thus contributes to their increased competitiveness on the global market. Consequently, it is not surprising that this type of investments is being promoted not only by state (e.g. by means of increased attention paid to the education system and schooling in early stages of people’s lives or active labour market policies later on) but also by the private sector (e.g. on-the-job training).

Although the literature suggests that investments in human capital have positive effect also on increased employment probabilities, the recent development which impacted the global economy, including the EU, raised a number of questions and doubts concerning the currently pursued political-economic ideology and its adequacy also in terms of ensuring employment. In 2008 a global financial crisis broke out, leaving the EU in a state of economic recession and high unemployment rates, particularly among young people. According to Keynes (1936), after every crisis there is a need to reconsider the existing approaches and the ideology they are based on. Therefore, what this thesis seeks to reveal and add to the academic debate is whether the after crisis period triggered a change in the theoretical framework the EU pursues when deciding on the investment strategies towards reducing youth unemployment or that there is rather a continuing tendency in following the “old” theoretical concept.

So far, we can identify two groups of author that already attempted to address this question. On the one hand side, academics such as Wilks (2009), Stiglitz (2008) or Altvater (2009) constitute a block predicting the retreat from neoliberal ideology. On the other hand, there is a considerably greater group of authors concluding that neoliberalism is likely to not only survive but even thrive in the post 2008 period, nevertheless, this is also dependent on the form which neoliberalism will eventually adopt (e.g. Hodgson; 2009; Comaroff 2011; Schmidt and Thatcher; 2013; Martin; 2013; Vitols; 2013; Mügge; 2013; Aalbers; 2013; Wigger and Buch-Hansel; 2014).

As for the first group, Altvater (2009) is an author providing a rather critical view on the current economic ideology pursued. In his article, he gives an outline of the historical evolution of neoliberalism since 1970s until the 2008 crisis, which he describes as the end of the neoliberal era. In general, Altvater is rather critical when it comes to the neoliberal economic regime, considering the consequences it had on the global economy as well as society. He argues that the neoliberal ideology was proving problematic from its introduction in 1970s, starting with the debt crisis of the Third World countries and continuing with the financial and banking crisis in 1990, the “peso” crisis in 1994 or the Asian crisis in 1997. And the culmination of all the problems emanating from this concept came in 2008. He argues that all this is a consequence of financial liberalisation and subsequent financial innovation aimed at increasing the yield of financial assets, which ultimately caused a repression of the real economy. In other words, enormously high yields connected to financial claims necessitate also high growth rates.

However, when it comes to growth there are social, natural as well as economic limits. Consequently, the neoliberal ideology can be regarded as unstable and, in the long run, unsustainable. As a result of all the facts mentioned above, he believes that it is necessary to rethink and reconsider the relation of finance and capital to the real economy on the global scale. He concludes that although the economy is not necessarily heading to a post-neoliberal order, there is definitely a need for a stronger state and its interventions. He argues that not self-regulation of the financial market but rather a state action is needed; and in this regard; a lot of money, particularly public sources, has to be spent out in order to save not only financial institutions but also the economy as such.

Although Altvater rises some valuable points, his article can be to a certain degree seen as rather one-sided and bias as no “achievements”, which neoliberalism certainly attained, are mentioned. Instead, there is merely a strong critique of the current neoliberal order. Therefore, it can be argued that a slightly more balanced approach would certainly make the article more convincing.

Similarly to Altvater, Wilks (2009) also argues in his article that the 2008 crisis denotes an opportunity to rethink and redesign the existing neoliberal system. He based his argumentation on the notion that the outbreak of the global financial crisis considerably raised doubts about the credibility of the established system as well as the economic, neoliberal, model. He states that the current “constitutional settlement” is under threat and thus concludes that the regulatory relationship between private and public sector - state versus companies - emanating from the neoliberal concept has to be changed and redesigned in order to stabilise the European as well as global economy.

Another author predicting an abandonment of the neoliberal ideology is Joseph Stiglitz (2008). He also claims that the existing theories of deregulation and opening markets proved to be rather ineffective and inefficient as can be seen on the post-2008 economic development. He argues that this is a proof of the fact that the state has to play a role in the economic sphere. He also believes that the shift that has been made, under the neoliberal logic, from focusing on growth and employment to financial stability is certainly one of the reasons the crisis broke out. Stiglitz shows that “unrestricted” markets are not stable nor efficient. Thus, he concludes that a change in the economic thinking has to be made as without it the economic stability is unlikely to be restored and economic growth will remain under threat. In this regard, he believes that

there is a need for further research connected to this issue, which can show whether a change in economic approach actually will materialise and thus a more stable economic environment will be eventually established.

Skidelsky (2008) also represents an author calling for a change of the current neoliberal economic regime. Nevertheless, unlike the academics above, he does not, in his work, explicitly focus on neoliberalism as such but rather makes the case for Keynes. Skidelsky writes not only about Keynes' place in economic history but pays attention predominantly to his ideas and thoughts, which he presents as relevant also today. He argues that the global economy is collapsing and that the "way out" is to revive it by means of extra spending, especially from public resources, as well as strengthen the role of the governments instead of a mere regulation. All in all, he concludes that the global financial crisis signals the end of the previous neoliberal constitution and that the Keynesianism has the potential to return as the new ideology.

Although Skidelsky's work is certainly interesting piece of work, it can be argued that from an economic perspective there are numerous points that are not entirely clear. In this regard, many arguments may seem rather inconsistent and hard to follow, what is more, there is an absence of any relevant counter-arguments against Keynesianism. Thus, his message of the need for "Keynes' return" is in the end rather questionable.

The last representative of authors calling or predicting a retreat of neoliberalism is Kotz (2009). Also he adopted a slightly different approach compared to the first two authors. He looks especially at the causes and consequences of the financial crisis, and argues that the current state of affairs can be regarded as a crisis of neoliberal capitalism. In his work, Kotz deals mainly with issues such as asset bubble and credit crunch but addresses also the problem of deflation of today's economy or the financial (in)stability. Nevertheless, after his analysis he also draws some conclusions from the theoretical point of view. In this regard, Kotz argues that due to the deficiencies that caused the global financial crisis, the neoliberal model of the economy is unlikely to remain intact. He believes that the existing system as well as the ideology behind it, will certainly be subject to a transformation or at least significant restructuring. Nevertheless, he concludes that there are many factors which may affect the ultimate result of the economic redesign and thus it is necessary to wait for other indicators which will make the situation clearer. In the end, Kotz points out that further research is needed to shed more light on the developments pertaining to the economic restructuring of global markets.

On the contrary, there are numerous authors who, based on their research, incline to the alternative that neoliberal ideology is not likely to be abandoned or considerably restructured. Such an argumentation emanates from two main beliefs. The first is presented, for instance, in an article by Wigger and Buch-Hansel (2014). They believe that the EU can be considered as a regulatory state which is strongly influenced by the neoliberal ideology. Nevertheless, unlike the first group of authors mentioned above, they argue that the recent economic crisis is not the implication of the neoliberal strategy that has been followed but rather the consequence of the economic and political elites which are affecting the political-economic heading of the EU. Based on these arguments, they claim (by also showing that no considerable deviation from neoliberal ideology has been experienced so far) that there is no reason for abandoning the neoliberal paradigm and thus no break with the past can be expected. In addition, they also add that, even if the neoliberal concept was flawed, the ideological shift is unlikely to materialise as, so far, there is no viable alternative to the current economic setting that could be simply adopted.

Despite the fact that Wigger and Buch-Hansel demonstrated that no dramatic ideological change has been recorded, their argumentation seems not completely sound. Especially the statement that not the neoliberal logic but rather economic and political elites are responsible for the outbreak of the crisis appears misleading. In this regard, it can be argued that such a dominant position of certain actors, e.g. in economic realm, is the consequence precisely of the neoliberal setting, thus providing room for the creation of powerful economic “giants”. Consequently, it could be concluded that the crisis and the ideological approach followed are closely related and therefore can be seen as interconnected.

On the other side, although e.g. Schmidt and Thatcher (2013) also agree that neoliberalism is not likely to be abandoned, they identify different reasons for such a development. In their work they seek to clarify why we constantly return to neoliberal ideology which, thus, not only survives but even thrives. They argue that steady growth of neoliberal economic ideas can be seen in Europe since early 1980s. And despite the “dot.com” crisis at the turn of the century as well as the one after the fall of the Lehman Brothers, there was no major re-evaluation and reconsideration of the neoliberal ideas when it comes to the EU market. They claim that although a “brief” return to neo-Keynesianism can be seen immediately after the outbreak of the global financial crisis, the neoliberal concept was still far from being abandoned

since politicians as well as policy makers, again, began to call for the extension of neoliberalism in the economy. Schmidt and Thatcher argue that there are five reasons why neoliberal ideology is so resistant to any considerable change over time.

Firstly, they claim that neoliberal concept can be characterized by generality, diversity as well as mutuality. In other words, it can be seen as a set of principles and ideas rather than a certain set of positive doctrines. This means that neoliberalism is widely applicable and, above all, rather adaptive enabling it to adjust to various developments. This is given also by the fact that the neoliberal concept as such is seemingly amorphous and complicated to define precisely, thus can be transformed over time and, what is more, even absorb new ideas. Due to this fact it can be considered resilient to any major change.

Secondly, Schmidt and Thatcher believe that neoliberalism works especially merely in rhetoric terms rather than in reality, which means that the neoliberal ideas are often not easy to implement. As a result they identify a so-called “paradox of non-implementation” of certain neoliberal ideas which may in principle prove beneficial for this ideology in the long term. Thus, due to the fact that many policy ideas are not possible to achieve in practice, there is a returning trend of these notions which is reflected in, for instance in political debates or programmes. Consequently, we can see a continual return of neoliberalism that can be characterised as the benefit of non-implementation.

The third factor contributing to the resilience of this concept is that the neoliberal ideas can be in general seen as being more successful in various policy debates or political discourse when confronted with other political-economic alternatives. This is given by the fact that the logic of this concept is often seen as “common sense” and therefore may also better resonate with e.g. ordinary citizens. In other words, the reason why neoliberal ideas persist is because of their clear and understandable content, the logic itself as well as the completeness of the awareness of their current or potential problems, which according to Schmidt and Thatcher appear sound and easier to grasp compared to alternative concepts such as neo-Keynesianism.

The fourth argument states that neoliberal ideas are being promoted especially by actors who gain out of this constellation and are thus able to achieve their goals. To put it differently, they pursue the logic of self-interest. Such “benefits” can be noticed by politicians in terms of regaining or retaining the power as well as various economic actors who have the opportunity

to profit mainly materially. All these developments provide incentives for these increasingly dominant actors to prevent any dramatic change in order to be able to continue benefiting from the system.

Finally, institutionalisation connected with the neoliberal ideas also indirectly contributes to the increased resistance of their application in practice. After more than three decades of pursuing neoliberal concept, the ideology has a dominant and to a certain extent protected position compared to other alternatives. This is given especially by the complex institutional setting created and developed around this concept. Consequently, it would be rather complicated as well as problematic to overhaul the existing institutional structure. Thus, it can be simply “easier” to follow the current neoliberal ideology and potentially address and adjust elements that can be considered deficient rather than introduce a new political-economic concept which would require restructuring of the current institutional environment.

Very similar view on the position of neoliberal ideology is shared also by Aalbers (2013, 2013a). This author starts a debate on the role and position of neoliberalism in the after 2008 period. He discusses and analyses what happened to neoliberalism as such during as well as after the outbreak of the global financial crisis. Aalbers emanates especially from Smith’s work (2008) and argues that although neoliberalism “has run out of ideas politically” it still remains dominant in the political-economic realm. He claims that this ideology “recorded a big blow” in 2008, nevertheless, we certainly cannot underrate its remnant power and influence. In this regard, Aalbers believes that declaring the neoliberal ideology or practice “dead” would be a mistake. He continues that even despite its failure, the neoliberal practices are still alive and “kicking”. He argues that some, especially Keynesian elements are often presented as solutions to the current crisis; however, this can be seen merely as a temporary answer which would still result only in a rescue of the otherwise, and thus continuing neoliberal system. Similar to Schneider and Thatcher (2013), he states that neoliberalism is a flexible concept and therefore the Keynesian salvage measures can be absorbed by it. Nevertheless, he asks how far can neoliberalism mutate and adjust to other ideologies and still be labelled as such. All in all, Aalbers concludes that neoliberalism will not be defeated so easily but it will take rather long time for this ideology to lose its dominant and hegemonic position in the sphere of political economy. Finally, he points out that there is still a great deal of work which has to be done to closer map the developments to come as the crisis is merely at the early stage. Therefore, more

attention should be paid to this issue to be able to determine what the future of neoliberalism will be.

Similar conclusions are drawn also by Comaroff (2011) in his research. As a result of the 2008 crisis he analyses whether neoliberalism reached its “natural” end. Comaroff also recognises the adaptive character of neoliberalism, which, in his opinion, makes it rather difficult to clearly define. Nevertheless, he believes that this is the main reason why neoliberalism has an increased ability, compared to other ideologies, to survive. In the end, he concludes that despite a number of transformative-effect predictions pertaining to the future of political economy, the majority of indicators suggests no dramatic diversion from the neoliberal concept. As a result, Comaroff believes that no significant change can be expected to materialise also in the future, although some minor regulations are likely to be introduced.

When it comes to limitations of this article, Comaroff adopted a rather philosophical approach which makes it more complicated to clearly follow his line of argument. What is more, he merely summarises the already presented and published works on this topic but does not actually contribute to the debate himself. Thus, an own input would certainly be a valuable asset to the article.

Another contribution to the debate on the development of the future political economy was made by Brenner et al. (2010). In the essay they present a theoretical framework enabling an analysis of processes connected to the potential regulatory restructuring under contemporary capitalism. Similar to the other authors mentioned in this thesis, Brenner et al. also emanated from the fact that neoliberalism is the dominant ideology when it comes to the period preceding the global financial crisis. Based on this, they, firstly, conceptualise the term neoliberalism and subsequently distinguish three dimensions of “neoliberalisation processes” as well as further analyse the “evolution trajectories” of these three distinct dimensions across the world. Finally, they seek to present also three scenarios of the post 2008 neoliberalisation. Based on their analysis, Brenner et al. come to two conclusions when it comes to the regulatory restructuring of the contemporary capitalism. First, they argue that regulatory restructuring is likely to be strongly shaped by territory-, state- as well as politico-institutional forms. But second, they claim that due to the absence of any sufficient counter-neoliberalising strategy that would replace the existing “market-disciplinary rule-regime”, it cannot be expected that the neoliberal logic would be considerably changed nor abandoned.

Finally, the last reviewed contribution is written by Patomäki (2009). Also he looks at the post 2008 era and seeks to ponder on the future application of neoliberalism as a political-economic ideology. Nevertheless, his position in this debate is rather distinct compared to all the previously reviewed works. In any case, what is important to stress is that, similar to Skidelsky (2009), he also pays increased attention to Keynesianism as well. Patomäki argues that the more narrow and short-term our definition of the Keynesian doctrine is, the more likely are we to assume that a new era of Keynesianism occurred. In this regard, he emanates especially from the fact that shortly after the outbreak of the crisis virtually all governments engaged into fiscal stimulus and deficit spending, or what is more, some banks were even nationalised. However, when it comes to a wider political-economic picture and especially the overall situation, he argues that neoliberal thinking has been left intact and may have even been deepened. Patomäki explains this argument by the fact that, although in the short term Keynesianism was applied to address the regulatory lacks and correct the macroeconomic failures, the situation/economy went subsequently “back to normal” – to the neoliberal business as usual. Bearing this in mind, he argues that some elements of Keynesian macroeconomics are consistent with neoliberalism and can even go well together. Thus, the conclusion he makes is that Keynesian ideas may still be relevant to and appear in the global as well as national economy, nevertheless, a “full-scale” return to this type of ideology is highly unlikely, given the strong position neoliberalism has established during the last three decades.

After reviewing the already existing literature on the discussed problematic, it is clear that opinions of academics on the future of the post 2008 political-economic ideology differ. In general two views can be identified. On the one hand side, the current state of affairs is believed to be transformed or at least considerably restructured, with the reintroduction of some, particularly, Keynesian elements. On the other, many authors are convinced that the retreat of the neoliberal ideology is highly unlikely, given the dominance this concept established in the political-economic realm as well as the flexible character neoliberalism has. Although, they admit that some new elements might be introduced, this is not likely to considerably undermine the neoliberal position.

The objective of this thesis is to analyse the approach as well as recent developments within the framework of the EU, particularly emanating from its investment practices aimed at reducing youth unemployment. This work seeks to reveal whether, when it comes to the

theoretical context, the ideology the EU pursues is in a state of transition or merely follows the existing patterns. The thesis does not attempt to explain the reasons why such developments materialise, rather aims to show what the “new” trend is and what ideology is likely to come to the fore when it comes to the European political economy. Thus, first, in order to demonstrate what the current political-economic setting of the EU is, the next section defines and delimits the two main political-economic paradigms that provide a starting point for the analysis of EU’s ideological pursuance. These will be later applied to EU’s investment approaches followed in order to reduce youth unemployment.

3 Political-Economic Ideologies

After providing an overview of the situation concerning the youth unemployment in the EU and reviewing the existing literature, the next part of the thesis focuses on defining and characterising the two main theoretical paradigms. In order to understand what is the foundation as well as thinking behind an approach, first, we need to emanate from certain theoretical assumptions. This may, subsequently, contribute to identification of patterns and ideas necessary for a better understanding of the approaches towards existing problems as well as help to predict future developments.

According to a great number of authors, the 20th century was shaped by two major political-economic ideologies, Keynesian theory and neoliberalism (Herman; 2007; Bas; 2011; Carabelli and De Vecchi; 2010; Evans and Sewell; 2013; Ioannidis; 2011). Therefore, in the next section attention is drawn to these two theories, looking at the main principles, ideas and features characteristic of both of these theoretical paradigms. This will denote a starting point of the analysis of EU's investment approach/strategy towards reducing youth unemployment that will later enable us to draw conclusions on the political-economic ideology it pursues as well as highlight the potential effects that this approach can have on the EU society and economy.

3.1 (Modern) Keynesian Theory

A theoretical framework or ideology denotes one of the crucial elements of every system and significantly contributes to its further development in time. As John Maynard Keynes once said, "the idea of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist" (Keynes; 1936; p. 382). Thus, identifying and understanding the system and structure within which the EU operates, also from the theoretical perspective, can prove important in order to be able to detect its potential shortcomings as well as come up with answers capable of solving the existing or future problems.

In this regard, the attention is firstly drawn to the ideas of John Maynard Keynes, who due to his ideas has become an “immortal” figure in the realm of economy. According to him, capitalism is doomed to unemployment due to, in the long turn, insufficient demand as a result of people’s and companies’ propensity to savings as well as uncertainty pertaining to the investment environment (Keynes; 1936). To put it differently, unemployment is in principle merely a consequence of insufficient demand, of which investments are an integral part. And especially these variables are the two key components contributing to the economic progress. In Keynes’ view, when a crisis or economic hardship occurs a full employment approach/policies can put the economy back to the path of growth and wellbeing. In other words, full employments can be seen as the answer to economic stagnation as ensuring that people have an income leads to a greater amount of money for individuals that can ultimately be spent in the economy. In this regard, it can be argued that wages contribute to a higher aggregate demand which serves as a stimulus for increased production. Consequently, such developments may translate into a higher economic growth within the respective country and thus to an overall recovery of the economy.

What is worthwhile to note is the fact that in this logic, the state or public sector plays a key role. It is the state that is responsible for the creation of the “growth stimulating” jobs as well as setting up of a regulatory framework to stimulate the economic recovery. According to Keynes, such interventions can be regarded as addressing market deficiencies – particularly replacing the job creating role that would under “ordinary” circumstances be up to the private sector to provide. As a result of the incapability of private sector to achieve satisfactory results when it comes to employment situation, due to its natural propensity to savings and uncertainty, the state has the obligation to ensure the ultimate Keynesian goal of full employment. This is simply given by the fact that, as already indicated above, since companies are governed by their expectations, especially in time of crisis or an economic hardship they are not able to hire (or to be more accurate they fear to hire) enough people so that their production can be augmented. Consequently, the total volume of employment in the economy remains insufficient and so does the aggregate demand necessary to motivate companies to increase their production and thus contribute to the overall economic growth.

What is more, the full employment policies should also be supported and complemented by “additional” state interventions. In other words, the regulation of the market by state shall,

on top of the job creation policies (especially in the public sector), also encompass measures such as utilisation of interest rates by the government or restricting the free movement of money in as well as out of the country. All in all, in order to partly replace the role of the private sector and private investments that lag behind due to unfavourable often after crisis circumstances, Keynesian logic states that public spending and a better designed regulation is needed to trigger and re-establish the economic recovery (Keynes; 1936; Bas; 2011; Ioannidis; 2011). In addition, state measures and “assistance” may contribute to the improvement of investment environment for private sector and, consequently, increase the total volume of investments placed into the economy also by these actors.

Nevertheless, it is important to note that Keynesian interventional logic may, in the end, give rise to high levels of inflation which can prove rather problematic for the long term economic progress. The issue is that the amount of money “poured” into the economy is likely to increase more dramatically than the volume of production due to time delays. In this regard, companies need certain time to notice the trend of increased volumes of money in the economy (as a result of greater employment) which should lead to increased production; however; in the meantime inflationary pressure can arise, aggravating the overall economic environment.

3.2 Neoliberal Approach and its Principles

On the other side, representatives of neoliberal thinking believe that a mere increase in government spending and “pouring” money back into the economy would not solve the economic problems as the crisis broke out as a result of processes that took place in the economy (e.g. Hayek; 1944; Evans and Sewell; 2013). Thus, promoting those developments will not help to overcome the economic hardship but, on the contrary, even exacerbate it (Hayek; 1944). Instead, what is needed is the reallocation and restructuring of the sources which can be achieved most effectively by the market. For this reason, neoliberalism can be seen as “political [as well as economic] ideology that extols the superiority of market allocation of goods and services over public provision, and that favors lower taxes, disempowering labor unions, suppressing state regulation of economic activity, and cutting public expenditures” (Evans and Sewell; 2013; p. 38).

Following this argument it can be derived that one of the fundamental assumptions behind the neoliberal logic pertaining to labour market is the fact that labour is simply a product, no different from any other product. As a result, the equilibrium in the labour market can be attained through the “standard” market supply-demand mechanism and thus the question is what can be considered as the main determinant when it comes to the supply and demand on the labour market.

According to the neoliberal logic, the demand side is given by the marginal product of labour, or to put it differently, companies follow “the law of decreasing returns” (Ioannidis; 2011). This means that after reaching a certain point or level, each subsequent increase by an (one) additional unit of input gives rise to a smaller, in proportional terms, increase of the output. This fact translates into a descending curve of the marginal productivity of labour. In the long term, the labour demand is determined by variables such as technology (of production), economies of scale or by the possibility of “swapping” e.g. labour to capital. Nevertheless, in the short term, the demand is determined by the wage level. Following “the law of decreasing returns”, hiring one more worker in the end costs a company more than is the added value that such a worker can produce. Consequently, in order to survive, companies are “forced” to comply with the rules of the game and thus seek to optimise their overall operational costs. Therefore, by employing “the right volume of people” firms seek to maximise their profit.

On the other side, the supply side of the labour market is believed to be defined merely by subjective criteria (e.g Bas; 2011; Carabelli and DeVecchi; 2010; Evans and Sewell; 2013; Ioannidis; 2011). In other words, if an individual wants to work, there is always a vacancy the worker can fill. The only unemployment in this logic is a voluntary unemployment as a result of “two labour markets”. In this regard, neoliberal adherents believe that there are two types of labour market, one for the well-educated and highly skilled workers with high salaries and the second for those less educated or with lower qualification and skill level (for lower salaries). As all individuals prefer the first type of the market which often cannot or is unwilling to absorb all the applicants, it is possible that despite vacant positions open on the “less sought-after” labour market, unemployment rates in the economy may rise. Therefore, from the neoliberal perspective, all that has to be done to reduce unemployment is to simply wait until the preferences of individuals modify to the respective economic circumstances. In addition, promoting the educational and skills level of the individuals may help to reduce the

unemployment rates as the available labour force becomes more attractive for employers offering positions on the first type of the labour market (Herman; 2007; Bas; 2011).

But, all in all, when it comes to the question of employment as such, in the neoliberal thinking, there is predominantly one determining variable that has to be taken into account, particularly in the short term. As labour costs matter for companies, the crucial factor in the neoliberal equation is the level of wages. Given the limited resources of companies and their objective to remain competitive (bearing in mind the law of decreasing returns), it is the level of wages that determines the overall volume of employment in the economy/country. And thus, the lower the wage level, the more people can find positions in the labour market. Employment is perceived as a “by-product” in the neoliberal understanding of an effective and well-functioning economy. As for the primary objective, it is clear that competitiveness and its enhancement is considered the leading factor of economic growth whereby optimisation of the labour costs plays an integral part in this context.

Ultimately, it is not surprising that neoliberalism is in general more pro-business oriented approach. It is based on assumptions that free market, free trade and deregulation is the best way leading to a prosperous and progressive economy (Evans and Sewell; 2013). In addition, it is also necessary to ensure free movement of capital and all attempts to regulate the labour relations by other than economic means will give rise to the aggravation of the economy (e.g. creation of barriers on the market) as well as undermine the common wellbeing (Ioannidis; 2011). Furthermore, it has to be pointed out that neoliberalists also greatly encourage and extol entrepreneurship, self-reliance and sturdy individualism (Sewell; 2013). In other words, by promoting these values and principles, “entrepreneurial thinking” can spread. As a result, there might be a tendency towards transformation of once the labour force into entrepreneurs who can then become more independent instead of reliant on other employers. Furthermore, such developments can also directly translate into lower unemployment pressure at the “employee level” (since more people will seek self-employment) as well as reduced labour costs for companies due to new possibilities to exploit “external” services which may be cheaper than employing an own worker/employee (considering costs related to e.g. social protection).

Finally, whereas high inflation rates are characteristic of Keynesian approach, neoliberalism may be connected with deflationary pressure. This can be explained by the fact that neoliberalism in general aims to contribute and give rise to great volumes of products in an

economy, however, at the same time may be affected by inadequate aggregate demand as also unemployment may rise. As a result, tendencies towards price reduction may occur, which can lead to deflation and thus stagnation of an economy.

3.3 Comparison of the Ideologies

Thus, summarising the main assumptions and ideas of the two political-economic concepts, Keynesianism and neoliberalism differ considerably in their approach towards stimulating economic growth and addressing unemployment.

“The main argument is that in the context of Keynesian economics, labour cost has been set in the periphery of the theory, allowing labour relation to become a subject of social-political regulation. By contrast, neoclassical [neoliberal] economic theory and its successors place cost of labour at the core of the theory, which in turn means that any attempt to regulate labour relation by non-economic criteria undermines the common wellbeing” (Ioannidis; 2011; p. 2). Whereas, on the one hand, state regulations and public investments play the crucial role under the Keynesian thinking, neoliberalism, on the other, places market in the centre of its ideology as the most effective and efficient way to promote economic growth and subsequently reduce unemployment rates among the population and all state interventions are considered undesirable.

Considering the assumptions stated above, it is clear that there is a significant distinction when it comes to the orientation of the two approaches. As for Keynesian logic, the major emphasis is put on labour, therefore we can define it as pro labour oriented whilst neoliberalists tend to extol companies and may be thus considered more pro-business orientated. Following this pattern, it can be argued that the two approaches pursue different objectives in order to ensure economic growth or facilitate the economic recovery. In this respect, full employment approach/policies prevail in the Keynesian ideology and seek to trigger economic growth through strengthening the aggregate demand. Employment is, thus, in this context the means as well as the main goal. On the contrary, neoliberalism follows the logic of increasing competitiveness. Unlike Keynesianists, they believe that economy can best progress when relying on companies and their ability to contribute to the economic growth and subsequently creation of new jobs. Nevertheless, it is important to point out that as competitiveness is

dependent on the costs of labour, especially in periods of economic hardship the volume of employment is likely to decrease considerably. Consequently, there is a rather contrary approach of the two ideologies when it comes to employment. In this regard, adherents of Keynes believe that job creation and hiring are the answer to economic crisis whereas in the neoliberal context downsizing and job destruction are perceived as necessary preconditions of economic recovery.

Furthermore, what it also different when it comes to the labour force is its quality. In general, neoliberal environment tends to “reward” people with high level of education or those well trained and skilled as their added value is greater and thus contributes to companies productivity and subsequently competitiveness. On the contrary, as Keynesian theory believes that full employment approach is the answer to economic downturns in this context the level of education is not considered the decisive factor. It is believed that everyone should be integrated in the labour market, irrespective of its qualification, in order to contribute to the aggregate demand. Nevertheless, it is worthwhile to note, that modern Keynesian theory acknowledges that human capital plays a significant role when it comes to reducing the occurrence of unemployment incidents of individuals and increasing their chances to enter the labour market (e.g. Blair; 2011; Kochan and Litwin; 2011).

Table 1: Difference between Keynesianism and neoliberalism - Main criteria

	Keynesianism	Neoliberalism
Orientation	Pro labour	Pro-business
The “leading force” of economic growth and recovery	State (full employment)	Market (competitiveness)
The role of state	State interventions needed (Focus on full employment as well as creation of better investment environment for private sector)	State interventions considered undesirable
Position of labour costs in the ideology	Labour costs in the periphery of the theory	Labour costs at the core of the theory

Position of employment	Employment as the main objective as well as instrument	Employments merely as a “by-product” reflecting companies’ progress
Employment in periods of crisis	Tendencies towards job creation and hiring	Tendencies towards job reduction and downsizing
Positions of actors on the labour market	Companies and workers as equals (balance)	Companies/entrepreneurs’ led economy (propensity to inequalities in a society)
Role of human capital	Role and added value of education and training recognised but not seen as critical	Education and training considered important factors contributing to an increased probability of labour force to enter the market
Potential problems	Inflation	Deflation

Source: Own elaboration

4 The European Union and the Issue of Youth Unemployment

After introducing the two main theoretical paradigms, the next section seeks to provide the “practical” basis enabling us to identify and explain the theoretical framework from which the EU investment strategies to reduce youth unemployment emanate. In order to understand what is the foundation as well as thinking behind a certain approach, it is also needed to look at processes, instruments and roles of particular actors in the respective system. By doing so we may easier discover on what principles the respective system is based and thus provide answers on how the issues at hand as well as in the future are likely to be addressed. In other words, analysing the processes and operations within a system helps to define the theoretical context from which it emanates. As a result, this may contribute to the identification of patterns necessary for a better understanding of the approaches towards existing problems as well as help to predict future developments.

When it comes to the EU investment approaches aimed at reducing youth unemployment, by exploring the functioning, processes, operations or the specific ways of intervening, it can be shown *what* role, in this particular case, investments play in the European context and *how* they contribute to the stimulation of the economic activity and subsequently to the reduction of youth unemployment. This will, ultimately, help us to identify and define the theoretical context the EU pursues.

Given the incapability of the majority of the Member States to adequately and effectively address youth unemployment themselves, the EU started to become more involved in this area (Clasen et al.; 2012). Thus, the remaining of the chapter explores in more detail the role of the two major actors at the EU level, the European Commission and the EIB Group, responsible for dealing with the issue of unemployment as well as youth unemployment more specifically. For this reason, this section continues with defining the two actors, characterising the principles on which they operate as well as instruments used.

First, to add some context to the debate, the EU characterises itself as an actor attempting to improve living conditions of the people within its structures (Clasen et al.; 2012). In order to do so, it draws up strategies aimed at addressing issues that are undesirable for the EU economy and society, including youth unemployment. The EU established Europe 2020 (before the Lisbon strategy), a framework putting forward priorities for the Union to pursue. It stipulated

that the EU shall promote and contribute to improving its competitiveness on global market. It also aimed to ensure that the growth potential will remain high which should be achieved amongst other by the integration of all groups within the society into the labour market. In other words, the main priority of the Union is a formation of a competitive knowledge based economy which is capable of smart, sustainable and inclusive growth (EC; 2010).

In order to attain these objectives, education and training as well as improvement of the economic/business environment (especially for SMEs) denote an integral part of the framework. Until now, there are two main actors at the EU level seeking to contribute to the pursuit of such developments: the European Commission and the European Investment Bank.

4.1 The European Commission and the European Social Fund

The Commission is one of the main bodies responsible for stimulating investments contributing to youth employment since, similarly to the European Investment Bank, it is able to deploy significant resources across the Member States. Especially through the European Social Fund (ESF), it attempts to contribute to sustainable development which should be achieved by the means of promoting three goals: economic growth, competitiveness and employment (EC; 2010). For this reason, the ESF can be seen as “Europe’s main instrument for supporting jobs, helping people get better jobs and ensuring fairer job opportunities for all EU citizens” (EC; 2015; p.1). This fund works primarily on the basis of investing in human capital with a budget of approximately €10 billion a year (EC; 2015). Consequently, when it comes to the younger generation, ESF has considerable impacts also on youth and particularly on its employment. In this regard, there are two flagship initiatives of the ESF which directly focus on youth employment:

- *Youth on the move*: designed to increase young people’s mobility, address mismatches on the labour market throughout the EU and facilitate labour market integration.
- *An agenda for new skills and jobs*: concentrating particularly on upskilling and improving the performance of educational systems within the Member States.

4.1.1 ESF Functioning

As for the functioning of the ESF, it works on the principle of operational programmes (OP). In this regard, the EU acts as a distributor of ESF funding to especially eligible Member States or regions to financially support their OP which are designed in advance for the seven years programming period. To elaborate on this in more detail, the leading principles defining the functioning of the ESF are as follows (EC; 2013):

- *Partnership* - The ESF is designed as well as implemented in a partnership between the Commission and Member States/regions. Apart from public authorities, there is also a great number of other partners and actors (e.g. NGOs or workers' organisations) participating in the processes of designing and implementing the ESF strategy. Such joint approach strives to contribute to a more effective and efficient spending of ESF sources as well as seeks to meet the needs of the Member States or regions concerned.
- *Co-financing* - It is also an important principle characteristic of the functioning of the ESF. In this regard, not only "EU money" is utilised but public or private financing also denotes an integral part as it is required in order to ensuring ownership of the projects at the most relevant level - national or regional.
- *Shared management* - As the third operational principle, shared management ensure that responsibility will remain at the appropriate level. Although guidelines are drawn up at the EU level, the consultations always involve all the respective stakeholders; and OPs are always negotiated between respective authorities and the Commission. By this means, the implementation and management of the projects will ultimately remain the responsibility of the relevant national/regional authorities.

In this way, the Commission, through the ESF, offers incentives for changes and developments in the Member States towards EU's objectives within the Europe 2020 strategy, and acts as a coordinator when it comes to designing concrete projects. Nevertheless, it is worthwhile to note that Member States/regions are still the key players deciding on the actual implementation and management of the project. Thus, the principle of subsidiarity remains the crucial element of ESF functioning. For this reason, the next subsection draws attention to

particular policies and interventions which are supported by the ESF means and which seeks to address the issue of youth unemployment.

4.1.2 Policies and Interventions

When it comes to the tasks of the ESF for the 2007-2013 period, the period most affected by economic crisis and thus economic downturn, the ESF had the task to “strengthen economic and social cohesion by improving employment and job opportunities, encourage a higher level of employment and create more and better jobs” (EC; 2014; p 10). The ESF 2007-2013 was designed to support actions towards six policy goals:

- *Enhancing adaptability of (young) workers as well as enterprises and entrepreneurs.*
- *Facilitating access to employment as well as contributing to the sustainable inclusion of employment seekers and inactive persons into the labour market (putting emphasis on people between 15 and 24).*
- *Contributing to sustainable integration in labour market and combating discrimination in employment with special focus on disadvantaged people (including youngsters).*
- *Promoting human capital as well as increasing public and private investments in this form of capital.*
- *Promoting partnerships among the relevant stakeholders in an effort to facilitate access to employment and labour market inclusiveness.*
- *Reinforce the capacity and efficiency of institutions including public administrations and services.*

As may be concluded from this list, the main focus of the ESF policies is on the issue of employment, with particular focus on employability (upskilling) as well as necessary provisions indispensable for achieving this objective. This should ultimately contribute to a smoother integration and inclusion into the labour market (EC; 2014).

Next, in order to better explain and describe the role of the ESF, the subsection continues with a more detailed analysis of the policies and interventions most relevant for promoting

employment amongst young people specifically. In other words, this part explores how the European Commission, through ESF, intends to achieve objectives set in the Europe 2020.

First of all, it is important to highlight that when it comes to youth employment, emphasis was placed especially on three main policy areas, namely, access to employment, promotion of human capital and enhancing adaptability of respective stakeholders. In financial terms (percentage of expenditures), the refinement of the activities focusing on improving the access to employment absorbed 32% of the total ESF resources, followed by human capital measures with 31% and adaptability representing 17% of the total expenditures (EC; 2014).

With respect to concrete actions and interventions taken to alleviate the situation related to youth unemployment, as already indicated above, most emphasis was put on access to employment activities. And, the most significant intervention was aimed at enhancing recipient employability. This included actions such as providing recipients with information on e.g. training or requalification opportunities, advice or guidance on, for instance accessing those courses and therefore facilitate their integration into the labour market, assisting with their personal development, upskilling (basic as well as employability skills), provision of professional experience and internships (e.g. on-the-job trainings) or post-job-entry support (aftercare).

Another category of interventions to improve the access to employment can be characterised as the “creation and retention” of employment approach which is necessary in order to find and provide job placements for those who need them. This group of activities encompasses measures to support self-employment or start-ups, incentivise employers and firms to recruit youngsters as well as measures to create transitional/supported jobs, especially in the most depressed sectors but also for groups most severely affected by the crisis, which young people certainly were.

Finally, the last type of intervention for promoting access to jobs was particularly institutional capacity building. ESF resources were, thus, expended to improve the capacity of services connected to public employment and training. In other words, the main goal of this measure was to support the creation of more effective and efficient systems and processes which would contribute to a better employability building of recipients.

The second most important ESF supported policy field appears to be enhancing human capital. Here we can also identify a number of categories of interventions. The first can be

characterised as improving educational provisions, which in general include activities to enhance the quality of education offered. The other group of interventions is explicitly addressed to young people and their school to work transition. To be more specific, it includes reengaging of young people who dropped out or those exposed to an increased risk of dropping out of school, provision of advice and guidance on future career or, alternatively, promotion of internships and apprenticeships.

Finally, the last policy field considered relevant to promote youth employment by the ESF resources is the adaptability of young workers as well as especially private enterprises. Here, interventions include supporting start-ups - especially in terms of providing advice and guidance on funding sources and mentoring and coaching for the prospective entrepreneurs - upskilling existing employees or assisting entrepreneurs to maintain employment levels by supplying subsidies to employers or inducing them to shift to a shorter working periods).

This overview shows that the focus and functioning of the ESF is to a large extent determined by the objectives the fund should pursue, particularly those set in the Euro 2020 strategy. Nevertheless, a crucial role play also the particular Member States and their interventions through which these objectives can be achieved. This subsection attempted to explore in more detail the role of the ESF which provides Member States with resources to reduce unemployment particularly by co-investing in the employability of the final recipients. The next part draws attention to the investment environment, more specifically to improving access of SMEs to finances as the second important precondition of effective dealing with unemployment. Thus, the role of the European Investment Bank, as the second key employment-stimulating actor at the EU level, is discussed.

4.2 The European Investment Bank

Another important body designed to support youth unemployment, although indirectly, is the European Investment Bank (EIB). It was established in 1958 by the Treaty of Rome and at the present time “EIB represents the largest multilateral development bank in the world” (Floreani; 2014; p. 43). It can be defined as the “policy-driven public bank” whose main goal is to achieve the EU’s policy objectives. In principle, “by providing a long-term loans, loan guarantees or microfinances the EIB attempts to contribute to the achievement of EU’s long-

term strategic priorities, particularly the competitive knowledge based economy capable of sustainable growth” (EIB; 2013; p. V). EIB operates on a principle that its lending as well as advisory activities stimulates and unlock additional investments throughout the EU. In practice, these activities concentrate on viable and sound projects in all the Member States of the EU (although it supports also external actors) with special emphasis on development of innovations and skills, promoting access of SMEs to finance, resource efficiency as well as strategic infrastructure. These activities of the EIB are expected to stimulate economic growth and employment throughout the EU in the forthcoming years.

However, in 1994 the structure of the EIB changed and was modified into the EIB Group. Nowadays, it denotes only one component of the Group. The other one is the European Investment Fund (EIF). Today, EIB can be perceived as a European development bank which by exploiting its AAA rating offers favourable lending solutions to various financial institutions as well as national and regional authorities. In this respect, its goal is to leverage their investments allocated to the Union development strategies and priorities.

As for the EIF, it is perceived as a special instrument co-owned by the EIB together with the European Commission. “The EIF is a self-standing investment fund providing financial intermediaries with products and solutions more specifically targeted at SMEs within the EU, the (potential) candidates and EFTA countries” (Hachez and Wouters; 2012; p. 4). By using this fund the EIB Group promotes financing of riskier investments/projects without undermining and jeopardising its mainstream activities.

Youth unemployment is being addressed especially through promoting knowledge economy as well as better access of SMEs to finance which belong to EIB Group’s main priorities. Despite the fact that the support of SMEs was included into EIB activities only in 2005, this priority has over the last decade gained a considerable importance and today constitutes approximately 20% of EIB portfolio (EIB; 2014). Education is also a crucial component of EIB projects. Promotion of human capital is being fostered especially through providing loans to national and regional authorities or alternatively through direct financing of private actors and institutions that invest in projects positively affecting participants’ level of education or skills (EIB; 2013a). Emphasis is placed particularly on the quality of education, vocational or on-the-job training, tertiary education and mobility related to education and training.

All in all, by means of improved access to finance for SMEs and more favourable loans to national and regional authorities, the EIB intends to revitalise the economy. This should, consequently, translate either in the creation of new jobs or in increased levels of human capital/employability and thus leads to higher probability of people entering the labour market.

4.2.1 EIB Instruments Contributing to Reduction of Youth Unemployment

The main instrument of the EIB designed to also address the issue of youth unemployment are SMEs loans. The system of providing support relies on EIB's network involving financial partners and intermediaries (mostly banks) that act as a channel between EIB and the final recipients. In other words, it is the responsibility of these intermediaries to ultimately grant loans. They provide a more favourable loans to SMEs compared to the conditions which would be provided otherwise by these actors. By transforming the EIB resources into accessible loans, creating a leverage effect of at least 1:2. In this regard, the aim, ultimately, is to partly or totally transfer these source (loans) to SMEs. The system operates on the idea that "intermediaries bear the credit risk and are entirely responsible for loan allocation, due diligence and re flow of funds to the EIB" (EIB; 2012; p. 4). Subsequently, SMEs are allowed to utilise these sources to make investments in tangible as well as intangible capital but also execute purchases, finance work in progress or working capital. In addition to the mainstream activities of the EIB, the EIF also extends beyond the toolkit of the "standard" loans. In this regard, the EIF acts as a body supporting riskier investments, particularly through equity, guarantees/securitisation and microfinance.

As for equity, the EIF represents an important body investing in European venture and growth capital funds which were set up in order to provide financial resource to SMEs throughout the EU (EIF; 2014). By utilising this instrument the EIF's role is to "contribute to the maintenance and development of a well-functioning and sustainable European private equity market, stimulating entrepreneurship and innovations" (EIF; 2014; p. 10), which should provide SMEs with greater resources offering greater opportunities to fully develop their potential.

Another instrument often used by the EIF are guarantees and securitisation. This form of support also serves as a means designed to catalyse bank lending (external sources) to SMEs. "With its AAA-rated first-loss guarantee and credit enhancement/securitisation instruments, EIF

shares the risk taken by banks and financial institutions, and thereby stimulates an increase in the loans and leases they grant to SMEs” (EIF; 2014; p. 17). In other words, as an entity operating under the EIB Group mandate it can exploit the status of Multilateral Development Bank. As a result, financial institutions may apply a 0% risk-weighting to all the assets the EIF guarantees.

The last type of instrument often utilised by EIF is microfinance, especially for micro-enterprises or people endeavouring to become self-employed. In this respect, “EIF seeks to strengthen the infrastructure of the microfinance market by providing Europe’s microfinance institutions (MFIs) with both funded and unfunded financial instruments ... and non-financial support” (EIF; 2014; p. 21). By applying such a long-term market-building approach, EIF’s goal is to increase the availability of resources particularly for micro-entrepreneurs who frequently face the problem of the limited access to the classical commercial credit market (EIF; 2014). Nevertheless, it is important to note that in order to achieve the “desired effect”, the product offering must be tailored to the individual needs of microfinance institutions ranging from equity and financial loans to guarantees/securitisation and technical assistance.

4.3 The Recent Initiatives Addressing Youth Unemployment

As a result of the crisis and its severe impact on young people, EU began to pay more attention to the issue of youth unemployment: the European Commission as well as EIB Group started to design initiatives focusing explicitly on people between 15 and 24. The *Youth Employment Initiative* (YEI) was designed under the auspice of the European Commission, and the EIB, for the very first time concentrating explicitly on young people, launched a new initiative called *Skills and Jobs – Investing in Youth*. These new programmes have been activated and put into practice since January 2014.

4.3.1 Youth Employment Initiative – Principles, Instrument and Policy Interventions

The ambition of the YEI is to reduce the increasing levels of youth unemployment by focusing on young adults not in education, employment or any kind of training, with special attention paid to young women, minorities and the most disadvantaged (EC; 2014b). In addition to the targeted groups, the efforts are aimed at young people in regions with youth unemployment rates exceeding 25%.

The YEI initiative introduces the notion of the European Youth Guarantee, an EU led programme designed to ensure that “all young people under 25 – whether registered with employment services or not – get a good-quality, concrete offer within 4 months of them leaving formal education or becoming unemployed. The good-quality offer should be for a job, apprenticeship, traineeship, or continued education and be adapted to each individual need and situation” (EC; 2015b; p. 1).

YEI has been assigned €6 billion for this initiative from the European budget. In order to effectively support young people across the EU, the financial means could be utilised in form of wage subsidies for employers and student loans but important instruments are also microfinance, especially for SMEs, or financial stimulus to promote social enterprise development. Ultimately, these tools should be complementary to and help to strengthen the effect of ESF funds for implementing the Youth Guarantee in the European Member States. What is more, the European Commission can also provide particular states with country-specific recommendations to maximise the impact of YEI and eventually ensure a smooth implementation of Youth Guarantee as the ultimate objective.

Finally, when attempting to fully exploit the potential of the YEI, the policy interventions have to be also taken into account. Their main aim is to stimulate investments in supporting creation of employment as well as promoting upskilling to subsequently guarantee higher probability of young adults entering the labour market. In order to facilitate these processes, an important precondition is to provide SMEs with stimulating incentives in order to hire, retain or train young adults. In this regard, the main incentive to trigger these developments is an easier access to external sources. Nevertheless, it is important to mention that the priority will be given to sectors and SMEs with the job creation potential (EC; 2013).

As for the ESF, its “task” is to support YEI with specifically targeted measures in order to facilitate the school-to-work transitions as well as address the issue of early school leavers, especially through integrating them into the labour market. Furthermore, it also concentrates on the enhancement and modernisation of apprenticeship schemes, particularly on the initial vocational training.

Finally, when it comes to the Youth Guarantee, financial means shall be also used to ensure a smoother implementation. To attain satisfactory outcomes, “the Member States are urged to pay attention to partnerships, social partners’ involvement, employment services support, career guidelines, skills and knowledge framework’s relevance, mobility and labor costs reduction for youth” (Floreani; 2014; p. 50). Consequently, it is recommended by the Commission to establish *Youth Employment Action Teams* – teams responsible for a proper reallocation and acceleration of EU sources to promote job opportunities for young adults – and thus ensure a deeper impact of measures designed to reduce youth unemployment (EC; 2013a).

4.3.2 *Skills and Jobs – Investing in Youth*

The other initiative designed to increase the employment rates among Young Europeans is the EIB’s *Skills and Jobs – Investing in Youth* programme. Due to the after crisis developments, the EIB Group, for the very first time, declared that combating the youth unemployment would be one of its priority in the forthcoming years. As a result, the *Skills and Jobs – Investing in Youth* initiative has been set up.

In addition to the capital increase of the EIB in 2013 and subsequently again in 2014 as well as launching the YEI, *Skills and Jobs – Investing in Youth* programme denotes a new form of instrument/intervention to strengthen EIB’s impact and augment the SMEs lending activity. In this regard, the idea is similar to that of the YEI, namely, to provide better and easier availability of finance for SMEs in an effort to increase their interest in hiring and training of young people (EIB; 2013b).

The programme itself is composed of two main pillars. The first focuses on *Investing in Jobs* and offers loans under more favourable terms to SMEs and Mid-Caps as an incentive to hire and retain young people. The second pillar concentrates on *Investments in Skills* and is

design to support projects increasing employability of young adults, especially through upskilling.

So, when it comes to instruments, the EIB's programme can be characterised as an extension of the "standard" SMEs loan tool. However, this programme seeks to create and maintain employment especially for youth. Support is designed to be offered through the provision of instruments typical for EIB, in other words, loans, guarantees or microfinance. As for the *Investments in Skills* pillar, EIB's intention is to co-finance projects capable of enhancing professional skills of young people, preferably with a long-term effect. Therefore, investment can be utilised also to build up infrastructure as well as modernise and refine vocational training schemes (EIB; 2013b).

All in all, it can be concluded in this subsection that both the European Commission as well as the EIB continue in activities they have been conducting in the past few years. And although there are some new elements present in their activities, the main principles, instruments and approach towards combating unemployment which characterise their operating remain intact. Therefore, when it comes to the ESF and EIB as such, there are no dramatic changes in their efforts to address the issue of youth unemployment. Nevertheless, recently a new "impulse" has been introduced in the EU, raising the question of a potentially "new path" the EU may adopt in order to reduce the still high youth unemployment rates. Thus, the next subsection draws more attention to this new "impulse".

4.4 A New European Strategy to Tackle the Issue of Youth Unemployment

New initiatives within the framework of the ESF and EIB did not remain the only new developments that occurred in the EU after 2008. As after every crisis there is a need for reconsideration of the existing activities and strategies as well as logic on which these are based (Keynes; 1936), the European Commission introduced a new investment strategy for Europe, the so called Juncker plan. Therefore, the next subsection deals with this new investment plan, designed to restore the economic growth in Europe and reduce the still high unemployment rates. In this regard, the attention will be drawn especially on the ideas and approaches the plan puts forward and intends to pursue.

In any case, the main question that will be asked is whether the Juncker plan can be perceived as a new impetus not only from the policy perspective but also from the theoretical point of view. This will help us to determine, later in the thesis, whether the new EU investment plan denotes a diversion from the political-economic ideology followed until the outbreak of the financial crisis or rather continues or even deepens the present logic.

In order to determine the character of the new plan, first, its objectives and instruments will be identified and, second, attention will be drawn to the new elements incorporated in the plan. Consequently, these will be further analysed in the next chapter in order to show more clearly what the theoretical framework of this post crisis strategy is.

4.4.1 The Juncker Plan

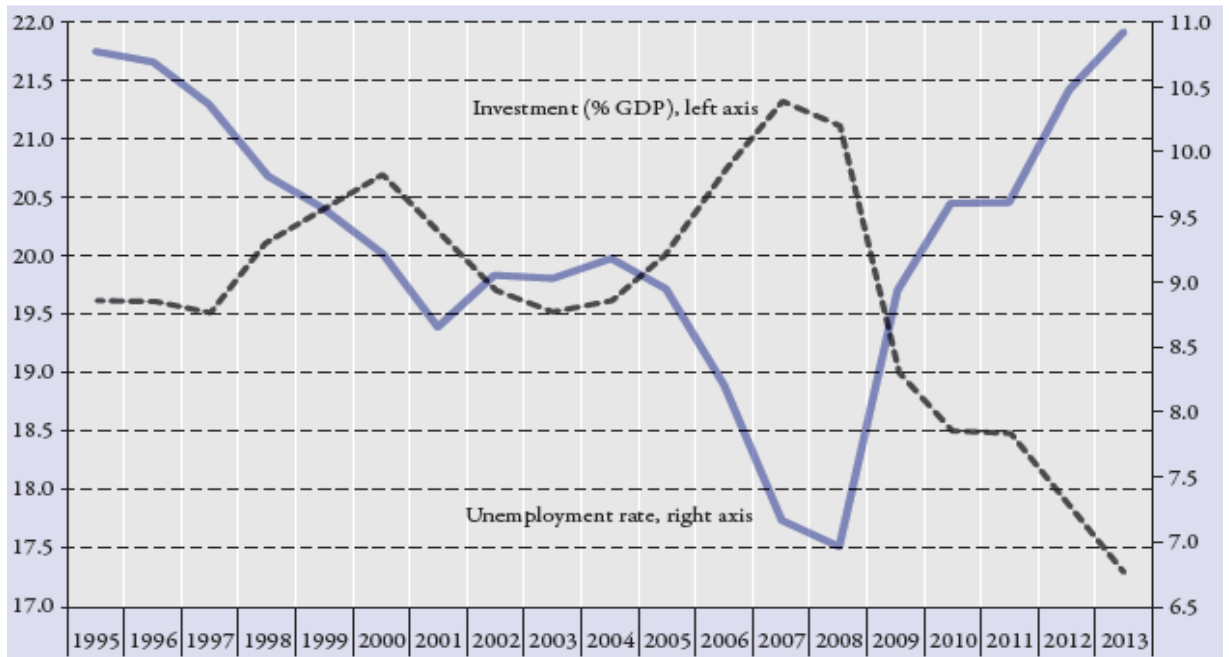
As a result of the a relatively slow economic growth and still rather high unemployment rates in a number of Member States in the post 2008 period, the newly elected European Commission proposed a plan focusing on the restoration of European economy. In this regard, the main priority is to “strengthen Europe’s competitiveness and to stimulate investment for the purpose of job creation” (Juncker; 2014). Furthermore, the plan points out that there is an increased need for smarter investments, more specific focus as well as less regulation, particularly with respect to the EU-led investments. It is worthwhile to note that project contributing to a better (re)integration of young people into the labour market also denote an important aspect when it comes to the new investment plan for Europe.

According to the Commission as well as other authors, investments represent one of the crucial factors necessary for ensuring the economic growth as well as the subsequent rise in employment (EC; 2014; ILO; 2015). Nevertheless, the investment activity in the EU decreased dramatically after the outbreak of the economic crisis, leaving Europe in a position of only a little economic progress and thus leading to a situation in which high rates of employment are rather complicated to achieve (as can be seen in graph 3).

Due to this fact, the new investment strategy has been designed, intending to accelerate the economic development in Europe and reduce the high levels of unemployment. However, what are the main goals (partial as well as overall) of the Juncker plan and how they are intended

to be achieved, in other words, which instruments and tools were designed to support the attaining of the set objectives?

Graph 3: Relationship between investments and employments (investments as percentage of GDP and unemployment rates in EU 28)



Source: ILO; 2015

4.5.2 *The Objectives and the Toolkit of the New Investment Plan for Europe*

According to the Commission, there are several factors that need to be addressed when it comes to restoring the European economy and creating new jobs. In this regard, it puts forward these areas (EC; 2014c):

- *Confidence in the overall economic environment*
- *Predictability and clarity connected to policy-making as well as the regulatory framework*
- *Effective exploitation of scarce public sources*
- *Trust and confidence in the economic potential pertaining to investment projects under development*

- *Adequate risk-bearing capacity capable of attracting private investments*

Improving and promoting these factors can be perceived as one of the crucial conditions when it comes to the achievement of the “ultimate” goals of the Juncker plan. These were set in an effort to trigger and stimulate the economic progress in the EU as well as provide a solid basis for the future, long-term, development. By looking at the plan, there are three main objectives which the Commission intends to attain (EC; 2014c):

- *The first priority is to reverse the existing downward investment trends and, consequently, help to boost job creation and economic recovery, which should be achieved without weighing on public finances or creating new debt.*
- *Second goal focuses on taking a decisive step towards meeting the long-term needs of the economy as well as increasing competitiveness of European companies.*
- *Thirdly, the plan intends to strengthen the European dimension of human capital as well as the productive capacity, knowledge and physical infrastructure, with a particular attention paid to the interconnections essential to the Single Market.*

However, what is the approach the Commission intends to adopt and through which instruments shall these objectives be achieved? Firstly, the pivotal step is to mobilise capital of at least €315 billion over the period of the next three years. This capital should denote new and additional investments which would not be made otherwise. The key principle of attaining such an increase in additional capital is to ensure a greater risk-bearing capacity, particularly via public finance in an effort to provide a new incentive for project promoters as well as entice private resources to viable investment projects. In order to materialise such an effect, the Commission introduces a new financial entity, namely the European Fund for Strategic Investments (EFSI), responsible for offering “risk support” for long-term investments and guaranteeing increased access to risk-financing for medium sized companies and SMEs.

The EFSI will be established and operate under the auspice of the Commission and the EIB and will emanate from the existing experience and expertise of these two bodies. Nevertheless, as already mentioned above, “compared to the existing structures, the Fund will have a different risk profile, provide additional sources of risk-bearing capacity and will target

projects delivering higher societal and economic value, complementing the projects currently financed through the EIB or existing EU programmes” (EC; 2014c; p. 6). To put it differently, its goal is to mobilise new, extra sources which shall be provided for primarily through private capital.

It is also worthwhile to note that the EFSI is designed to support especially long-term, strategic investments in areas such as education, research and innovation as well as energy or transport infrastructure. These investments intend to enhance the positive effects emanating from the above mentioned sectors on the economy as well as contribute to the increased efficiency within the EU single market and thus promote the overall competitiveness of European companies in the long run.

Furthermore, it has to be reiterated that apart from providing the risk-bearing capacity, the new fund should also have the role of a risk finance supporter, particularly for SMEs and middle sized companies. In this respect, it should cooperate with the EIF that will be responsible for the operational implementation through offering its products. It is expected that by these means it may contribute to a greater economic growth and subsequently give rise to more room for job creation, especially when it comes to young people.

Apart from the capital mobilisation, the next objective of the Juncker plan is to ensure that the newly generated investments “meet the needs of the real economy” (Juncker; 2014; p. 11). In order to attain this condition, the plan relies on two components, a pipeline of projects and an investment advisory Hub. With respect to the pipeline of projects, it has been designed in order to address the main concern of a numerous stakeholders. According to Commission’s survey, it is believed that not liquidity is the barrier for investments but rather a perceived absence of good and viable projects (EC; 2014c). Nevertheless, such concerns can be refuted by the findings of the “Investment Task Force” report, which suggests that there is no lack of such projects in the EU (EC and EIB; 2013a). Therefore, the pipeline will seek to reduce the negative impact of the fact that “private investors are often unaware of the potential of these project and are reluctant to invest alone given their intrinsically complex nature and lack of information to properly evaluate risk” (EC; 2014c; p. 12). Consequently, it is believed that greater transparency as well as better understanding of potential risks can contribute to attracting and unlocking new private investments.

As for the investment advisory “Hub”, it has a complementary role to the pipeline of projects. As many project promoters and potential investors are still uncertain about the most effective way to materialise their projects, the Hub is designed to provide the needed guidance or assistance in a number of areas. In order to strengthen the support for project development, it should be of use when it comes to technical assistance, utilisation of innovative financial instruments or the utilisation of public-private partnerships. As a result, according to the Juncker plan, such guidance and assistance can prove valuable in removing the potential doubts or concerns of investors and thus contribute to a greater investment activity across the EU.

Finally, the last strand of the Juncker plan concentrates on the improvement of the investment environment. In this regard, the plan intends to address the issues pertaining to the provision of greater regulatory predictability, removal of barriers to investments in the EU as well as creation of optimal framework conditions for the future investments. In other words, this should result in a less regulated environment and thus contribute to “reducing unnecessary regulatory burdens and improving business conditions, in particular for SMEs, to ensure that any necessary regulation is simple, clear and fit for purpose” (EC; 2014a; p. 14). Consequently, these developments should give rise to a more efficiently functioning market and thus, again, lead to a greater competitiveness of the European companies.

All in all, looking at the Juncker plan and the principles on which it is based, there is a number of elements that can be considered new. This concerns not only the project pipeline or the advisory “Hub” which are designed to reduce the deficiency related to imperfect and asymmetric information on the market but new is also the creation of the European Fund for Structural Investments with an increased risk-bearing capacity potential. Yet, although these new elements are clearly visible when it comes to EU’s new investment strategy towards promoting youth employment, the question is what this implies from the theoretical point of view, particularly from the ideological perspective.

This chapter offered some insights into the functioning of and ideas behind EU’s investment strategies, which provide the basis as well as the starting point for identifying the theoretical framework under which the EU operates. The next chapter will build on these findings and subsequently will seek to determine the political-economic ideology underlying the EU’s efforts to reduce youth unemployment as well as its potential transformation after the 2008 crisis connected especially with the introduction of the Juncker plan.

5 Political-Economic Ideology behind EU Strategies to Address Youth Unemployment

After introducing the two theoretical concepts and providing an analysis of the ESF, EIB as well as the Juncker plan constellation and way of functioning, the next section seeks to clarify and shed more light on the logic that the EU pursues when making investments aimed at reducing youth unemployment. In other words, the next part seeks to identify and explain the theoretical framework on which the EU investment strategy is based. For this reason, the paper continues with highlighting the main principles and ideas of the previously analysed ESF and EIB which enables us to derive the theoretical basis. Emanating from these findings, a conclusion is made attempting to explain the overall existing EU employment strategy towards the youth employment from the ideological point of view. Finally, the last subsection deals with the new Commission's plan (the Juncker plan) and attempts to discover whether the after crisis period changes the EU's way of thinking or merely strengthens the existing ideology.

Firstly, the EU established Europe 2020 strategy, a framework putting forward priorities for the Union to pursue. In this regard, the EU shall promote and contribute to improving its competitiveness on global market and ensure that the growth potential will remain high which should be achieved also through the integration of all groups within the society into the labour market. In other words, the main priority of the Union is a formation of a competitive knowledge based economy which is capable of smart, sustainable and inclusive growth (EC; 2010).

As already stated above, ESF as well as EIB play a crucial role in achieving these goals, but are considered important instruments also when it comes to addressing the issue of unemployment in particular. As for the ESF, emanating from the findings in the previous chapter, its main role is to increase the employment probabilities. In this regard, the EU attempts to address the issue of unemployment especially by utilising cooperation and dialog among the actors on the labour market (companies/entrepreneurs as well as workers or other stakeholders) contributing to the "creation" of a labour force that is actually needed and sought after. In fact, it can be argued that there are various state interventions which seek to reduce unemployment by the means of "assisting" the market to function well. On the one hand side, the fund operates on the principle of promoting employability of the participants which can be translated into an approach aimed at "satisfying" or helping the market to supply or provide it with educated, trained, qualified as well as more flexible and adaptive labour force. On the other hand, the ESF

also contributes to the establishment of an institutional framework so that the market can identify and absorb as much labour force as it needs and desires.

So far, it can be argued that the principles and activities that the ESF follows are rather intrusive and interventional, nevertheless, attempt to contribute to a “smoother” functioning of the market. There is a strong emphasis on “producing” labour force which due to the increased education and training is likely to become more productive and can thus contribute to increased competitiveness of companies in the economy. In addition, the concept of self-employment and entrepreneurship is also strongly supported by ESF, which helps to decrease the “unemployment pressure” as instead of searching for a job, people are more likely to start their own, independent businesses. What is more, an entrepreneurial environment has an additional positive effects on companies and employers since cooperation with external partners may prove less costly than employing an own employee due to the absence of especially social protection costs connected to a traditional employment relationship. Thus, this may lead to reduced labour costs of companies and, again, help to promote companies’ competitiveness.

It is worthwhile to note that in the after crisis period there is a new initiative in the EU approach towards youth unemployment. Nonetheless, also in this case, it can be argued that in comparison to previous programmes, a similar pattern has been followed. The introduction of the Youth Guarantee could be regarded as an initiative with a strong emphasis on the Keynesian interventional logic of reducing youth unemployment which, in principle, attempts to provide a certain framework for the free market to produce results which are close to its potential. In this regard, the main priority of the Youth Guarantee is to ensure that “all young people under 25 – whether registered with employment services or not – get a good-quality, concrete offer within 4 months of them leaving formal education or becoming unemployed. The good-quality offer should be for a job, apprenticeship, traineeship, or continued education and be adapted to each individual need and situation” (EC; 2015b; p. 1). In other words, the main idea behind this initiative is to provide young people with a job or ensure an adequate alternative especially in a form of further education or training and thus enable them to become more attractive for potential employers.

As for EIB, despite a number of activities supporting the human capital of the potential labour force, this body operates on the principle of supporting companies and entrepreneurs, thus, concentrates on the demand side of the labour market. In this regard, it can be argued that

the priority of EIB is to improve the business environment, especially by providing easier access to external financial sources and, consequently, incentivise companies to investments in order to become more competitive actors on the global market. By looking at these facts, it can be derived that, competitiveness of the private sector and its ability to grow is perceived as the main goal of EIB's activities. In other words, the EIB attempts to contribute to companies' development by strengthening their capabilities of competing on the global market and in turn stimulate also the economic growth at the macro level. Subsequently, these developments may give rise to an increased demand of progressing companies for the labour force which is supposed to be a result of firms' need to strengthen their production capacities and growth potential. Thus, it can be seen that the main objective of the EIB is the support of entrepreneurs and promotion of their competitiveness. In addition, this also implies that when it comes to employment as such, it can be regarded merely as a "by-product" of EIB's activities.

Apart from the fact that the (free) market represents the main "pillar" of EIB's strategy, as demonstrated above, it can be also argued that interventions are a crucial element of its functioning as well. Although the actual decision on the provision of the financial support are left to the market actors/participants, namely intermediaries, the initial impulse connected to the increased lending and thus greater investment activity is provided by the EIB. As a result, it can be clearly seen that interventionism plays, also in the EIB's case, an important role and thus complements the otherwise "free market strategy". Such approach is adopted especially due to the fact that it is recognised that the investment environment "suffers" from uncertainty as well as the propensity of companies to savings (EIB; 2014). Consequently, in order to promote investments (e.g. by providing more favourable terms for loans) and thus bring capital back to the economy to "work" and multiply, the EIB applies a strategy based on an interventional approach. This can be translated into a strategy through which the EIB attempts to limit the negative implications connected to the above mentioned market deficiency (can be seen as a market failure correction mechanism) and thus seeks to enhance the investing potential within the economy which shall be subsequently achieved by solely market means. Due to these activities the labour market participation of people is expected to increase as a result of companies' progress and growth, which should in the end stimulate the demand for additional labour force.

5.1 The Existing Political-Economic Ideology

Based on these findings, an overall theoretical foundation of the existing EU logic pertaining to investing in employment as well as youth employment can be derived. Taking into account criteria from table 1, it can be clearly seen that the EU is in general rather pro-business oriented with market being the “leading force” of economic growth and recovery. This obtains for the ESF as well as the EIB. To be more specific, when it comes to the ESF, there is a strong emphasis on “producing” labour force which due to the increased education and training is likely to become more productive and can thus contribute to increased competitiveness of companies in the market economy. With respect the EIB, its priority is to improve the business environment and incentivise companies to investments in order to become more competitive actors on the global market. This should then give rise to more job opportunities, which will be ensured by increased demand for labour force on the market.

Nevertheless, it is important to note that although the economic growth and the subsequent job creation should be achieved especially by market means, it should be pointed out that state also denotes an integral part of EU’s strategy towards investing in youth employment. In both cases (ESF as well as EIB), there is a rather strong tendency towards state interventionism. As can be seen, by means of intervening, the EU or Member States seek to provide an institutional framework with the intention to help the market to function more effectively. In this regard, the ESF attempts to provide more skilled and qualified labour force whereas the EIB strives to reduce barriers for companies to invest. Thus, a great emphasis is placed on the need for state interventions in order to ensure that the otherwise free market generates results which are close to its potential.

When it comes to labour costs, bearing in mind EU’s objective to promote competitiveness, it is rather clear that they are at the core of the strategy the EU pursues. As labour costs are directly linked with competitiveness they denote an important factor determining the success of companies on the market. Due to the ESF firms have an opportunity to employ highly productive people, which means that the margin between the output in the form of an added value of a worker he produces and the input a company has to make (especially wages) is increasing. This contributes to the overall competitiveness within a firm as it eventually can produce “more for less”. As for EIB, labour costs are also relevant. In this regard,

EIB seeks to contribute to growth and development of companies; however; to achieve this goal they need to optimise their operational costs in order to compete with other market actors. Thus, their progress is highly dependent on the effectiveness of the operations which determine their success on the market and in this regard, labour cost denote an important variable.

With respect to the position of employment, it represents merely a “by-product” within the framework of EU strategy. This is visible particularly on the example of the EIB which does not seek to promote employment as such but rather aims to stimulate economic growth through which more jobs should be retained and created. Therefore, it can be seen that the level of employment is reliant on the performance within the economy.

Closely linked to this facts is also the development of employment in times of crisis. In such a period companies seek to increase their competitiveness, which in the short run results in downsizing and job reduction trends, all in an effort to optimise their costs. Since both, the ESF as well as EIB exalt market as the leading force of growth, it is not surprising that in periods of economic recession their efforts to reduce unemployment is likely to be considerably constrained. This was reflected e.g. on the behaviour of Member States in recent years since the vast majority of them was inclined to economise. This means that financial means needed to enhance peoples’ human capital (ESF) or support companies (EIB) decreased which resulted in even bigger joblessness. In this regard, it can be seen that the ESF and EIB are dependent on the economic cycle and thus merely match the economic trends. Whereas in times of economic prosperity their support may be more intensive and thus the promotion of employment may be greater, in periods of economic downturns the opposite effects is likely to occur.

As for the position of actors on the labour market, it is clearly visible that both the ESF and EIB contribute to a companies’ led economy. Consequently, it can be argued that companies and firms are the main beneficiaries leaving people dependent on their decisions, when it comes to employment. In other words, there may be a propensity to inequalities in the society as the EU strives to support especially companies and their economic advancement. Nevertheless, this does not have to proportionally reflect also on the job creation as the main priority of companies is to ensure the highest level of competitiveness and thus the most optimal market positions. In this regard, it has to be reiterated that the “law of decreasing returns” still denotes one of the leading principles on which today’s firms operate.

As to the role of human capital, it has been already suggested that in the EU context it plays a significant part when it comes to increasing the probability of labour force to enter the market. This obtains not only for the ESF, which for the most part operates on the notion of promoting this form of capital but also for the EIB as indicated above. In both cases, there is great emphasis on investments in upskilling of not only young people, which in turn serves to promote their employability in order to better equip the labour force to meet the needs of the market. Therefore, from this perspective it can be argued that human capital is one of the most important elements characterising EU’s investment approach towards reducing unemployment.

Finally, when it comes to the last criterion, it can be argued that the existing EU strategy has a potential to contribute to a more intensive deflationary pressure in the economy. This is a result of the ideas both its instruments follow. As emphasis is placed in principle especially on stimulating competitiveness and production, in the end there may be great volumes of products but at the same time inadequate aggregate demand can prove problematic as unemployment does not necessarily have to be tackled. This may be, again, the result of companies’ adherence to the “law of decreasing returns” which denotes one of the leading principles in today’s economy.

Table 2: Features of the existing EU’s strategy towards reducing youth unemployment

	Existing EU strategy
Orientation	Pro-business
The “leading force” of economic growth and recovery	Market (competitiveness)
The role of state	State interventions needed (Focus particularly on creation of better investment environment for private sector)
Position of labour costs in the ideology	Labour costs at the core of the theory
Position of employment	Employment merely as a “by-product” reflecting companies’ progress

Employment in periods of crisis	Tendencies towards job reduction and downsizing
Positions of actors on the labour market	Companies/entrepreneurs' led economy (propensity to inequalities in a society)
Role of human capital	Education and training considered important factors contributing to an increased probability of labour force to enter the market
Potential problems	Deflation

Source: Own elaboration

Thus, based on the criteria in table 1, it can be summarised that the existing EU strategy to reduce youth unemployment is for the most part following the neoliberal logic. In fact, table 2 illustrates that eight out of nine features suggest that the ESF as well as the EIB are very much consistent with this paradigm. Nevertheless, it is important to note that one criterion, the Keynesian state interventions, denote an integral part of the entire approach without which the existing EU strategy would not be able to function effectively or perhaps at all. Looking at the findings, it can be argued that both the ESF as well as the EIB can, in principle, be characterised as market failure correction mechanisms. Nevertheless, despite a strong emphasis on utilisation of state interventions, these are directed at the market and its better functioning rather than at a direct creation of employment positions. Thus, the main objective is to improve the market environment that will be more favourable for actors operating in this structure. In other words, it means that employment as such, and not only for youth, is greatly dependent on the developments on the market.

All in all, it can be concluded that despite the prevalence of neoliberal elements in EU's existing investment strategy towards unemployment reduction (emanating from the criteria), it cannot be clearly stated that the ideology the EU pursues is purely neoliberal. Instead, taking into account the principles on which the ESF and EIB operate, these body can be perceived as pursuing a "hybrid" employment approach consisting of a "mixture" of the two theoretical paradigms. On the one hand side, there is a strong Keynesian imprint of state interventionism, particularly in the form of market failure correction mechanisms, but, on the other hand, they

otherwise leave the market to operate relatively freely as they do not directly affect its “internal” functioning.

5.2 The Juncker Plan – A New Theoretical Approach?

As was revealed in the previous section, the present strategies follow a mixture of Keynesian ideology and neoliberal logic. Nonetheless, what will be analysed later in this section is whether the new EU investment plan denotes a diversion from the political-economic ideology followed until the outbreak of the financial crisis or rather continues or even deepens the present logic.

Clarifying the goals and toolkit through which the Juncker plan intends to help the economy give us an overview of approaches and potentially new elements the EU incorporated in its strategy. There are five areas the Union plans to intervene. These can in principle be characterised by measures to increase confidence and trust in the economic environment, predictability and clarity of the regulatory framework, reduce the negative effects of uncertainty connected to investments as well as enhance effectiveness within the economy.

Looking at particular instruments in more detail, the first strand of the plan, the establishment of the EFSI and its increased risk-bearing capacity concentrates on removing and minimising the negative consequence of uncertainty which in turn should affect the overall volume of investments. In this regard, the plan seeks to contribute to a greater investment activity within the European economy which is otherwise likely to be less pronounced as a result of insecurity and asymmetric information. In other words, although there is a number of potential investors with sound and viable projects, they are often incapable of realising their investments due to unwillingness of financial intermediaries to undergo the risk of providing their capital to these actors. The EFSI, thus, represents a body endeavouring to reduce such a risk (intervention) and seeks to help to maximise the investment activity within the economy which can give rise to an overall economic progress and subsequently to a greater number employment opportunities, all ensured by market means.

The second strand of the Juncker plan attempts, in addition to providing the needed sources, to ensure that the capital will be placed and invested back in the economy. Both the pipeline of projects as well as the investment advisory Hub have the role of reducing the effect

of the lack of information which constraints the investment activity. As for the pipeline of projects, its role is to increase the awareness of prospective investors with respect to the real potential of existing or future projects. As investors are often confronted with only a limited amount of information and therefore are unable to properly evaluate the risk connected to particular projects, they are more inclined to draw away from investing and rather wait for a safer alternative. Thus, removing or at least reducing this setback by setting up an information providing platform is another way the Juncker plan seeks to pursue in order to create a more transparent environment in which the investments activity is more likely to reach intensity which is closer to its full potential.

Similar pattern is followed also by the investment advisory Hub. The absence of information can be, again, perceived as a problem connected to a greater volume of investments. Apart from the fact that investors lack the needed information on the particular projects and their potential, they also often lack the knowledge on and experience in how to best realise the investment once they decide on a project they would like to participate in. Therefore, a public intervention in form of establishing an advisory body responsible for guidance and assistance in materialising particular investments is believed to be a measure contributing to the promotion of the investment potential within the economy. Consequently, with an expertise and guidance, investors are not only more likely and willing to place their capital into selected project but such assistance can also give rise to an increased efficiency when investing and thus save resources that can be reinvested in other projects.

Finally, the last strand of the plan intends to improve the investment environment through unburdening the actors, particularly by less regulation, removal of barriers to investments in the EU as well as creation of optimal framework conditions for the future investments. In this regard, it is clear that certain regulations will remain in place, nevertheless, they will be reduced to levels considered necessary (e.g. to ensure transparency or avoid frauds). Consequently, similarly to the above mentioned argument, these developments may give rise to a more efficiently functioning market and thus contribute to the overall economic progress.

When it comes to the particular criteria highlighted in table 1, the Juncker plan can be characterised as follows. First, there is a clear pro-business orientation considering the emphasis placed on competitiveness as well as efforts to strengthen and promote development of companies and thus also their position on the market. Closely connected is also the second

criterion showing that the “leading force” within the plan is still the market through which higher employment should be achieved. Nevertheless, state intervention and thus a Keynesian element is an integral part of the new strategy. This is visible especially in cases in which there is a recognised need of a state to assist the market in order to contribute to its effectiveness by correcting its failures, such as information asymmetry or reduction of uncertainty.

Next, it can be also derived that labour costs are set at the core of the Juncker plan as the main and explicitly stated goal is not to directly create employment positions but promote competitiveness which is closely dependent also on the costs companies need to expend on their labour force. Nevertheless, the main emphasis is put on the streamlining of the operating structure which should increase the overall effectiveness of companies’ operating and thus enhance the competitiveness.

As for the position of employment, it is still for the most part reliant on companies’ progress on the market. Again, as already mentioned above, the Juncker plan does not seek to promote employment directly but rather endeavours to stimulate economic growth through which more jobs should be retained and created. Therefore, it can be seen that the level of employment is dependent on the performance within the economy. Thus, this means that employment as such is not the main instrument direct goal of EU’s new strategy but rather just a “by-product”, from an ideological point of view.

Next, it is important to note that the needed economic progress which denotes the main target of the Juncker plan is dependent on favourable conditions within the economy that are necessary for companies to invest and grow, and thus increasing their potential and capacities to provide more job opportunities. This implies that in periods of economic crisis or hardship, despite public interventions, there would be tendencies towards job reduction and downsizing, all in an effort to optimise the costs and thus remain competitive which is the main objective of all the actors in today’s economic setup. Such developments may, consequently, give rise to widening of the gap between firms, on the one hand side, and workers/employees, on the other. In addition, as the Juncker plan clearly relies on an “entrepreneurs’ led economy” there may be propensity to increasing inequalities in the society (especially when economic conditions become again less favourable). And although human capital denotes an important added value within the existing state of affairs as it has the potential to contribute to greater competitiveness of companies by increasing their productivity levels (the Juncker plan relies on the same

principle), it cannot be argued that it eradicates the risk of unemployment completely. Better education and training can certainly reduce such a risk; however, it does not represent an impeccable protection against unemployment. This all implies that in the current system companies are the “advantaged” actors, at the expense of ordinary people.

Finally, considering all the above mentioned facts it is not surprising that the Juncker plan has the potential to contribute to deflationary pressure within the economy. As emphasis is placed especially on stimulating competitiveness and production, in the end there may be great volumes of products but at the same time inadequate aggregate demand can prove problematic as unemployment does not necessarily have to be tackled. This may be the result of companies’ adherence to the “law of decreasing returns” which denotes one of the leading principles in today’s economy.

Table 3: Features of the Juncker plan

	Juncker Plan
Orientation	Pro-business
The “leading force” of economic growth and recovery	Market (competitiveness)
The role of state	State interventions needed (Focus particularly on creation of better investment environment for private sector)
Position of labour costs in the ideology	Labour costs at the core of the theory
Position of employment	Employment merely as a “by-product” reflecting companies’ progress
Employment in periods of crisis	Tendencies towards job reduction and downsizing
Positions of actors on the labour market	Companies/entrepreneurs’ led economy (propensity to inequalities in a society)

Role of human capital	Education and training considered important factors contributing to an increased probability of labour force to enter the market
Potential problems	Deflation

Source: Own elaboration

Thus, looking at the Juncker plan through the lenses of the particular criteria set earlier in this thesis (in table 1), it can be seen that, similar to the already followed approach, eight out of nine points are more consistent with the neoliberal ideology. This is illustrated in table 3. Nevertheless, it is important to note that one criterion, Keynesian state interventions, still represent an integral part of the entire strategy without which the investment plan would not be able to function effectively or perhaps at all. Therefore, despite the prevalence of neoliberal elements in EU's investment strategy towards unemployment reduction, it cannot be clearly stated that the ideology the EU intends to pursue with the implementation of the Juncker plan is purely neoliberal, rather it is a mixture of both political-economic paradigms.

To compare these findings with the ideological approach the EU already follows by the means of the ESF and EIB more specifically, we can draw the following conclusions. In general, all the presented measures and strategies of the Juncker plan pursue in principle the same pattern as the already existing strategies. They can be perceived as "requiring" state interventions such as establishment of an institutional or "assisting" framework in order to remove barriers pertaining to especially private investments. On the one hand side, it can be seen that there is a visible and strong presence of Keynesian logic in terms of state interventions. On the other, when it comes to the functioning of the market as such, it can be argued that it operates relatively freely and that the established framework is not intrusive in terms of the internal working of the European market. Yet, despite a comparatively free European internal market, there is a question whether the above discussed measures, especially the focus of the EFSI on SMEs and middle sized companies, do not constitute a market distorting element as only a certain group of operators is favoured by these activities providing them an unfair advantage compared to those not eligible for this type of preferential treatment.

In either case, it can be concluded that when it comes to the theoretical ideology of the Juncker plan, there are almost no deviations, compared to the existing EU approaches and

strategies. Similar to the patterns that can be identified by the ESF as well as the EIB, it can be argued that the Juncker plan also places great emphasis on the need for Keynesian state interventions in order to ensure that the otherwise free market (based on the neoliberal logic) generates results which are close to its potential. In fact, the new investment plan builds on the experience these two entities have and complements them with measures identified by the Commission as required to address the remaining market deficiencies. This results in deepening of the neoliberal logic in terms of deregulation, on the one side, and strengthening of the market failure correction approach emanating from the Keynesian logic on the other. Therefore, it can be concluded that when it comes to the theoretical ideology of the EU-led investments which are aimed at reducing the youth unemployment, the EU not only continues in pursuing its present concept but even builds upon it. In other words, there is no deviation from the hitherto pursued investment ideology but rather a continuing trend as the existing programmes serve as a foundation for further developments of the EU strategies towards reducing the youth unemployment.

Discussion

Looking at the findings of the study helps us to answer the two research questions asked in this thesis. The first, “*what can we learn, from the ideological point of view, by looking at the existing investment activities of the EU aimed at reducing youth unemployment?*” may be answered particularly by means of the ESF and the EIB. All in all, it can be argued that neoliberal ideology can be seen as dominant in the EU context. This is given especially by the prevalence of neoliberal elements in EU’s existing investment strategy towards unemployment reduction (emanating from the criteria in table 1). Nevertheless, despite this fact, it cannot be clearly stated that the ideology the EU pursues is purely neoliberal. Instead, taking into account the principles on which the ESF and EIB operate, these bodies can be perceived as pursuing a “hybrid” approach consisting of a “mixture” of the two theoretical paradigms. This is a result of a fact that, on the one hand side, there is a strong Keynesian imprint of state interventionism, particularly in the form of market failure correction mechanisms, but, on the other hand, they otherwise leave the market to operate relatively freely as they do not directly affect its “internal” functioning.

With respect to the second research question “*does the Juncker plan signalise a change in the ideological approach the EU pursues?*” the study draws the following conclusion. In general, all the presented measures and strategies of the Juncker plan pursue in principle the same pattern as the already existing ones. This is given by the fact that state interventions, e.g. in the form of an institutional or “assisting” framework, still represent one of the key components of EU’s strategy; however; they should in the end result in reduction of barriers connected to primarily private investments and subsequently lead to an increased labour force demand. From the ideological perspective, this shows a presence of a Keynesian logic (of state interventions). On the other side, the new approach merely seeks to boost and increase the potential of the economy by creating a more favourable environment for companies as well as the overall investment activity. This means that the functioning of the market as such remains virtually intact. In other words, the established framework is not designed to be intrusive when it comes to the internal working of the European market, but rather leaves it to function relatively freely.

Therefore, it can be concluded that when it comes to the theoretical ideology of the Juncker plan, there are almost no deviations, compared to the existing EU approaches and strategies. Similar to the patterns that can be identified in the cases of the ESF as well as the EIB, it can be argued that the Juncker plan also places great emphasis on the need for Keynesian state interventions in order to ensure that the otherwise free market (based on the neoliberal logic) generates results which are close to its potential. In fact, the new investment plan builds on the experience these two entities have and complements them with measures identified by the Commission as required to address the remaining market deficiencies. This ultimately results in deepening of the neoliberal logic in terms of deregulation, on the one side, and strengthening of the market failure correction approach emanating from the Keynesian logic on the other. Bearing this in mind, there is a visible continuance and deepening of existing trends. Therefore, it can be concluded that when it comes to the theoretical ideology of the EU-led investments which are aimed at reducing the youth unemployment, the EU not only continues in pursuing its present concept but even builds upon it. And although there is an introduction and incorporation of new elements in the Juncker plan, such as the Advisory Hub or the project pipeline, these are still consistent with the ideology the EU has been pursuing. In other words, there is no deviation from the theoretical logic of the hitherto pursued investment approach but rather a continuing trend since the existing programmes serve as a foundation for further developments of the EU strategies towards reducing the youth unemployment.

To compare these findings to previous researches (e.g. Wilks; 2009; Stiglitz; 2008; Altwater; 2009; Schmidt and Thatcher; 2013; Martin; 2013), they to a great degree confirm the bulk of literature stating that the current, “pre-2008”, period is dominated by neoliberal ideology. And although this thesis puts forward that the EU pursues a hybrid paradigm, combining neoliberalism with Keynesian logic, the conclusion is in principle no different to all the previous studies concerning this topic.

Nevertheless, when it comes to the transformation of EU’s theoretical concept from which it emanates after the global financial crisis, the academic debate is considerably less homogenous. This is given by the fact that the academia is divided into two blocks, one which believes that an ideological change is inevitable and another arguing that no such development is likely to materialise. As for this paper, the research shows that the existing political-economic ideology pursued by the EU is not experiencing any retreat with the introduction of the new,

post-2008, investment plan aimed at boosting the economy and subsequently creating more job opportunities. Such developments oppose expectations of academics such as Wilks (2009), Stiglitz (2008), Kotz (2009) or Altvater (2009) who claimed that a change in the present theoretical paradigm followed by the EU is needed in order to stabilise its economy and re-establish a stable and sustainable environment. Nevertheless, as is demonstrated by the Juncker plan, there is virtually no tendency towards change in EU's ideology, although it has to be noted that only time will show whether the Juncker plan actually will be able to deliver what it intends to achieve. In any case, recent developments do not suggest that the EU will abandon its theoretical paradigm and therefore the results offered in this thesis contradict findings of the "pro-change" group of researchers.

On the other side, authors such as Hodgson (2009), Schmidt and Thatcher (2013), Comaroff (2011), Wigger and Buch-Hansel (2014) or Aalbers (2013) argued, based on their research, that no major ideological transformation can be expected. And, in addition, they claim that the existing form of ideology pursued, which they define as neoliberal, is likely to be even strengthened and deepened after the global financial crisis. Thus, their findings are consistent also with this study which comes to the same conclusions. From the perspective of these authors, they claimed that there are numerous reasons for this fact. Nevertheless, in the context of this thesis the following are worthwhile to mention. First, e.g. Schmidt and Thatcher (2013) as well as Aalbers (2013) put forward that one of the reasons for the resistance and persistent dominance of neoliberalism is its absorptive nature. This is given by the fact that the neoliberal concept as such is seemingly amorphous and complicated to define precisely, thus can be transformed over time and, what is more, even absorb new ideas. Due to this fact it can be considered resilient to any major change. This argument is supported also by findings of this paper. And although the thesis characterises EU's ideological paradigm as hybrid, it is rather clear that it still "sticks to" the neoliberal logic of free market, even though, at the same time, contains also elements of other paradigms from which (modern) Keynesianism is the most pronounced.

Secondly, Schmidt and Thatcher (2013) and Wigger and Buch-Hansel (2014) further suggest that another reason for the continuing promotion of neoliberal ideas is the power of actors who gain out of this constellation and are thus able to achieve their goals. They argue that such "benefits" can be noticed by politicians in terms of regaining or retaining the power as well as various economic actors who have the opportunity to profit mainly materially. All these

developments provide incentives for these increasingly dominant actors to prevent any dramatic change in order to be able to continue benefiting from the system. Based on this research, the added value of the current economic structure for especially economic actors is rather visible as they denote subjects that should be supported and stimulated (mainly financially) from public sources. In this regard, the Juncker plan continues in this trend as it focuses on private companies what are presented by the EU as the best way for the achievement of new economic growth and employment creation, despite the fact that such logic contributed to the economic situation with high rates of unemployment (particularly among youth) after 2008. Thus, it can be seen that especially private companies are still at the core of EU's strategy "believed" to be the answer for renewed economic recovery and stability, including job creation, which is in the end consistent with the theory of self-interest pursuing actors preventing the current political-economic ideology from any major change.

Finally, according to e.g. Hodgson (2009) or Brenner et al. (2010), a major ideological transformation is also unlikely due to the absence of any sufficient counter-neoliberalising strategy that would replace the existing "market-disciplinary rule-regime". This argument can be supported also by looking at this study. In general, modern-Keynesianism is often presented as an alternative for the neoliberal paradigm pursued by the EU. Nevertheless, considering the economic constellation of the EU, it is rather clear that as a result of a virtually fully liberalised internal market modern-Keynesianism in its "pure" form would not be able to achieve satisfactory outcomes, especially taking into account its full employment logic. This is given by the fact that Keynesianism relies on full employment that stimulates aggregate demand. However, in the Keynesian world this is conditioned by a state control of capital which constraints its free movement, thus, promoting domestic companies and their economic growth. Consequently, since in the EU such measures are not able to be adopted, modern-Keynesianism as a full-fledged ideology is unlikely to be pursued, leaving neoliberalism the only viable logic capable of setting the tone of today's economy.

All in all, by looking at the findings of the study, it can be argued that this thesis denotes a confirmation of a "no change tendency", when it comes to the political-economic paradigm followed by the EU, with continuing trend of neoliberal dominance. Therefore, the research expands the volume of works concluding that EU's existing ideology is not likely to be considerably transformed but, on the contrary, may even strengthen and deepen in the future.

Departing from the theoretical debate, the next question is what pursuance of this ideology means from the “real life” perspective. In this regard, the remainder of the section looks at what the effects of the followed theoretical concept on economy and society. Thus, after shedding more light on the academic debate concerning to the issue of ideology in the EU, next, attention is drawn to some of the implications the “European approach” can actually bring. This is demonstrated especially through the effects the EU and its strategy has on the labour market and its (non)participants as well as the society. And although some developments have already been partly presented earlier in the thesis, there are some other effects worth mentioning in order to demonstrate the practical meaning of pursuance of ideology the EU follows.

Against this background, it can be argued that the theoretical concept from the EU emanates can be seen as beneficial for a number of reasons. Above all, as a result of supporting investments in education, training and upskilling in general, the EU considerably contributes to a more intelligent and educated labour force (EC; 2010a). In addition, people become more flexible and adaptive which increases their chances to enter the labour market as well as become a valuable asset to the respective companies. Such developments do certainly translate into increased productivity of European companies and may significantly contribute to their competitiveness on the global market.

Furthermore, EU’s emphasis on entrepreneurial ship and self-reliance can be also considered to be a positive effect of pursuing especially neoliberal ideology. In this regard, such strategy can give rise to a reduced dependency of people on others (employers) and thus help them to become “masters of their own fate”. What is more, an entrepreneurial culture further contributes to lower labour costs for companies as entrepreneurs do not operate as their direct employees and thus are being remunerated only for the services they actually provide and deliver, reducing the costs related to the standard employer-employee relation. On the other side, although such developments can be deemed to be beneficial from economic point of view they may be regarded as problematic from the social perspective. Especially the absence of the social protection of entrepreneurs compared to the traditional employee leaves these actors in uncertainty and more vulnerable when it comes to their “survival”.

Another socially less desirable effect of neoliberal strategies is the trend related to the “flexibilisation” of the labour market. As a result of EU’s approach to support competitiveness of companies by making the labour market more flexible, there is an increased risk of excluding

certain groups of population, especially young people. In addition not only the increased unemployment can reflect these developments but also the fact that even if the people retain their jobs, they are often likely to stay in relatively less secured jobs due to adopted measures. In this regard, the effect of such a situation can be twofold. On the one hand side, it may discourage skilled and educated workers seeking full-time position and thus stay unemployed whereas, on the other hand side, those who work under such conditions have to face, in general, lower protection and potentially the risk of being made redundant in case a company decides to downsize in order to retain or promote its competitiveness.

Another issue closely related to the problem above is inequality. Since there is a propensity to the promotion of competitiveness of companies and firms, inequality in the society may arise as a result of increasing unemployment rates reflecting the tendencies to reduce labour costs. This problem is of particular concern particularly to young people as they denote a group most affected by this trend. Therefore, it is often argued that there is an increasing gap between companies and the “ordinary” working population as a result of the dominant and preferential position of the private sector in today’s world (Evans and Sewell; 2013).

As for economic consequences, it can be argued that as a result of the decreasing protection of jobs in certain sectors, especially in the relatively poorer Member States of the Union, people may fear to spend and rather save money as they face the permanent risk of become unemployed (O’Connor; 2015). As already mentioned several times in this paper, this is the implication of lower security or lower social protection. From the economic perspective, this fact may translate into a decreased demand of this part of the population and thus decreased demand within the entire economy. Consequently, the economic recovery may be endangered by such trends. Furthermore, due to increasing production (as a result of “competitiveness measures”) but at the same time decreasing demand, there may be tendencies towards deflationary pressure. Ultimately, this can further exacerbate the present state of affairs and thus bring the economy back to the verge of recession.

All in all, it can be seen that despite numerous positive effects of EU approach there are still many shortcoming that have to be addressed (connected especially with the issue of unemployment). Although the situation is most problematic in the social dimension we may also identify some emerging economic deficiencies. And since these issues may further aggravate the social as well economic situation within certain Member States, it is advisable to

draw more attention to these problems. In this regard, considering the issues such as inequality, decreasing protection and increased risk of unemployment, problems of aggregate demand or tendencies towards deflationary pressure, it is rather clear that these deficiencies arise as a result of the primarily neoliberal character of EU practices. Therefore, it can be recommended that an approach containing a more Keynesian logic (not full-fledged due to reasons explained above) would be beneficial as higher labour market participation, and not only of young people, can certainly contribute to the alleviation of these issues. In this regard, despite the risk of inadequate aggregate demand increase in a Member State or potential “aggravation” of its effectiveness, problems such as inequality or deflation may be reduced by state controlled direct creation of new employment positions providing people with not only more financial means but also e.g. less deflationary pressure on the economy as a result of more money in circulation.

Last but not least, after discussing the findings of this research from theoretical as well as practical perspective, it is also important to mention the limitations connected to this thesis and the methodology used. First of all, as the academic literature in general puts forward merely two political-economic ideologies, neoliberalism and modern-Keynesianism, the study focuses predominantly on these theories. Nevertheless, it is worthwhile to note that other theoretical paradigms may also be relevant when explaining the ideology pursued by the EU. In this regard, for instance neomercantilism can play an important role in this debate as well, since it denotes a concept or regime relying on state interventions to increase and encourage economic growth by supporting export capabilities of domestic companies (Björn; 1993). Thus, this theory can certainly be relevant, especially by looking at the activities and functioning of the EIB which to a large extent follows also such logic. In this respect, focusing on this paradigm may for instance give rise and stimulate a new debate on whether the nature and character of EU’s interventions represent a more Keynesian or rather neomercantilist concept. Furthermore, drawing attention to neomercantilism would raise additional questions, particularly those related to effects and implications of EU’s ideology on actors outside of the EU, and thus can provide basis for drawing up new criteria that could be taken into account when looking at the debate on the political-economic ideology. From this point of view, neomercantilist practices can in general be characterised by increasing the deficit of the current account of third countries and thus contributes to their indebtedness (Björn; 1993). Consequently, such approach may significantly deteriorate the economic situation in these countries and therefore analysis of these implications

and their extent, as a result of the ideology pursued, would certainly be a valuable contribution to the academic debate as well.

Instead, this thesis takes into account merely the environment and circumstances within the EU and does not address developments outside of this realm. Nevertheless, even in this case, as the direction of the study emanates primarily from the Juncker plan (mainly its constellation and way of functioning), which is still only to be implemented, we cannot show with certainty whether also the effects it brings will be consistent with the ideology identified by this thesis. For this reason, there is still a lot of work to be done to show what the state of affairs will be after the Juncker plan is fully operationalised. This can provide answers to what the implications of this plan will be, especially when it comes to the EU economy and society. In this regard, a longer time lapse is needed to see what the future developments in the EU will be (and not only in terms of youth employment). Subsequently, this will help us to determine whether the new strategy is sufficient and adequate in coping with problems and issues that occurred before the introduction of the Juncker plan or whether yet a new ideological approach would be required to address the still persistent problems.

Conclusion

The presented master's thesis provided an insight into the ideological concept characterising EU's investment strategy aimed at reducing youth unemployment. Therefore, as implied, the main variables were the "EU-led" investments, on the one hand side, and youth (un)employment, on the other. The research was carried out due to the fact that ideology as such to a large extent impacts developments within a system it contributes to create. Consequently, the ultimate state of affairs is, in principle, merely a result of a theoretical paradigm pursued, reflecting all its benefits as well as deficiencies (Keynes; 1936).

Bearing this in mind, this study gave answers to two questions. Firstly, it revealed that the logic the EU follows denotes a mixture of neoliberal and (modern) Keynesian theory. In this regard, although there is a clear prevalence of neoliberal elements encouraging the free market concept, Keynesianism plays an important role in the EU context as well. This is given by the fact that public interventions seek to establish the market failure correction mechanisms and thus reduce barriers that may occur on the market. Secondly, the thesis also shows that despite the global financial crisis, the currently followed ideology remains virtually intact. What is more, it even deepens and strengthens the tendencies it showed in the pre-crisis period.

From this point of view, the research, by analysing the logic behind the ESF, EIB and the Juncker plan (applying the method of a comparative case study analysis), contributes to the academic debate on the potential transformation of the political-economic ideology in the EU after 2008 and supports the group of authors claiming that the existing paradigm followed is not likely to be changed. However, one question still remains to be answered and therefore further research is needed to be conducted. This is given by the fact that the Juncker plan, which has still not been placed into effect, cannot be regarded as a guarantee of an economic recovery and employment creation. Since the actual impact of the plan is only to be revealed in due course, we cannot conclude whether it will be able to bring a positive change to the present economic and social state of affairs. Thus, future research of this area may help us to determine whether the new strategy is well equipped for coping with issues that occurred before the introduction of the Juncker plan or whether yet a new ideological approach would be required to address the still persistent problems. In other words, calls for a change of the ideology may increase again, creating an even greater pressure on an adoption of an alternative political-economic concept.

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