

# Youth employment in crisis: Questions and answers on the situation of youth on the labour market

Young people have been disproportionately affected by the global crisis that broke out in the autumn of 2008. This trend has exacerbated earlier challenges and there is concern that unless action is taken, the situation of youth will become unsustainable, putting social cohesion at threat. Interview with Raymond Torres, Director of the International Institute for Labour Studies and Steven Tobin, ILO economist, co-authors of a new report entitled 'Youth employment in crisis'.

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## How have young people fared since the start of the crisis?

Since the start of the crisis, the youth unemployment rate has risen over 7 percentage points – the sharpest two year increase on record – and now exceeds 21 per cent on average in the countries for which data are available. In total, young persons – or those aged 15 to 24 – account for over 22 per cent of the increase in the number of unemployed since the beginning of 2007 and is now nearly three times the average level among adults aged 25 and over.

With labour market conditions continuing to worsen, long-term unemployment among youth has already begun to rise in almost all countries, notably in Spain and the United States.

The impact of long-term unemployment on youth can be devastating and long-lasting. Young people, who lack general or vocational education and work experience, are especially vulnerable to the crisis.

Many young people who are employed are “overqualified” for the job they perform. A sense of discouragement and precariousness is spreading fast.

## Why is it so important to address youth employment specifically?

The longer young persons remain out of touch with the labour market, the more difficult – and costly – it is to return to productive employment. There are also a number of important social implications related to exclusion, including susceptibility to anti-social behaviour, including juvenile delinquency, and social unrest.

Already before the crisis, youth unemployment was higher than adult unemployment. And many well-educated young persons who did have a job, especially young women, were engaged in relatively unskilled or informal

occupations, entailing a major waste of human resources, as well considerable frustration among young people and their families.

Moreover, as the outlook for jobs worsens, many young people might see little benefit of furthering education or training, which would have considerable negative socio-economic consequences over the medium-term.

### **Have countries adopted targeted measures to support youth employment?**

As part of crisis responses, many countries have adopted a wide range of measures in support of youth. They include:

- Promoting education and training and avoiding early school drop-outs;
- Job search support, activation programmes and employment subsidies targeted at young jobseekers;
- Entrepreneurship assistance;
- Special programmes for young people who are neither in education nor in the labour market (by far the most vulnerable group).

However, concerns over growing budget deficits are triggering discussions of whether the measures adopted, including those for youth, should be downsized or removed altogether. Such a cost-cutting approach would improve fiscal balances in the short term, but at the risk of perpetuating poor employment outcomes for youth in the longer term. Fiscal consolidation should therefore be carried out carefully, both in terms of pace and content of the measures.

### **How effective are these policy measures?**

As job creation remains weak, promoting longer stays in the education system reduce the number of entrants into the labour market (therefore to some extent containing unemployment), while at the same time enhancing the knowledge and skills of young people, which could bolster labour market outcomes and productivity in the near term.

However such efforts, if successful, will only postpone entry into the labour market and without complementary measures to support overall youth employment, new labour market entrants will be at risk of rapidly joining the ranks of the growing number of discouraged and underemployed youth.

By making active support available to young persons without much work experience, policy-makers can reduce the risk of social exclusion. To be effective, these programmes require strong institutional capacity, in the form of efficient public employment services, training or early detection of particular employment disadvantages.

More fundamentally, youth programmes will only work if, first, there is sufficient job creation in general and, second, the jobs are of sufficient quality – there are indeed limited career prospects for youth employed on precarious jobs. This is why implementing the Global Jobs Pact is so important.

**In this context, what are the ILO recommendations?**

A coherent strategy combining supportive macroeconomic policies, strengthened school-to-work transitions and well-designed support to the unemployed or at-risk of exclusion, is needed. This is feasible: some countries like Germany and Brazil do much better than others.

Even before the crisis, the situation with regard to youth employment was unsatisfactory in most countries. Consequently, the crisis should be seen as an opportunity to solve long-standing youth employment problems and to develop youth employment strategies that take into account all the dimensions of decent work, and not just youth employment in quantitative terms.

This, of course, has budgetary implications in the short term. However, recent analysis suggests that it is possible to support employment while at the same time meeting fiscal – and social – goals over the long term.

The social partners must be key actors in addressing the challenges facing young people and creating a sustainable environment where youth can harness their potential and long-run development for individual well-being and for the better of society.