

## The world economic crisis and the record increase in youth unemployment

*International Labour Office*

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Across the globe, the economic crisis has had a dramatic

ic impact on young people's chances of finding a job. In 2009 global youth unemployment reached its highest level on record. Of some 620 million economically active youth aged 15 to 24 years, 81 million were unemployed at the end of 2009: 7.8 million more than in 2007.

Between 2007 and 2009 the youth unemployment rate increased from 11.9 percent to 13.0 percent. According to ILO's [Global Employment Trends for Youth, 2010](#), the global youth unemployment rate is expected to continue increasing through 2010 to 13.1 per cent, followed by a moderate decline to 12.7 per cent in 2011.

Despite this modest improvement, past trends show that there will be no quick fix. Unemployment rates for youth have proven to be more sensitive to the crisis than the rates for adults. The recovery of the job market for young men and women is likely to lag behind that of adults.

### A lost generation

High unemployment rates are only the tip of the iceberg. Unemployment, underemployment and discouragement can have a long-term

negative impact on young people, compromising their future employment prospects. As new entrants to the workforce join the ranks of the unemployed there is a real risk that the legacy of this crisis will be a 'lost generation' of young people who have dropped out of the labour market, having lost all hope of being able to work for a decent living.

A poor employment record in the early stages of a young person's working life can harm their job prospects for the rest of their working life. Not being



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able to find stable employment can create a sense of frustration among young people. A generation without hope for finding decent employment can be a trouble for families, economies and society at large.

In developed and some emerging economies, the impact of the crisis on youth is felt mainly in terms of rising unemployment and the social hazards associated with discouragement and prolonged inactivity. In developing economies, where 90 per cent of young people live, the crisis has affected them differently and unemployment rates do not describe the whole picture. In these countries youth are more vulnerable to underemployment and poverty. The impact of the crisis is felt more in shorter hours and reduced wages for the few who maintain wage and salaried employment, and in rising vulnerable employment in an 'increasingly crowded' informal economy. ([Note 1](#))

## Working but still poor

Young people are disproportionately affected by poverty in comparison to adults. Not only are they prone to working longer hours under informal, intermittent and insecure work arrangements, the lack of decent work exposes them to high levels of economic uncertainty.

The ILO estimates that in 2008 152 million young people, or about 28 percent of all the young workers in the world, worked but lived in extreme poverty surviving on less than US\$1.25 per person per day.

"In developing countries, crisis pervades the daily life of the poor" said

ILO Director-General Juan Somavia. "The effects of the economic and financial crisis threaten to exacerbate the pre-existing decent work deficits among youth. The result is that the number of young people stuck in working poverty grows and the cycle of working poverty persists through at least another generation."

## The way forward



Creating jobs for the millions of young women and

men entering the labour market is a critical component in the path towards wealthier economies, fairer societies and stronger democracies. But it is not just the number of jobs that matters. Decent work is the best way young people can realize their aspirations, improve their living conditions and actively participate in society.

There is no one-size-fits-all solution to creating jobs for young people. Policy responses depend on national circumstances and should be part of an integrated framework that promotes economic development and employment growth. And as young people have different experiences and different needs, policies should be combined with targeted programmes that address the specific labour market disadvantages faced by them.

The best path into the labour market is good basic education, vocational training or higher education and initial

work experience. Policies and national programmes that provide incentives to enterprises to hire young people, promote youth entrepreneurship and facilitate access to finance and to other targeted active labour market measures can help countries to improve work prospects for young people.

"Young people are the drivers of economic development," Mr. Somavia said. "Foregoing this potential is an economic waste and can undermine social stability. The crisis is an opportunity to re-assess strategies for addressing the serious disadvantages that young people face as they enter the labour market. It is important to focus on comprehensive and integrated strategies that combine education and training policies with targeted employment policies for youth."

### **Key facts on labour market trends for young people**

#### **Global trends:**

- Between 2007 and 2009, youth unemployment increased by 7.8 million (1.1 million in 2007/08 and 6.7 million in 2008/09). In comparison, over the course of the ten-year period prior to the current crisis (1996/97 to 2006/07), the number of unemployed youth increased, on average, by 191,000 per year.
- Between 2008 and 2009, the number of unemployed youth increased by 9.0 per cent, compared to a 14.6 per cent increase in the number of unemployed adults. In terms of unemployment rates, however, the impact on youth

has proven to be greater than that of adults. The youth rate increased by 1.0 percentage point compared to 0.5 points for the adult rate over 2008/09.

- In 2008 young people accounted for 24 per cent of the world's working poor, versus 18.1 per cent of total global employment.
- Young women have more difficulty than young men in finding work. The female youth unemployment rate in 2009 stood at 13.2 per cent compared to the male rate of 12.9 per cent (a gap of 0.3 percentage point, the same gender gap seen in 2007).
- The projections show a longer expected recovery for youth compared to adults. Youth unemployment numbers and rates are expected to decline only in 2011. The ILO forecasts a continued increase in global youth unemployment to an all-time high of 81.2 million and a rate of 13.1 per cent in 2010. In the following year, the number of unemployed youth is projected to decline to 78.5 million with a 12.7 per cent rate. Meanwhile, the adult rate is expected to peak in 2009 at 4.9 per cent and then decline by 0.1 percentage points in both 2010 and 2011 (to 4.8 and 4.7 per cent, respectively).

#### **Regional trends:**

- Youth unemployment rates increased by 4.6 percentage points in

Developed Economies & the European Union between 2008 and 2009 and by 3.5 points in Central & South-Eastern Europe (non-EU) & CIS. These are the largest annual increases in youth unemployment rates ever recorded in any region. The youth unemployment rate of 17.7 per cent in 2009 in the Developed Economies & European Union is the highest the region has seen since regional estimates have been available (since 1991).

- In most regions, young women continued to be the hardest hit by unemployment. Only in the Developed Economies & European Union were young males harder hit; the increase in the male youth unemployment rate between 2007 and 2009 was 6.8 percentage points compared to 3.9 points for young women.

- In some countries, including Spain and the United Kingdom, there was an increase in inactivity among youth in the crisis years. This implies an increase in discouragement, whereby growing unemployment has led some young people to give up the job search.

- In developing economies, the crisis adds to the ranks of vulnerable employment and informal sector employment. There is supporting evidence of such an increase in Latin America where between 2008 and 2009 the number of own-account workers increased by 1.7 per cent and

the number of contributing family workers by 3.8 per cent. The region also experienced an increase in the share of teenagers engaged in informal sector employment during the crisis.

- For almost all regions, slight improvements are forecast as compared with the peak unemployment years (2010 in most cases). Only in the Middle East and North Africa are youth unemployment rates expected to continue on an upward path in 2011. The largest decrease (1 percentage point) in youth unemployment rates is expected for Central & South-Eastern Europe (non-EU) & CIS. The projected 2011 rate in the Developed Economies & European Union would represent a 0.9 percentage point decrease from the previous year. However, the projected rate of 18.2 per cent would still be higher than was ever seen in the pre-crisis period (1991-2007).

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**Note 1** - See also: Fougère, D; Kramarz, F; Pouget, J. 2006. [Youth unemployment and crime in France \[pdf 293 KB\]](#) (Bonn, Institute for the Study of Labor) ; Sarikakis, G; Spengler, H. 2009. [Crime, Deterrence and Unemployment in Greece: A Panel Data Approach \[pdf 206 KB\]](#) (Berlin, Deutsches Institut für Wirtschaftsforschung) ; Mcdonal, Z; Pudney, S. 2000. "The wages of sin? illegal drug use and the labour market", in *Labour*, Vol 14, No. 4 ; Gregg, P; Tominey, E. 2005. "The wage scar from male youth unemployment", in *Labour economics*, Vol. 12, No. 4, pp. 487-509 ; Ellwood, D.T. 1985. "Teenage Unemployment:

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## References

ILO. 2010. [Global Employment Trends for Youth - August 2010 \(pdf 3.22 MB\)](#) (Geneva)

## Further resources

### ILO Publications

Ha, Byung-jin et al. 2010. [Youth Employment in Crisis \(pdf 764 KB\)](#), Discussion Paper 201/2010. (Geneva, ILO).

ILO. 2010. [Characterizing the school-to-work transitions of young men and women: Evidence from the ILO School-to-work transition surveys \(pdf 1.6 MB\)](#) (Geneva).

ILO. 2010. [Fact sheet on Youth Employment, 2010 \(pdf 343 KB\)](#) (Geneva).

ILO. 2010. [Global Employment Trends \(January 2010\) \(pdf 11.6 MB\)](#) (Geneva).

[Employment Policy \(Supplementary Provisions\) Recommendation, 1984 \(No. R169\)](#)  
• [Français](#) • [Español](#)

[Human Resources Development Convention, 1975 \(No. C142\)](#)  
• [Français](#) • [Español](#)

[Human Resources Development Recommendation, 2004 \(No. R195\)](#)  
• [Français](#) • [Español](#)

[Minimum Wage Fixing Convention, 1970 \(No. C131\)](#)  
• [Français](#) • [Español](#)

[Minimum Wage Fixing Recommendation, 1970 \(No. R135\)](#)  
• [Français](#) • [Español](#)

[Resolution Concerning Youth Employment \(pdf 108 KB\)](#), International Labour Conference, 93rd session, Geneva, 2005.

### ILO Videos

- [Highest Youth Unemployment Ever: An Interview with ILO Economist Sara Elder - !\[\]\(ed3513375e5dc0b9e8a0af4e4f96cfb3\_img.jpg\)](#)
- [Jobs in times of crisis: Plight of young people \(Slideshow\) - !\[\]\(97757af8270ee96085cf451e97be1ee6\_img.jpg\)](#)

### ILO Websites

- [Global Job Crisis Observatory: Employment promotion](#)
- [Global Job Crisis Observatory: Youth employment](#)
- [Resource Guide on Youth Employment](#)
- [Skills and Employability Department \(EMP/SKILLS\)](#)
- [Youth Employment](#)
- [Youth employment in crisis: Questions and answers on the situation of youth on the labour market](#)