

9th European Regional Meeting

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Jobs, growth and social justice



International
Labour
Organization

Background paper for the Informal Labour Ministerial Meeting: “Youth Employment in the Crisis”

This meeting¹ provides an opportunity to discuss policy approaches and experiences in tackling the youth employment crisis, also in the light of the resolution adopted at last year’s International Labour Conference (ILC) “The youth employment crisis: A call for action” and its follow-up actions as endorsed by the ILO Governing Body at its session in November 2012.

High unemployment and low job quality

While the difficult jobs situation of young people is not a new phenomenon at European or at global level, the European crisis has resulted in historically high levels of unemployment. The youth unemployment rate is twice that of adults in low, middle and high-income countries across the European and Central Asian region and in some Southern European countries, this figure has climbed to more than one in two (Greece, Spain and the Former Yugoslav Republic of Macedonia). On top of that, long-term unemployment of youth is rising. In the EU, where the youth unemployment rate stood at 23.7 per cent in November 2012 and comprised 5.8 million young persons, one third had been out of work for more than 12 months.

Furthermore youth unemployment is only the tip of the iceberg as large numbers of young workers suffer disproportionately from decent work deficits. The deterioration of the quality of jobs available to youth is reflected in an increase in atypical forms of employment such as involuntary temporary and part-time employment as well as informal employment. Youth, who often have no other choice but to accept these non-standard forms of employment, suffer from lower wages, reduced access to on-the-job-training and inadequate or in-existent social security coverage and collective bargaining. The crisis has also led to an increase in the number of discouraged youth across the region and a growing detachment from the labour market. In 2011, in the EU 7.5 million young people (i.e. 12.9 per cent of youth) were neither in employment, education nor training (so-called NEETs).

Risks and threats for social cohesion

Young people have borne the brunt of the crisis and there is a real risk of a lost generation, a cohort of disaffected people forced to live on the margins of the labour market. This raises the issue of the costs of youth unemployment both for young people and societies as a whole. Youth unemployment at its unprecedented high levels also threatens social cohesion. At an individual level, joblessness at an early stage of the work-life and concentration in unstable and low paid jobs carries the risk of a ‘scarring effect’ since it can negatively affect long-term earnings prospects and job opportunities. On top of that, there are negative long-term impacts on the financial sustainability of pension systems from a lower level of contributions, which in turn will contribute to increased old age poverty. Taken altogether, these developments put the European Social Model at high risk.

Ways out: suggestions from the ILO and EC

Over the past few years, there has been an increasing commitment by countries to placing youth employment on national and international policy agendas. A growing number of governments have made youth employment a crosscutting theme of their national employment policies or have developed national action plans and strategies on youth employment. At the EU level, youth employment has emerged as an area of prioritized policy action and has become an integral part of the Europe 2020 Strategy. In December 2012, the European Commission adopted a four-pillar youth employment package that aims to smooth the transition from school to work through youth guarantee schemes, ensure that traineeships offer high-quality work experience, improve the quality and supply of apprenticeships, and promote intra EU-mobility of youth.

In response to the unprecedented youth employment crisis, in June 2012 the International Labour Conference adopted a resolution “The youth employment crisis: A call for action”. The resolution affirms that generating jobs for young people is of the highest global priority and underscores the need for a multi-pronged approach geared to

¹ To ensure an interactive discussion, participants are kindly requested to make interventions for not longer than 4 to 5 minutes. Please note that Ministers or Heads of delegation may be accompanied by one adviser.

pro-employment growth and decent job creation. It provides guidance on five policy areas: i) employment and job-friendly macroeconomic policies to increase aggregate demand and improve access to finance; ii) education and training to ease the school-to-work transition, iii) labour market policies to target employment of disadvantaged youth; iv) entrepreneurship and self-employment to assist young aspiring entrepreneurs; and v) labour rights to ensure that young people receive equal treatment and are afforded rights at work. The follow-up plan adopted by the ILO Governing Body at its 316th Session in November 2012 anticipates technical and policy advisory support to ILO constituents, aims to strengthen ILO capacity for knowledge development and dissemination and underlines the ILO's leadership role in promoting partnerships and advocacy for decent work for youth.

Boosting the supply and the demand side

Ensuring a relevant and balanced policy mix aiming at both the supply and the demand side is crucial for tackling the youth employment crisis. While effective Public Employment Services, skills development and the right skills match with labour market needs are essential on the supply side, emphasis needs also to be put on the demand side through job-friendly macroeconomic policies that provide the fiscal space for investment in both active labour market policies and a conducive environment for small and medium-sized enterprises (SMEs). Making public investments in youth guarantee and incentive schemes for public and private employers to recruit young workers also needs to be considered in this context. This raises the issue of generating the fiscal space needed to invest in youth employment.

Participants may wish to discuss the following questions:

- How should the design and implementation of a balanced and multi-pronged approach as proposed in the 2012 ILC Call for Action be integrated into national or European agendas on youth employment? What assistance could the ILO provide in that respect?
- Is inter-ministerial collaboration adequate with regard to the design and implementation of national youth employment plans? What measures can be taken with a view to identifying and generating adequate fiscal space for investing in and boosting youth employment?
- What are the lessons from the most successful school-to-work transition and activation interventions, including technical and vocational education and training, dual apprenticeships and youth guarantee schemes? How can good practices from one country be adapted and transferred to others? Could the adoption of an international labour standard assist in bringing about their broader implementation?
- How can the design, targeting and institutional delivery mechanisms of such schemes enable a more effective outreach to disadvantaged and discouraged youth?
- How can funding facilities including the European Social Fund be used to promote youth employment?
- Can national and regional partnerships for decent work for youth be strengthened?
- What mechanisms should be put in place to foster the exchange of knowledge and experience on youth employment trends, policies, programmes and good practices? What role should the ILO play in this respect?