



Youth employment in crisis

**A background paper for the Informal Meeting of Ministers of
Labour and Social Affairs during the 99th Session of the
International Labour Conference**

Geneva, 15 June 2010

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Youth employment in crisis ¹

Introduction

Young men and women have been disproportionately affected by the global crisis that erupted in the autumn of 2008. Indeed, youth unemployment increased significantly in the wake of the crisis. And job creation in countries where an economic rebound is taking place is too weak to curtail further increases in unemployment among relatively inexperienced workers, such as recent school leavers.

These trends have exacerbated earlier challenges. Before the crisis, youth unemployment was much 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 as considerable frustration among young people and their families. As job prospects remain weak, many young people might see little benefit of furthering education or training which would have negative socio-economic consequences. In addition, the lack of decent work opportunities in developing countries had led to significant emigration by many skilled young people.

In view of the gravity of the situation, there is concern that, unless action is taken urgently, the situation of youth will become unsustainable, representing a threat to social cohesion. Moreover, young people represent a valuable resource to the economy, businesses and society. This is why promoting more and better jobs for youth is one of the key dimensions of the Global Jobs Pact and has also been highlighted in the recent G20 Communiqué from Labour and Employment Ministers. ²

The purposes of the present paper are to: (i) shed light on the key labour market challenges facing youth in the context of the global crisis (section A); (ii) review measures and special programmes that have been developed by countries since the start of the crisis in support of youth employment (section B); and (iii) discuss key policy issues and dilemmas for improving the situation of youth in the labour market in a sustainable manner (section C). In general, for the purposes of this paper, young persons are those aged 15–24 (unless otherwise indicated), as is the case in labour force surveys. ³

A. How have young people fared since the start of the crisis?

Since the start of the crisis, the average youth unemployment rate has increased by 7 percentage points, the largest two-year increase on record ...

The world economy has rebounded and is expected to grow by just over 4 per cent in 2010 (IMF, *World Economic Outlook*, April 2010). Yet, in many countries, the employment recovery – if any – is very fragile and is occurring with a long lag in relation to economic recovery.

¹ Paper prepared by the ILO International Institute for Labour Studies (IILS) for the Informal Meeting of Ministers of Labour and Social Affairs during the 99th Session of the International Labour Conference in June 2010.

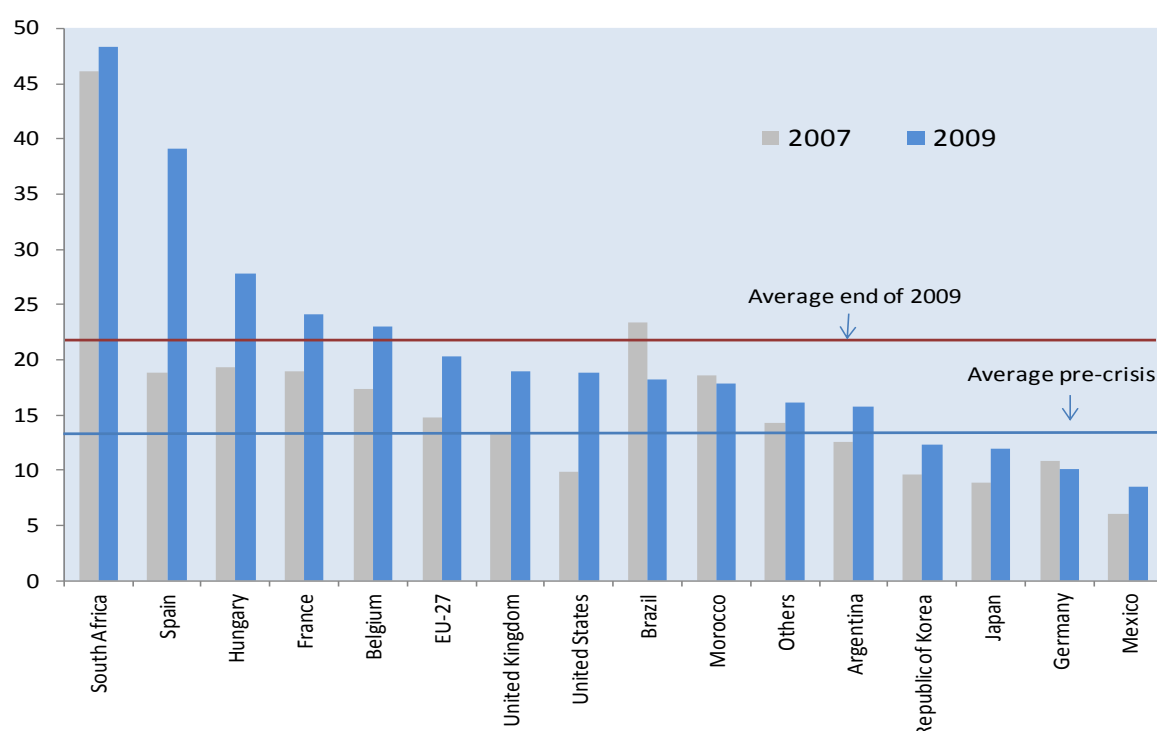
² See www.dol.gov/ilab/media/events/G20_ministersmeeting/results.htm.

³ The countries selected are those represented in the Informal Meeting of Ministers, as well as other countries with relevant up to date information on youth employment since the start of the crisis.

Young people are disproportionately affected by this situation. This is because they are entering the labour market at a time of limited job creation. Employed young persons are also often engaged in precarious jobs, and are therefore more vulnerable to job losses than their adult counterparts.

These dynamics, combined with the severity of the crisis, have led to a marked deterioration in the position of young people on the labour market. The youth unemployment rate exceeds 21 per cent on average in the countries for which data are available (figure 1). This is about 7 percentage points higher than in 2007, the sharpest two-year increase since such statistics have been available.

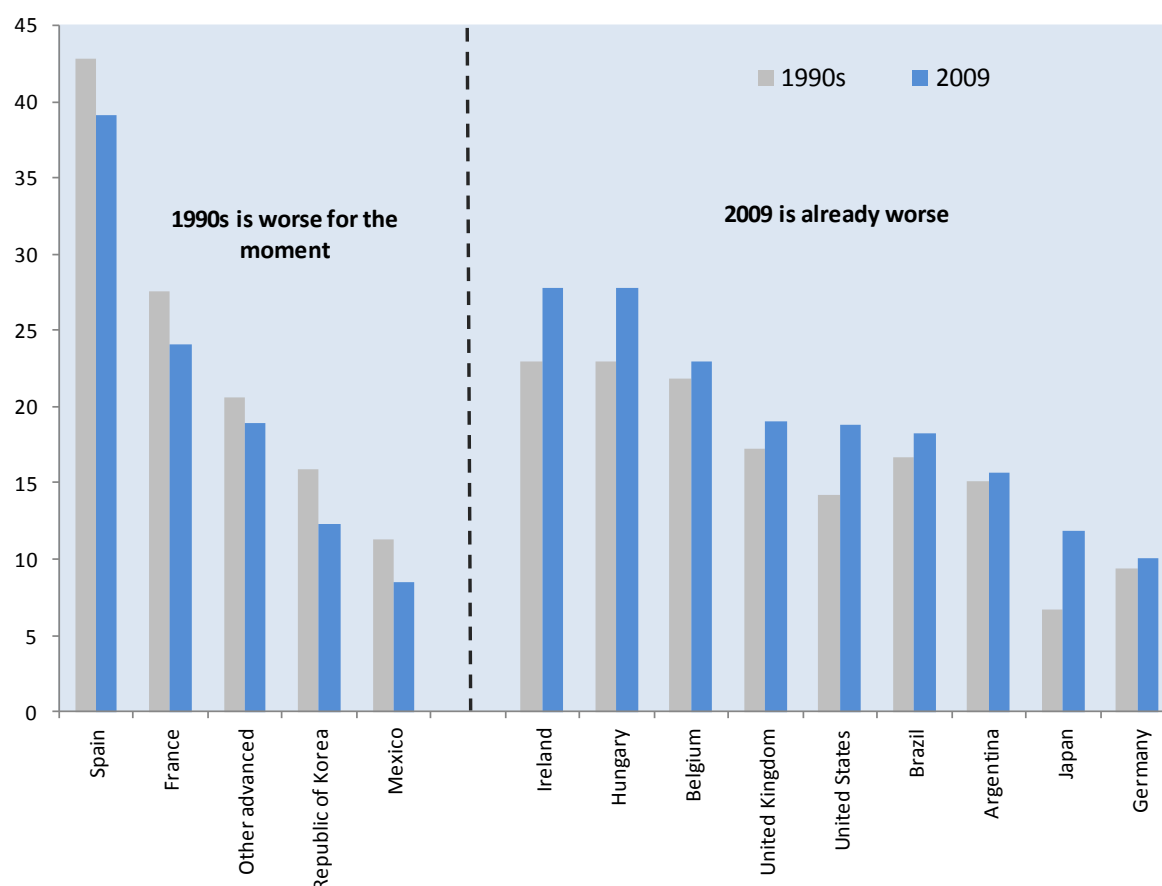
Figure 1. Youth unemployment rates



Note: "Others" refers to the average youth unemployment rate in Australia, Canada and Indonesia. Data for 2007 refer to the fourth quarter, except for Australia, Brazil, Canada, Japan and the United States (March 2007), Indonesia (first half of 2008) and South Africa (first quarter of 2008). For 2009, data refer to the fourth quarter, except for Australia, Brazil, Canada, Japan and the United States (March 2010), Indonesia (first half of 2009) and Republic of Korea (first quarter of 2010). Data for Argentina refer to the total of the 31 large urban areas and for Brazil to the six largest metropolitan areas. Data for Argentina and Mexico refer to persons aged 14–29 and for the United States to persons aged 16–24.

Source: ILS estimates based on national statistics, European Union Labour Force Surveys (EULFS) and ILO Global Job Crisis Observatory.

The result is that in over half of the countries for which information is available, youth unemployment rates have already surpassed the peak rates during the downturn in the 1990s (figure 2). Even in the case of countries where the rates remain lower for the moment than those in the 1990s, it is important to bear in mind that, during the recession in the 1990s, which was less severe than the current one, youth unemployment rates on average rose for nearly five years. If past experience is any indicator, the upward trend in youth unemployment is therefore likely to continue in the near term.

Figure 2. Youth unemployment rates in 2009 and the recession of the early 1990s

Note: Data for "Other advanced" refer to the average youth unemployment rate of selected countries (Australia, Canada, Denmark, Finland, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal and Sweden). Figures for the 1990s refer to the highest unemployment rate experienced among youth during that decade. For 2009, data refer to the fourth quarter, except for Australia, Brazil, Canada, Japan and the United States (March 2010) and the Republic of Korea (first quarter of 2010). Data for Argentina refer to the total of the 31 large urban areas and for Brazil to the six largest metropolitan areas. Data for Argentina and Mexico refer to persons aged 14–29 and for the United States to persons aged 16–24.

Source: ILS estimates based on national statistics, OECD Labour Force Surveys and EULFS.

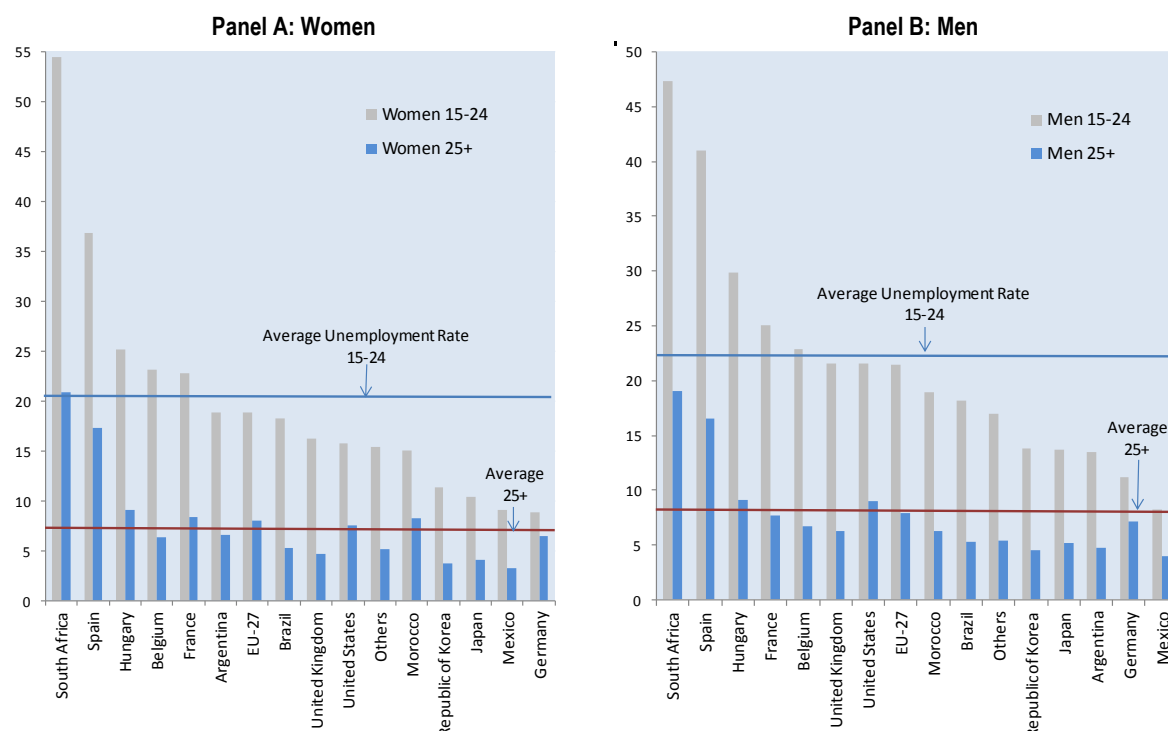
... so the youth unemployment rate is now three times higher than the adult rate ...

In nearly all countries, the increase in youth unemployment has outpaced that of adults. In total, young persons account for over 22 per cent of the increase in the number of unemployed since the beginning of 2007. As a result, youth unemployment is now nearly three times the average level among adults aged 25 and over (figure 3).

A few countries have been able to keep youth unemployment rates for women below double digit figures, including Japan, Germany and Mexico, but even in these countries unemployment rates for young women are on average nearly 2.5 times higher than those of their adult counterparts. However, only in Mexico (among the group of countries presented) are unemployment rates for young men below 10 per cent.⁴

⁴ In Austria and the Netherlands, unemployment rates for both young men and women are also below 10 per cent.

Figure 3. Unemployment rates among youth (15–24) and adults (25+) (fourth quarter of 2009)



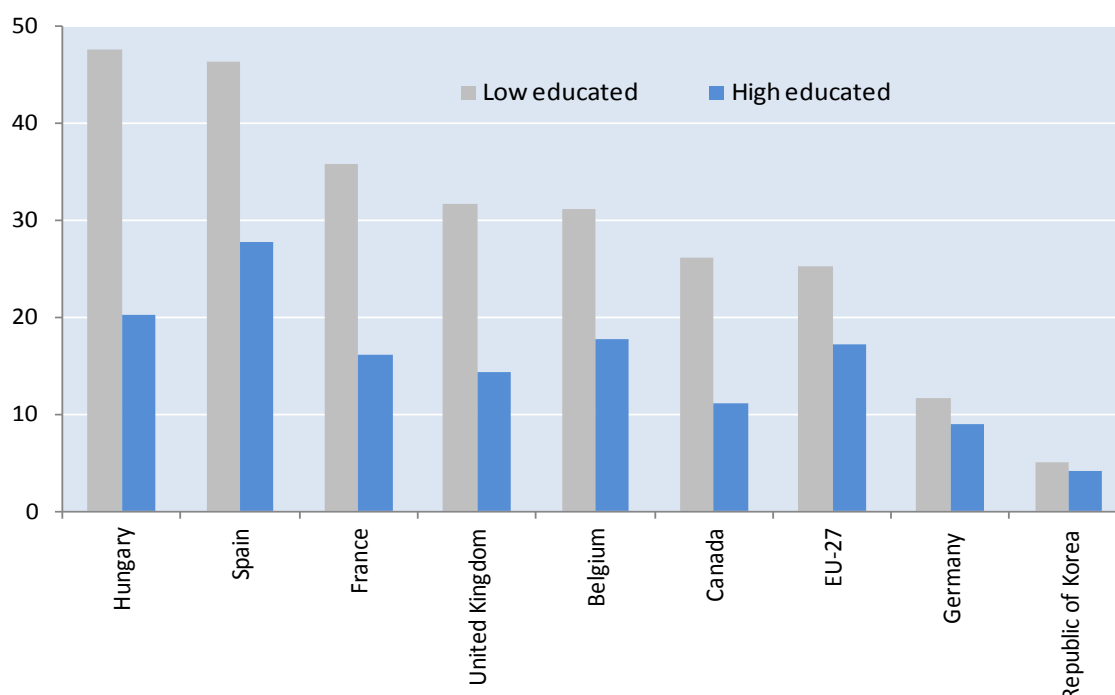
Note: "Other" refers to the average unemployment rate in Australia, Canada and Indonesia. Data refer to the fourth quarter of 2009, except for Australia, Brazil, Canada, Japan and the United States (March 2010), Indonesia (first half of 2009) and Republic of Korea (first quarter of 2010). Data for Argentina refer to the total of the 31 large urban areas and for Brazil to the six largest metropolitan areas. Data for Argentina and Mexico refer to persons aged 14–29 and for the United States to persons aged 16–24. Data for adults for Argentina and Mexico refer to persons aged 30–64 and 30 or above, respectively. For Brazil, unemployment rates by age and gender were not available and thus both Panels A and B refer to the gap between the youth and adult rates for men and women combined, and should not therefore be directly compared with other countries.

Source: ILS estimates based on national statistics, EULFS and ILO Global Job Crisis Observatory.

... and disproportionately affects low-educated youth

Young people who lack general or vocational education are especially vulnerable to the crisis. They experience more severe scarring effects from periods of unemployment and are more likely to be unemployed in the long term.⁵ Upper secondary education is considered a key requirement for successful labour market entry and for further participation in lifelong learning. The available data suggest a significant difference in unemployment rates by education level (figure 4).

⁵ Unemployed youth with secondary education are four times more likely to participate in training than those with only primary education (Godfrey, 2003).

Figure 4. Youth unemployment rates by education level, 2009

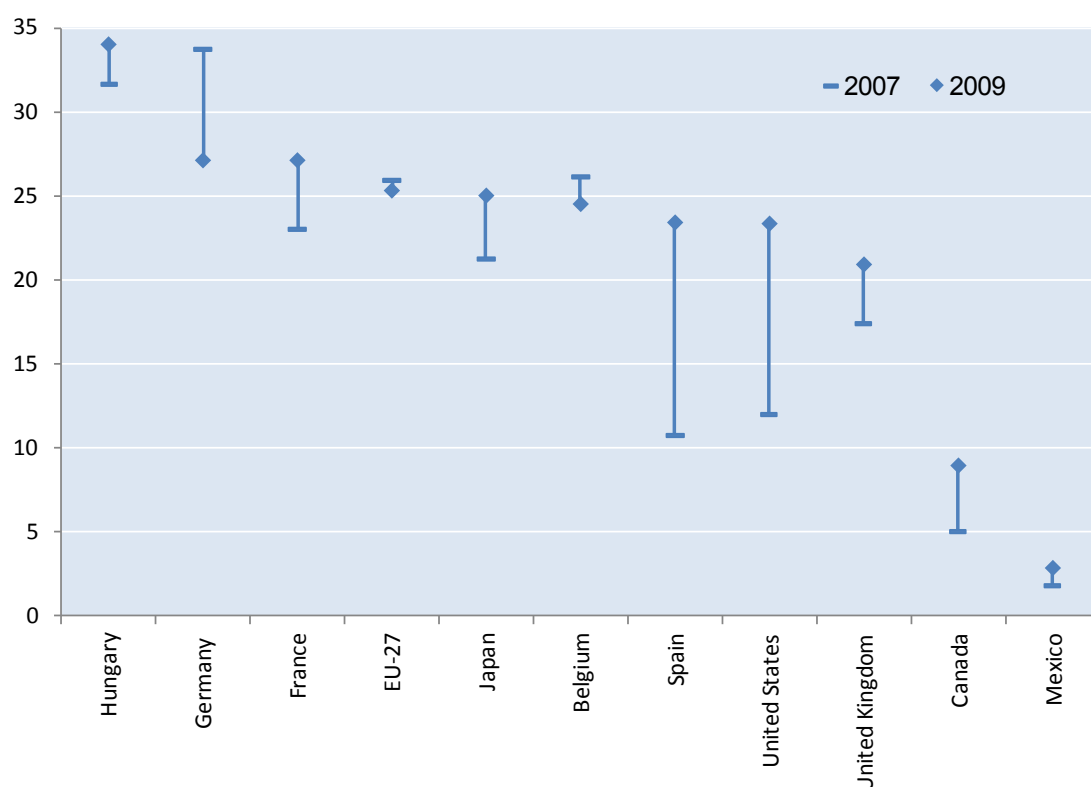
Note: For European countries and the Republic of Korea, "Low educated" refers to the unemployed among young persons with lower secondary education or less, and "High educated" to those with tertiary education or above ("High educated" for Germany refers to upper secondary and post-secondary education). "Low educated" in Canada refers to less than high school and "High educated" to some post-secondary or higher education. Data refer to the fourth quarter of 2009, except for Canada (unadjusted, March 2010) and the Republic of Korea (first quarter of 2010).

Source: ILS estimates based on national statistics and EULFS.

Developments indicate, firstly, growing long-term unemployment among youth...

Recovery from past crises was often characterized by a high incidence of long-term unemployment, even as the unemployment rate began to fall. For youth, however, long-term unemployment has already begun an upward trend. In countries for which data are available, long-term unemployment as a share of total unemployment among youth has already begun to rise in all but a few countries (figure 5). The increases have been particularly notable in Spain and the United States.

Figure 5. Incidence of long-term unemployment among youth



Note: Long-term unemployment is defined as unemployment of 52 weeks or more for European countries and Japan and 27 weeks or more for Canada, Mexico and the United States. The figures are thus not comparable across countries. Data refer to the fourth quarter of 2007 and 2009, respectively, except for Canada and the United States (March 2007 and March 2009) and Japan (2007 annual average and fourth quarter of 2009). Data for Mexico and the United States refer to persons aged 14–29 and 16–24, respectively.

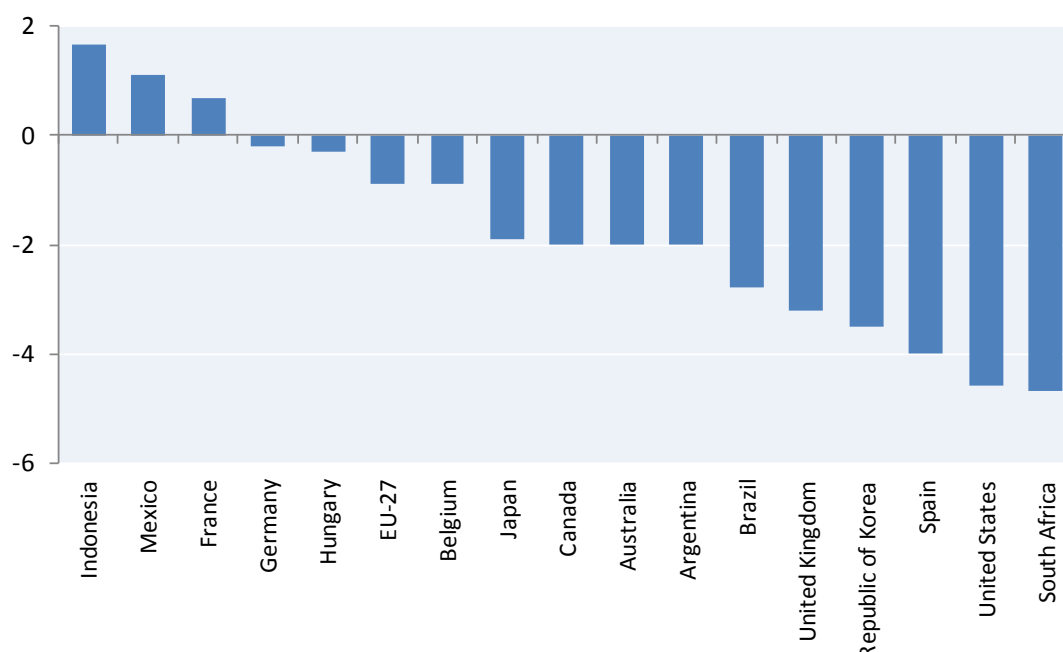
Source: ILS estimates based on national statistics and EULFS.

The challenge of finding a job is also exacerbated by changing migration patterns, with particular reference to return migration and increased restrictions on emigration. Some migrant workers who have lost their jobs as a result of the crisis have decided to return to their country of origin, a process that has been facilitated by a number of voluntary return programmes implemented to ease labour market challenges in destination countries such as Japan and Spain (Awad, 2009; ILO, 2010a). In other cases, such as in the United Kingdom and the United States, measures have been introduced to restrict immigration. The result is that young people in many emerging and developing countries are facing the double challenge of increased competition for fewer jobs due to return migration and reduced emigration.

... and, second, a rising incidence of young people who are neither in education nor in the labour market ...

As young people become discouraged with their employment prospects and long-term unemployment rises, the likelihood increases that they will leave the labour market completely. This has started to happen. Since 2007, over half of the countries for which data are available have witnessed a decline in youth participation rates (figure 6).

Figure 6. Participation rates among youth
(percentage point change between 2007 and 2009)



Note: Data refer to the difference between the fourth quarter of 2007 and the fourth quarter of 2009, except for Australia, Brazil, Canada, Japan (March 2007 and March 2010), Indonesia (first half of 2008 and first half of 2009) and the Republic of Korea (first quarter of 2010). Data for Argentina refer to the total of the 31 large urban areas and for Brazil to the six largest metropolitan areas. Data for Argentina and Mexico refer to persons aged 14–29 and for the United States to persons aged 16–24.

Source: ILS estimates based on national statistics and EULFS.

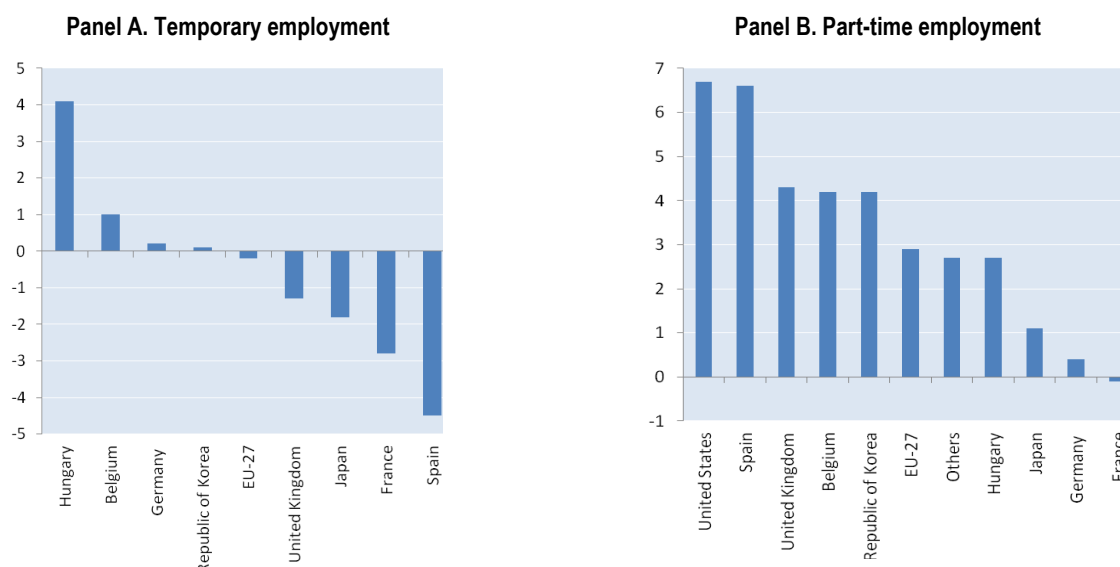
This could have pervasive effects over the medium term unless the decline in participation rates is matched by increased school enrolment. If not, there could be a negative impact on growth prospects as a result of reduced labour supply and increased future skill mismatches between the supply and demand for labour once economic activity picks up. In fact, disadvantaged youth discouraged by future employment prospects might see little benefit in furthering their education or training. There is therefore a risk of growing school failure. Such a scenario would also have important long-term negative consequences in terms of reduced individual earnings, in addition to the negative stigma associated with being inactive or detached from the labour market for an extended period. For example, in the United States the number of young persons discouraged by their job prospects rose by over 40 per cent in 2009. At the same time, many young people have been encouraged by governments not to enter a depressed labour market and instead to prolong their education and training (see section B).

... third, more precarious and informal jobs for employed youth ...

While more flexible working arrangements, such as temporary and part-time jobs can facilitate the entry of young people into the labour market, these arrangements may also lead to persistent job insecurity (ILO, 2008). The fact is that non-standard jobs pay less on average than standard jobs. Since the start of the crisis, the incidence of temporary and part-time employment among employed youth has tended to increase in the majority of countries for which data are available (figure 7). Even in the few countries where temporary and part-time employment have fallen as a share of total employment, this may simply reflect the fact that a majority of the jobs lost in these countries were among these categories of workers. This means that, if the recovery were

to weaken, the risk of future job losses has been disproportionately shifted to young persons, thereby exacerbating pre-crisis conditions.

Figure 7. Incidence of temporary and part-time employment among youth
(percentage point change between 2007 and 2009)

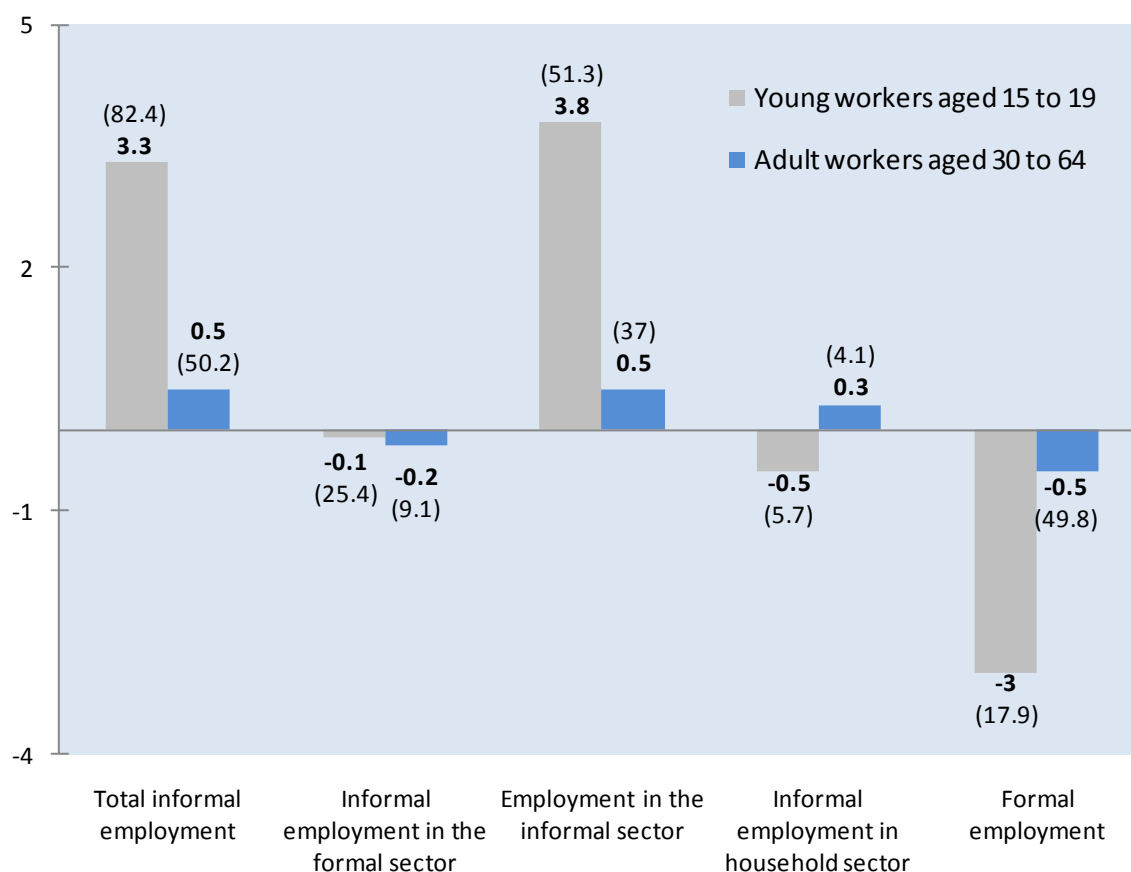


Note: "Others" refers to the average percentage point change in Australia and Canada. Data refer to the difference between the fourth quarter of 2007 and the fourth quarter of 2009, except for Australia, Canada and the United States (March 2007 and March 2010) and the Republic of Korea (August 2007 and August 2009). For Japan and the Republic of Korea, temporary employment includes temporary agency work and contract work. Data for the United States refer to persons aged 16–24.

Source: ILS estimates based on national statistics and EULFS.

In many emerging and developing countries, labour market adjustments during economic crises tend to be associated with increases in informal employment among youth. The available information for six Latin American countries (Colombia, Chile, Ecuador, Mexico, Panama and Peru) shows that, between 2008 and 2009, while formal employment among persons aged 15–19 fell by about 3 per cent, informal employment increased by 3.3 percentage points (figure 8). This is in stark contrast to adult employment (aged 30–64), for which formal job losses were substantially lower, and the increase in total informal employment (0.5 percentage points) was also much less. Moreover, evidence from previous crises shows that, once individuals move to the informal sector, it is difficult for them to return to regular employment (Betcherman and Islam, 2001).

Figure 8. Employment structure by age group
(percentage point change between the second quarter of 2008 and the second quarter of 2009 – Colombia, Chile, Ecuador, Mexico, Panama and Peru)



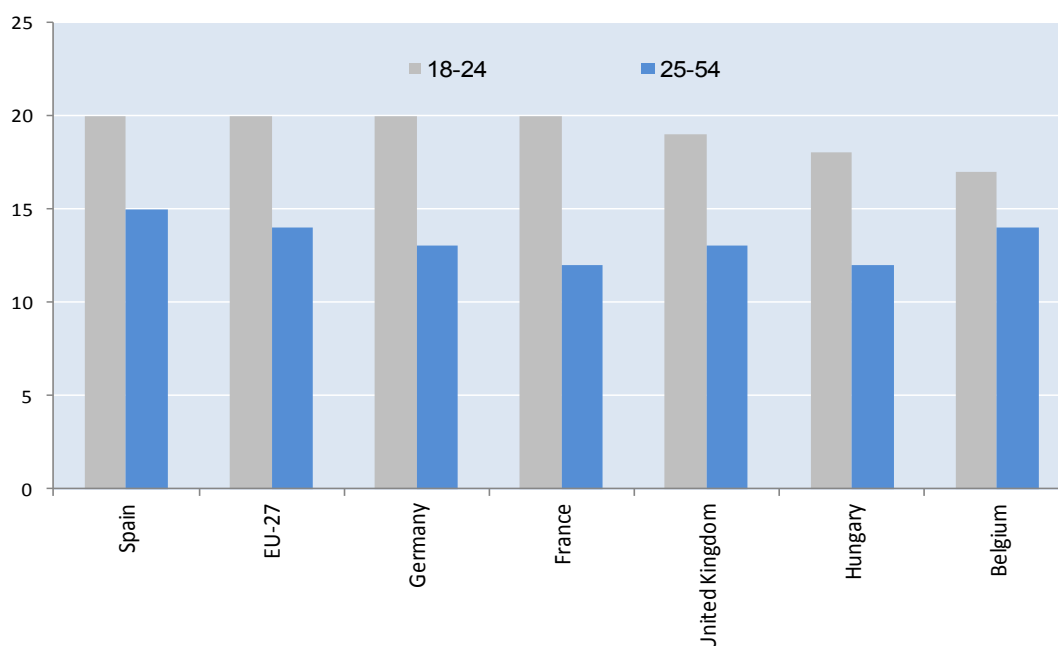
Note: Figures in parentheses show the share of each type of employment in total employment for the age group in the second quarter of 2009.

Source: ILO, 2009a.

... *entailing a risk of a rise in working poverty.*

The challenges confronting young men and women are daunting: massive and rising unemployment, a widening unemployment gap with adults and increased precariousness and discouragement. Moreover, the deteriorating labour market conditions may have aggravated youth poverty. Evidence for European Union countries suggests that young people face a much higher risk of poverty than their adult counterparts (figure 9).

Figure 9. Risk of poverty by age group, 2008



Note: The indicator is defined as the share of persons with disposable income below 60 per cent of national median disposable income (after social transfers).

Source: ILS estimates based on Eurostat.

B. How to promote youth employment prospects?

Youth employment will improve significantly only with broad-based employment recovery, thus requiring supportive overall macro settings ...

The global crisis has been especially severe and deep in certain countries, such as Hungary, Ireland and Spain, and the deterioration in youth employment has been worse there than elsewhere (table 1). However, in other countries, such as Brazil, France, Germany, Japan, Mexico, South Africa and the Republic of Korea, increases in youth unemployment were below the average increase in other countries, and the rise in youth unemployment compared to that of adults was also lower compared to the average for other countries. Nevertheless, it is important to bear in mind that the unemployment rates prior to the crisis were already quite high in some of these countries, such as South Africa.

More generally, these trends show that it will not be possible to improve youth employment prospects significantly in the absence of a global economic and labour market recovery. It is therefore crucial to move ahead with the implementation of the Global Jobs Pact.

Table 1. Increases in youth unemployment relative to average unemployment in selected countries

	Gap between youth and adults <i>declined</i> (in percentage points)	Gap between youth and adults <i>increased</i> (in percentage points)
Youth unemployment increased less than the average for other countries	Brazil, France, Germany, Japan, Mexico, South Africa and Republic of Korea	Belgium, Italy and Poland
Youth unemployment increased more than the average for other countries	United States	Estonia, Hungary, Latvia, Ireland and Spain

Source: ILS estimates based upon national statistics, EULFS and ILO Global Jobs Crisis Observatory.

... but specific policies directed at youth will help as well ...

As part of their stimulus efforts, many countries have introduced or expanded programmes for youth in an attempt to prolong the length of education, encourage labour market attachment and boost job quality (see table 2).

Table 2. Youth employment measures in response to the economic crisis

	Prolonging length of education	Addressing youth inactivity	Boosting job quality
Argentina		X	
Australia	X	X	X
Belgium		X	
Belize			X
Brazil	X		
Bulgaria		X	X
Canada	X		X
Chile			X
China			X
Colombia		X	
Costa Rica	X		X
Czech Republic		X	
Denmark	X	X	X
Dominican Republic			X
Egypt		X	
El Salvador	X		
France		X	X
Germany		X	
Grenada		X	
Greece		X	X
India		X	
Ireland		X	X
Italy			X
Japan		X	X
Jordan		X	

	Prolonging length of education	Addressing youth inactivity	Boosting job quality
Kenya		X	X
Republic of Korea		X	X
Lithuania		X	X
Malaysia		X	
Netherlands	X	X	
Nicaragua		X	
Pakistan		X	X
Philippines			X
Poland			X
Spain		X	X
United Kingdom	X	X	X
United States		X	X

Source: ILS based on national sources.

... including, first, prolonging stays in education of youth at risk ...

As job creation remains weak, a number of policies and programmes aimed at youth have promoted longer stays in the education system. Programmes of this nature 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. A number of countries have implemented programmes along these lines:

- ❑ *Australia* introduced a skill-first welfare policy in April 2009 requiring 15–20-year-olds to engage in education as a condition for income support.
- ❑ In 2009, *Brazil* extended its *Bolsa Familia* programme, which includes improved access to education and makes school attendance a condition for families to receive transfers (ILO, 2009b).
- ❑ In *Canada*, prior to the crisis (2006), the province of Ontario raised the compulsory age for leaving education by two years, from 16 to 18.
- ❑ In 2009, *Denmark* required all 15–17-year-olds to prepare an education plan in collaboration with their parents, school and guidance centres, including issues related to further education, training, employment, internship, stays abroad and volunteer work. If students do not follow their education plan, parents risk losing child benefits. Young people without qualifications take a reading and writing test when they register for unemployment insurance, and the public employment service provides literacy and numeracy courses for students who do not pass the test.
- ❑ *Indonesia* launched the “Hopeful Family Programme” (PKH) in January 2009, which encourages school enrolment by providing poor families with cash subsidies on condition that children complete school and attend at least 85 per cent of the school year (Leah and Urmilla, 2009).
- ❑ The *Netherlands* raised the school leaving age in 2007 and requires 18-year-olds who have not acquired a two-year diploma to follow a work-study programme.

- In the *United Kingdom*, the Government has enabled all secondary students (aged 16 and 17) to remain in the education system for an additional two years. The Government has allocated an additional £250 million from the 2009 budget to fund additional places in colleges. The Skills Bill has also been introduced, requiring young persons to participate in education or training until they are 18 years old, or until they have obtained an upper secondary qualification (OECD, 2009).

It is difficult to gauge the extent to which these programmes will be effective in reducing drop-out rates and encouraging young persons to seek further education or remain in school. In any case, it is important to bear in mind that such efforts, if successful, will only postpone entry into the labour market. Measures of this nature therefore have to play a supplementary role in supporting overall youth employment, particularly by addressing youth inactivity and boosting job quality. Without such supplementary measures, future new labour market entrants will be at risk of rapidly joining the ranks of the growing number of discouraged and underemployed youth.

... second, facilitating school-to-work transitions ...

The crisis has made the transition from school to work more difficult, especially for young persons without an educational background that corresponds to the needs of the labour market. Some countries have therefore created or reinforced institutions to support entry into the labour market:

- *Australia* has implemented a programme as part of the 2009–10 budget to improve trade training centres in schools.
- In 2009, *Belgium* increased the number of apprenticeship and vocational training opportunities and new job opportunities were developed at the regional level for young people.
- *China*, in 2009, implemented a national vocational training programme for migrant workers returning home, with priority being given to youth.
- *India* launched a “Skill Development Initiative” in 2009 with the goal of training 1 million persons over the next five years. The aim is to improve the employability of people who have acquired skills but are not able to obtain employment because of the changing requirements of the trade.
- In *Japan*, the “Job Card System”, launched in April 2008, is designed to offer young persons other ways of receiving training and to help them move beyond part-time employment. This is done by allowing unemployed youth to receive practical job training from participating companies: participants are given a card indicating their training record and the company’s evaluation of their vocational abilities.

The combination of solid education and work experience can help to ensure the long-term integration of young persons into the labour market. This is an area where the participation of the social partners is essential. Significantly, youth unemployment in countries that have “dual” education systems is relatively low and has increased little since the start of the crisis. However, as already noted, such a policy needs to be supplemented with sufficient labour demand and job creation.

... third, supporting employment prospects of unemployed and “inactive” youth ...

As a result of the economic crisis, the incidence of long-term youth unemployment has increased and labour market participation has fallen. There are already indications of a rise in the number of “inactive youth”, who are neither in school nor in the labour

market. Traditional employment policy instruments may be ill-suited to assisting young persons who are far removed from the labour force or who have only limited work experience. The longer young persons remain out of touch with the labour market, the more difficult – and costly – it is to encourage a 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.

As it is frequently only the most ambitious young people who seek out training or employment services, some countries have responded to this new challenge with specific policy measures to support unemployed youth and have implemented specific programmes to reintegrate long-term unemployed and inactive youth into the labour market. Examples include:

- *Denmark* has introduced a policy under which 18–19-year-olds, within a week of applying for welfare benefits, have an interview; within two weeks, a job-search training course; and, within three weeks, an educational or work placement (Scarpetta, Sonnet and Manfredi, 2010).
- In April 2009, *France* launched an emergency plan for youth employment targeting young persons far removed from the labour market. The programme includes 50,000 training programmes for unskilled youth, 50,000 job placements in the private sector and 30,000 job placements in the public sector for disadvantaged youth.
- In 2008, *Germany* started job search clubs for unemployed young persons to provide them with training and apprenticeship placements.
- In the spring in 2009, *Kenya* launched a youth employment programme called the Kazi Kwa Vijana Programme, which was intended to create 300,000 jobs over the course of six months.
- As part of its crisis response (*Plan E*), *Spain* provides training opportunities to qualified unemployed youth.
- The *United Kingdom* has funded 100,000 jobs for long-term unemployed youth through the 2009 Future Jobs Fund. The 2009 Youth Guarantee also assures that, from January 2010, all persons under the age of 25 who have been unemployed for over a year will have a job offer, training or a paid work experience.
- As part of the 2009 Recovery and Reinvestment Act, the *United States* has expanded the existing programme of tax credits so that it also applies to employers hiring disconnected youth between 16 and 24 years of age.⁶

Meanwhile, other countries have initiated programmes that specifically target disadvantaged young persons who are not only inactive, but who are also experiencing difficulties in gaining access to education or labour market training because of their socio-economic status. These programmes typically combine education or training measures with a stipend to encourage or assist in their completion. For example:

- *Argentina* launched the *Programa Jovenes con Mas y Mejor Trabajo* in Santa Fe in 2009, targeting youth aged 18–24 who have no work or receive social assistance and have not completed compulsory education. Young persons who enrol in training workshops receive financial stipends. In the spring of 2010, the programme was expanded beyond Santa Fe and implemented in other cities in Argentina.

⁶ United States Department of Labor: *Workforce professionals*, 2010, www.doleta.gov/usworkforce/.

- In late 2008, *Pakistan* introduced the Benazir Bhutto Shaheed Youth Development Programme, which offers a monthly stipend and access to training for 100,000 young persons in each province (ILO, 2009c).

Countries have also expanded social safety nets for young people. For example, Spain has abolished the waiting period for the receipt of benefits. The United States has expanded federal funding to states to increase the number of jobless receiving unemployment benefits, which will extend coverage to more young persons. Japan has pursued a similar policy, with the number of months of employment required for eligibility being reduced from 12 to six months, which is also likely to increase coverage of young workers.⁷

It is therefore crucial to reduce the risk of long-term unemployment, underemployment and exclusion among youth. Countries have adopted a wide variety of programmes in this respect. To be effective, these programmes require strong institutional capacity, in the form of efficient public employment services, training or early detection of disadvantage. By making welfare benefits available to young persons without much work experience, policy-makers can reduce the risk of social exclusion. Finally, the social partners have an important role to play in the design of programmes to ensure that they respond to labour market requirements.

... fourth, boosting labour demand and job quality

As noted earlier, the lack of aggregate demand and weak overall job creation are the main factors behind the worsening labour market position of youth. It is therefore crucial to support both aggregate demand and the responsiveness of sustainable enterprises, at least until the real economy has acquired sufficient autonomous dynamism. 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 goals over the long term (ILO, 2010c).

In addition, countries have also undertaken to support demand for youth labour, for example through youth internship programmes or subsidized work programmes. These programmes encourage companies to employ young persons by offering subsidized wages or tax breaks. Examples include:

- *Canada* has implemented the Summer Jobs Programme and the YWCA grant has also created internships for Canadian youth in not-for-profit and community service organizations with a focus on environmental projects.⁸
- *Denmark* has introduced a hiring subsidy in the private sector for employers taking on young people under the age of 30 who have been on welfare for over 12 months.
- *Ireland* has enlarged the Work Placement Programme, which will provide 2,000 unemployed young people with a six-month job placement, with 1,000 of the awards going to highly educated youth.
- In 2008, *Japan* implemented an extensive employment subsidy scheme to increase youth employment. A hiring subsidy of 1 million yen (0.5 million yen for large

⁷ Nagoya International Center: *Unemployment insurance*, 2010, www.nic-nagoya.or.jp/en/canyouhelpme/unemployment_insurance_koyohoken.htm.

⁸ Government of Canada: Canada's Economic Action Plan, 2009, www.actionplan.gc.ca/eng/feature.asp?pageld=98.

companies) was offered to any company that hired as full-time employees school leavers.

- ❑ The *Republic of Korea* has reinstated the Youth Internship Programme, which has provided approximately 100,000 young persons with work experience and career development opportunities, with over half of the participants moving into regular jobs.⁹
- ❑ *Poland* instituted a supported internship programme prior to the economic crisis, which allows unemployed individuals under 25 to qualify for supported internships, through which they are provided with a stipend of 140 per cent of unemployment benefit. In April 2009, 20,000 of the 362,000 unemployed youth in Poland started supported internships.
- ❑ The *Philippines* has a programme that creates jobs and provides income support for young people. As a response to the crisis, the programme received additional funding. Participating young persons work in the summer, with the Department of Labor and Employment covering 40 per cent of their wage and a partner institution, such as a local government or private establishment, covering the remainder of the cost of their wages.¹⁰

Such programmes can be effective in helping young people obtain employment. However, experience shows that, unless the programmes are targeted at those young persons who are most at risk, there can be significant deadweight losses.

At times of high unemployment, jobless individuals, including youth, are more likely to accept jobs below their pay and skill level. Many young people will also seek employment in the informal sector. As indicated in the previous section, precarious employment is already on the rise.

One approach is to promote entrepreneurship with a view to reducing precarious and informal employment among young persons. For example:

- ❑ *Costa Rica* and *Pakistan* provided start-up credits in 2009 to young unemployed youth.¹¹
- ❑ In *China*, graduates can obtain loans to start their own businesses (Gunter, 2009).
- ❑ In June 2009, the *Dominican Republic* introduced as part of its agrarian reform programme a training programme for rural youth which endows young people with land.¹²
- ❑ In 2009, *Kenya* used the Youth Development Fund to extend credit for business start-ups throughout the country. This initiative is intended to empower young persons and allow them to benefit from initiatives in construction at the local level.

Meanwhile, *New Zealand* and the *United Kingdom* have adopted a more direct policy approach to increasing job quality by raising the minimum wage for young

⁹ ILO: *Republic of Korea's response to the crisis*, G20 Country Brief on the Republic of Korea, 2010b, www.ilo.org/public/libdoc/jobcrisis/download/g20_korea_countrybrief.pdf.

¹⁰ ILO: *Protecting people, promoting jobs: A survey of country employment and social protection policy responses to the global economic crisis*. An ILO report to the G20 Leaders' Summit, Pittsburgh, 24-25 Sep., 2009c, www.ilo.org/public/libdoc/jobcrisis/download/protecting_people_promoting_jobs.pdf.

¹¹ *ibid.*

¹² United Nations: *The reactions of the Governments of the Americas to the international crisis: An overview of policy measures up to 30 June 2009*, ECLAC (2009), www.eclac.org/publicaciones/xml/4/36734/2009-526-ThereactionGovernmentsoftheAmericas-30june-WEB.pdf.

workers. In *New Zealand*, on 1 April 2008, the minimum wage for 16- and 17-year-olds was abolished in favour of a higher minimum wage for new labour market entrants.¹³ In October 2009, the United Kingdom raised the minimum wage for young people (ILO, 2009c). The governments concerned have endeavoured to design minimum wage increases carefully so as to promote participation and not discourage the hiring of young people.

Finally, there has been discussion in certain countries, such as Spain, regarding the extent to which labour market institutions and labour law can be made more supportive of job creation by reducing the incidence of temporary and non-regular employment. This is an area in which policy design is of considerable importance. Certain countries with less strict employment regulations have not fared better since the start of the crisis than others, such as Austria and Germany, where employment regulation is more stringent. Experience shows that it is possible to design regulations in a manner that provides adequate support for workers, while at the same time facilitating the creation of good jobs.

Consensus building is key among governments, employers and workers

In pursuing policy initiatives, governments also need to engage in social dialogue with employers' and workers' organizations. Tripartite consultations to address issues related to the crisis have resulted, in some cases, in national tripartite agreements that have helped to safeguard jobs and incomes. These types of joint agreements, although not targeted at youth per se, can help to ease overall tensions in the labour market and create more opportunities in general, as well as for youth employment and training. Examples include:

- ❑ In *Chile*, a tripartite pact was enacted into law on 28 May 2009 covering six measures in the fields of employment, training and social protection lasting 12 months and intended to reduce unemployment by 1.5 percentage points.
- ❑ In *Japan*, in March 2009, an agreement was reached to endeavour to maintain employment through work-sharing arrangements subsidized by the Government. Covering over 13 million workers (between April and September 2009), the agreement has contributed to employment stability in Japan and has facilitated the access of young people to jobs (ILO, 2010d).

As countries explore ways to address the challenges emerging from the crisis, the role of tripartite social dialogue between governments and workers' and employers' organizations remains a key component of recovery strategies. Social dialogue can also help to promote strategies aimed at achieving longer term sustainable outcomes, for which the ILO's Youth Employment Programme can be of great help (Box 1).

¹³ The new entrants minimum wage applies to employees aged 16 and 17 except for those who have completed 200 hours or three months of employment, whichever is shorter; or who are supervising or training other workers; or who are trainees. Otherwise, the adult minimum wage applies.

Box 1
The ILO's Youth Employment Programme

The ILO's Youth Employment Programme operates through a global network of specialists working in the technical departments at ILO headquarters in Geneva and in over 60 offices around the world. It provides assistance to member States for the development of coherent and coordinated interventions on youth employment. Work in this area includes:

- ❑ data collection on the nature and dimensions of youth employment, unemployment and underemployment;
- ❑ analysis of the effectiveness of country policies and programmes on youth employment;
- ❑ policy advice to strengthen national labour market policies and programmes for youth employment and capacity building for governments and employers' and workers' organizations;
- ❑ technical assistance for the formulation and implementation of national youth employment programmes focusing on employment-intensive investment, skills development, youth entrepreneurship, access to finance and other targeted active labour market measures;
- ❑ advocacy and awareness-raising activities to promote decent work for young people with the focus on employability, employment and workers' rights;
- ❑ the provision of advisory services through the Youth Employment Network (YEN), in partnership with the United Nations and the World Bank, including evaluation clinics, support to youth employment lead countries and grant schemes for youth-led initiatives;
- ❑ the establishment of strategic partnerships on youth employment through the promotion of cross-country and global peer networks, inter-agency cooperation across the United Nations and other international agencies, and collaboration between the private and public sectors at the international, regional and national levels.

C. What are the key dilemmas for policy-makers and the social partners?

Recent trends suggest a significant aggravation of youth unemployment since the start of the crisis. Despite the recent economic rebound, the situation is continuing to deteriorate in developed countries. In emerging and developing economies, young school graduates, and particularly young women, face difficulties in finding jobs that correspond to their skills. This not only represents a major waste of resources, but also increases the risk of social discontent among young people and their parents.

- ❑ Does the issue of youth employment deserve more policy attention, or should the crisis response strategy concentrate more broadly on job recovery?
- ❑ To what extent does the situation with regard to youth employment represent a major risk of social unrest?

As part of crisis responses, many countries have adopted a wide range of measures in support of youth. They include: (i) promoting education and training and avoiding early school drop-outs; (ii) social protection, job search support, activation programmes and employment subsidies targeted at young jobseekers; (iii) entrepreneurship assistance; and (iv) special programmes for young people who are neither in education nor in the labour market (by far the most vulnerable group). However, financial markets

are concerned at budget deficits, which is triggering discussion of whether the measures adopted, including those for youth, should be downsized.

- ❑ What youth employment measures have worked best? What is the experience of countries regarding the measures taken in the aftermath of the global crisis? Are the measures that work the same in times of crisis as in “normal” times?
- ❑ How should youth employment strategies take into account all the dimensions of decent work, and not just youth employment in quantitative terms?
- ❑ How can the risk of downsizing youth support measures too quickly be reduced?

Even before the crisis, the situation with regard to youth employment was unsatisfactory in most countries. Youth unemployment rates remained high, especially for women. Moreover, many young graduates from developing countries emigrated to developed countries, resulting in a “brain drain”.

- ❑ To what extent can the crisis be used as an opportunity to solve long-standing youth employment problems?
- ❑ What more can the ILO do to help countries address youth employment issues, both current and structural?
- ❑ What is the role of the social partners and tripartism in addressing the challenges facing young people?

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