

Five Key Actions Going Forward

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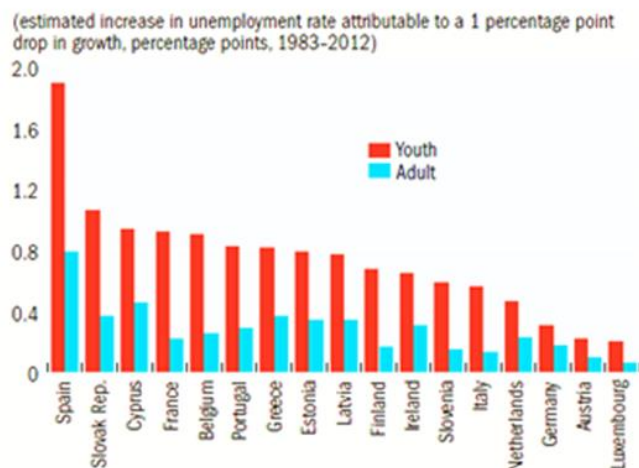
One of the most serious impacts of the financial crisis sparked by the Lehman Brothers collapse in 2008 has been the impact on the levels and quality of employment. In particular, the jobs prospects of young people in most OECD countries worsened, in some cases dramatically. More than six years later youth unemployment rates on average remain a third higher than in 2007. These figures alone do not capture the full impact of the crisis on youth, as many who have left education no longer appear in official unemployment statistics. The share of young people not in education, employment or training (NIEETs), is close to 20 per cent on average in OECD countries. Young people are also over-represented in temporary and other forms of precarious work, which do not provide a pathway to permanent jobs or a source of skills and training for the future. There is clear evidence that youth unemployment has lasting scarring effects on young people at all education levels. This is a tragic waste of potential and undermines trust in our economic and political systems. With 45 million young people set to enter the global labour market every year for the next decade, youth unemployment also represents an economic and social challenge beyond OECD countries.

It is essential to tackle youth unemployment now, and prevent a situation where a whole generation of young people sees its future perspectives permanently diminished by the crisis. I would propose five key actions going forward:

1. Renew efforts to raise growth in the short term. The chart below shows that youth employment is more sensitive to changes in output growth than overall unemployment. In industrialised countries, the impact of decreasing growth on youth unemployment on average is triple the impact on adult workers. A recovery in growth could hence have symmetrical effects on the employment opportunities of your people. Global unions have called on G20 governments to review the G20 Growth Plans and take urgent measures to raise aggregate demand to lift growth. In particular, we have called on the G20 to commit to raising low and middle incomes to reduce inequality and to inject purchasing power into the real economy, including through public infrastructure investment that creates jobs and improves long-term productive potential by supporting the transition to a low-carbon economy that can generate green and decent jobs.

YOUTH UNEMPLOYMENT

The impact of decreasing growth, on average, is triple that of adult workers



Source ILO

2. Support youth employment by introducing youth “guarantees” that in the short term keep young people in touch with the labour market as part of a broader G20 Youth Jobs Pact to ensure young people receive quality employment or a training place once they have completed their formal education. ILO research suggests that for additional spending of only 0.15% of G20 GDP, a six-month “training and work programme” could be introduced for half of the unemployed youth aged 15-24 in the G20 countries.

3. Build on the experience of those countries that have been successful in avoiding a rise in youth unemployment during the Great Recession and over the longer term such as Germany and the Netherlands, and **work towards developing quality apprenticeship systems**. The dual system of training with a mixture of work- based and academic education is best suited for a rapidly changing world of work. The L20 and B20 have reached a series of joint agreements since 2012 on expanding the provision of quality apprenticeships. We have urged the establishment of national commitments on quality apprenticeship and internship programmes through tripartite social dialogue. Where workplace based apprenticeships and training do not exist, special youth training centres, which provide job seekers with training and guidance on job searching, should be established. Particular attention should be given to young people without adequate formal education.

4. Continue increasing investment in education, while identifying more clearly the role of employers in providing competencies and skills so as to move away from the “skills mismatch” rhetoric. Education systems must help equip young people with the competences that employers and society need. Quality education starts early –the OECD PISA found a “*strong association between attendance in pre-primary education and better*

performance in reading mathematics and science later on particularly among socially disadvantaged students.¹

At the same time, employers have to develop work related skills and not expect the provision of these to be the responsibility of others. We are facing a training –not a skills– gap.

5. Ensure that young people have decent wages and workplace rights. The current rise in youth unemployment since 2008 is primarily due to the recession, driven by a lack of demand. Youth unemployment cannot be blamed on allegedly too-high labour costs or on strict employment protection. Wage policies need to ensure that young people receive “the rate for the job”. The rights of young workers should not be compromised through the weakening of their protection at work. In order to avoid precarious employment situations, labour inspection and national labour administration systems should play a key role and be strengthened, where necessary. The same must apply to trade unions and workers’ representatives at enterprise level.

¹ OECD Skills Outlook 2015