



International Trade Union
Confederation ♦♦
Trade Union Advisory Committee
to the Organisation
for Economic Cooperation and
Development



**DEVELOPING A COMPACT TO RAISE YOUTH
EMPLOYMENT**

**TRADE UNION DISCUSSION PAPER FOR THE FIRST
MEETING OF THE G20 TASK FORCE ON EMPLOYMENT**

Mexico City – 15 December 2011

INTRODUCTION

1. 20 million more people remain currently unemployed in the G20 countries than in 2008 prior to the onset of the "Great Recession". With the collapse of growth in 2011 and several economies slipping back into recession the risk is of a renewed rise in unemployment with devastating economic, social and human consequences. Much of the G20 and the global economy are facing a jobs emergency. In the light of this deeply troubling context, the Cannes G20 Summit was correct to follow up the G20 Labour and Employment Ministers' earlier recommendation to establish a Task Force on Employment, with an initial priority focus on youth employment. The Task Force needs to develop a coordinated approach for all G20 governments to create quality jobs, through recommendations for best practice policies both on youth employment and for employment policy generally.
2. Youth unemployment is a critical issue in G20 countries and beyond. Youth unemployment rates trended upwards in OECD countries over the past four decades, but with certain notable exceptions, have increased dramatically since 2008 and now stand at several times that of adults. As noted by the OECD "*Youth unemployment rates are more sensitive to business cycle conditions than the adult employment rate and this high sensitivity tends to decline progressively with age.*"¹ Even these figures understate the problem as they exclude those discouraged young people who are no longer seeking work. Young people are also over-represented in temporary and other form of precarious work, which do not provide a pathway to permanent jobs or a source of skills and training for the future. With 45 million young people set to enter the global labour market every year for the next decade, youth unemployment represents an economic and social threat that the world's leaders ignore at their peril.
3. The youth jobs crisis is impacting both developed and emerging economies countries. In the OECD countries there is clear evidence that youth unemployment has lasting scarring effects on young people at all levels of education. This is a tragic waste of human potential. The absence of employment opportunities for young people in developing economies causes

¹ "Off to a good start? Youth labour market transition in OECD countries", OECD, 2008

immense tensions – seen in part in the social dislocation that stoked unrest in North Africa in early 2011. Failure to provide decent work for the 45 million young people entering the global labour force each year over the next decade risks detonating a social time bomb.

4. It is essential to tackle youth unemployment urgently, and prevent a situation where a whole generation of young people sees its life chances permanently diminished by the crisis. In this context, as part of a wider set of proposals to kick start employment growth in the G20 countries the Task Force should draw up for the G20 Labour and Employment Ministers and G20 Leaders an Employment Pact for young workers. This discussion paper sets out some key elements of a G20 Youth Jobs Pact.

5. There exists a solid tripartite basis for policies on youth employment: six years ago at the International Labour Conference, employers, workers' organisations and governments reached a series of conclusions on youth employment, constituting a set of principles designed to be equally applicable in the poorest and in developed countries. Those principles annexed to this paper now have to be built on given the deterioration of the situation since that time. We take them as a starting point for the propositions in this paper alongside the experience of those countries that have been successful in avoiding a rise in youth unemployment during the Great Recession such as Germany and the Netherlands, and the information provided by the OECD "Jobs for Youth" project.

6. Trade unions are ready to play an active role in providing a summary of best experiences both during and prior to the Recession. We are developing case studies over the coming months that we will be presenting to the G20 Task Force for their adaptation and use as it draws up its recommendations to the 3rd G20 Labour and Employment Ministers' Meeting in April/May 2012.

The G20 Youth Jobs Pact: a key part of the response

7. Global Unions, in addition to a broader set of measures to kick start the global economy and create jobs are calling for a "G20 Youth Jobs Pact", building on the tripartite Global Jobs Pact negotiated in the ILO. At the national level it should be designed and implemented through social dialogue with employers and unions and include: vocational education and training guarantees, whether full-time or associated with employment, which lead to qualifications; apprenticeship and quality internship programmes together with incentives for workers and employers that make them effective; job guarantee schemes; and active labour market programmes; . At the international level Global Unions call on the G20 to work with the L20 and the B20, international organisations and the G20 Working Group on Employment and Social Protection to target international effort to also support initiatives in priority countries, including Tunisia, Egypt and Yemen as a constructive step towards building cohesion and to demonstrate the workability of the "G20 Youth Jobs Pact".

8. The elements elaborated below constitute various components that would be part of the G20 Youth Jobs Pact.

Youth Employment: an integrated part of National Employment Policies

9. The fastest way to tackle youth unemployment is to provide an increased overall number of jobs accompanied by an increased focus on young workers. . Breaking into the particularly damaging cycle of high and rising youth unemployment is necessary to "buy time" for young people until broader measures can be successful in kick starting job growth in the global

economy; and as young people would spend the increased income that they would gain from a job it would also stimulate domestic demand in the short term.

10. Consequently a range of policies to ameliorate youth employment prospects is needed, based upon raising aggregate demand through investments and income led growth, work placement and other innovative schemes, public works programmes, and promotion of high employment-absorbing sectors and methods of production, particularly in developing and transition economies. In all cases, youth employment policies need to be based upon the close involvement of the social partners to contribute their expertise to both the design and implementation of policies and programmes.

Young Peoples' Wages and Rights

11. 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 nor on strict employment protection.

12. Wage policies need to ensure that young people receive "the rate for the job". In responding to youth unemployment, minimum wages for young workers must not be lowered – it would spark a race to the bottom.

13. By the same token, the rights of young workers should not be compromised through weakening 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.

Youth Training and Apprenticeships

14. Vocational education and lifelong learning, facilitating the formation of skills required for a transition towards a knowledge-based low-carbon economy, along with appropriately paying apprenticeship and internship schemes and other measures that combine training with work, are fundamental to facilitate the transition from education and training into decent work. Apprenticeship schemes need to be increased, and in this regard trade unions play an important role in many countries, as they do regarding training. The OECD has recommended the need to "Ensure more involvement of unions in the design of new qualifications with a work-based component. In countries with a long tradition of apprenticeship training unions are a key player alongside employers and the institutional actors."² A number of examples indicate that innovative trade union activities aimed at the promotion of youth employment cover a very broad range of topics.³

² "Jobs for Youth; United Kingdom", OECD, 2008

³ In Germany, the union of chemical workers successfully negotiated an agreement with employers called "Future for youth through training" which succeeded in increasing the number of apprenticeships offered by companies by about 8 per cent between 2003 and 2008. The agreement has since been updated in order to guarantee a high number of apprenticeships for the years to come and to secure employment for those who have successfully completed their apprenticeship. In order to facilitate employment of trained young workers, a type of employment fund was established, financed by through contributions by all companies of the industry. The fund provides subsidies regarding the employment of former apprentices

Linking a Jobs Pact for Youth to a Global Social Protection Floor

15. The G20 Cannes Summit stated "*We recognise the importance of social protection floors in each of our countries, adapted to national situations*", following the earlier call by G20 Labour and Employment Ministers on their Governments to "*develop nationally defined social protection floors with a view to achieving strong, sustainable and balanced economic growth and social cohesion*". They called for the better coordination of international organisations on social protection floors and for ensuring effective funding. In making these recommendations they noted the Bachelet report⁴ and the 2011 conclusions of the International Labour Conference General Discussion on social protection. The Social Protection Floor is of particular relevance to young workers who experience unemployment, particularly those undergoing lengthy periods of unemployment. Social safety nets may need to be adjusted to cover young workers by increasing eligibility for unemployment benefits, social assistance and access to training provided by labour market programmes. Sustainable social security systems are a key element in promoting productive economic growth with equity.

16. Young women and men in developing countries are particularly likely to be among the majority that is engaged in informal economic activity. A combination of social protection, enhanced property rights for small informal producers and provision of minimum wage protection to young people would provide the basis for resolving this situation. Formalising such activities would generate increased fiscal resources and stimulate increased productivity as well as providing hope for a generation.

17. If adequately linked with employment and fiscal policies, the social protection floor can play a crucial role in the process of formalisation of informal work. The inclusion of non-formal categories of workers in social insurance schemes is a key component of the formalisation of employment and can also reduce the cost of tax-financed benefit systems for poor workers in informal economic relationships.

Financing Youth Policies

18. G20 governments need to consider legislating compulsory financial contributions requiring employers to spend a minimum amount on training or pay a training levy. While in aggregate companies' human resources strategies often result in underinvestment in training and workforce development, economy-wide compulsory training levies lead to demonstrably higher levels of training.

of up to 1 000 Euros per month over a period of up to one year. Similar activities can be reported with regard to trade unions in other countries.

Under the former government in the UK a project called "*Skills: Recession and Recovery*," conducted under a union learning fund, was initiated to provide support and resources to help young people find employment and apprenticeships and avoid exploitation. A recent evaluation regarding the impact of the activities of union learning representatives and the fund, based on a survey of both employers and trade unionists found that the union activities had begun to impact on workplace learning practices, most notably in terms of the perceived skills upgrading, the number of employees attaining qualifications and increased levels of equality of access to training. It was also found that learning agreements were contributing to higher levels of training and spending despite the recession.

⁴ "*Report of the UN Social Floor Advisory Group*", chaired by Michelle Bachelet.

Education Policies and the School to Work Transition

19. 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 is needed to young people without adequate formal education.

20. One of the critical areas to augment the job opportunities of young people is the transition from school to work as well as the transition between jobs. To ensure better transitions, governments and international institutions should prioritise a range of policies, including the following:

- the provision of education and training must move beyond a narrow economic driven perspective on skills. It must comprise a perspective promoting intercultural understanding and a more critically reflective approach;
- training policies must be linked to innovation and technology policy with the aim of raising employers' ambitions to improve the formation and use of skills;
- incentives should be in place for young people to stay in further or higher education and the resources made available to increase the capacity of further and higher education institutions to take increasing numbers of students;
- measures should be put in place to reduce the number of early school leavers and education drop-outs by improving conditions for learning and teaching;
- in all G20 countries, access to universal, free, quality public primary and secondary education should be ensured together with investments in vocational training and lifelong learning that enhance the employability of young people. Literacy, numeric and technological knowledge, alongside core work skills, should form a basis for such education.

Ensuring Equality of Access to Employment Opportunities

21. The G20 Cannes Conclusions refer specifically to the need to "*encourage the participation of older workers and women where appropriate*". Equal access for young women and girls to education, vocational guidance and training should be ensured throughout G20 governments' policies, strategies and programmes.

22. Full integration of all the different parts of the youth population is essential in seeking to address the social tensions resulting from youth unemployment. In this context a particular focus is required on the needs of youth from disadvantaged social and migrant backgrounds.

Building Labour Market Institutions to assist young people

23. Employment services, guidance and career advice such as labour market information and career counselling should be made available more widely in order to enable students, first job seekers and unemployed young people to make informed choices about their education and working lives, and thus increase their opportunity of a good entrance to the labour market.

24. Labour market information and monitoring mechanisms to ensure a regular flow of information on the employment situation, specifically of young people, should be strengthened in consultation with workers' organisations.

International Cooperation for Youth Employment

25. It is essential that G20 countries establish adequate systems to exchange information and stimulate international co-operation to identify effective methods for maximising youth employment, undertaking quality education and training systems and achieving a better transition from school to work. The ILO and OECD should provide the expertise to facilitate that cooperation process.

26. Further issues to be considered by the Task Force should include:

- Halting the growth of precarious and irregular work that is undermining the recovery and tackling the long-term social and economic costs of the growth of the informal economy through a formalisation process;
- Key sectors with the capacity to generate jobs, including the green economy;
- The government role in job generation as central to coordinated growth strategies;
- Increasing the participation of older workers and women in the workforce, as advocated in the Cannes conclusions;
- other urgent employment issues including reducing labour market inequalities, implementing successful training and vocational training practices, developing employment-intensive infrastructural investments, sharing best practice occupational health and safety experiences, and broadening and deepening social security systems.

27. Trade unions look forward to making a full and constructive input to the Task Force over the coming months and to assisting in its recommendations to G20 Employment and Labour Ministers in 2012.
