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Measures to combat the global youth unemployment crisis

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FOR A
JOB

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Introduction

While unemployment is something that will always exist within an economy, each country always strives to be economically productive and to make use of the human resources. Each year, more and more people graduate from high school and university and spend time searching for a job, yet they are unable to find a job due to several reasons. Youth unemployment is a term used to describe the number of unemployed people between the ages of 15 to 24 years old, and it can be measured in several ways. Often, we compare the percentage of unemployed youth to the overall adult unemployment percentage. We also measure how many of youth are unemployed out of the whole youth labour force. Youth unemployment rates are historically “four to even five times more than the adult unemployment rates around the world” (*Morsy, Hanan*) however, the last few years have shown youth unemployment to be increasing worldwide.

Each country has a different unemployment situation; likewise, each country has a different way of dealing with any and all types of unemployment. One of the most important issues we face today is the situation on youth unemployment on a global scale. Seeing as the youth of today will be the people who will eventually become the building blocks of our society of the future, it is vital that we give this youth a chance to discover and practice their skills, talent, and potential. If youth unemployment persists, many young people may not have the chance to exercise their skill.

It is important to combat youth unemployment for several reasons; youth employment contributes to economic productivity and therefore will improve a country's economy, and it also gives an opportunity for young people to gain experience in a working environment. In 2015, the United Nations created the Sustainable Development Goals whereby Goal 8 specifically focuses on combating youth unemployment but ensures everyone has fair and decent work.

Definitions of key terms

Labour force

Labour force (also known as the workforce) is the total amount of people employed or seeking employment within a country or a region. The labour force consists of both people who are employed and those who are unemployed, and also includes young and older workers.

Youth Unemployment

Youth unemployment focuses on individuals between the ages of 15 to 24 who are actively seeking work, willing, able and immediately available to work but are not able to find a job.

Recession

Recession is part of a normal business cycle where there is a significant decrease in economic activity. Despite being normal to the business cycles, there are events that can trigger a recession such as the financial crisis of 2008. A recession usually lasts between 6 to 18 months, where they drop interest rates to encourage people to borrow money at cheaper rates, and therefore stimulating the economy.

Frictional unemployment

Frictional unemployment is always present within an economy and occurs when workers or employers are transitioning between jobs or other inconsistencies. Said transition could be in between high school and university or it could be after graduation, and this is one of the most common types of unemployment.

Seasonal unemployment

Seasonal unemployment is a very predictable type of unemployment causes individuals to be unemployed due to the time of year. Seasonal unemployment is a branch of structural unemployment seeing as the economy changes seasonally. For example, ski instructors in the summer or surf instructors in the winter will temporarily be out of a job. This is one of the most common types of unemployment amongst youth.

Structural unemployment

Structural unemployment is one of the longer-term types of unemployment, and there are several reasons that can cause it. While jobs are available there is some sort of mismatch between what the company requires and what the worker can offer. For instance,

workers lack certain job skills and/or they live too far away from where work is available.

Cyclical unemployment

Cyclical unemployment is unemployment that is related to business cycles and trends. When the business cycle is at its peak, cyclical unemployment will be at its lowest because the total economic output will be at its maximum. When the business cycle begins to decline, economic output falls and the cyclical unemployment increases. Cyclical unemployment is also described as the lack of demand of labour and therefore a business is not able to employ everyone who is seeking a job.

Jobseeker's Allowance

The jobseeker's allowance is a form of unemployment benefit that is supplied by the government of the United Kingdom. This is paid to unemployed people who are actively seeking work. It is part of the social security system and is meant to cover living expenses.

General overview

Factors that affect Youth Unemployment

Youth unemployment rates are clearly higher than that of adult unemployment rates. This is due to the fact that youth unemployment is based on cyclical jobs such as waitressing, store clerks or seasonal jobs. This causes fluctuations in a market to be a bit more erratic.

Furthermore, when the economy contracts, the youth are often the easiest to lay off seeing as they would have had the least amount of experience and are more likely to be fired than a person with higher power. As part of the business cycle, there will always be economic contractions, and therefore, youth unemployment rates will spike during this contraction.

Lack of education amongst young people may also result in higher unemployment rates. This is because most jobs that pay a higher-than-living wage require a higher skill level and this means this person would have to have secondary and/or university education at the least. Youth unemployment is more common amongst youth who have not received proper education simply because they may lack skills needed to do a certain job, and thereby preventing them from being able to work.

Finally, most youth are not relied on for financial support and therefore will be less serious about being unemployed. On the other hand, many young people are relied on for financial support for example in developing countries, youth living in rural areas may be needed to help out in farms or in homes(*more can be seen in Appendix 2: Youth Employment: Impact, Challenges and Opportunities for Social Development*). This prevents them from being to receive a proper education and it also means they are financially relied on. If in the event this young person becomes unemployed, their entire family could be at risk due to the lack of household income and could push them further into poverty and make it more difficult to develop.

Causes of Youth Unemployment

Young people who don't have a certain skillset are less likely to be employed, which is linked to structural unemployment. There are some types of jobs that require little to no skills such as waiters in a restaurant or cashiers and stackers in a supermarket, but many young people still lack necessary skills, talents and training to impress employers. Furthermore, young people would have been in the labour for less time in comparison to older people and this could mean that they have not had the chance to learn or practice the skills required for a job.

Youth unemployment is more prominent in areas where there is pessimism over job prospects. Trends show that youth unemployment is higher among people who have criminal records of broken families. Criminal records usually drive employers away because of the chance that they may give the employers a bad reputation while broken families can “affect the psychological and mental health of a person, to the extent of how they act in a working environment” (*Fagan, Patrick F*).

Cyclical unemployment is where the demand for needs or services is low or the economy is in recession, and workers are laid off because they are not needed. Youth are also more likely to be laid off because they have the least experience and they are easy to remove. Any type of recession usually has a negative impact on the people in general because this decreases consumer confidence, causes less spending within an economy and could potentially lead to inflation.

Consequences/impacts of Youth Unemployment

When a person loses their job, their standard of living is immediately impacted. This is because they have the risk of not being able to support themselves, and they may use the

jobseekers allowance. In addition to this, they may be less confident in spending and could cause the economy to go towards a standby.

Furthermore, if an individual is unemployed for a longer amount of time there is a higher chance their skills will 'erode' and the experience of unemployment may affect how they plan out their career. This includes being more sceptical or pessimistic towards certain jobs. There is also a stigma around youth, those who are unemployed are labelled as lazy or do not try hard enough and this could add onto the stress of finding a job and in general, and could affect their mental health.

If unemployment becomes a very prominent problem, a country may increase their protectionism policies as well as have stricter policies for any immigrants. Countries with high protectionism measures include the United States of America and Russia. There is a higher pressure on public services due to personal cost, higher welfare payment/costs, and there is less political involvement. Employed people have to pay a tax and some of this tax goes into pay for jobseeker allowance. If the rate of unemployment increases, more money will be taxed to go towards the jobseeker' allowance.

High rates of youth unemployment negatively affect economic growth and productivity. The longer an individual is unemployed means they could lose valuable skills and talent. The productivity and gross domestic product (GDP) will decrease and economic costs will increase since a higher portion of taxes will go to unemployment benefits. Youth unemployment has an overall negative impact on the economy.

The Financial Crisis of 2007 - 2008

One of the most important events related to youth unemployment is the financial crisis of 2007 to 2008 and it was considered to be the worst financial crisis since the Great Depression in the 1930s. The crisis began in the United States of America when mortgage dealers (of houses specifically) would loan money to people who did not necessarily have the financial means for this. Lending companies invested in many mortgages and these investments would make a lot of money if the housing prices remained high. Eventually, housing companies had a surplus in houses. This caused the price of houses to decrease, losing value, causing their owners to not be able to sell and move away. The financial crisis affected many countries, causing people to lose their homes, jobs and it has a direct link to youth unemployment today.

Parties involved and their views

International Labour Organisation (ILO)

The International Labour Organisation is a United Nations-affiliated organisation that deals with labour issues, social protection, labour standards, and work opportunities internationally. It was formed in 1919 and has been tackling all kinds of labour force issues around the world.

International Monetary Fund (IMF)

The International Monetary Fund is an international organisation focused on monetary cooperation amongst 189 countries across the globe. It works towards financial stability, promotion of high employment and sustainable economic growth, and thus have been working towards employment for everyone as well as funding means to employ everyone.

Organisation for Economic Cooperation and Development (OECD)

The Organisation for Economic Cooperation and Development is an organisation that focuses on helping countries with economic and social challenges they may face. As youth unemployment is part of the economic issues within a country, the OECD works alongside governments of 34 countries, including Canada and the United Kingdom, to combat youth unemployment. They have set up the "Action Plan for Youth" to combat youth unemployment, and continue to implement these programs however they can also serve as a framework for other programs that are being created to be more effective.

Greece

Greece is the country with the highest youth unemployment in the world. According to statistics published by Trading Economics on Greek youth unemployment rate, their youth unemployment rate began increasing in 2010 and peaked in 2013. Prior to 2016, the unemployment rates have decreased but it recently increased again and their unemployment rate has reached 51.9% as of January 2016. Since the financial crisis of 2008, it has been hard for Greece to recover.

Spain

According to the Bloomberg economics website, Spain has the second highest unemployment rates. As of January 2016, the unemployment rate had decreased from almost 51% to 45% however according to Trading Economics, the Spanish youth

unemployment rate it has begun to increase again due to financial instability within the Spanish economy as the year has progressed.

Timeline of events

Date	Description of Event
1919	The International Labour Force is established as part of the United Nations. Headquarters is in Geneva, Switzerland and has 187 members, 186 of which are UN member states while the Cook Islands are part of the ILO.
2007 to 2009	The Great Recession was a time of great economic decline, starting in December 2007 and ending in June 2009. It extended for 19 months and the International Monetary Fund concluded that it was the worst global recession since World War II. The recession was linked to the financial crisis of 2007-2008 and the US mortgage crisis of 2007 to 2009.
2009	The ILO created the Global Jobs Pact program, which was unanimously adapted by all member nations and is still being implementing today.
February 2012	The ILO released a brochure about youth unemployment, and has also implemented a youth employment program that gives youth a chance to take part in training programs for their desired jobs. (<i>Appendix 1</i>)
September 15, 2015	The United Nations created the Sustainable Development Goals (SDGs). Part of the SDGs was SGD 8 focused on employment and economic growth.

UN Involvement, relevant resolutions, treaties, and events

The United Nations Economic and Social Council have been working towards solutions on youth unemployment and have been implemented as a backbone resolution for all member states. The resolutions follow below:

- Promoting full employment and decent work for all (**ECOSOC Resolution 2008/18**)
- Promoting youth employment (**Ref. E/2006/26**)

September 15, 2015 - Sustainable development goals are created to succeed the Millennium Development Goals. SDG8 is focused on promoting inclusive and sustainable economic growth, employment and decent work for all. Target 8.6 is focused on reducing the number of youth who are not employed, in education or training by 2020 and Target 8.12 is focused on developing and operating 'a global strategy for youth unemployment and implement the Global Jobs Pact of the International Labour Organisation.

Evaluation of previous attempts to resolve the issue

The International Labour Organisation (ILO) and the United Nations have been working on the youth unemployment situation for over a decade. The ILO created the Youth Employment Program (YEP) that operates in over 60 countries all over the world. Working in this field includes analysing the effectiveness of youth employment programs and policies within a country, advocating decent work for youth while focusing on employability, employment, and rights of workers, developing youth employment programs and creating strategic partnerships with other organisations such as the United Nations. The program has been quite successful overall and has helped many students with employment.

The United Nations has debated several resolutions on the topic of employment. The General Assembly have created a few resolutions during plenary sessions and have passed them on to the Economic and Social Committee (ECOSOC) so that they are able to make appropriate changes to the resolutions. Since then, several UN organisations such as the OECD, the ILO, and Youth Guarantee have been working towards improving education opportunities, training programs, and means to prevent youth unemployment. They have been quite efficient with solving the issue however many member nations may lack the financial means needed to support and implement certain solutions proposed in resolution or youth unemployment is not part of their main concerns.

Furthermore, Youth Guarantee is anon-governmental organisation based in the United States that was created to help youth with their transition between school and university or jobs. They have all kinds of programs that allow youth to have a smooth transition between jobs or school and it will thereby increase the chances of people finding

and applying for a job. Youth Guarantee has helped thousands of students with their transition between school and jobs and has helped effectively tackle this issue. It has had an overall positive effect by helping students with finding jobs and giving them skills that are needed for a certain job.

In 2009, the ILO created the Global Jobs Pact (*see more in Appendix 3, Global Jobs Pact Policy*), which was unanimously adopted by all member states part of the ILO. This policy addresses the social and economic impact of the financial and economic crisis. It promotes recovery on investments, employment, and social protection and the objective of this policy is generate employment, extend social protection, respect labour standards and shaping fair globalisation. In short, the pact is about the promotion of jobs and protecting people while also addressing the needs of the economy.

Possible solutions

Although youth unemployment is one of the most prevalent issues in the modern world, there are many solutions that can combat youth unemployment. A few of these solutions are included below, however, there are much more ways to solve the issue of youth unemployment.

Education is a key part of employment, and unfortunately, according to UNICEF, “101 million children are not in school and many young adults never receive a secondary education.” This limits the options a person has and they will be less likely to get a job if they do not have anything after a primary education. One of the most practical ways to decrease youth unemployment, as well as solving other problems, is to improve the education infrastructure within a country and region.

As mentioned before, youth unemployment may be caused because of the lack of skill one has. This could be due to having an insufficient education, switching in between jobs or simply lacking skills needed for a basic job. Governments or UN branches could create training programs where they teach young different skills that could be useful for when applying for jobs such as CV/resume writing, etiquette, job interviews, or other skills that are specific to certain jobs such as to waitressing or a stacker.

Recent studies have shown that advocating entrepreneurship amongst youth may be a solution to the youth unemployment crisis. Small to medium sized companies are today's main employers, having created “33% of jobs within the last 10 years”, according to the

OECD Science, Technology and Industry Scoreboard. This shows us that bigger companies do not represent the main source of employment and that it is incredibly important that we prepare young people for entrepreneurship culture. With this, we should also start assisting younger people with the transition into the workplace.

In the end, each situation is different and each government will choose to handle their youth unemployment situation differently and we should strive towards finding a solution that can be implemented everywhere. The political system of a country will also affect how each problem is handled and how they occur within an economy. Cooperation and transparency are keys to solving the issue of youth unemployment within a country.

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Appendices

- I. Brochure titled 'Youth Unemployment, A Global Goal, A National Challenge'. Regarding the ILO plans to combat youth unemployment
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