

TUAC Trade Union Advisory Committee to the OECD  
 CSC Commission Syndicale Consultative auprès de l'OCDE



## Addressing Policy Challenges in OECD Countries High-Level Forum on Jobs for Youth

### Key findings from the OECD

#### Jobs for Youth review

#### Comments from a trade union perspective

Roland Schneider, TUAC

Oslo, 20 September 2010

[www.oecd.org/employment/youth/forum](http://www.oecd.org/employment/youth/forum)

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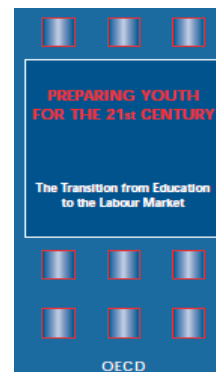


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#### PREPARING YOUTH FOR THE 21ST CENTURY: THE TRANSITION FROM EDUCATION TO THE LABOUR MARKET PROCEEDINGS OF THE WASHINGTON D.C. CONFERENCE, 23-24 FEBRUARY 1999

BACKGROUND REPORT  
 GIVING YOUNG PEOPLE A GOOD START: THE  
 EXPERIENCE OF OECD COUNTRIES  
 by  
 Norman Bowers, Anne Sonnet and Laura Bardone  
 OECD Secretariat, Paris

“The **key issues** addressed are: How to ensure more coherent educational, labour market and social policies to assist more young people to get a better start in life? How to develop more effective policies to deal with the specific problems facing disadvantaged young people? How to help more young people settle into good labour market careers?” (p 7)



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**The intentions of the review are welcome.  
It is essential to**

- **avoid a possible crisis legacy of a «lost generation» of young people detached from the labour market;**
- **ensure that the hopes of young men and women of making a satisfactory labour market transition come true and to**
- **enable young people to find a decent and productive jobs offering prospects to build a better future.**

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Trade unions can easily agree with some of the recommendations of the synthesis report, namely to

strengthen social protection for unemployed youth and youth at risk;

target employment programmes and to shift from a «work first» to «learn / train first» approach and

boost training and skills development.

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However, a close inspection of the synthesis report reveals also a many points of serious disagreements and conflicting views between trade unions and and the OECD.

Points of **disagreement** are related to

the identified **causes of youth unemployment** – structural versus cyclical;

**blaming youth unemployment on labour market institutions**: «It's the labour institutions, stupid»;

**recommendations to weaken labour market institutions** in in order to improve the performance of youth in labour markets;

a **disregard of the role of trade unions** by the synthesis report as well as by the country reviews – with the exception of the one on the UK;

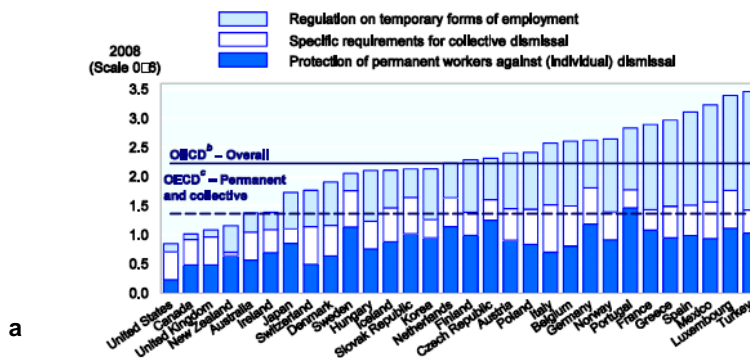
a **lacking focus on the involvement of employers and unions in the design and implementation of youth labour market programmes and policies** as key to their success.

an insufficient focus on working conditions faced by youth in employment.<sup>5</sup>



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Figure 5.4. Overall strictness of employment protection and its three main components, OECD countries, 2008<sup>a</sup>



Youth Unemployment rates (2009)

US:17,6% UK: 19,1 IRL:24,4 DK: 11,2 D: 10,4 LUX: 17,5



Here is what a recent ILO report had to say on the determinants of youth employment:

- In the OECD countries, despite a relative decline in the size of youth cohorts, a fall in youth wages, and low minimum wages, youth unemployment rates have risen. [...] **Despite what many believe, evidence suggests that high unemployment does not seem to be primarily the result of job protection, labour taxes, trade union power or wage rigidity.**

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And here is what has been brought the attention of the participants of the OECD Washington in 1999:

**It is quite naive, in fact, to believe that education and active labour market policies aimed at disadvantaged youths can overcome handicaps that have their origin in the economic and social disadvantages faced since early childhood.** Only a broader and more long-term policy of poverty reduction and equalisation of socio-economic conditions, that targets support on disadvantaged families and communities, can hope to achieve this. Furthermore, **it is important to acknowledge that the aggregate volume of economic activity is the major determinant factor of youth unemployment,** and that a sound combination of macroeconomic and structural policies are needed to lay the ground for solving youth labour market problems. (p 23) .

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Part of the answer to the question « What works? » given by the rapporteur of the OECD Washington conference in 1999 is worthwhile to be noted:

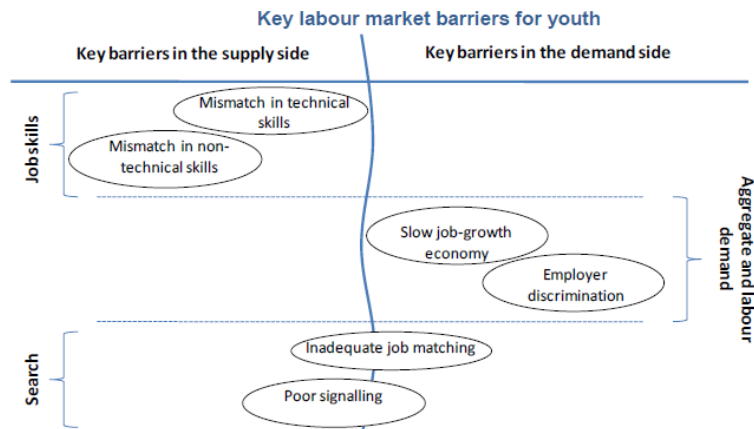
Labour market deregulation [has not] helped youth much, judging by evidence on the employment effects of minimum wages. Controversy over the sign of the relationship between minimum wages and youth employment has obscured an implicit near-consensus that the youth employment effects of minimum wages, whether positive or negative, are economically small. Moreover, *youth-specific* sub-minimum wages appear to have had little effect on youth employment

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- **VOX**
- Research-based policy analysis and commentary from leading economists
- **From fair-go to rip-off: Australia's new labour code**
- Richard B. Freeman
- 3 October 2007
- *The new Australian labour code is such a massive break with Western labour traditions that it merits global attention. It is an extreme change with no economic rationale.*
- WorkChoices, *the Australian labour code enacted in 2006*, is the first major government effort since the early days of unionism to undermine collective action by workers and to regulate labour contracts in ways that increase the power of business relative to workers.
- (...)
- [Due to WorkChoices] Employers do not bargain individually with workers. They write out minimal "Australian Workplace Agreements" and tell the workers to take it or leave it.

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How to address the identified barriers? Here are some suggestions:

Technical skills mismatches should be addressed through vocational training programmes – co-financed by governments and employers

Non-technical skills mismatches need to be addressed learning and training programmes targeted at disadvantaged youth

Policies addressing a lack of labour demand prompted by insufficient growth do require public works programmes

Discrimination and insufficient demand can be addressed through affirmative action programmes and by setting mandatory quotas regarding employment respectively training of the young

Inadequate job matching can be addressed by the Employment Service

Skill certification systems may help to better signal skills acquired by young jobseekers

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