



THE MILLENNIUM GENERATION - DECENT JOBS FOR YOUNG PEOPLE

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to

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Delegates from governments, employer bodies and trade unions in our Asian region,

My presentation this morning has two purposes. I will endeavor to sketch the issues in a way that provides a sufficient insight into employer thinking on the youth employment challenge. Secondly, given that this is an interactive session, I will identify areas of responsibility we individually and collectively carry, and stimulate your thinking by asking some challenging questions.

How do Employers see the Youth Employment Challenge?

The youth employment challenge is as great, as it is grave. We must all be acutely concerned about the millennium generation – those young people that have started or are to start their working life in this first generation of the new millennium.

The ILO Director General's report sets out the current position. It makes sobering reading.

I don't need to spend too much time on it. It is widely recognized. Of interest to me was the fact that this issue of youth employment was directly mentioned in each of the speeches to us by the three heads of state on Tuesday (Korea, Sri Lanka and Jordan). That heads of state are focused on the issue is an excellent start, because leadership comes from the top.

In our region there are 660 million young people. That is, approximately half of the world's young people, some 42 million, are in Asia – including the Middle East and the Pacific.

As the President of the Korean Republic said to us, young people are at least three times more likely to be unemployed than adults. In South East Asia and the Pacific and in the Arab States it is worse. In my region of the Pacific, young people are 4 to 5 times more likely to be unemployed than adults.

Half of the unemployed young people in our region are in developing countries. By contrast, in developed countries there are many educated young unemployed, quite a scandal in itself.

Added to this is that in some (not all) economies we have an ageing population – meaning that the competition for available jobs is greater as people decide to stay in the labor force for longer.

What are the conclusions that we can draw from this data?

There are many. Here are a few.

- Demographics are working against young people. This means employment policy generally – without a specific focus on the youth employment dimension will not do. Solutions cannot be at the expense of either young people or older workers, for that is only moving the problem, not solving it.
- Secondly, education and training alone is not sufficient – it needs to be relevant to industry needs and compatible with the rate of job creation. Economic development in developing countries has not kept pace with educational achievement. There is a great paradox in the youth employment challenge – while young people on average have higher education levels than older workers, they enjoy more limited access to employment. As has been pointed out by the Director General of the United Nations in an address in May this year, this fuels a sense of unfairness and sends a message – an unhelpful message – that more education will not improve job prospects.
- Thirdly, we do have economic growth and job creation in our region, and we are ahead of other regions of the world on that score – but not enough. There remains a job deficit. Economies are not growing quickly enough to provide jobs for all young people.
- Fourthly, the problem has two characteristics – the availability of employment, and the quality of employment. These are not mutually exclusive.
- Fifthly, one size solutions won't work because it is not a one sized problem. Country circumstances and capabilities greatly differ. Broadly speaking there are different dimensions between industrialized and developing economies, and between the formal and informal economies. There are also integrated dimensions, such as with issues of labour migration, of gender, and of course - child labour.
- Sixthly, and crucially, we cannot expect to find solutions unless we correctly identify the multiple causes of the problem. Some of these causes I have mentioned above – inadequate investment in building a sustainable economic foundation, inadequate job creating employment growth, lack of synergy between education and relevant work skills, and ageing populations.

What then Should be the Responses of Stakeholders, Including Employers?

The 2005 discussion at the International Labour Conference achieved strong consensus on this issue.

We all have individual and collective responsibilities. That means the State (individually and as a contributor to tri partite dialogue), employers (individually and through employer organizations), workers (individually and through trade unions), parents, educators and the international community.

The challenge can only be met with pulling up our sleeves and working in partnership to get things done. There is an Australian expression which means approaching a problem with seriousness and energy – being ‘fair dinkum’. We must collectively and individually get ‘fair dinkum’ about jobs for young people.

We have made considerable strides in Australia in combating the problem of youth unemployment. More than a decade of continuous economic growth has seen youth unemployment levels fall, record numbers of young people entering the labour market, and very considerable public and private investment has been made by Commonwealth and State or Territory governments in education, and in the acquisition of relevant industry and trade skills. We have also restructured employment services in a way that means young people at risk, or in long term unemployment, can be identified and provided with active labour market assistance, including job readiness and job matching services and a mutual responsibility to actively seek to move off welfare into work.

Even with this progress in a wealthy industrialised country there is more that needs to be done. There is a healthy debate in Australia about the measures needed to further reduce unemployment, to provide a job to every young person who wants one, to better educate and provide real skills for the world of work, to deal with special issues facing our indigenous young people, and to match training to meet what are serious skill shortages in some sectors or trades.

In terms of policy and programmes, the ground work has been laid at an international level. We had the UN Millennium Summit in 2000, the establishment of the Youth Employment Networks (YEN's) thereafter (as a joint initiative of the UN, ILO and World Bank), we had (and have) National Action Plans under the YEN in

ten lead countries (ILO led), policy guidance from the YEN in the form of the four E's – employability, equal opportunities, entrepreneurship, employment creation; and of course the consensus discussion and conclusions of the 2005 International Labour Conference. We also have clear direction from the OECD on Employment Policy.

At an international level we do not need more analysis of the problem – we need to be part of solutions, and call each other to account for identifying the causes and implementing those solutions.

I might say at this point that the consensus we reached in 2005 is not a sufficient response by the international community. Can I stress on behalf of the employers group that we are looking for more active follow up by the Office – in conjunction with its constituents - of the 2005 recommendations on youth employment. There was so much good energy when we concluded in 2005, but I fear this is being lost under the weight of all the other work we and the Office are doing.

But can I say, if we are ‘fair dinkum’ in telling governments that they need to make specific allocation in their plans and programmes for youth employment then we have to match our word with deed. We have to lead by example. We damage our own credibility if we say this is what is to be done but don't do it. And if the ILO loses its credibility we let workers and employers down. All employers want to see specific attention being given in the November session of the Programme, Finance and Administration Committee of the Governing Body to allocate resources for the implementation of the action plan set out in the 2005 resolutions.

More specifically, how should we be reacting to this challenge in our spheres of influence?

We cannot consider the challenge too great; we cannot fall into the trap of negativity. The problem is not new. There is no magical solution, but it is not without solutions. There is hope. It is not a problem beyond mankind's capacity. We have to be positive if we want to lead.

If nothing more, there is a great upside. An economic upside (productivity); a social upside (living standards) and a political upside (stability). I emphasise the social and political upside – such as reduced levels of poverty, receding disillusionment and anger, less drain on social welfare, stronger families and lower petty crime.

What drives our energy and our optimism?

Lots of things.

In Asia we are a dynamic competitive economic region. We are not immune from economic downturn (such as Asian financial crisis) but we came out of that crisis with energy and remain a fast growing region – although not all sharing in that growth.

We are a region with an entrepreneurial culture. Entrepreneurship is part of the solution. Not all our young people need to or will be in employment. Many will become young entrepreneurs, making their own way as small business people, and maybe themselves becoming employers. Jobs start with investment and entrepreneurship – not with nice sentiment or good wishes. I emphasise this point because it gives us a sense of perspective. Without a good percentage of young people coming into the labour market becoming self engaged entrepreneurs we will not be able to offer sufficient jobs in the labour market over the next 20- years – especially in developing countries.

We are a region of job growth and job creation. Economic growth has come with more employment, although not all economic growth is employment generating.

We are a region with access to capital. Capital drives investment and entrepreneurship.

With some concerning exceptions in the Arab States and in the Pacific (and of course, the glaring problem of Myanmar), we are a region with reasonable political stability and respect for property rights – critical preconditions to private investment.

There is investment in education and skills in our region – but not enough and not well targeted.

There is labour productivity in our region – young people are good workers, and keen to learn and be productive. They have energy, optimism and bring new ideas to the world of work. We need to motivate them to demonstrate that energy.

There is labour market governance in many (but not enough) economies.

In many countries, there are forums for tri partite discussion of these issues, (but not enough). Those

discussions should involve policy and programmes. The policy responses are well known. I have mentioned the 4E's and the OECD's guidance.

We should avoid short term 'fixes' or a fixation with a rights-based approach or a belief that regulation can sustain employment. Experience shows that policies which discourage labour force participation are ultimately unsustainable and end up promoting benefit dependency by young people, rather than a more inclusive society.

As employers we have significant responsibilities in partnership with others. We need to see this issue as a contribution to society as a whole, not just business development. Practical measures like job matching, providing relevant training, not just seeking experienced staff but being willing to train young inexperienced staff, advertising our needs for labour, paying wages and providing employment conditions that make labour worthwhile, and engaging with parents, schools and training institutions on what makes young people more employable.

Concluding Questions

Let me conclude with a few questions to us all that will help us reflect on the solutions we should be driving at.

Are we developing national action plans for youth employment in our countries?

Are we providing feedback to governments on programmes that succeed and do not succeed?

Are we giving young people and their employers a sense of hope by talking of solutions not just the problem?

Are we encouraging entrepreneurship and risk taking?

Are we moving to eliminate the worst forms of child labour?

Are we advising educational institutions of what is relevant training and skill development for young people that makes them employable?

Are we pressuring the Office to progress the 2005 ILC conclusions with resources and without delay?

Are we listening to what young people and their employers are saying could be practical solutions, or are we just listening to ourselves?

Are we measuring our success or failures?

Are we assessing the outcomes of our intervention, including the operation of our labour standards and labour governance (that governance is not an end in itself - it is for a purpose – the creation of full and productive employment)?

Finally, are we strong enough to set a measure that by the time we return to an Asian Regional Meeting in four years, we will want to have at least made young people as likely to get jobs as adults in our region, instead of being three times less likely?

With these questions providing a basis for reflection, I look forward to our discussion.

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