

Canada needs an action plan to fight long-term youth unemployment

By Andrew Jackson

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Young people lag behind in Canada's economic recovery, with rates of unemployment and underemployment still significantly above pre-recession levels. The danger is that this will have a permanent scarring effect on many youth, with long-term negative implications for both our economy and our society.

It is often forgotten that Canada still has a large “echo baby boom” youth age cohort, with some 4.4 million persons age 15 to 24 now transitioning into the paid work force. They will all be needed in a few years just to replace “baby boomer” retirees, and our economic prospects will be brighter if our future work force gains relevant skills and experience today.

The youth unemployment rate (age 15 to 24) is typically about double the rate for core age workers (age 25 to 54) but was still 2.3 times as high in May, 2014 when the youth rate was 13.3% compared to 5.8%. Further, many young people have stopped looking for work, or have been forced to take part-time jobs even though they want full-time work.

While the great majority of graduates from post secondary institutions do manage to find jobs, recent studies by the Certified General Accountants of Canada and the Institute for Research on Public Policy find that many end up in low paid and often insecure survival jobs which do not require post secondary qualifications.

Despite these high levels of youth unemployment and underemployment, the federal government has cut funding for and the number of participants in programs delivered under the Youth Employment Strategy (YES). Just under 50,000 participants are projected for this year, less than one half the annual average

of 114,000 in the three years from 2003 to 2006, before the recession.

Some responsible employers provide structured programs which give young people in post secondary education programs real world work experience. Some 80,000 students participate in formally organized, paid co-op positions each year, and many employers provide decent summer jobs and career opportunities to new graduates.

But other employers offer only unpaid internships to young people desperate to gain work experience, and sometimes prefer to retain older workers rather than hire new graduates.

Employers and government should be challenged to do more.

In 2013, the European Union adopted the official goal of a “youth guarantee”, a high-quality job offer or training position for any young worker without a job after four months of leaving formal education or becoming unemployed. The goal is to ensure that youth unemployment does not lead to loss of skills and disengagement from the job market.

National action plans are being developed by governments, employers and unions to fight long-term youth unemployment.

While the situation in Canada is better than in many crisis hit European countries, we do worse than some countries, like Germany and Austria, which effectively transition the great majority of youth from the education system to permanent jobs and on the job skills training.

On June 23, the Broadbent Institute challenged large employers and the federal government to each contribute an additional \$670 million per

year to create an additional 186,000 paid work or co-op positions lasting for three months. These would be targeted to long-term unemployed youth and post secondary graduates unable to find work, and would reduce the youth unemployment rate from 13.3% to 11.7%.

Large corporations could create these positions by drawing on a tiny fraction (about 0.1%) of surplus cash now sitting on their balance sheets.

The federal government contribution would be used to help meet hiring costs for small business and not for profit employers.

There has been a lot of talk about the poor jobs situation facing Canadian youth. Young people and their parents are well aware that this is major issue.

It is well past time that we collectively decide do something about it.