

The hopes of Club 18-34 have been shaken and not stirred

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According to the Irish playwright George Bernard Shaw, *'Youth is wasted on the young.'* However, one of the biggest problems facing society today is that economies worldwide are wasting the potential of their youth; indeed they are failing to provide adequate opportunities for them to avail of, let alone waste.

In January this year, the great and the good at Davos warned of *"not a crisis but a disaster"*. Indeed, they said that the world is *"sitting on a social and economic time bomb"*. They were referring to youth unemployment.

The scale of the problem varies from country-to-country. In the Eurozone, the blight of youth unemployment is most apparent within Spain and Greece, both having more of their under-25s out of work than in work.

In Northern Ireland, like elsewhere, the recession has impacted on certain age-groups more than others. Since the summer of 2007, it has certainly not been all sun, sea and sangria for the Club 18-34 age group. Almost 60% of the rise in unemployment during Northern Ireland's downturn has occurred within this bracket.

The 18-24 category, or youth population provides a vital source of skilled labour for the future and influences an economy's growth potential. The household formation cohort of 25-34 years has a significant bearing on housing demand. In turn, this drives or leads to stagnation within the wider housing market. As a result, the high levels of youth unemployment today dramatically slows down the conveyor belt that produces First-Time Buyers tomorrow. This is one factor explaining why activity in the home movers market is at its lowest level since 1974.

NI's youth unemployment rate of 17.9% compares favourably with the 50% rates in Greece and Spain. Nevertheless, it remains almost double the rate of April 1998. In numerical terms, almost 18,000 under 25s claimed unemployment benefit last month. Our youth population also has the lowest wages within the working-age population. With lower wages there is a higher propensity to consume relative to those on the average wage. As a result, youth unemployment has adversely affected the consumer sensitive sectors such as leisure, retail, gyms, and pubs.

Similar concerns are emerging in NI with the supply of graduates increasingly out-numbering the demand for graduate positions. Invariably, the graduate response has been to enter employment at a level(s) below their qualifications, leading to *'skills fade'*. The target of putting 50% of school leavers through university has had negative consequences. Students have run up considerable debt to gain a qualification that has not improved their employability. This has given rise to *'student negative equity'*, whereby the benefits that accrue from a qualification are worth less than the debt incurred to fund it.

Apart from the general lack of hiring in the labour market, there are two additional reasons why youth unemployment has been rising. First, the rapid rise in the cost of living and squeeze on household incomes has triggered more individuals (*e.g. stay at home mums*) back into work. Thus graduates are increasingly facing fiercer competition from more experienced and better qualified staff for fewer employment opportunities. Second, given that pension ages have been raised and there are a fewer number of people who can afford to retire early, it is taking longer for employment opportunities to emerge.

Looking ahead, a growing number of graduates face the stark choice of unemployment, under-employment, or emigration. The *'gap year'* will increasingly be a popular pursuit for graduates as an unemployment avoidance tactic rather than the rat-race deferral strategy it once was. However, with the Australian economy

also taking a turn for the worse, 'Down Under' is not the employer of first resort it once was for backpackers.

Overall, Northern Ireland has an employment creation problem and this is most acute for our younger generation. The Davos forum I referred to earlier strongly suggested that young people should consider working for free for a couple of years to gain experience that would lead to suitable employment. Whether they are paid or unpaid, the importance of apprenticeships is huge. Given the economic outlook, this might be one of the few options open to many young people to make sure their potential is developed and not wasted.

Richard Ramsey,
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