

Youth Employment

John Hyde

Youth unemployment has fallen from a peak of 25% in 1983/84 to under 15% now and the problem is out of the headlines. Every seventh young person is, nevertheless, unemployed. What is more, I doubt Mr Keating's landing will be soft enough to prevent that proportion increasing.

Every year, thousands of school leavers fail to get started in the workforce. No doubt, a few of these youngsters leave school with no intention of earning, but the kids I meet are not so cynical---not when they start out, anyway. Most of the unemployed did, at some stage, try to find jobs, but some of them became dispirited, gave up and joined the cynics. Their attitude may not be excusable, but it is understandable.

They face a Catch 22 situation which, in their own eyes at least, excuses them from trying. Because they cannot start, they cannot acquire the skills that would make them employable, therefore they cannot start. When they reach the age when, by law, they must be paid full award wages, they run the risk of joining the ranks of the perennially unemployed. What sort of families will they raise? What will they teach their children about the society which has given them its charity but which has made them outsiders?

How many of them will correctly sheet home the blame to the practices, institutions and people who banned them from the workforce in the first place. Not many, I suspect.

There is nothing natural about their situation. As recently as the 1960's youth unemployment averaged only 3%. If the innate employability of people born in the nineteen fifties did not suddenly change for the worse, then the circumstances youth faced in the seventies and thereafter did change for the worse---very much so. The significant change was not in the level of demand: youth unemployment has remained obstinately high even in circumstances, like the recent past, when demand was excessive.

Certainly, easier access, during the 1970s, to the unemployment benefit will have increased the numbers of unemployed. The dole makes it more sensible to take longer looking for a better job and it is easily employed to help

finance the extension of a holiday. But the dole will have had least direct effect on the long-term unemployed because the cost of joining that group remains high.

The truth is that many young people do find it hard to get work. I know, as well as every employer of such people knows it, that there are always jobs available for the so-called 'unskilled'. But that apparent anomaly exists only because of the practice of defining 'skill' by the possession of an often irrelevant piece of paper. There are no spare jobs, at the mandated rates of payment, for people who have never blistered their hands, do not bring their hat on a hot day or their coat on a cold one, cannot use a shovel, do not expect a few aches and pains, are not accustomed to keeping an eye on what needs to be done, will not wash the coffee cups when there is nothing else to do, do not expect to learn from the person working alongside them, have not already learned good manners in dealing with customers and workmates, etc. etc.

The education system is often blamed for the unemployability of youth. At a time when teachers in WA are conducting rolling strikes and threatening to withhold children's Tertiary Entrance Exam marks it would be futile to suggest that teachers are blameless in the matter of children's unreadiness for employment. Their example is deplorable. Nevertheless, the standard of education did not suddenly plummet around 1970. Something else brought on the sudden rise in youth unemployment.

In 1983 The Bureau of Labour Market Research produced: *Youth Wages, Employment and the Workforce*. For some time this interesting paper was lost at back of Ralph Willis's filing cabinet or somewhere similar, but it eventually saw the light of day. This quotation from it explains why Mr Willis, once an ACTU advocate, found it embarrassing: "...virtually all studies confirm that increases in youth wages relative to those of other groups decrease employment of youth."

Before the 1974 recession youth unemployment was falling. Between 1972 and 1974---when Mr Whitlam reined in Canberra and Mr Hawke at the ACTU---minimum youth wages were increased relative to adults by 8%. It all started with the September 1972 consent agreement in the metal trades industries. When, after the period of excessive demand, inflation was brought down by inducing a recession,---does that sound familiar?---then youth unemployment shot up and has never really returned to normal. The factor that changed was relative youth wages.

International comparison shows that youth unemployment has grown most rapidly in countries which experienced a narrowing of youth/adult wage differentials---UK, France, Sweden and Australia---and least rapidly in USA, West Germany, Finland and Norway.

Many Government programs, such as the Australian Traineeship System (ATS), by subsidising the employer to take on ATS employees, recognise the value of on-the-job training

and admit that the young, very unskilled, employee is overpriced. Why isn't a young person permitted to gain experience by accepting any wage an employer will pay?

This freedom should replace the anomalous situation whereby it is legal to give a kid unpaid work experience, but illegal to pay him/her less than an award set by an industrial tribunal which is dominated by unions. The unions are in turn dominated by adults who do not want their wages competed down by a ready supply of up-and-coming employees. Minimum youth wages have nothing to do with preventing the exploitation of kids who, after all, won't go to work for MacDonaldis or whomever, if they don't want to. Far from preventing exploitation, they are the instrument by which adult workers, who do not wish to face competition, exploit the young.

This conspiracy against the young is, arguably, the strongest single indictment of the way we run Australia.

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