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EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
WASHINGTON, D.C. 20506

OFFICE OF THE CHAIR

THE VITAL NEED FOR A NATIONAL EMPLOYMENT POLICY
AND YOUNG AMERICANS: AN URGENT CALL FOR FOCUS
AND ACTION

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Equal Employment Opportunity Commission*

INTRODUCTION

The level of youth and young adult unemployment in America is alarming. The problem of youth unemployment, particularly among Black and Hispanic youth of America have real social and political implications for the nation in the foreseeable future. The dearth of clear public and private initiatives to address and to reduce youth unemployment, coupled with the souring unemployment rate of young adults may undermine the work ethic of the future adults of America. Prevailing unemployment conditions among the young could also cripple the family structure which in growing numbers now begins in their teenage and young adulthood years.

The youth of America are without strong voices in the corridors of the Executive and congressional branches of the government, but they must not be forsaken simply because no select committee in either house of Congress exists to articulate or advocate their needs as one of America's most populous groups. Recent unemployment

*/ Before the National Commission for Employment Policy, January 15, 1982, chaired by Kenneth M. Smith.

figures**/ and media articles***/urge, if not compel the National Commission for Employment Policy to focus considerable discussion and, where appropriate, its resources on a national epidemic: teenage and young adult unemployment.

The nation is in a recession. Economic recovery may come sooner or later. Economic relief for the teenage and young adult population cannot be deferred until all unemployed adults enter or reenter the workforce. Economic recovery regarding youth unemployment may not, without our attention, rebound in this decade. It is no secret that in an economy based upon supply and demand, jobs once sought after and held by youth and young adults will be absorbed by older unemployed workers. In the meantime, what will be the plight of younger Americans? The time for action on youth and young adult unemployment is now.

The purpose of this paper is to present the case for making teenage and young adult unemployment one of the priorities for study by the National Commission for Employment Policy.

**/ On January 9, 1982, the U.S. Department of Labor reported that 27.7 percent of all teenagers were unemployed. C. Atlinson, "Unemployment Rate Surges to 8.9 percent, Close to a Record," Washington Post, col. 4, p. 1, 24, 1-9-82. Blacks and Hispanic teenage unemployment reported in August of 1980 to be 40.3 percent, by the Wall Street Journal may today exceed 43 percent, or higher. See also, Black Enterprise, "Unemployment Watch," p. 24, Jan. 1982. Less than 30 days after the Wall Street Journal report, Black joblessness jumped to an "unprecedented" 50.7 percent. Teenage and young adults unemployment drastically increased, also. J. M. Berry, "Blacks' Jobless Rate Hits Record 15 Pct.," Washington Post, col. 1, p. 1, 9-5-81. The young are suffering. W. Robbins, "Data on Jobs Show Variety of Ills in U.S.," Wall Street Journal, col. 1, p.1, D-10, 1-11-82.

***/ See "Jobs for Kids Who Need Them," Editorial Washington Post, 1-24-81; D. Stetson, "City Is Termed Youth Jobless Capital," New York Times, col. 5, p. B3, 10-7-82; "Way to Beat Youth Unemployment: Join Political Units and Vote," Washington Afro-American, col. 1, p. 5, 12-5-81; D. Bergen, "More Teens Without Jobs Than Ever Before," Washington Afro-American, col. 3, p. 1, 12-8-81.

Basic Statistical Facts

The youth population is defined as teenagers (ages 16-19) and young adults (ages 20-24). Recently, grave concern has been expressed about the inability of many teenagers and young adults to find employment. I will attempt to present the statistical picture of youth unemployment, to isolate the causes, and identify the major analytical thrusts for explaining this phenomena.

The unemployment rate gives us a standard picture of the number of people who are in the labor force and who are out of work. The statistical picture for the twenty year period from 1958-78 can be summarized as follows:

- (a) White male teenage unemployment rate was 15.7 percent in 1958; 13.5 percent in 1978; and ranged from a low of 10 percent in 1969 to a high of 18.3 percent in 1975. White male young adult unemployment rate was 11.7 percent in 1958; in 1978 it was 7.6 percent; and ranged from a low of 4.1 percent in 1966 to a high of 13.2 percent in 1975.

- (b) Nonwhite male teenage unemployment rate was 26.8 percent in 1958; 34.4 percent in 1978; and ranged from a low of 21.3 percent in 1966 to a high of 35.4 percent in 1975 and 1976. Nonwhite male young adult unemployment rate was 12.7 percent in 1958; 8.6 percent in 1978; and ranged from a low of 3.7 percent in 1969 to a high of 12.7 percent in 1958.

(c) White female teenage unemployment rate was 12.7 percent in 1958; 14.4 percent in 1978; and ranged from a low of 11.5 percent in 1967 to a high of 17.4 percent in 1975. White female young adult unemployment was 7.4 percent in 1958, 8.3 percent in 1978; and ranged from a low of 5.3 percent in 1966 to a high of 11.2 percent in 1975.

(d) Nonwhite female teenage unemployment rate was 28.4 percent in 1958; 38.4 percent in 1978; and ranged from a low of 24.8 percent in 1960 to a high of 39.9 percent in 1977. Nonwhite female young adult unemployment was 18.9 percent in 1958; 21.3 percent in 1978; and ranged from a low of 12 percent in 1969 to a high of 22.9 percent in 1975.

The data, thus, shows that teenagers have higher unemployment rates than young adults and adults. Moreover, racial minorities and women have higher unemployment rates than white males.

In addition the data shows a disadvantageous position for racial minorities in all categories with minority females being worse off. Recently, published data concludes that the current youth unemployment problem is epidemic.^{1/}

^{1/} Wall Street Journal, August 21, 1980, reported: "the rate for teenage black [joblessness] soared...to 40.3%."

Demographic Aspects of Increased Youth Population

In some of the literature on youth unemployment, it is suggested that the post-war baby boom is a reason for the inability of labor markets to absorb all youth.^{2/} Seninger^{3/} argues that the last of the general baby boom will pass through their teenage years in 1981. This peaking of the general teenage population will occur much later for blacks. The black teenage population is seen as continuing its present growth until at least 1990. Blacks are seen as becoming an even more visible part of the youth unemployment problem.

Institutional Constraints on Teenage Employment

(a) Minimum Wage

The minimum wage has often been suggested as one of the reasons for the unemployment problems of youth with low productivity. This view is supported by Freeman and Wise^{4/} who argue that increases in the minimum wage reduce youth employment, and further suggests that the increase in black youth wage rates may have contributed to the relative deterioration in the employment of black youth. Freeman and Wise argue that white male

^{2/} Adams, Avril, V., and Garth L. Mangum, "A Reassessment of Youth Unemployment," in *The Lingering Crisis of Youth Unemployment*. W.E. Upjohn Institute, 1978, pp. 125-142.

^{3/} Seninger, Stephen F., "Post-War Trends in Youth Unemployment," in *The Lingering Crisis of Youth Unemployment* by Avril V. Adams, et al., Kalamazoo, Michigan, W.E. Upjohn Institute, 1978, pp. 19-34.

^{4/} Freeman, Richard B.; and David A. Wise, "The Youth Employment Problem: Its Dimensions, Causes and Consequences."

youth earnings have declined relative to adult earnings while black male youth earnings have increased relative to adult earnings. The change in the relative wages of black and white youth is, therefore, suggested as a cause of increased black youth unemployment.

Taggart and Davidson^{5/} point out that among employed teenagers ages 16-19 more than 1/3 earn less than the minimum wage.

They also note that for the unemployed youths 2/5 claim they would take a job that paid less than the minimum wage and another 1/5 would take a job that paid at the minimum wage.

Much of the recent literature has veered away from emphasis on the minimum wage and looks instead at "cohort overcrowding." This crowding effect is achieved by clearly defined competing groups in the labor market. For Wachter and Kim^{6/} the competing groups are the younger and older workers. Wachter and Kim note that the deterioration of the labor market position of youth is due to labor supply factors. The extent to which cohort overcrowding impacts on black males 16-24 years is still unclear.

^{5/} Taggart, Robert and Naomi Berger Davidson, "Introduction", in the Conference Report on Youth Unemployment: Its Measurement and meaning, U.S. Department of Labor, October 1978.

^{6/} Wachter, Michael L., and Choonegosoo Kim, "Times Series in Youth Joblessness," NBER Conference on Youth Unemployment, Cambridge, Mass., May, 1979.

(b) Government Transfer Programs

Institutional constraints such as government transfer programs are mentioned in the same mold as the minimum wage as causing an increase in unemployment rates. However, Wachter and Kim point out that data problems make it almost impossible to isolate the effects of government programs. One of the conceptual problems is that the government's social welfare package is an integrated program.

(c) Child Labor Laws and Teenage Unemployment

Mitchell and Clapp^{7/} note that child labor laws restrict employment in certain occupations and industries for teenagers from age 14-17. School dropouts are much more likely to be affected than other teenagers since dropouts are potentially available for full time work. Mitchell and Clapp used a sample of high school dropouts from the 1970 census and found that at age 19, employment shifts towards sectors regulated by child labor laws. The authors also note that the impact of child labor laws is to push teenage employment into sectors where long-term job prospects are questionable.

^{7/} Mitchell, Daniel J.B., and John Clapp, "The Effects of Child Labor Laws on Youth Employment," in the Conference on Youth Unemployment: Its Measurement and Meaning, U.S. Department of Labor, October 1978.

(d) Urbanization and Teenage Unemployment

The role of urbanization - the movement from rural to urban centers--has helped to increase the number of unemployed youth. Magnum and Seninger^{8/} argue that in an urban setting youth are far less likely to be engaged in a family enterprise and more likely to seek employment. They argue further that a growing number of minority youth are competing for jobs in a deteriorating urban labor market. One of the causes of this deterioration is that semi-skilled manufacturing jobs are disappearing from the central cities.

(e) Youth Work Attitudes and Job Tenure

Bad work attitudes are sometimes posited as a reason for youth unemployment. Feldstein^{9/} suggests that the "major problem is not a chronic aggregate shortage of jobs but the instability of individual employment". One of the major reasons for chronic youth unemployment is low job attachment among those at work. It is suggested that the reason for low job attachment stems from the fact that the jobs are unattractive and employers have made no investment in these workers; therefore, they do not hesitate to lay these workers off.

8/ Magnum, Garth L., and Stephen F. Seninger, "Coming of Age in the Ghetto: The Dilemma of Ghetto Youth Unemployment," Baltimore, Maryland, Johns Hopkins University Press, 1978.

9/ Feldstein, Martin, "The Economics of the New Unemployment," The Public Interest, Volume 33, Fall 1973, pp. 3-42.

decision does not aggravate a problem that has this nation baffled. Indeed, in a recent article entitled, "Black Youths Need Jobs, Not Theories," columnist William Raspberry stated that--

Unemployment among black youth may be the most baffling socio-political problem facing America today: as intractable as the energy crisis, as politically sensitive as immigration and as inexorable as inflation...

Somehow, we'll have to come up not just with theories but with practical solutions...Not only urban tranquillity but a whole generation of black youngsters depend on it. (emphasis added)11/

Creating more jobs in the 1980's will be more difficult than in previous decades. 12/ Some of the factors that are responsible for exacerbating this problem are: Some of the occupations which grew enormously in the 1960's will decline in the 1980's. The traditional picture of the American workplace as the foundry, the factory, the automobile assembly line, will no longer be accurate. Our post industrial economy is service-oriented, white-collar and technical; blue-collar jobs will give way to white-collar jobs. The impact of these changes will be felt most acutely by minority youth. 13/ However, Ginzberg states that 14/

11/ The Washington Post, September 10, 1980, P. A-18, Col. 1.

12/ Youth Employment Initiatives, Background Report by Office of Media Liaison, The White House Press Office, January 10, 1980.

13/ Id.

14/ Ginzberg, Eli, Youth Unemployment, 242 Scientific American 43, 47 (May, 1980).

Osterman^{10/} looked at the different unemployment experiences of black and white youth using cross section data. He noted that, with respect to the duration of completed spells of unemployment, there were significant racial differences which persisted, even after controlling for various personal characteristics and labor market demand. Osterman found that high reservation wages could not explain black youth unemployment. He notes that black and white youth were almost equally likely to quit, but that blacks were more likely to quit into unemployment.

The Solution

Although the experts are divided on the exact causes of the disproportionate high rate of youth unemployment, they are agreed on one thing: the cure to the problem is to create more jobs and training opportunities, such as present apprenticeship programs. Recognizable, apprenticeship programs are only a segment of the potential training opportunities for the young. However, current economic indicators warn us to go slow, to be evaluative and to be reasonably sure that any public policy

^{10/} Osterman, Paul, "Racial Differentials in Male Youth Unemployment", in the Conference Report on Youth Unemployment, Its Measurement and Meaning, U.S. Department of Labor, 1978.

Although this emphasis on black youth is justified by the appalling facts about their high unemployment rates and their low labor-force participation, they are not the only vulnerable group. Young whites are in trouble . . . Moreover, young Hispanics also have particular disabilities in the labor market. Their experience in terms of unemployment and labor-force participation, falls about midway between that of whites and blacks, but the lack of long-term data specifically for Hispanics makes it impossible to analyze their situation in more detail.

Therefore, contrary to popular perception, the changes are of such scope that they pose serious challenges for youth of all groups in America,^{15/} but particularly for minority youth since their problem may be the consequence of racial discrimination. Indeed, the economic conditions facing youth and young adults in this decade are perilous.^{16/}

In attempting to find a solution to this problem, we should be guided by the following:

- (1) The problem of youth unemployment will not disappear in the 1980's, but rather worsen in some communities and for some groups;
- (2) The lack of basic communication, comprehensive and computational skills is the most serious barrier between these young people and successful entry into the labor market;
- (3) Basic skill efforts must be combined with the development of work experience opportunities to give youth a resume which reflects credible work experience and documents their accomplishments;
- (4) Employment and education programs spurred by the federal government must have considerable less red tape and permit youth easy access and allow for greater flexibility at the local level;

^{15/} Id.

^{16/} Summer Jobless Rate for Youths Hits Highest Rate in Five Years--Bureau of Labor Statistics Reports, Daily Labor Reporter, Economic Section, August 13, 1980, No. 158, at p. B-1, (See accompanying tables).

- (5) There must be renewed emphasis on providing labor market information to young people, and to those teachers, parents, guidance counselors and others who assist them in making career choices;
- (6) The problems are too large, too complex to be successfully addressed by any single institution. It is essential to have a partnership between local government, education and the business community;
- (7) Community-based and voluntary organizations must be involved in any effort to mount a youth employment program.

Conclusion

The responsibility for youth and young adult unemployment must be borne by all segments of the republic. However, if the business community does not or cannot lead the young out of the wilderness of joblessness, the government must -- because the future of America is at stake.

* * * *