

Equipping the Youth for the Economic Transition

Every generation worries about the next. Elders almost always see the youth in decline, generally threatened by technology, fraying morals, and an obsession with vacuous pursuits. The youth of the 1990s were going to be destroyed by TV, the youth of the 2000 by the internet, the latest generation by smartphones. These fears are often rooted in a rapidly changing world. Each generation is defined by the world around them, with the Struggle generation having to adapt to very different challenges to the Born Frees. The next generation will probably be as equally full of dedication, talent, and ambition as any other - but how these positives will be channeled depends on the nature of the challenges facing that generation. As the nation celebrates Youth Month this June, it is worthwhile to look forward to the challenges facing the next generation of South Africans, and how these challenges might shape them.

Youth Unemployment

While the entire country suffers from an unemployment crisis, the youth have it particularly bad, with 54.5% of those between 15 and 24 unable to find work when they look, compared to 26,7% for the broader population. More than half of this group of unemployed youth have never had a job. 76% of the youth population are not economically active, and while many in this group are students, others fall into the dreaded category of NEET: Not in Employment, Education or Training. For the most recent data available, South Africa has the fifth highest portion of youth categorised as NEET in the world - behind only Namibia, Bangladesh, Armenia, and Trinidad and Tobago. Young people find it increasingly difficult to do anything in the face of the unemployment crisis, with StatsSA reporting a 2,7% decline in entrepreneurship amongst the young between 2009 and 2014.

While the immediate impact of youth unemployment is serious, the longer term effects are often more worrying. Marginalisation of the youth deprives them of the experience and networks needed to establish careers as they get older. Even those who do succeed in gathering the necessary experience face an uncertain middle age, in which older groups still grapple with extremely high unemployment rates, and often find themselves in precarious informal employment - with those aged 15-34 making up 38,6% of those employed by labour brokers. Efforts to survive and advance in the face of these challenges often result in heavy debt burdens that undermine the benefits of future employment, while also acting as a barrier to important investments like buying a house or starting a business.

Drivers of Change

This status quo clearly has to change, but how it changes is extremely difficult to predict, with a wide range of possible scenarios. Three factors are of particular concern: education, industry structure, and technological change.

Education is a powerful determinant of success in South Africa, with 58% of the unemployed having less than matric education, 33,72% having only matric, and only 7,6% having tertiary education. StatsSA set alarm bells ringing when they reported that the current generation of young South Africans are less educated than their parents. This is only true in very narrowly

defined areas - such as specific job roles, and the percentage of (the vastly expanded cohort of) matriculants obtaining university degrees - but rates of high school and university enrolment have expanded rapidly. Nevertheless, there is still a deep crisis in education. The crisis can be seen in any number of statistics - with a majority of high school learners failing to reach matric, and math test scores averaging in the low 10% range - but the causes are incredibly complex and difficult to pin down, ranging from mismanagement to a lack of skilled teachers, to deep structural conflicts between teachers unions and the Department of Education. There is no simple solution to the education crisis.

And even if there was, the simple power of education to guarantee employment will not always remain true. Education will always be beneficial, but as it expands to large parts of the population, the number of job opportunities for skilled professionals will need to expand at a similar rate. There is reason to be optimistic in this regard. The challenge of job creation in today's South Africa is in creating the right type of jobs, particularly those that are accessible to the vast swathes of the population who were denied access to quality education. Creating high quality jobs for these groups is extremely difficult, often requiring resurrecting a struggling manufacturing industry. If skills are plentiful in the next generation, policy could increasingly focus on the easier task of creating service sector jobs, which suit the South African economy but are unsuitable for our current workforce.

The benefits of skilled job creation will be partially offset by rapidly changing technology, which will be a central challenge for today's youth. Technology has always displaced some jobs - like email displacing postal workers - but it is possible that technology change will reach a critical tipping point for labour in the coming decades. Predictions of job losses to technology are famously inaccurate, but estimates are still worrying: in Ethiopia, perhaps the continent's most dynamic manufacturing economy, 85% of jobs are threatened by automation. With technological change redefining the labour market, South Africa could face new, massive job losses just as the country is starting to get to a point where it can provide work to most of the population.

While all three look challenging, they are all avenues for changes that can create opportunities for the youth or protect the opportunities that already exist. But even in the most optimistic scenario, change will happen gradually, and that's a problem. The youth of South Africa are impatient for a better opportunities and greater social justice. Service delivery protests and unrest at universities are merely the tip of the iceberg of youth discontent.

Build Policy for the Transition

Our political dialogue is full of debate on what to do to change the future of the youth, and many promising changes are happening. But there has to be a recognition of the fact that youth unemployment is not a binary condition. We tend to imagine the 'bad times' now and the 'good times' later, and think through how to get from one to the other - but the majority of the time is going to be spent in between.

The policy community must focus on building a just transition - providing enough support to allow the youth to recognise their potential during the difficult middle period, while we work to eliminate the longer-term structural problems. There are three avenues to consider here.

First, is the creation of welfare support for young people. This is a controversial avenue to take, given that South Africa's budget is already wildly overburdened, with a lot of that being diverted to social spending. But the welfare system in South Africa is almost exclusively needs-based: making absolutely vital transfers to the elderly, young mothers, and the suffering and indignant. But the youth and middle aged play a systemically vital role in the economy - defining the success or failure of education, raising young families, and acting as key consumers - and arguably money given to the youth is channeled back into the economy more effectively than that given to other groups. There is increasingly convincing evidence that cash transfers can be amongst the most transformational policies available to a government. Current welfare dependents cannot lose their support, since many are entirely reliant on it to make ends meet and protect their families. But some sort of youth or university scholar support, of the kind offered in many European countries, is perhaps something to be considered in South Africa.

Second is the creation of international partnerships that can provide opportunities for the youth to gain education and experience abroad. While of course we need to keep South Africa's best and brightest in the country, creating an internationally mobile youth can help bring ideas and innovation back to the country, strengthen international partnerships, and provide purpose to youth that perhaps can't be easily found in South Africa. The model for this could be Europe's Erasmus programme, which is a very successful system of student exchanges, that was established to rebuild continental unity in the aftermath of World War II. A similar system in Africa could open new horizons for the youth during difficult transition periods, while also reinforcing our place in the continent.

Third, the potential of the youth needs to be rechanneled to combat their greatest challenge: education. Talented young university graduates should be offered a chance to return to high schools to assist in educating the next generation, without necessarily committing themselves to a career in teaching, which is not an attractive prospect for many young people. Experience in this field could, however, bring in a new generation of teachers - but more generally, it would offer some bridging work for students looking to move into their first jobs, while also reinforcing the talent pool in our education system, and exposing young high school learners to role models that can advise them on how to succeed in school. A model for this would be Teach for America, which offers college graduates a year-long stint teaching in underprivileged schools, with this experience recognised by many highly influential potential future employers.

These three are merely examples - the truly essential lesson is that we need to start discussing the options available to protect our youth while we undertake the difficult challenges of building an economy that can give them a future. Failing to do so could force young people to take actions into their own hands, threatening the social stability that is essential to create opportunities for all.