

Ministers, ladies and gentlemen, dear participants.

It is a great pleasure for me to welcome you to the OECD High-level Forum on Jobs for Youth. We are proud to have this event here in Oslo and I am impressed that totally 27 of the OECD-countries are attending the policy forum.

This Forum addresses an important economic and social problem throughout the OECD area and beyond. Youth unemployment has reached disturbing heights in many countries, and the increase in long-term unemployment is particularly worrying. Politicians must now find ways to employ more youth in the short run, and we must design and implement policies that will raise youth employment in the long run. The IMF/ILO conference here in Oslo last week dealt with the challenge of ensuring a sustainable, job-rich recovery. Hence, these two events are closely linked.

Young persons with no education beyond compulsory school face dim prospects of success in today's labour market. Globalization, with free trade and free movement of factors of production, spur economic growth. But increased mobility has also confronted us with challenges. Low-paid jobs are exported from countries with high wage levels, leaving the least productive workers with fewer employment options. Still, many youth do well in the labour market, finding good and stable jobs after completing education.

The individual costs of high youth unemployment are large. But by failing to employ a large share of several young cohorts, society also loses great values, now and in future. It is therefore essential to invest in jobs for youth now.

Education is the first and most important barrier against unemployment. Labour market policies, with active labour market programmes and skills development, are core tools for lifting unemployed youth into employment. In order to help the least motivated and most vulnerable youth, we need close cooperation between employment offices, schools and local health authorities at an early stage.

Some argue that in order to employ more youth, we should lower the risk or cost for employers by hiring young persons. I fear such a strategy could backfire in the form of a dual labour market, where the weakest are left with low-quality jobs.

In my opinion, a more promising avenue is to invest in upgrading the human capital of young workers, through the education system and labour market policy. This may require changes in our educational methods, opening up new roads of learning to pupils in need of more practical learning. I am particularly concerned about youth who fail to complete upper-secondary education and do not find employment. In order to motivate these youth to qualify for decent jobs, they must be able to see the prospects of reasonably paid and stable employment.

High employment standards for youth, coupled with access to income support subject to proper activity requirements, ensures appropriate incentives to work. Although a lack of incentives to work may not seem the most pressing concern in the current situation, creating the right incentives is an important structural challenge in many countries with comprehensive welfare states. We should remember this aspect in our current discussion.

It is important that the PES has contact with the unemployed youth. One way of trying to get unemployed youth to report themselves to the PES is to lower the thresholds for allowing unemployment benefits or social assistance. But we have to avoid that youth get accustomed to living on public benefits. We are focussing on the drop-out group and the responsibilities of the education authorities to follow-up drop-outs.

In the debate over flexible versus rigid labour markets, I feel that we should be careful not to see this as a debate over one extreme system against the other. Most countries have rigid regulations in one area, say, access to temporary employment, and flexible regulations in another, say access to dismissal for economic reasons. Countries adapt their systems in different ways, sometimes due to special national challenges, but seek to achieve a combination of regulations that serve the purpose of stimulating high employment and ability to adapt to changes.

Before I finish, I would like to ask some questions:

First, do we have good enough knowledge about what measures that work, and what works for whom? When it comes to the effectiveness of active labour market programs, I often get unclear answers on what evaluations tell us. How can we make evaluations that are more reliable? And how can we ensure that evaluations have more direct implications for policy making?

Second, older unemployed could be more harmed by unemployment than younger unemployed. Elderly people tend to have longer unemployment periods and their prospects of re-employment are worse. Should that have any consequences for our policy?

I am certain that we will move forward on these and other issues today, and that we will take home with us new knowledge and inspiration for our continuing efforts to create jobs for youth. I encourage you to a constructive and lively debate.