Rebels with a cause
Unemployed youths take to the streets of Madrid during a general strike in March

Photograph by Christian Als for TIME
The Jobless Generation

Tens of millions of young people are unemployed. How to get them jobs before they become unemployable—and erupt in fury.
LEX RODRÍGUEZ TOSCANO thought he had prepared himself well to compete in the 21st century. For five years, the Spanish economics major studied hard at Madrid's University of Carlos III, taking the most complicated mathematics courses and polishing the three foreign languages he speaks. But after graduating in February 2011, Rodriguez discovered that even those desirable qualifications mean little in today's distressed global economy. For eager college grads in crisis-hit Spain, where more than half of all young people are out of work, finding a job is almost impossible.

Rodriguez has tried his best, sending 88 résumés to organizations that might require some economics research, but he hasn't gotten a single offer.

"There are so many applications from so many people with master's and doctorates, people who have been doing this much longer," he complains. "Why would they hire me?" To bring in a bit of cash, Rodriguez takes catering jobs and tutoring assignments, but his earnings are not enough for him to survive on his own. Forced to live with his parents, Rodriguez, 25, worries that his lot might never improve. Being young and unemployed "makes you desperate," he says. "Desperate."

Tens of millions of other young people around the world feel exactly the same way. Creating jobs for the up-and-coming generation has become one of the most urgent problems facing policymakers worldwide. From Milan to Manila, Seattle to Santiago, the global economy is failing to provide good job opportunities for college graduates and others entering the workforce for the first time. After getting slammed during the 2008–09 financial crisis—when the global youth unemployment rate posted its largest increase on record—young workers are discovering that their job prospects remain bleak three years later. Young people in the world's richest nations got hit the hardest. Persistent recession and budget cutting have brought the situation to crisis proportions in some developed countries—like debt-burdened Greece, where youth unemployment is over 57%. Over the past two years, the share of Americans ages 18 to 24 who are employed, at only 54%, is the lowest on record, according to a recent study by the Pew Research Center. In 2007, more than 63% were employed. The International Labor Organization (ILO) figures that 75 million people ages 15 to 24 are unemployed globally—or 2 out of every 5 jobless—and there is little hope of significant improvement. Without action, this army of young jobless could become "a lost generation," warns Gianni Rosas, the Geneva-based coordinator of the ILO's Youth Employment Programme. "We are in a situation where our kids are worse off than we were 20 years ago," he says. "We are going backward."

The longer the youth job crisis persists, the more severe the consequences will be for the global economy, in both developed and developing nations. Instead of nurturing the labor force of the future, the world is creating an underclass of millions of disaffected workers who lack the skills necessary to support growth for decades to come. For advanced economies, where high costs make the development of top-notch talent even more critical, the damage to competitiveness could hamper those countries' ability to contend with emerging rivals like China and India. In aging societies, especially in Europe and Japan, youth unemployment makes the burden of funding health care and pensions for retirees even heavier, since the number of taxpaying workers is curtailed and the cost of benefits that governments must provide increases. That puts more strain on governments already buried under debt. Youth unemployment's most potentially lethal consequence: unemployed youths are more likely to engage in terrorist activities and crime, studies have shown. "If you have a growing number of people left behind, there is a cost for society," says Anne Sonnet, senior economist at the Organisation for Economic Co-operation and Development, a Paris-based intergovernmental group. "You run the risk of a jobless generation disconnected from society."

The crisis now facing the world's young people has been brewing for some time. Although in many countries the jobless...
Out of work Groups of jobless youths gather in Algiers, far left, and Athens, below. Alex Rodríguez Toscano, middle, of Madrid, has failed to find a position despite having excellent qualifications.

Young and Jobless
The under-25s have suffered disproportionate unemployment in the economic crisis.

Growing Pains
The factors that cause youth unemployment often differ among regions and labor systems. In much of Western Europe, for example, excessive labor protection makes it more difficult for youths to land good jobs. Since firing full-time workers is so complicated and expensive, employers are wary of taking on new staff, while people who are already employed, mainly older workers, often retain their jobs for life. In developing countries with high birthrates and very young populations, like the Philippines, growth isn’t strong enough to absorb the wave of youngsters entering the workforce each year. Yet youth unemployment also has common roots throughout the world: young entrants to the workforce are often the most vulnerable in economic downturns—new employees are often the first to get sacked, while college grads find few employers willing to hire. Excessive red tape stifles entrepreneurship and investment and therefore job creation. Pakistan’s Prime Minister Yousuf Raza Gilani, who ranks combatting youth unemployment with eradicating terrorism as his nation’s top challenges, speaks for government leaders around the world: “We have to create more jobs for our young people.”

Those young workers who do find employment are often trapped in lousy jobs. In Spain, Italy and Japan, for instance, companies looking to gain flexibility in regulated labor markets often offer new, young staffers only short-term contracts. These contracts, which sometimes last for only a few days, usually come with meager salaries and few benefits. Since such staff is temporary, employers have little incentive to invest in training.

Facing such hurdles, young people have to turn to the only job market they can: the Internet. In Spain, a recent survey found that 70% of young people are now looking for work online, according to a study released by the country’s National Statistics Institute. In Tokyo, where 15% of the population is now unemployed, the majority of job postings are online, according to a survey by the National Institute of Advanced Industrial Science and Technology.

The result: America’s unemployment rate for youth has consistently been much higher than for the overall population, policymakers in both advanced and emerging economies have generally failed to address the problem. They are paying the price today. The Great Recession has elevated youth unemployment from an unfortunate social ill to a major threat to future economic and political stability in many parts of the world. Violent riots in London and other cities in the U.K. last year were, in part, the result of disenchanted young men over miserable economic prospects. In the Middle East, where youth unemployment rates, often about 25%, are routinely among the highest in the world, persistent joblessness is a key source of the rage that sparked the Arab Spring. If the new leaders in the region can’t create more jobs for young people, it could descend into a debilitating cycle of violence. “If you don’t restore hope,” says Ahmed Heikal, chairman of Cairo-based private-equity firm Citadel Capital, “we will be in a bigger problem. Another Tahrir Square.”
everywhere are finding that the traditional route to success—education—isn’t paying off as much as in the past. More and more college graduates are forced to take jobs well below their skill level, anything from waiters to supermarket clerks. A March report from the U.K.’s Office for National Statistics showed that the share of recent college graduates in Britain working in lower-skilled jobs rose to nearly 36% in 2011 from less than 27% a decade earlier. In some parts of the world, such jobs are all that is available to college grads. Typical is Cairo’s Ahmed Said. He graduated from college with a business degree, and after performing the obligatory year of military service, he applied for jobs in accounting and data entry. But Said, 24, had no luck, and today he works as a waiter at an upscale café near Tahrir Square. “This was my last choice,” he laments, “and this is the job that I got.”

With work so scarce, young graduates in rich and poor countries alike often find themselves competing with more-experienced workers for even the most basic jobs. Haro Koglou of Greece graduated from the Agricultural University of Athens 18 months ago but hasn’t been able to find a position in her field. “I don’t see jobs being created, so we will be competing with Ph.Ds for entry-level work,” she complains. Lowering her standards, however, hasn’t yielded results either. Koglou, 26, has started applying for any opening she can find, “like working at a cafeteria or a supermarket, just to make a living,” she says. “I’ve sent out 500 job applications. No responses.”

Scared for Life

THOSE WHO FALL BEHIND IN THE JOB MARKET at an early age often never fully recover. Deprived of skills and experience in their first years in the workforce, they have trouble competing for good jobs for the rest of their working lives. A study conducted by the Economic Council of the Labor Movement, a Copenhagen-based think tank, tracked young Danish workers who were jobless for at least 20 months in 1994 and discovered that 15 years later they were almost twice as likely to be unemployed and earned 14% less—or about $10,000 less—a year than those who were employed as young adults. “The most important factor in how you succeed in the workforce is how you start,” says Mie Dalskov Pihl, an economist with the council. Long-term joblessness can also underpin a young person’s self-confidence and lead to depression. The impact is especially serious in Japan, where a man’s standing in society is very much connected to his job. After graduating from college in 2000, Yoshinobu Kurashige couldn’t find full-time work. Embarrassed, he locked himself in his room in his parents’ house for nearly 10 years, during which he barely spoke to them and had no contact with anyone else. “If you can get full-time employment, you’re O.K., but if you fail, you are forced to drop out,” says Kurashige, now 37. “It’s really hard to go back.” His parents eventually contacted staff at New Start, a nonprofit organization that rehabilitates people who withdraw from society in this way, a phenomenon known as hikikomori; the organization’s staff coaxed him out of his isolation and helped him find a temporary job at Amazon. New Start says more and more young people are becoming hikikomori, in part because of youth unemployment.

Free to Succeed

THOUGH A STRONGER GLOBAL RECOVERY would ease some of the pain, labor experts believe the problem of youth unemployment demands special attention. During the downturn, some governments introduced programs aimed at getting young people working again. In November, for example, U.K. Deputy Prime Minister Nick Clegg launched a $1.6 billion fund to subsidize British companies that hire jobless youth. Yet solving the problem of youth unemployment will require attacking its core causes. One key element is an overhaul of education. In many countries, schools simply are not preparing students for the labor market. In Egypt, for example, even those graduating from top universities have to take extra, often costly classes to qualify for the best-paying jobs. Employers “don’t have faith in the degree you have,” complains Mahmoud Issa, an engineering graduate in Cairo. In the U.S., a Pew survey discovered that fewer than half of young workers currently employed believe they possess the education necessary to succeed in their careers. In many nations, students choose courses of study that are mismatched with the needs of the economy, because of either personal choice (as in the U.S.) or the structure of an educational system that funnels top talent into certain sectors (as in Egypt). The result: a skills gap between what graduates are trained to do and what companies actually desire. One possible solution may be apprenticeship programs like those found in Germany and Switzerland, where youth unemployment is lower than in much of the rest of
Europe: High-school-age students spend part of their time in classes and part on the job, ensuring that they absorb the skills companies require. Many students later get hired by the companies at which they’ve apprenticed.

The greatest challenge in fixing the youth-unemployment crisis, however, is simply creating more jobs. Many emerging markets need to eliminate regulatory hurdles to attract more investment and boost job growth. Europe needs to repair broken labor markets. Oustsize protection of full-time workers must be diminished to make it easier and less costly for firms to hire and fire. In Italy, Prime Minister Mario Monti has already moved to open restricted professions like those of pharmacists and lawyers and is now pressing Parliament to pass a major liberalization of the country’s labor laws.

Governments also need to do more to spur entrepreneurship so that more young people start companies and hire their peers. In many nations, that is surprisingly difficult. Paolo Barletta, the 25-year-old CEO of Milan-based fashion start-up Don’t Cry Baby, had to use his savings to launch his jeans company because no other financing was available. “If a young person wants to start a company, he doesn’t get any help,” he says.

Less than 4% of Europeans in their 20s start their own businesses, compared with about 6% of Americans the same age, according to Global Entrepreneurship Monitor in London, which tracks self-starters like Barletta the world over. Making life easier for Barletta and his peers—whether they live in New York City or New Delhi—might be the best solution to the youth-jobs crisis. In rich nations, the Great Recession seems to be creating an entire generation more willing to take risks than their parents. In a study released in March, Boston Consulting Group estimated that the EU’s Internet economy will grow to about 5.7% of the region’s GDP by 2020, with some of that growth coming from young online entrepreneurs. “I think we’re seeing a rise in more entrepreneurial careers,” says Lindsey Pollak, a consultant specializing in career trends. “The workers of Generation Y really believe in themselves and their ability to succeed in the future.” They’ll still need all the help they can get—"with reporting by Lisa Abend/Madrid, Abigail Hauslohner/Cairo, Joanna Kaziukiewicz/Athens, Krista Mair/Tokyo, Nate Rawlings/New York, Simon Shuster/Moscow, Courtney Subramanian/Hong Kong and Vivienne Walt/Paris"