

Youth bulges and youth unemployment

Youth bulges are not a major factor explaining current levels of youth unemployment

Keywords: Youth labor market, demography, unemployment, cohort size, youth bulge

ELEVATOR PITCH

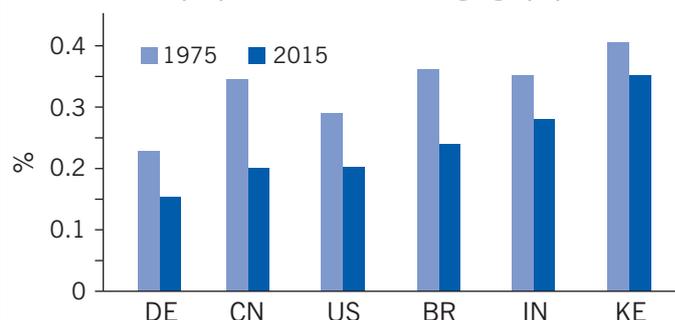
The youth population bulge is often mentioned in discussions of youth unemployment and unrest in developing countries. But the youth share of the population has fallen rapidly in recent decades in most countries, and is projected to continue to fall. Evidence on the link between youth bulges and youth unemployment is mixed. It should not be assumed that declines in the relative size of the youth population will translate into falling youth unemployment without further policy measures to improve the youth labor market.

KEY FINDINGS

Pros

- ⊕ In most developing countries the youth share of the working-age population is now substantially lower than 40 years ago.
- ⊕ Growth of the youth population in most middle-income countries is zero or negative.
- ⊕ The youth share of the working-age population is much lower in high-income than in low-income countries, but youth unemployment is not lower.
- ⊕ The relative size of the youth population has declined in recent decades in high- and low-income countries, but youth unemployment has not.
- ⊕ Countries in the Middle East and North Africa are not experiencing dramatic youth population bulges, so that is unlikely to be a major factor in high youth unemployment or political unrest.

Youth as a proportion of the working-age population



Source: Author, based on UN Population Division estimates.

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Cons

- ⊖ Many poor countries, especially in sub-Saharan Africa, continue to have high growth rates of the youth population.
- ⊖ High youth growth rates are projected to continue in sub-Saharan Africa for several more decades, rising by 3.9 million a year and reaching 5.2 million a year over 2025–2030.
- ⊖ Most of the literature finds that larger youth cohorts in high-income countries have worse labor market outcomes.
- ⊖ More recent data confirm that larger youth cohorts have worse labor market outcomes in high-income countries, though the evidence for developing countries is weak or mixed.

AUTHOR'S MAIN MESSAGE

The youth population bulge is not as important in explaining youth unemployment as is often suggested. While the youth population has grown rapidly in many countries, the youth share of the working-age population was higher 40 years ago than it is today in most developing countries. This includes North Africa, where the youth bulge has been a focus of attention. While policymakers should understand the demography of youth labor markets, they should not expect that declining youth cohorts can take the place of policies such as education and labor market flexibility that will more directly improve youth labor markets.