



# It's Time for a 'New Deal' for America's Young People

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Early in 2012, at the World Economic Forum in Davos, a group of influential figures concluded that youth unemployment, directly affecting 75 million youth worldwide, was “a social and economic time bomb.” In December, Klaus Schwab, the German economist, declared that “youth unemployment is a cancer at the heart of the European economy, stealing its future.” A few weeks earlier, from the other side of the Atlantic, former US Treasury Secretary Larry Summers, expressed his deep concern: “I’m not sure that there is a more important long-term issue than youth unemployment.”

So what should be done to address this critical problem? There is, of course, no universal cure. Voices at Davos praised Germany’s tradition of apprenticeships, but agreed no standard international template could be applied to create work for young people. Yet a radical local scheme could ultimately have a widespread impact.

In the United States, where more than four million young people can’t find work, it is time to give the next generation a New Deal. Eighty years after President Franklin Roosevelt first used the term, this new ‘New Deal’ would aim to accelerate the development of young people’s practical and life skills to render them more employable. In this new form of national service, they can serve their country while gaining a realistic but positive experience in working life.

All American citizens between 16 and 24 would have a mandatory one-year commitment, with an option to serve a second year. Young people would enter the scheme having completed (or dropped out of) high school and before commencing any higher education. Each would receive sufficient monthly income to cover living expenses, and comprehensive medical and dental care would be provided. Certain exceptions would apply: for instance, university students could fulfill their commitment during vacations. Work opportunities would be offered across sectors, and US corporations—currently sitting on US\$2 trillion in cash—would have a golden opportunity to help America’s young people and build the country’s future.

The US government could also offer targeted financial incentives to companies—for instance, by stepping in with

subsidy when a job is at risk of disappearing. Public money is better spent retaining a worker in a job than in cultivating low self-esteem in the form of unemployment benefits! Higher education institutions would dovetail their curricula with the scheme, and ‘national service,’ education and enterprise would converge through college campus programs fostering entrepreneurship in hard-hit communities. Placements would also be offered by established volunteer organizations while opportunities for working abroad would come through corresponding ‘national service’ efforts overseas.

How will this all be funded? In classic American capital-markets fashion with a bond, invested by the US government on the birth of each new citizen. Money will also be raised through corporate contributions and other mechanisms. Any young person opting out will pay a fee in addition to foregoing bond monies. Americans of all ages and backgrounds could take pride in such a program, and its principles would be applicable for comparable efforts in other countries.

The UK government, perhaps spurred by the 2011 riots, is now running a £1 billion Youth Contract, designed to provide nearly half-a-million new opportunities for 18- to 24-year-olds, including apprenticeships and voluntary work. This provides incentives to employers over three years with a total of 160,000 packages, worth up to £2,200 (US\$3600) each if an employer hires an 18- to 24-year-old for at least 26 weeks.

Government incentives are positive moves, but the responsibility for young people cannot lie with the public sector alone. There is much talk today of corporate social responsibility and of ‘giving something back’. By making a special effort to bring young people into work, well-regulated capitalism can prove its capacity to do more than engender profits for chief executives. Established businesses will not just be enhancing their reputation: they will be providing durable benefits to the economy and society.

Famously, in his inaugural address in January 1961, John F. Kennedy said: “And so, my fellow Americans: ask not what your country can do for you—ask what you can do for your country.” Now, in 2013, America needs to ask itself again what it can do for its young people—and so does the rest of the world. **Y**