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Economy vision for young people not in employment education or training

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Millions of young people all over the world neither study nor work, this sector of the population is known as the NEETs. We can find them in developing countries and in countries of the first world, unfortunately, are easy prey for organized crime, drug trafficking and violence. The main objective of this work is to restore the social value of youth and make clear that there are economic and abandonment by the state that affect the problem. Do these young people have no chance to develop intellectually and productively? What about the jobs or educational opportunities? Are they efficients so they can meet the challenges of the population? Or this young people are lazy and with bad attitude that generate their own inactivity?

Young, NEETs, employment, unemployment, education.

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Introduction

The individual begins his monetary autonomy or is studying to achieve better social and economic status.

A rejection for continuing the studies or a difficult entry into the world of work could have implications for increased risk of poverty and loss of valuable skills for youth besides bring adverse effects to the society. It is a vulnerable sector that needs to be oriented, trained and cultivated to its full potential can be exploited (Tong, 2010).

In Mexico youth is invaluable by its number, half of the population is 26 years or less (INEGI¹, 2010), that is why is necessary to use its economic and social influence. The society and the authorities must be aware of the benefits of dividends of youth, because and youth employment education important roles to achieve sustainable economic and social development, especially in an environment with changing demographics and aging population. (ILO, 2012b). There are also few studies on the subject in México, Arceo and Campos (2010 and 2011) produced two for Mexico and they emphasized the need to analyze the determinants of being NEETs, they found that the rate of employment and school attendance rates are negatively related to be Ni-Ni.

Theoretical Framework

Mincer and Jovanovich in 1979 studied the mobility and wage labor of men for the decade 1966-1976 and found slowing of labor mobility with age to work and a relationship between mobility and length of job tenure. The negative effect of unemployment on young people, is that they do not develop the skills and work experience, so you tend to get low wages.

Elwood and Feldstein analyzed in 1982 a group of young men who do not study nor work and found among other results, that unemployment is concentrated mostly in young

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people with low education and nonwhites have higher unemployment rates than whites.

They conclude that the youth in the world is particularly vulnerable to marginalization in the labor market .Ellwood (1982) studied the teenage unemployment, its causes and consequences in the United States of America.

Note that teenage employment is a economists. its causes puzzle and consequences are not well understood from the standpoint of economic analysis, highlights the importance of the human capital model states that teenage unemployment carries high costs. Notes that a prolonged period of nonemployment have a relatively large effect on wages, and argues that youth unemployment is more a symptom than a cause of social problems, whose roots are in the decline of the family as a control agent and the failure of social institutions to replace this function of the family and concludes that we must seek the causes of the problem in the functioning of the labor market and the changing social, economic and institutional.Farber, H. (1994) studied in the United States the effects that loosing job produce in the conduct.

Analyzing the impact to variables such as age, race, sex and found that non-whites and non-white women in particular suffer higher unemployment than whites and highlights that people with more education are more likely to have jobs. Neumark (1998) estimates the effect of job stability of young adult wages, finding that there is a direct relationship between youth labor stability and adult wages.

¹ INEGI, Instituto Nacional de Estadística y Geografía,

Heckman (1999) studies the formal academic institutions, families and businesses as sources of learning and training ability, mention there are dynamic processes with strong synergistic components. The skill begets skill, early investment promotes further investment. Cognitive skills and motivation are important determinants of success factors and these can be improved with more success. Empirical studies show that in economic crises period, young people prefer to continue their studies instead starting to work, and on the other hand, in situations of economic relief, many young people are interested in entering the work environment left school, considering that they will find employment quickly (ECLAC², 2002a) .Coloma and Vial (2003) study the decision to study or work in youth 18-24 years of age in Chile and reaffirm the importance of schooling and work experience in the integration or reintegration into the labor market. Analyze variables related to family background and geographical youth and found that student aid for higher studies is crucial to study an additional year, as well as family environment variables.

Schkolnik, M. (2005) analyzed for 16 countries in Latin America, the transition of young people between their education and their work, their stay in his or her unemployment and its peculiarities.

Explain that youth are more likely to be unemployed or have jobs with very long hours, no contracts, with low pay and no benefits, in informal sectors and of short duration. And this is because employers tend to dismiss preferably less qualified and less experienced. Argues that young people should be more educated and qualified to deal with a work environment that, as time passes it becomes more unstable and insecure.

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It also suggests that investments in early learning are more effective. Verick (2009) notes that the world's youth is particularly vulnerable to labor discrimination because of their lack of skills, little or no work experience, fewer skills and less resources to find work. Arceo and Campos (2011) analyze the behavior of the NEETs for the last three decades in Mexico and found that the main determinants are labor supply, the level of education and, for women, the decision to engage in housework.And contrary to our calculations, it is found in lower socioeconomic levels where there is more this phenomenon. Other international organizations have also addressed this topic. The ILO³, OECD⁴ and UNESCO⁵ among others, have adopted programs and strategies to address the problems of youth. There are studies of WB⁶ and IDB⁷ showing income inequality as a result of social strata or by differences in education. occupation, gender, temporary employment or other forms of labor market segmentation. It is also found that young women tend to have higher rates of unemployment and jobs are of lower quality and lower wages than those of young men in most countries. This paper demographic, analyzes education unemployment data for OECD⁸ and EU⁹ and Mexico, in order to understand the behavior of the portion of youth who neither study nor work, the NEETs. It is important to know how many and what features they have to generate public policies and use their political strength, economic, social and cultural, and that lead to success along with the country.

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² ECLAC, The Economic Commission for Latin America of United Nations.

³ ILO, International Labour Organization.

⁴ OECD, Organisation for Economic Co-operation and Development.

⁵ UNESCO, United Nations Educational, Scientific and Cultural Organization.

⁶ WB, World Bank.

⁷ IBD, Inter-American Development Bank.

⁸ OECD, Organization for Economic Co-operation and Development.

⁹ EU, European Union.

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In this study the analysis is speculative, waiting for the approach used will broaden the discussion on employment and youth education in Mexico. Statistics will be presented for OECD countries and the EU, for comparison, in order to analyze the situation in which they are and understand the economic context that affects them

For our country we used statistics from the Census of Population and Housing 1990, 2000 and 2010 and INEGI and the results of Encuesta Nacional de Juventud. México 2010. The age analysis was between 15 and 29 years of age because is the way that international standards use. In the international environment was found that Mexico is one of the countries along with Italy, Spain and Turkey have the highest percentages of young inactive (NEETs) of all OECD countries, these countries are also those with the highest percentages unemployment rates and lower spending on education as a percentage of GDP. In contrast, countries with lower percentages of young present Finland, Sweden, inactive the Switzerland and Norway also have the lowest unemployment rates and higher spending on education. Unlike presented by Arceo and Campos (2011) in their study of NEETs for Mexico, it was found that the number of NEETs did increase after the 2008 crisis.

In 1990 they were 36.3 percent (8.7 million), in 2000 reached 22.5 percent (6.1 million) and in 2010 were 25.2 percent (7.8 million).

This study agrees with the authors just mentioned, which is the richest states where the largest number of inactive youth. Econometric analyzes were performed on the determinants of being young inactive internationally with the OECD and the national states.

The dependent variable was being young inactive (dependent variable) and the explanatory variables in the international analysis, were the unemployment rate and GDP, where higher unemployment and higher GDP, higher percentage of inactive youth. In national analysis explanatory independent variables were GDP, dropout rate, unemployment rate and number of jobs without membership, which resulted in direct relative proportion of young inactive and spending on higher education inverse relationship.All explanatory variables mentioned were inactive young phenomenon. The main objective of this paper is the main objective is to restore the social value of youth and make clear that there are economic reasons and abandonment by the state that affect the problem. So it is showed that the circumstances of the work environment in Mexico and educational opportunities for young people facing between 15 and 29 years of age are factors to be young inactive. The paper is organized as follows, in Section 2, we the international present context descriptive statistics and regression analysis, in Section 3 the demographics of Mexico, in section 4 workplace statistics of Mexico, in Section 5 outlines education in Mexico in terms of coverage is concerned. In Section 6, in summary, are the determinants of being young inactive in Mexico with econometric analysis.

As a final section the conclusions of the article are the considerations and possible solutions to solve the problem.

International Context

Since 2008 the unemployment crisis has manifested especially in the most vulnerable groups, youth and women. There were changes in youth unemployment rates for 1997 and 2007 in different regions of the world. The highest rates are found in North Africa with 23.8 for 1997 and 25.3 percent for 2007.

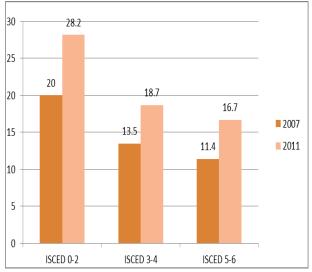
The lower rate presents East Asia with 6 for 1997 and 7.3 for 2007.

Latin America is in 1997, a rate of 17.7 in 2007 and 15.7 lower rate, the developed economies with the EU have rates of 14.8 for 1997 and 12.4 for 2007. Except three regions, sub-Saharan Africa (with a point), Southeast Asia and the Pacific (plus 6 points) and South Asia (4.1 points more), other regions showed decreases in their rates of youth unemployment by 2007. (OIT, 2012). After the 2008 crisis, European unemployment rates rose about 66% from 2010 and in other advanced economies like the U.S. and Japan are presented stagnation in labor markets.

Only (Austria, Germany, Israel. Luxembourg, Malta and Poland), six of the 36 developed countries and other developing countries economies (Chile Colombia and Uruguay) increased employment rates by more than 3 percent. Although the economic crisis began in developed countries, transcends the rest of the globe in marketing, investment and remittances. In addition there is a real depreciation of wages by the rising prices of food and other items. In 2007, the youth unemployment rate was 15.7 increasing for 2011 to 21.4 percent. Except for Austria and Germany, all member countries have submitted more youth unemployment the highest rates are: Spain 46.4 percent, Greece 44.4 percent, 33.2 percent Slovakia, the Netherlands, Austria and Germany have the highest low, between 7 and 8 percent. (OIT, 2012). The IMF¹⁰ reports that the global outlook are improving after the fall suffered in 2011 but unfortunately, risks remain high. Improved activity in the United States during the second half of 2011 and the adoption of more appropriate policies in euro area reduce the threat of a new global downturn.

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The world in 2012 continued to face a big problem of unemployment and lack of decent employment is positions require 200 million, 27 million more than at the beginning of the crisis.



Graph 1

Therefore, achieve sustainable to growth, you must create 600 million jobs in the next 10 years and with this, there will still be 900 million people below the poverty line, living on less than two dollars a day. The conflicts are one of the biggest problems in development. facing the international community. Beyond the suffering they cause, are sources of poverty, inequality and economic stagnation.Often children and educational systems are exposed to violence in the first line of the conflict. (UNESCO, 2011). The level of education has always been considered as a shield against unemployment, but after the crisis, the probability of being unemployed having higher education has increased in all countries. (Eurofound¹¹, 2011).

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¹⁰ IMF, International Monetary Fund.

¹¹ Eurofound, a tripartite European Union Agency, provides knowledge to assist in the development of social and work.

It is utilized the International standard classification of education, abbreviated as ISCED (2011) of EU: Level 0: Pre-primary education; level 1: Primary education; level 2: Lower secondary education; level 3: Upper secondary education; level 4: Post-secondary non-tertiary education; level 5: Tertiary education (first stage); and level 6: Tertiary education (second stage) reserved for tertiary studies that lead to an advanced research qualification (Ph.D. or doctorate). (EUROSTAT¹²,2011).

Fields of education. Unemployment can be observed is higher in lower educational levels and decreases with higher levels of schooling. So for those with educational level of 0-2 have rates above 28 percent in 2011, and those with higher education and or graduate (levels 5 and 6 of ISCED) are below 11.5 percentage points for the same 2011.

Unemployment rates for all levels are higher in 2011 than in 2007. There are about 75 million young people who are in a state of unemployment, so discouraging figures make the young people's interest in seeking work and decide to postpone or continue in the educational system, many have part-time and temporary work, which seems to be the only option since the crisis. With this labor instability has a loss of productive capacity, by repeated rotation in jobs and the long periods of unemployment or inactivity. (ILO, 2012). Of the 1,200 million young people between 15 and 24 years old, 122 million of them can not read or write, two thirds are women and many others continue to graduate with inadequate literacy skills. At the end of 2012, approximately 75 million young people between 15 and 24 years old had no job, four million more than in 2007. (ILO, 2012).

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The Eurostat in 2011 estimated for the EU, 14 million NEETs, aged 15 to 29 years of age were excluded to get a job and be studying. NEETs are considered as one of the biggest problem in terms of youth unemployment is concerned. In Luxembourg and the Netherlands the rate is below 7 percent and the rates are above 17 percent are for Bulgaria, Italy and Spain. (Eurofound, 2012). Public expenditure on education which also includes public assistance as a percentage of GDP for 2008. Mexico is one of the countries with the least expense is 4.9 %. as Spain and Portugal, these three countries have the highest percentages of NEETs: between spenders on education are Norway and Sweden, which have rates of NEETs. Mexico is spending 4.1 points less than Sweden. (OECD, 2008). Unemployment rates for OECD countries in 2010 were analized, the countries with the lowest values as Norway, Sweden, Switzerland and Denmark, also have the lowest percentages of NEETs. On the contrary those countries that have the highest unemployment rates as Turkey, Italy and Spain also have the highest percentages of NEETs. Countries like the U.S., France and Germany have rates of youth unemployment means of NEETs.

This section presents the results of an econometric analysis with cross-sectional model for 2010. The dependent variable or dependent variable in the model was the number of NEETs by country, the explanatory variables used were, Log (GDP) and the unemployment rate UR. The equation was used to model:

NEETs =
$$\alpha + \beta \log (GDP) + UR + e$$

Where α , β , γ , are parameters and e represent random errors under standard statistical assumptions. It was found that the higher the unemployment rate, more young inactive, the higher GDP have also taken more young inactive or NEETs. The young people who neither study nor work living with parents who do have jobs they are what remain.

¹² EUSOSTAT, European Statistic Center.

Explanatory variable	Coefficient	Probability
Log(GDP)	2.137862	0.0110
Unemployment	0.652732	0.0004
rate		
\mathbf{R}^2 0.281790		
D.W . 1.536549		

Table 1

Conclusions

This study used data from the OECD 's 2010 youth who neither study nor work with between 15 and 29 years old. We also found that the unemployment rate increased after the crisis of 2008, had an influence on the number of NEETs increase for 2010

In Europe to attack this problem, they have created programs like Youth 2020 Initiative Movement and Youth Opportunities 2012-2013, with the aim of unlocking the potential of all young people and to call attention to the authorities, the private sector and civil society to focus on education again and enable young people to be in contact with the work environment. In the near future it will be necessary to continue strengthening support programs to education, to enhance the role of secondary and higher education and to achieve better economic development. Young people who are studying, acquiring human capital will be paid when inserted in the labor market. Those who do not study or work will be at risk of social exclusion and its influence on the economy will be devastating social and economic sense. Some measures to address vouth unemployment could be tax incentives for companies that hire young people, training and promoting equal opportunities for youth. Unfortunately this type of recommendations have been doing since 1986 by international organizations.

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There is no single solution that can resolve the problems of education and youth work but it is necessary to adopt an integrated approach from the standpoint of macroeconomic and microeconomic , social protection and in the educational setting and more research on the subject for continually assess progress.

The relationship between education and work is also marked by the quality of education, cultural factors criteria employers and economic factors, among others. Young people face the labor market today have a hard time finding suitable employment, so an alternative would be to impart workshops to learn a trade and can fend for themselves. Another alternative is to give courses so they can start a business and know how to administer since the probability of obtaining employment is low. It is important to invest in education for creating human capital for the next generation of young people are better prepared for the future.

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