

Trends in youth employment rates

Many are the stories of the millionaires and captains of industry who got their start in the world of work as youths. It is in their teenage years that most people get their first “real” jobs. While these jobs may require minimal skills and be low-paying, they teach valuable lessons that last a lifetime.

“What Is Happening to Youth Employment Rates?” (Congressional Budget Office, November 2004) examines various facets of youth employment between 1979 and 2003. Over this period, trends in young people’s employment rates varied depending on their age and sex. For example, for youths ages 20 to 24, the employment rate dropped for males while it rose slightly for females. For youths ages 16 to 19, employment rates trended down for males and females, and were always below the rates for their older counterparts.

What caused these changes in youth employment rates? One factor was increasing school enrollment. Young people who were in school were much less likely to have jobs than those who are not. Over the past 25 years, school enrollment rates for young people, measured in October of each year, have slowly and steadily increased. More striking than the increase in the October school enrollment rate was an even greater increase in the July school enrollment rate. The “summer school” enrollment rate more than tripled from 1985 to 2003. Young people, often faulted for short-sightedness, may have been rationally obtaining more education so as to maximize their lifetime earnings. The gap in earnings between the less-educated and the more-educated has increased in recent decades.

However, between 1979 and 2000 there was also a decline in the employment rate for male teenagers and

young adults who were not in school. Over the same period, the rate for female teenagers and young adults not enrolled in school was unchanged or increased slightly. Underlying the decrease in these employment rates for males were decreased job opportunities for inexperienced workers. A real (inflation-adjusted) decrease in the minimum wage, which made what jobs there were less appealing to young would-be workers, was also a factor. Additionally, employment in sectors of the economy that provide opportunities for females has increased while employment in those sectors that have traditionally provided opportunities to males has declined. Work at gasoline stations, which once provided employment for many young men, is an example of a traditionally male-dominated occupation that has shrunk in recent decades. Another factor that may contribute to the declining employment rate of male youths is immigration, which has brought many unskilled, mostly male, workers to this country in recent years.

Sports arenas and economic development

Over the past decade or so, local governments have paid something over \$6 billion in subsidies for the construction of professional sports facilities, according to research cited by Michael T. Friedman and Daniel S. Mason in the August 2004 *Economic Development Quarterly*. While such projects are generally justified on the basis of their impact on local job creation and other positive economic impacts, Friedman and Mason contend that a large body of “empirical research has questioned the efficacy of sports facilities as engines for economic development.” Thus, the research issue

is a better understanding of how development projects are chosen and which specific groups influence these choices in what way.

Friedman and Mason use the organization studies concept of stakeholder analysis to address this issue. Stakeholders are defined in this context as persons or groups that are affected by a particular project or that can affect the success of that project. In stakeholder theory, each stakeholder has at least one to three characteristics—power, legitimacy, and urgency—and that the relative importance of stakeholders is determined by their specific mixes of these attributes. Stakeholders with all three are called definitive stakeholders. Expectant stakeholders, those holding two of the characteristics, are divided into dominant (power and legitimacy), dangerous (power and urgency), and dependent (urgency and legitimacy) subgroups. Three classes of latent stakeholders possess one characteristic each: dormant (power), discretionary (legitimacy), and demanding (urgency).

In their analysis of sports construction projects, Friedman and Mason find that proponents of the projects need only monitor the latent stakeholders, a group that typically includes the general public and low income residents in particular. At the other end of the stakeholding spectrum, the definitive stakeholders normally include a strong coalition of local elites—the business community, the team owners, the media, and local politicians—that have generally been proponents of subsidizing sports facilities. “This”, say the authors, “would explain why sports facilities continue to be subsidized despite a lack of evidence of economic benefits and, at times, strong opposition from other stakeholder groups. □