

Brazil faces lost generation of young workers after recession

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01/08/2017

Tue Aug 1, 2017 | 4:01 PM EDT

By Luiz Guilherme Gerbelli | SAO PAULO

(Reuters) - When Ana Carolina Gomes da Silva became the first in her family to earn a college diploma and followed up with a master's degree in pediatric medicine, finding a good job seemed like just a matter of time.

After three years, the 26-year-old Brazilian is still looking.

"I graduated in June 2014 and thought I'd have a job by December," she lamented. "The most I've gotten was one group job interview."

Brazil's worst recession on record - a two-year-long slump that probably ended in the first quarter - has left 14 million people unemployed, the bulk of them young workers like Silva.

Recent graduates are struggling to pay student loans and gain work experience, turning a demographic boom once considered an engine of future growth into a drag on the Brazilian economy, which may be saddled with a lost generation of young workers.

"If the youth give up investing in education and the economy starts to grow again, there may be a scarcity of teachers, physicians, lawyers and so on," said Renato Meirelles, head of Sao Paulo-based research firm Instituto Locomotiva.

About 4.5 million workers aged 18 to 24, most of them with more formal education than their parents, were unemployed in the first quarter. That amounts to more than a quarter of all young Brazilian workers, government data shows.

The jobless rate among teenagers between 14 and 17 years old already in the labor force, who are often a crucial source of income for poor families, has soared to 45 percent, contributing to an overall unemployment rate of nearly 14 percent.

An analysis by a local think tank, commissioned by Reuters, suggests that those trying to work while in school or putting aside studies to find a job are even less likely to get work.

According to the study by Fipe, a research institute linked to the University of Sao Paulo, the probability of workers with unfinished high school or college studies holding a job fell 4 percent between 2014 and 2016.

Frustration among young workers is adding to anger at politicians after a string of corruption scandals. President Michel Temer's popularity has tumbled into single digits, and lawmakers openly discuss the chance of a political outsider winning the 2018 presidential race.

LOST OPPORTUNITIES

High youth unemployment underscores the deep lasting impact of the recent recession. Millions of workers spent time, savings and public subsidies in an unprecedented higher-education boom but are now losing their window of opportunity to turn those degrees into careers.

Ana Clara Ferreira, 26, still owes the government for her student loans but has never used her degree in pedagogy. She entered a private college in 2010 thanks to a government subsidy known as FIES, expanded during 13 years of leftist Workers Party government that ended in 2016.

Ferreira settled for a low-paid job as an office secretary last month to pay off her debt. She says the job demands none of the skills she studied in college and she refuses to give up on finding work in her field.

"It's very frustrating," she said of the job search. "I was even approved in a few selection processes but never called afterwards to take the job."

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There are still 2.5 million active FIES contracts, with about 20 billion reais (\$6.3 billion) per year in the program, according to the Education Ministry.

The government estimates about 30 percent of FIES-backed students defaulted on their loans, contributing to a growing budget deficit that cost the country its investment-grade credit rating in 2015.

"Investment in education is not yielding all the returns we have been expecting for the society," said **Marcelo Neri**, a former minister of strategic affairs and currently director of **FGV Social**, a unit of think tank **Fundação Getúlio Vargas**.

After shedding nearly 3 million jobs in 2015 and 2016, the Brazilian economy slowly resumed job creation in the first half of this year.

But most opportunities are odd jobs in the informal economy, government data showed last week. A rising number of Brazilians are selling homemade sweets or driving for Uber to make ends meet, with no job security and restricted access to social security benefits such as paid maternity leave and vacation.

Although economic data shows growth slowly resuming, Erick Sobral, 19, and his 17-year-old sister lost their jobs at a marketing company in Sao Paulo a couple of months ago.

Like most unemployed workers interviewed by Reuters, Sobral spends his days surfing the Web for work while keeping up with his studies. He needs a high score on the national high school exam this year to pursue his dream of an advertising career.

But without a job, he does not have the money to pay for a preparatory course that thousands of his competitors will take.

"We live with our mother, but she is unemployed too," Sobral said. "I can't understand what we did wrong to be here."

(\$1 = 3.15 reais)

(Reporting by Luiz Guilherme Gerbelli; Writing by Silvio Cascione; Editing by Brad Haynes and Jonathan Oatis)