# A portrait of the youth labor market in 13 countries, 1980–2007

A relatively high unemployment rate for young people has been a persistent problem in industrialized countries in recent decades; still, the number of youths who are unemployed has been falling with declining youth populations and more years spent in education

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n most industrialized countries, relatively high rates of joblessness among young persons have persisted for many years, although with considerable variation across the countries. In recent decades, the unemployment rate for persons under the age of 25 in France regularly has been greater than 20 percent, while in Italy it rose to more than 30 percent, and in Spain it has surpassed 40 percent. Germany and Japan had very low youth unemployment rates at the beginning of the 1980saround 4 percent. However, more recently, even Germany, with its apprenticeship system, and Japan, with its close cooperation between schools and businesses, have had youth unemployment rates similar to those in the United States, in or near the 10-percent range. The box on this page presents the various definitions of "youth" in the countries examined in this article.

In the first years of the 21st century, youths in the United States experienced a small decline in unemployment rates, whereas their counterparts in Japan, France, Germany, and Sweden saw a sharp increase. Young people in Italy and Spain had very high unemployment rates throughout the 1980–2007 period. These trends generally follow the trends in each country's overall unemployment rate. This article analyzes the youth unemployment picture in a selected group of industrialized countries over the 1980–2007 period. The data are primarily from a database compiled by the Organization for Economic Cooperation and Development (OECD) and, with few exceptions, are annual averages based on national labor force surveys. In one case, Canada, BLS makes adjustments to the country's national data to enhance comparability with U.S. definitions. Besides allowing comparisons of unemployment by age group, the OECD database

#### Definitions of "youth" in the 13 countries

For employment and unemployment purposes, "youth" is generally defined as the period from the age when mandatory schooling ends through age 24. For most countries, that means the time span from 15 years old through 24 years old. Of the countries in the current study, Spain, Sweden, the United Kingdom, and the United States have the youngest youth age: 16 years. In Italy, it was 14 before 1990, but has been 16 years old from that year forward. These ages, then, are the actual earliest ones referred to in the table headings "15–19 years" and "under 25 years." permits comparisons of labor force participation rates and of the proportion that young people constitute of unemployment, the labor force, and the population. In addition, the surveys provide statistics on the duration of unemployment by age group. The portrait of the youth labor market situation is filled in further with less widely available statistics—with regard to both time and place—on combining school and work, youth living arrangements, and job turnover rates. Finally, an indicator of "idleness" tracks trends and levels for the number of young people who are neither in school nor at work.

The topic of international comparisons of youth unemployment was last addressed in this *Review* in 1981, in an article that compared the experiences of nine advanced industrial countries from 1960 to 1979.<sup>1</sup> At the beginning of the 1960s, only the United States and Canada had double-digit youth unemployment rates. Italy soon joined the group, and by the end of the period Australia, France, and Great Britain also experienced rates of youth unemployment that reached two digits.

Of the four additional countries chosen for the current article—Spain, Ireland, the Netherlands, and the Republic of Korea (simply, Korea hereafter)—only Spain had youth unemployment rates in recent years higher than those in the United States. The relatively low youth unemployment rates of Ireland and the Netherlands are of recent vintage; rates in those countries were greater than 20 percent in the mid-1980s. Korea has had youth unemployment rates that fairly closely track those of the United States. The inclusion of these additional countries affords a greater perspective on the youth unemployment phenomenon in industrialized countries and also reflects the wide availability of comparable measures of unemployment compiled from periodic labor force surveys.

#### Data sources and comparability

We may generally rule out differences in definitions and measurement methods as an explanation for the sharply differing rates of youth unemployment among countries. Increasingly, statistical agencies are using a monthly or quarterly labor force survey to measure employment and unemployment. The greatest departures from this methodology are for the earliest years for Germany (West Germany before 1991 in the data) and the Netherlands. Before 1984 for Germany and before 1983 for the Netherlands, unemployment estimates were based upon the registered unemployed, for the month of September for Germany and annual averages of monthly registrations for the Netherlands. Since 1984, Germany's annual unemployment estimates have been derived from its April microcensus (household survey) and the European Union Labor Force Survey compiled by the Statistics Office of the European Communities (EUROSTAT). The data for the Netherlands are from the latter source exclusively.

Perhaps the next-greatest departure from the methodological norm is that for the United Kingdom, whose employment and unemployment statistics since 1992 come from a combination of a quarterly labor force survey and administrative sources. Before 1992, they were from the Census of Employment and the Annual Labor Force Survey. France's employment and unemployment data are primarily from the Labor Force Survey, which has been quarterly only since 2003. Prior to that time, it was conducted annually in March.

The OECD data for Ireland, Italy, and Spain also are from quarterly national labor force surveys. Before 1998, Ireland conducted an annual survey in April. Since 1986, Sweden has conducted a monthly survey, as have the remaining five countries for the entire period. Although it now conducts a monthly survey, Sweden is unique in a couple of ways. First, it has excluded from its unemployment statistics full-time students who are seeking work and who are available for work. The OECD, however, adjusts the unemployment statistics for Sweden to include such students. Beginning in October 2008, those adjustments no longer have been necessary, because Sweden's unemployment criteria now include students looking for a job. Second, Sweden's labor force statistics also apply only to those aged 16 through 64 years. Before 1986, it was 16 through 74. For the other countries, the population range is open ended after the year that compulsory schooling ends. The OECD makes no adjustment for this difference in age limits.

Data for Canada are adjusted by BLS to include full-time students who are seeking, and are available for, full-time work, but whom Canada omits from the country's labor force.<sup>2</sup>

#### Long-term unemployment trends

Economic growth in the advanced industrial economies slackened in the mid-seventies while the proportion of young people in the labor force grew, increasing the competition for jobs. The proportion of youths in the workforce since that time has been reduced by declining birthrates and by a general increase in the number of years spent in formal schooling.<sup>3</sup> Nevertheless, with youth unemployment rates in the United States and Canada hardly changed from what they were in the early 1960s, they are now surpassed by those of several other industrial countries.

Overall unemployment rates have been higher in recent

decades than they were in the 1960s and 1970s, especially in Sweden, Japan, Germany, Italy, and France, while the rates for the United States and Canada—apart from business-cycle fluctuations—had hardly changed through 2007. In the 1960s and 1970s, the overall unemployment rate in the two North American countries was generally in the 5percent to 7-percent range; in Sweden and Japan it never reached 3 percent, in Germany it rarely surpassed 3 percent, and in Italy and France it had climbed only to 4.4 percent and 6.1 percent, respectively, by the end of the period.<sup>4</sup>

Table 1 shows the trend of the unemployment rate since 1980. Only in Sweden, Germany, and Japan has there been a noticeable upward trend. For most of the 13 countries examined, a big unemployment jump came between 1980 and 1985, with Korea, the United States and the United Kingdom notable exceptions. In general, in all 13 countries youth unemployment rate trends have tracked those of the rest of the workforce.

Although, except in Germany, the trends may be much the same, the level of youth unemployment rates has been substantially higher across the board than those for persons aged 25 years and older, usually by a multiple between 2 and 3. (See table 2.) Italy is the exception on the high side, where the multiple has been around 4 in recent years.

Whereas the conventional method of comparing youth and adult unemployment rates—that is, using the ratio of the former to the latter—might be convenient for comparison purposes, it does not tell the whole story.<sup>5</sup> The historical example of Sweden shows why. In Sweden, the numbers of unemployed youths increased much more than did the numbers of unemployed adults, but from the ratio alone, it appears that the relative unemployment situation of youths was the same in 2007 as in 1980. Adult unemployment was extremely low in 1980, so the few percentage points higher that youth unemployment rates were resulted in a relatively large ratio between the two. The ratio remained large in 2007, but with the adult unemployment rate much higher than it was in 1980 in both countries, the numbers involved were much greater.<sup>6</sup>

In table 3, the unemployment rates of those 25 years and older are subtracted from the various youth unemployment rates for the purpose of comparison. In 2007, Italy and Sweden still exhibited, by far, the highest relative rates of youth unemployment among the countries compared, but the degree to which the youth unemployment situation had worsened in Sweden is clearly shown, while the improvement in Italy was not as great as comparisons of the ratios of youth to adult unemployment rates would indicate. According to the table, the relative youth unemployment situation in France also was worse in 2007 than in 1980, not better, as would be indicated by the change in the ratios of youth to adult unemployment rates.

#### Why higher youth unemployment?

In almost all instances, the unemployment rate for teenagers (aged 15 or 16 years to 19 years) is consistently higher than that for 20- to 24-year-olds. Germany is the lone exception. All the reasons that make youth unemployment higher than the norm could be expected to make those who are the youngest within the youth range have the higher unemployment rate.

Youth unemployment rates are relatively higher for a number of reasons.<sup>7</sup> First, young people are among the most vulnerable during an economic downturn when workers are being laid off and there are hiring slowdowns or freezes. Youths typically have the least seniority, the least work experience, and the least amount of company training invested in them, and they are more likely to be working on a short-term contract.<sup>8</sup> They are, therefore, the most likely to be let go. Indeed, even if, on the one hand, there were no layoffs at all, but only a general hiring freeze, unemployment among young people would still grow as they attempted to move from school into the labor force upon completing their education; and if, on the other hand, employers were forced by economic conditions simply to be more discriminating in their hiring, those with no experience or with very little experience would be the least likely to be hired, and these, too, are most likely to be the young. Numerous studies have shown that youth unemployment rates are more sensitive to the business cycle than are adult unemployment rates.<sup>9</sup>

Second, whatever the state of the economy, young people simply have less experience in *looking for work*. Lack of experience *at work* is counteracted to a degree by the willingness and ability of youths to work for less money, but lack of experience *in the process of finding a job* is not.

Third, young people, generally with fewer resources than older workers and a stronger financial attachment to family, tend to be less mobile. Consequently, they are somewhat less able or willing to move to places where more jobs might be available. This is especially true for those in the 15- to 19-year-old category, and in countries where attachment to home is particularly strong, the more important that factor would be.

Fourth, young people, with fewer financial obligations and often with family support, can typically afford to take immediate employment less seriously—especially as family sizes have shrunk and the pressure to get a job to help support the family has subsided. The younger the prospective

# Table 1. Unemployment rate, by age, 13 countries, selected years, 1980–2007

[In percent]

[In percent]	1	1					1		1	1	
Country and year	Total	Under 25 years	15–19 years	20–24 years	25 years and older	Country and year	Total	Under 25 years	15–19 years	20–24 years	25 years and older
United States						Ireland					
1980	7.1	13.8	17.8	11.5	5.1	1981	10.5	14.7	19.3	11.7	8.8
1985	7.2	13.6	18.6	11.1	5.6	1985	16.7	23.4	31.4	19.2	14.2
1990	5.6	11.2	15.5	8.8	4.4	1990	13.0	17.7	26.1	13.8	11.7
1995	5.6	12.1	17.3	9.1	4.3	1995	12.2	19.1	28.4	15.9	10.5
2000	4.0	9.3	13.1	7.2	3.0	2000	4.3	6.4	10.0	4.9	3.8
2007	4.6	10.5	15.7	8.2	3.6	2007	4.6	8.6	13.7	7.2	3.8
Canada						Italy					
1980	7.3	12.7	16.3	10.4	5.3	1980	7.6	25.2	31.5	21.1	3.5
1985	10.2	15.9	18.8	14.5	8.5	1985	10.3	33.9	43.8	28.9	5.1
1990	7.7	12.0	13.8	10.9	6.7	1990	11.4	31.5	39.0	28.6	7.0
1995	8.6	13.9	17.1	12.0	7.6	1995	11.5	31.9	37.1	30.3	8.2
2000	6.1	11.7	15.4	9.4	5.1	2000	10.5	29.7	36.2	27.9	8.1
2007	5.3	10.1	13.6	8.0	4.3	2007	6.1	20.3	31.5	17.9	4.9
Australia						Netherlands					
1980	6.1	12.5	17.1	8.9	3.7	1980	4.6	9.3	-	-	3.3
1985	8.3	15.2	20.3	11.5	5.9	1985	13.1	22.9	-	-	10.4
1990	6.9	13.0	16.9	10.2	5.1	1990	7.4	11.1	15.1	9.3	6.4
1995	8.5	15.4	20.6	12.0	6.6	1995	7.0	12.8	18.5	10.0	5.8
2000	6.3	12.1	16.1	9.1	4.9	2000	3.0	6.1	9.1	3.9	2.4
2007	4.4	9.4	13.8	6.3	3.2	2007	3.6	7.3	10.9	4.5	2.9
Japan						Spain					
1980	2.0	3.6	4.1	3.4	1.8	1980	11.1	25.3	33.2	20.3	6.9
1985	2.6	4.8	7.3	4.1	2.3	1985	21.0	43.8	51.4	39.9	14.6
1990	2.1	4.3	6.6	3.7	1.8	1990	16.0	30.2	31.6	29.7	12.3
1995	3.2	6.1	8.2	5.7	2.7	1995	22.7	40.4	44.7	39.0	19.0
2000	4.8	9.2	12.1	8.6	4.2	2000	13.9	25.3	32.4	23.2	12.0
2007	3.9	7.7	8.7	7.5	3.5	2007	8.3	18.2	28.7	15.1	7.0
Korea, Republic of						Sweden					
1980	5.2	11.5	13.3	10.3	3.4	1980	2.2	6.3	10.5	3.9	1.4
1985	4.0	10.0	11.1	9.6	2.8	1985	3.1	7.2	8.3	6.7	2.3
1990	2.5	7.0	9.2	6.3	1.7	1990	1.8	4.6	7.3	3.4	1.3
1995	2.1	6.3	7.9	6.0	1.4	1995	9.1	19.5	20.6	19.2	7.7
2000	4.4	10.8	14.5	9.9	3.7	2000	5.8	11.9	17.9	9.4	5.1
2007	3.2	8.8	9.1	8.8	2.8	2007	6.1	18.9	29.6	13.7	4.3
France						United Kinadom					
1980	6.1	15.1	24.5	12.2	4.3	1984	11.8	19.7	22.3	17.9	9.5
1985	10.2	25.6	24.5 34.0	23.7	4.5 7.4	1985	11.8	19.7	19.8	17.9	9.3
1985		19.1	34.0 19.0	19.2	7.4		6.8	17.8	19.8		5.9
1990	9.2 11.6	25.9	24.3	26.1	10.1	1990 1995	6.8 8.6	10.1	17.2	9.2 14.2	7.3
			24.5		9.0	2000					
2000	10.0 8.0	20.7 18.7	22.2	20.5 16.8	9.0 6.7	2000	5.5 5.2	11.7 14.4	15.5 20.7	9.1 10.7	4.4 3.6
	0.0		2010			2007	5.2		200		5.0
Germany	22	A 1	2.0		20						
1980	3.2	4.1	3.8	4.4	2.9						
1985	7.2	10.0	11.2	9.3	6.4						
1990	4.7	4.4	4.7	4.3	4.8						
1995	8.1	8.2	7.0	8.7	8.1						
2000	7.7	8.4	8.0	8.6	7.7						
2007	8.6	11.7	12.8	11.2	8.2						
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Note: Dash indicates	data not	available.				"Labor Force Statistics M					
Source: Organization	for Fcc	nomic Coo	peration	and Deve	lopment	(HURs)," stats.oecd.org/W View; Statistics Canada (		•	eryName=	=251&Que	eryType=
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 Table 2.
 Ratio of youth unemployment rate to unemployment rate for those 25 years and older, 13 countries, selected years, 1980–2007

Country and year	Under 25 years	15–19 years	20–24 years	Country and year	Under 25 years	15–19 years	20–24 years
United States				Ireland			
980	2.7	3.5	2.3	1981	1.7	2.2	1.3
985	2.4	3.3	2.0	1985		2.2	1.3
990	2.5	3.5	2.0	1990		2.2	1.2
995	2.8	4.0	2.1	1995		2.7	1.5
000	3.1	4.4	2.4	2000		2.7	1.3
007	2.9	4.3	2.3	2007		3.6	1.9
Canada				Italy			
980	2.4	3.1	2.0	1980	7.2	9.0	6.0
985	1.9	2.2	1.7	1985	6.7	8.6	5.7
990	1.8	2.1	1.6	1990	4.5	5.6	4.1
995	1.8	2.3	1.6	1995	3.9	4.5	3.7
.000	2.3	3.0	1.8	2000	3.7	4.5	3.5
007	2.4	3.2	1.9	2007	4.1	6.4	3.6
Australia				Netherlands			
980	3.3	3.9	3.0	1980	2.9	-	-
985	3.6	4.0	3.5	1985	2.2	-	-
1990	4.1	5.4	3.7	1990	1.7	2.3	1.4
1995	4.4	5.5	4.2	1995	2.2	3.2	1.7
2000	2.9	3.9	2.7	2000	2.5	3.7	1.6
2007	3.1	3.2	3.1	2007	2.5	3.7	1.5
Japan				Spain			
980	3.4	4.6	2.4	1980		4.8	2.9
985	2.6	3.4	2.0	1985		3.5	2.7
990	2.6	3.3	2.0	1990	2.5	2.6	2.4
1995	2.3	3.1	1.8	1995	2.1	2.4	2.1
2000	2.5	3.3	1.9	2000	2.1	2.7	1.9
2007	2.9	4.3	1.9	2007	2.6	4.1	2.1
Korea, Republic of				Sweden			
1980	2.0	2.3	1.9	1980		7.4	2.7
985	2.0	3.1	1.8	1985		3.6	2.9
990	2.4	3.8	2.1	1990	3.6	5.6	2.6
995	2.3	3.0	2.1	1995		2.7	2.5
2000	2.2	2.9	2.0	2000	2.3	3.5	1.9
2007	2.2	2.5	2.1	2007	4.4	6.9	3.2
France				United Kingdom			
1980	3.5	5.7	2.8	1984		2.4	1.9
1985	3.5	4.6	3.2	1985		2.1	1.8
990	2.5	2.4	2.5	1990		1.9	1.6
995	2.6	2.4	2.6	1995		2.4	1.9
2000 2007	2.3 2.8	2.5 3.8	2.3 2.5	2000 2007		3.5 5.7	2.1 2.9
	2.0	5.0	2.5				
Germany 1980	1.4	1.3	1.5				
985	1.6	1.7	1.5	1			
990	.9	1.0	.9	1			
995	1.0	.9	1.1	1			
2000	1.1	1.0	1.1	1			
2007	1.4	1.6	1.4				
NOTE: Dash indicates data not av				"Labor Force Statistics MEI: Harn		I	

# Table 3. Youth unemployment rate minus unemployment rate for those 25 years and older, 13 countries, selected years, 1980–2007

United States         8.8         127         6.5         1981         reland         5.9         10.5         3.0           900         6.8         11.0         5.5         1981         92.2         17.2         5.0           900         6.4         10.1         4.2         2000         2.7         6.2         1.1           900         6.4         10.1         4.2         2000         2.7         6.2         1.1           900         6.4         10.1         4.2         2000         2.45         3.0         7.5           900         5.3         7.1         4.2         1990         2.45         3.2.1         1.2.6           900         5.3         7.1         4.2         1990         2.45         3.2.1         1.2.6           900         5.8         9.3         3.7         2.007         2.46         2.8.1         1.9.9           900         5.3         7.5         4.6         1995         7.0         1.2.6         2.8.1           900         7.2         10.8         6.3         1.995         7.0         1.2.6         2.3           900         7.2         10.8         1.995	Country and year	Under 25 years	15–19 years	20–24 years	Country and year	Under 25 years	15–19 years	20–24 years
880       88       12.7       6.5       1981       5.9       10.5       30.         985       985       6.8       11.2       4.4       1990       6.0       14.4       21.72       50.         995       7.7       13.0       4.7       1995       8.6       17.9       55.         000       6.4       10.1       4.2       2000       2.7       6.2       1.1         007       6.9       12.1       4.4       1990       2.4       8.6       7.7       28.0       17.5         300       6.9       12.1       4.2       2000       2.7       6.2       1.1         300       6.6       13.3       6.0       1980       21.7       28.0       17.5         300       6.6       10.3       4.4       1990       23.7       20.7       23.7       28.9       22.1       11.5         300       6.6       10.3       4.4       1990       23.7       20.7       15.4       28.1       13.0         300       6.3       3.7       2007       15.4       26.6       13.0         300       7.2       10.4       4.4       13.4       13.4	United States				Ireland			
$\begin{array}{c c c c c c c c c c c c c c c c c c c $		. 8.8	12.7	6.5			10.5	3.0
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$\begin{array}{c c c c c c c c c c c c c c c c c c c $	990	. 6.8	11.2	4.4	1990		14.4	2.1
Canada       6.9       12.1       4.5       2007       4.8       9.9       3.3         Canada       7.4       10.3       6.0       1985       28.8       38.7       23.9         090       7.4       10.3       6.0       1985       28.8       38.7       23.9         090       6.3       9.5       4.4       1995       22.7       28.9       22.1       21.6       23.7       28.9       22.1       21.6       23.7       28.9       22.1       21.6       23.7       28.9       22.1       21.6       23.7       28.9       22.1       19.9       23.7       28.9       22.1       21.6       23.7       28.9       22.1       21.6       23.7       28.9       22.1       21.6       23.7       28.9       22.1       21.6       23.7       28.9       22.1       20.0       15.4       26.6       13.0         000       5.8       9.3       3.7       2007       4.4       26.0       13.0       27.7       15.4       26.6       13.0       27.7       15.4       26.6       13.0       27.7       15.6       28.5       27.5       15.7       26.0       15.8       19.0       15.4       26.3			13.0	4.7			17.9	5.5
Canada         7.4         11.0         5.1         1980         21.7         28.0         17.5           995         5.3         7.1         4.2         1990         24.5         32.1         21.6           995         6.63         95.44         1995         21.7         28.9         22.7           900         5.8         9.3         3.7         2000         21.6         28.1         19.9           907         5.8         9.3         3.7         2000         21.6         28.1         19.9           907         5.8         9.3         3.7         2000         15.4         26.6         13.0           Australia         80         9.9         6.9         1980         6.1         -         -           905         5.3         7.5         4.6         1990         4.7         8.6         28.2           900         7.2         10.8         6.3         2000         3.7         6.7         15.5           900         7.2         10.8         6.3         2000         3.7         6.7         15.9           900         7.2         10.8         1990         11.1         11.4         8.								
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$\begin{array}{c c c c c c c c c c c c c c c c c c c $	980	. 7.4	11.0	5.1	1980	21.7	28.0	17.5
995       6.3       9.5       4.4       1995       23.7       28.9       22.1         900       6.6       10.3       4.3       2000       15.4       26.6       13.0         Australia       80       9.3       3.7       2007       Netherlands       6.1       -       -         925       7.3       8.3       6.9       1980       12.6       -       -       -         920       5.3       7.5       4.6       1990       4.7       8.6       28.2         925       4.8       6.4       4.5       1995       7.0       12.6       4.2         920       7.2       10.8       6.3       2000       3.7       6.7       1.5         920       7.2       10.8       6.3       2000       3.7       6.7       1.5         920       7.2       10.8       5.2       1980       29.2       3.6.8       13.4         920       7.9       11.8       5.1       1995       21.4       25.7       20.0         920       6.1       10.5       3.0       2007       11.1       21.4       25.7       20.0         920       6.1 <t< td=""><td></td><td></td><td>10.3</td><td>6.0</td><td></td><td></td><td>38.7</td><td>23.9</td></t<>			10.3	6.0			38.7	23.9
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workers, the less serious they tend to be about paid work. If they are students, the jobs they are likely to get, or to lose, are typically not full-time, career-track jobs, and they usually pay very little. Young people sacrifice less by passing up such jobs than do older people, whose search for employment is typically for career-type jobs. Whether the jobs are career track jobs or not, young people with financial support from parents can usually afford to wait longer for just the right job to come along. Thus, in this instance, a higher rate of unemployment actually may reflect economic strength, rather than economic weakness, for youths.<sup>10</sup>

#### Schooling on the rise

A common phenomenon throughout much of the industrialized world has been a steady increase in the average number of years spent in formal schooling, causing a rise in the average age in which serious, full-time employment begins. The following tabulation shows the percentage of 18- and 22-yearolds in 10 countries who were attending school in 1984 (1983 for the Netherlands and 1986 for Spain) and 1997 (1994 for Australia and 1996 for Canada, Germany, and Ireland):<sup>11</sup>

	18-yea	ar–olds	22-уеа	er-olds
Country	1984	1997	1984	1997
United States	58.6	70.5	22.5	35.6
Canada	59.1	73.0	20.9	38.1
Australia	27.5	46.4	10.5	18.8
France	58.0	83.5	15.9	43.7
Germany	40.2	45.0	21.8	24.9
Ireland	46.1	69.8	9.7	22.2
Italy	55.3	71.8	21.9	34.8
Netherlands	67.0	75.6	31.9	48.3
Spain	49.1	73.1	21.5	44.2
United Kingdom	30.3	38.2	12.0	18.2

The rise in the average age of schooling may be due to increasing educational requirements at the workplace, either because doing the work actually requires more education or because employers increasingly are using education as a screening device. Increased schooling also might be related to shrinking family size, making higher education more affordable. Outside the United States, in particular, it could be a reaction to the general deterioration of the job market for young people.<sup>12</sup>

The result of the increased number of years of formal schooling is a delay in labor force participation: despite overall increases in the rate of labor force participation in most countries, the rate of youth labor force participation has fallen in almost all of the countries. (See table 4.) Youths in Korea, Sweden, Italy, and France have experienced at least doubledigit declines in participation rates since 1980. The doubledigit decline in the United Kingdom is since 1984. Young persons in the United States, Germany, Ireland, and Spain all had large declines in labor force activity. With the exception of the Netherlands, which saw a considerable increase over the 1980–2007 period, the remaining countries either had slightly declining or virtually level youth participation rates.

The decline in participation rates for youths was occurring while total participation rates were increasing in every country but Japan, Italy, and France, in each of which there were very small overall decreases. The Netherlands countered the general trend, with an even greater increase in its youth participation rate than in its overall participation rate. The Netherlands also is experiencing a sizeable increase in the percentage of young people pursuing formal education. The apparent contradiction is resolved by noting that in recent years part-time employment in that country has become a common feature of the labor market. Part-time employment is particularly suited to the schedules of students.<sup>13</sup>

The level of participation in the labor force by young people under 25 years varied greatly among countries in 2007, from a rate of 71 percent in Australia and the Netherlands to 28 percent in Korea. The 13 countries examined in this article can be divided rather clearly into three categories: high, medium, and low youth labor force participation. In the English-speaking countries, for the most part it is expected that one will begin work for pay rather early in life, and that outlook is reflected in the fact that 4 (the United States, Canada, Australia, and the United Kingdom) of the 5 English-speaking countries have teenage labor force participation rates greater than 40 percent and young adult rates greater than 59 percent. These 4 countries are joined by the Netherlands in the high category. Ireland is the one English-speaking country that falls into the middle group, where it is joined by Sweden, Spain, and Germany. The countries with low youth labor force participation are Korea, Italy, France, and Japan.

There are substantial differences among the countries with respect to the degree to which students combine school and work. Chart 1 shows the percentage of employed students out of the total population of students in 10 countries in 2006. In Italy, Spain, and France, a student is quite unlikely to have a job on the side; in the Netherlands and Canada, the likelihood is much greater. In the United States, about one-third of students combine school and work.

The Dutch example illustrates how the increase in schooling of persons aged 15 to 24 years has changed the youth labor picture across the board. Chart 1 shows that, except in Germany and France, much of the employment of students is part-time employment.

# Table 4. Labor force participation rate, by age, 13 countries, selected years, 1980–2007

[In percent]

Country and year	Total	Under 25 years	15–19 years	20–24 years	25 years and older	Country and year	Total	Under 25 years	15–19 years	20–24 years	25 year and older
United States						Ireland					
1980	63.7	68.1	56.7	77.2	62.5	1981	53.0	60.6	43.6	80.6	50.4
1985	64.8	68.3	54.5	78.2	64.0	1985	52.7	58.5	38.1	81.3	50.8
1990	66.5	67.3	53.7	77.8	66.4	1990	52.0	50.3	28.6	77.2	52.6
1995	66.6	66.3	53.5	76.6	66.7	1995	53.7	46.1	21.9	74.0	56.0
2000	67.1	65.8	52.0	77.8	67.3	2000	58.9	51.6	30.3	73.4	61.0
2007	66.0	59.4	41.3	74.4	67.3	2007	63.7	53.5	27.1	75.2	66.0
Canada						Italy					
1980	65.0	72.6	62.4	80.8	62.6	1980	50.1	45.3	31.1	65.1	51.4
1985	65.9	71.7	58.9	80.1	64.4	1985	49.6	43.8	26.3	65.7	51.1
1990	67.4	72.8	62.8	80.3	66.2	1990	49.7	43.5	23.1	66.6	51.3
1995	64.9	66.5	55.0	75.6	64.6	1995	47.6	40.1	21.0	56.6	49.0
2000	66.0	68.1	57.7	76.6	65.6	2000	48.5	39.5	18.5	57.0	49.9
2007	67.7	70.4	60.9	77.8	67.2	2007	48.9	30.9	11.0	49.8	51.4
Australia						Netherlands					
1980	61.3	72.2	63.4	81.2	58.0	1980	49.0	48.4	26.6	71.1	49.2
1985	60.8	71.2	59.9	82.3	57.9	1985	49.8	49.8	26.4	72.5	49.8
1990	63.7	72.1	60.4	84.2	61.6	1990	66.7	61.4	43.1	76.9	68.3
1995	63.7	71.8	59.2	83.2	61.8	1995	59.9	64.5	47.6	78.2	59.0
2000	63.3	70.6	59.3	82.3	61.8	2000	63.1	70.8	60.6	80.7	61.7
2007	65.0	70.8	59.5	81.9	63.8	2007	64.7	70.6	61.0	80.5	63.7
Japan						Spain					
1980	63.2	43.4	17.9	69.8	67.6	1980	51.4	59.3	48.7	68.7	49.5
1985	63.0	42.9	17.0	71.0	67.4	1985	50.0	54.9	40.6	66.9	48.7
1990	63.4	44.1	18.1	73.4	67.9	1990	51.6	54.9	37.2	69.4	50.8
1995	63.4	47.6	17.0	74.1	66.8	1995	51.5	48.0	28.5	63.0	52.2
2000	62.4	47.0	17.5	72.7	65.1	2000	53.8	48.5	27.6	62.3	54.8
2007	60.4	44.9	16.3	69.7	62.6	2007	58.9	52.4	29.7	67.4	59.8
Korea, Republic of						Sweden					
1980	59.0	45.1	30.6	63.1	64.6	1980	71.7	71.7	57.4	83.1	71.7
1985	56.6	35.6	17.5	58.5	64.1	1985	72.5	66.9	48.3	82.2	73.7
1990	60.0	35.0	14.6	62.8	68.2	1990	74.4	69.1	51.4	82.3	75.5
1995	61.9	36.9	12.0	63.1	69.1	1995	70.5	52.8	31.0	68.0	73.8
2000	61.2	33.0	12.1	57.8	67.9	2000	70.8	52.2	34.7	65.9	73.9
2007	61.8	28.1	7.2	52.6	67.8	2007	72.3	57.1	39.6	73.1	75.1
France				= 1 0		United Kingdom					
1980	57.0	47.5	22.1	74.0	59.5	1984	62.0	75.6	68.9	81.0	58.9
1985	55.9	43.9	16.2	71.8	58.9	1985	62.2	76.4	70.2	81.2	58.9
1990	54.8	36.4	11.4	61.3	58.9	1990	64.0	78.0	70.9	83.1	61.2
1995	54.5	29.5	6.6	51.0	59.5	1995	62.1	69.6	59.8	76.3	60.9
2000	54.8	29.3	8.7	51.2	59.5	2000	62.7	69.7	62.8	75.4	61.6
2007	56.3	37.0	15.3	61.8	60.0	2007	62.9	65.3	53.2	75.4	62.5
Germany		50.0	42.0	74.0							
1980	55.5	59.2	43.9	76.3	54.6						
1985	54.9	59.2	44.4	73.0	53.8						
1990	57.4	60.4	39.8	74.3	56.8						
1995	57.4	53.5	31.9	72.8	58.0						
2000	57.6	51.5	33.2	71.4	58.5						
2007	59.2	52.0	32.5	71.3	60.3						



Although the increased participation in formal education might be associated with higher unemployment rates for young people, the achievement of more education, by contrast, should make young people more employable in the years ahead. Large increases in the percentages of those who have completed at least upper secondary-level education have occurred in Korea, Ireland, Spain, France, Italy, and Australia. The following tabulation shows the percentage of the population in 2004 (2003 for Japan) which had attained at least that level of education in the 13 countries examined:<sup>14</sup>

		Age groi	ıp, years	
Country	25–34	35–44	45–54	55–64
United States	87	88	90	86
Canada	91	88	83	73
Australia	77	65	62	49
Japan	94	94	82	65
Korea, Republic of	97	86	57	34
France	80	70	59	49
Germany	85	86	84	79
Ireland	79	68	54	39
Italy	64	52	44	28
Netherlands	80	74	68	59
Spain	61	50	36	21
Sweden	91	89	81	71
United Kingdom	70	65	64	59

Little difference in attainment by age group is observed if the level is tertiary, as opposed to upper secondary, education.<sup>15</sup> (For any given country, tertiary education is the equivalent of a college degree or higher in the United States; upper secondary is equivalent to a U.S. high school degree.)

#### The falling proportion of youths

Although the record of youth unemployment rates over recent decades is mixed, the trends of the youth proportion of the population, labor force, and unemployment have been almost uniformly downward. (See table 5.) Generally, in countries where the youth proportion of the population was highest at the beginning of the period, the fall has been the greatest. In Korea, for example, the youth proportion of the population fell from 29 percent in 1980 to 15 percent in 2007; in Canada, the fall was from 24 percent to 15 percent. In Sweden, by contrast, where the youth proportion of the population was already the lowest, the decline in the proportion was very small. In every country except Japan and, to a somewhat lesser extent, Sweden, the combination of a falling youth population relative to the adult population and increasing proportions of young people in formal education resulted in notable declines in the proportion of young people in the labor force. In Korea, the youth proportion of the labor force fell by 15

 Table 5.
 Percentages of working-age population, labor force, and unemployment of youths under 25 years, 13 countries, selected years, 1980–2007

Country and year	Population	Labor force	Unemployment	Country and year	Population	Labor force	Unemploymen
United States				Ireland			
1980	22.2	23.7	45.9	1981	. 25.1	28.7	40.3
1985	19.4	20.5	38.6	1985		27.4	38.3
1990	17.7	17.9	35.6	1990		22.5	30.6
1995	16.3	16.2	35.0	1995		19.7	30.9
2000	16.1	15.8	37.0	2000		19.5	29.2
2007	16.1	14.5	33.1	2007		15.4	29.2
Canada				Italy			
1980	23.8	27.4	46.6	1980	. 20.7	18.8	62.4
1985	20.8	23.3	35.1	1985		18.2	59.7
1990	17.1	19.3	29.3	1990		18.0	49.8
1995	15.8	16.8	29.3	1995		14.1	39.0
2000	15.5	16.5	30.7	2000		14.1	32.0
2000	15.1	16.5	30.2	2000		7.6	25.2
2007	13.1	10.2	50.2	2007	. 12.0	7.0	23.2
Australia	22.2	07.4	56.0	Netherlands	22.2	22.0	
1980	23.3	27.4	56.3	1980		22.0	44.7
1985	21.9	25.6	47.0	1985		21.5	37.6
1990	20.6	23.3	43.9	1990		20.9	31.4
1995	18.9	21.4	38.7	1995		17.5	31.8
2000	17.2	19.2	37.0	2000	. 14.7	16.5	33.1
2007	17.2	18.7	40.1	2007	. 14.9	16.2	32.7
Japan				Spain			
1980	18.0	12.4	21.9	1980		23.1	52.5
1985	18.1	12.3	22.3	1985	. 20.1	22.1	46.0
1990	18.8	13.0	26.9	1990	. 19.4	20.6	39.0
1995	17.7	13.3	25.7	1995	. 18.4	17.1	30.6
2000	14.9	11.2	21.7	2000	. 15.8	14.3	26.0
2007	12.3	9.1	18.1	2007	. 12.3	11.0	24.1
Korea, Republic of				Sweden			
1980	28.7	21.9	48.4	1980	. 16.6	16.6	46.7
1985	26.3	16.6	41.7	1985	. 17.2	15.9	37.0
1990	24.5	14.3	40.7	1990	. 17.0	15.8	40.0
1995	22.2	13.2	40.2	1995	. 15.6	11.7	25.2
2000	19.2	10.4	25.4	2000	. 14.5	10.7	21.8
2007	15.2	6.9	18.8	2007	. 15.7	12.4	38.6
France				United Kingdom			
1980	20.3	16.9	41.7	1984	. 18.7	22.8	38.1
1985	19.6	15.4	38.7	1985		23.0	36.2
1990	18.6	12.4	25.8	1990	. 16.8	20.5	30.5
1995	16.7	9.1	20.3	1995		16.1	28.6
2000	15.7	8.4	17.4	2000		15.0	32.1
2007	15.9	10.4	24.6	2007		15.0	41.2
Germany							
1980	19.6	20.9	27.3				
1985	19.7	21.2	29.6				
1990	16.4	17.3	16.1				
1995	13.2	12.3	12.4				
2000	12.9	11.5	12.5				
2007	13.7	12.0	16.3				
2007	1.5./	12.0	10.5				

percentage points; in Ireland (since 1981), by 13 percentage points; in Spain, by 12 percentage points; in Italy and Canada, by 11 percentage points; and in Germany and the United States, by 9 percentage points.

Largely as a consequence of falling youth labor force participation, the proportion of the unemployed who are under 25 years fell in every country but the United Kingdom. In some cases, the drop was considerable. In Italy, for instance, 62 percent of the unemployed were under 25 years in 1980, whereas 25 percent were in 2007. Similarly, the proportion of the unemployed in Spain who were young people fell from 53 percent to 24 percent over the period, and large declines also occurred in Korea and France.

An examination of the anomalous case of the United Kingdom is revealing, particularly when contrasted with France. A consideration of just the youth unemployment rate would appear to indicate that the United Kingdom is substantially better off economically than France: in 2007, the U.K. youth unemployment rate was approximately 14 percent, down from 18 percent in 1985, whereas in France the youth unemployment rate was 19 percent in 2007-down from 26 percent in 1985, but still above that of the United Kingdom. (See table 1.) As a relative social problem, however, the youth unemployment situation might be said to be worse in the United Kingdom than in France: not only did young people make up a far higher percentage, 41 percent (the highest of the 13 countries), of the total unemployed in the United Kingdom in 2007, compared with 25 percent in France, but the trends in the two countries were in opposite directions. (See table 5.)

Two factors loom large in the United Kingdom. First, by 2007 the unemployment rate for adults 25 years and older had fallen to less than 4 percent, among the lowest of the countries covered. (See table 1.) Second, at the same time, the participation rate of young people in the United Kingdom in 2007 was a relatively high 65 percent. (See table 4.) The country's unemployed youths came from a comparatively larger pool of young wouldbe workers.

The importance of participation rates is seen by noting that, in 2000, the youth unemployment rate in the United Kingdom was 12 percent, while it was 21 percent in France. (See table 1.) Even though France had more young people in the age group comprising 15- to 24-year-olds—7.4 million, compared with 6.2 million in the United Kingdom—the total number of unemployed youths in the United Kingdom was 505,000, as opposed to 452,000 in France.<sup>16</sup>

## The "idleness" rate

The fact that youths between the ages of 15 and 24 are much more likely to be in school than are older groups, together with the further fact that the percentage of such young people has varied to a considerable degree by time and place, clearly clouds the relative labor market picture for this younger age category. Another perspective is gained by looking at the proportion of young people who are neither in school nor employed—that is to say, the rate of "idleness." (See table 6; the term "idleness" is not intended to imply anything about the character of the person—that he or she is lazy, unambitious, shiftless, or anything else of the sort; it simply means that the individual is neither in school nor employed, for whatever reason—caring for a family member, being ill, or any number of reasons.)

In contrast to unemployment rates, idleness rates are consistently greater for persons aged 20 to 24 years than for teenagers, suggesting that the rate of unemployment might be misleading as a measure of societal distress. Members of the younger group are far more likely to be in school, and whether or not they have gainful employment at that stage of their lives is generally less important than when they are in their early twenties.

Among the 11 countries listed in table 6, unemployment rates for the under-25 youth category track that group's idleness fairly closely. The countries with the highest youth unemployment rates, Italy and Spain, are also the ones with the highest idleness rates, and the countries that have the lowest youth unemployment rates, the Netherlands and Ireland, also have the lowest youth idleness rates.

The period covered begins with 1995, and the idleness trend from then until 2004 is a decidedly mixed record. For the most part, reductions in idleness have occurred in those countries where rates were the highest, and increases have taken place where rates were the lowest. The result has been a youth idleness rate that varies a good deal less among countries than does the youth unemployment rate.

#### Youths living with parents

Besides participation in education, another factor making the youth labor market different from the general labor market is the usually large degree of financial support by parents that young people experience. A good proxy for the degree of financial support received by young people is whether or not they live with their parents. (See table 7.)

Country		15–19 years	1		20–24 years	
	1995	2000	2004	1995	2000	2004
United States	7.8	7.0	6.9	17.8	14.4	16.9
Canada	7.6	7.2	7.5	17.4	14.3	13.0
Australia	9.9	6.8	7.5	16.9	13.3	12.3
France	2.5	3.3	5.4	17.5	14.1	17.6
Germany	<sup>1</sup> 3.4	5.7	3.6	15.0	16.9	17.5
reland	<sup>2</sup> 5.2	4.4	8.5	10.8	9.7	12.2
Italy	<sup>1</sup> 15.2	13.1	9.7	30.1	27.5	21.1
Netherlands	<sup>1</sup> 2.7	3.7	3.3	7.5	8.2	9.1
Spain	11.5	8.0	10.4	25.8	15.0	16.2
Sweden	5.6	3.6	5.9	17.5	10.7	13.7
United Kingdom	_	8.0	10.3	_	15.4	13.8

<sup>2</sup> 1999.

SOURCE: Education at a Glance: OECD Indicators, 2006 (Paris, OECD, Sept. 12, 2006), pp. 329–32.

# Table 7.Percent of young people living with their parents, by age and sex, 10 countries, 1985 and 1996 (15- 19-year-olds)and 1985 and 1997 (20- 24-year olds)

		15-19	) years			20-24	4 years	
Country	N	len	Wo	Women		len	Wo	men
	1985	1996	1985	1996	1985	1997	1985	1997
Inited States	<sup>1</sup> 89.9	87.9	185.4	83.7	<sup>1</sup> 49.5	<sup>2</sup> 50.0	<sup>1</sup> 36.3	<sup>2</sup> 38.0
Canada	88.9	90.8	82.2	84.7	49.8	<sup>2</sup> 53.4	30.4	<sup>2</sup> 39.1
Australia	<sup>1</sup> 87.4	87.3	<sup>1</sup> 83.1	81.9	<sup>1</sup> 49.6	<sup>2</sup> 50.2	130.5	<sup>2</sup> 36.5
rance	94.9	94.1	88.8	91.1	55.8	62.4	35.7	44.1
Germany	95.1	95.5	91.8	92.1	64.3	65.1	42.9	45.1
reland	95.3	91.1	93.4	88.0	73.0	66.3	56.0	49.5
taly	97.2	96.6	95.9	95.8	87.4	92.7	67.7	85.1
Netherlands	<sup>3</sup> 95.6	96.7	<sup>3</sup> 92.4	93.3	<sup>3</sup> 64.0	61.3	<sup>3</sup> 39.6	37.2
pain	<sup>3</sup> 95.4	95.1	<sup>3</sup> 94.1	94.0	<sup>3</sup> 89.0	92.4	<sup>3</sup> 77.8	88.2
Jnited Kingdom	94.4	92.9	87.2	87.3	56.9	55.0	33.8	35.8
<sup>1</sup> 1986.		1	1		Norman Bowe	,	,	,
<sup>2</sup> 1996.					ort, Giving Youn n Preparing Youtl			
<sup>3</sup> 1988.				tion to the Lo	abour Market (Pa	ris, OECD, 1999),	p. 62.	

By this measure, there is a good deal less uniformity among the countries, and less of a trend toward greater uniformity, than in the idleness rate or even in the unemployment rate, particularly with respect to young adults (20- to 24-year-olds). Spain and Italy, which consistently exhibit the highest unemployment rates, also had the highest percentages, by far, of young adults living with their parents. Both countries had close to 9 of every 10 young adult men living with their parents in the earlier year, while the next country in the group was Ireland, with 7 of 10 young adult men living at home. By 1997, the gap had widened in Spain and Italy, while it had fallen somewhat in Ireland. The gap in Spain and Italy widened even more in the case of women. Noteworthy, as well, is the fact that France, Australia, Canada, Germany, and the United States also showed increases in the percentages of young adults of both sexes living with parents, and some of the increases were substantial, but the levels remained much lower than in the other nations.

It is clear from these data that there is a cultural dif-

ference between Spain and Italy, on the one hand, and all the other countries studied, on the other, when it comes to the tendency of young people to continue to live with their parents well into their twenties. This tendency can be seen as both an effect and a cause of the higher youth unemployment rates in those countries. If they are unemployed, youths are more likely to be dependent upon their parents for housing. If they and their parents simply have a higher preference for them to live at home, then a couple of reasons previously mentioned for youth unemployment to exceed the unemployment of adults come into play: (1) youths become less mobile in their availability for employment, and (2) with parental financial support, they can afford to wait longer and pass up job opportunities that are not to their liking.

In Korea and Japan, the role of family support also appears quite strong in delaying employment until just the right job can be found. The term NEET, an acronym for what is called "idleness" in this article, first coined in Britain and standing for "not in education, employment, or training," has come into common usage in both countries. Protective parents of ever fewer children per family are seen as partial enablers of the phenomenon. As one commentator says,

NEET's parents have worked tirelessly to give opportunities to their children, as family bonds in East Asian societies are very strong. They invest their earnings in their children's success and take care of them until marriage. Children's long-term dependency on their parents is accepted, and is expected to help them in the future.<sup>17</sup>

#### **Educational attainment and transition to work**

Table 8 shows data on unemployment by educational attainment for 12 countries. In the United States in 1996, the average unemployment rate for young men who likely had completed formal education—those aged 25 to 29 years—fell rapidly as education rose. For U.S. women, the difference in unemployment rates for the least formally educated and the most educated was even greater. In other countries, the employment payoff to education is clearly not so apparent as it is in the United States and most of the remaining countries. In countries such as Italy and Spain, this phenomenon has been attributed to "credential inflation," or so-called overeducation owing to formal labor markets that are difficult to enter and a weak tradition of vocational education within the secondary education system.<sup>18</sup> Also, the stronger role played by parents in these countries permits college graduates to take more time in finding an ideal initial job. The higher unemployment rates for the educated do not continue past the late twenties in either Italy or Spain: from 1991 to 2004, unemployment rates among 25- to 64-year-olds were consistently lower for each level of education attained, although they did not fall as much as in the other countries, with the exception of Korea.<sup>19</sup> In Korea, another country with strong parental support and a shrinking family size, the low level of unemployment for that age group is hardly affected by the degree of formal education.

In contrast to the United States, where most technical and vocational training comes after high school, Germany has a dual system of education in which a substantial percentage of students are identified as they approach their teen years as better suited for training for a specific vocation. While still engaged in formal education at the secondary level, they become apprentices on 3- or 4-year contracts with employers. Each year, they also spend several weeks in training at a vocational school. The cost is borne by both employers and the government, and the nation's labor unions are parties to the arrangement. The cost also is borne, to a degree, by the apprentices themselves, because they are paid wages that are well below the wages of regular employees doing similar work.<sup>20</sup>

The fruits of this arrangement readily exhibit themselves statistically. According to an OECD survey, the level of employed youths with no more than a minimal command of basic mathematics in Germany is very low compared with the U.S. level.<sup>21</sup> German youths who are most likely to have shortcomings in mathematics also are most likely to be in an apprenticeship, and their handicap in the subject is thus an early concern. Clearly, both external and internal pressure is brought to bear upon the young person to learn the basic skills necessary for fruitful employment before he or she completely leaves formal education behind.

Germany also stands out throughout the period as the one country among those studied whose youth unemployment rate is little or no higher than its overall unemployment rate. At the same time, along with France, Germany is the only other country in the group to have higher unemployment rates for 20- to 24-year-olds than for 15- to 19-year-olds in some years. This fact suggests that some of those teenagers who easily find jobs in the form of apprenticeships or through continuing briefly to work in the companies with which they apprenticed go on to lose them in the years ahead. In effect, their years of greatest vulnerability are being postponed.

The German apprenticeship system also has been criti-

<sup>28.</sup> Unemployment rate for young adults (25–29 years), by educational attainment and sex, 12 countries, 1996

		Men	1		Women	
Country	Less than upper secondary	Upper secondary	University or tertiary	Less than upper secondary	Upper secondary	University or tertiary
Jnited States	15.7	7.6	4.1	17.3	6.6	1.3
Canada	20.2	12.5	7.8	23.6	10.8	7.4
Australia	13.4	6.6	5.6	10.4	7.8	4.1
Korea, Republic of	3.5	3.6	5.2	1.7	1.9	2.1
France	21.1	12.1	11.1	32.4	18.4	12.9
Germany	18.6	7.4	6.2	15.8	7.7	5.6
reland	24.7	8.5	5.6	24.5	7.3	4.5
taly	14.1	15.4	27.3	22.0	20.2	34.0
Netherlands	9.0	4.0	6.9	8.0	5.1	6.3
Spain	26.3	19.9	24.7	41.3	30.9	32.7
Sweden	20.0	13.9	7.1	26.4	13.1	6.6
Jnited Kingdom	23.6	10.5	5.0	17.8	8.3	3.3

SOURCE: Norman Bowers, Anne Sonnett, and Laura Bardone, "Background Report, Giving Young People a Good Start: the Experience of OECD Countries," in Preparing Youth for the 21st Century: The Transition from Education to the Labour Market (Paris, OECD, 1999), p. 67.

cized for its rigidity, requiring important career decisions to be made too early in life and tying young people to particular employers for long periods at the expense of a more careful consideration of job searches and career matching.<sup>22</sup>

Studies tracking work experience between the ages of 16 and 24 years and covering the 1979–88 period for the United States and the 1974–84 period for West Germany found that U.S. men held an average of 8.6 jobs while West German men held 2.9 jobs, on average. For women, the figures were 7.6 jobs in the United States and 2.2 jobs in Germany.<sup>23</sup> No doubt, some of those U.S. jobs had little to do with career matching; rather, they were low-paying, short-term jobs that young persons engaged in when they were mainly students. Similarly, some of the U.S. youths' German counterparts took such jobs when they were tied to apprenticeships. In both countries, however, other jobs that youths took were more likely to have been related to career advancement.

Now that German youth unemployment rates equal or exceed those of many other countries, especially in the more crucial 20- to 24-year-old range, and with the inherent difficulties of adapting the system to other cultural settings, it would seem unlikely that the German apprenticeship system would be seen as much of a role model for other countries in the foreseeable future. Even so, several of the countries in the group have expanded their own apprenticeship programs in recent years. Among them are Australia, Ireland, the United Kingdom, and France.<sup>24</sup> The country with the lowest youth unemployment rate at the beginning of the period was Japan, and as in Germany, the Japanese rate of youth unemployment had historically been very low. Also as in Germany, the low rate in Japan came about through a low overall unemployment rate produced by vigorous economic growth and a relatively rigid early-employment system.

In Japan, there is a close working relationship between larger companies and secondary schools.<sup>25</sup> With admission to schools based on competitive exams, companies vie for the graduates of the top schools. Academic performance is important in getting the best jobs, even for those in vocational high schools, who account for about a third of all students. Employers tend to recruit from specific high schools year after year, with some degree of trust established between companies and school officials.

Even at vocational high schools, some two-thirds of the courses are academic in nature. Young workers are hired more on the basis of their perceived "trainability" rather than because of any particular skills they might have. Workers are encouraged to develop a variety of skills, and changing of jobs and work assignments within companies is encouraged. By changing jobs for the same employer, the typical Japanese worker gets the variety of experience that the U.S. worker might get from changing employers. The tendency of young workers in Japan to leave one employer for another, either voluntarily or involuntarily, is even less than in Germany. In a retrospective survey ending in 1985, Japanese workers up to age 30 were found to have had an average of 1.7 employers per decade.<sup>26</sup>

In addition to Japan's relatively smooth and structured transition from school to work, comparatively low and flexible wages for young people and a lesser tendency to lay off recently hired workers during economic hardship than in most other countries tend to keep youth unemployment down. Still, in spite of these factors, the long Japanese recession of the 1990s caused the youth unemployment rate to rise almost to the same level as that of the United States by the end of the decade. As an indicator of the strain on the system, the average number of jobs offered to the typical job applicant newly graduating from senior high school fell from a peak of 3.3 in 1992 to 1.8 in 1997.<sup>27</sup> The recruitment of new graduates from high school declined from a high of 1.67 million in 1992 to 220,000 in 2003.<sup>28</sup>

Like Germany, Japan has a relatively large share of youths who are among the long-term unemployed, as detailed in the next section. Young people who find themselves derailed in the structured systems of Japan and Germany apparently have a considerable amount of difficulty getting back on track.

In between those recruited for regular jobs and the unemployed among the young, there has arisen a category for which the Japanese have coined a new term: *freeters*. Although the term has a variety of definitions, encompassing a lifestyle different from the traditional Japanese lockstep from school, to one large company, and on to retirement, a common feature among the definitions is engagement in casual or part-time work. By one definition, the number of such *freeters* approximately doubled, to 2.09 million, in the decade ending in the early 2000s.<sup>29</sup>

In spite of the worsening youth employment situation in Japan, the Government spends virtually nothing on special programs for young people.<sup>30</sup> A likely reason is that the youth unemployed make up a relatively low percentage of the total unemployed and, with birthrates low and declining while life expectancy continues to rise, the percentage of the population that is 15 to 24 years old is not expected to rise in the future. The decreasing supply of young people should increase their employment chances, unless there is a dramatic worsening of the economy.

## Long-term unemployment for youths

Wide variation among the countries also can be found in the duration of unemployment for young persons. (See table 9.) The expression "long-term unemployed" commonly refers to persons who have been unemployed for a year or longer. A given level of unemployment might be deemed more acceptable, particularly among young people, to the extent that the unemployment of the individuals involved is brief. Those not sure of what livelihoods they want to pursue and those without a lot of time invested in training and experience in a particular vocation can be expected to try out several different jobs early in their careers, and these tryouts might well involve periods of unemployment. Such unemployment can be regarded as frictional, the cost of having a dynamic, flexible economy.

Not surprisingly, in every one of the countries and in every year examined, except for Italy in 1985 and Sweden in 1990, the percentage of the unemployed in the long-term category is lower for young people than for all working ages—in most cases, considerably so. The trend of the proportion of long-term youth unemployment to all youth unemployment is clearly downward in five of the countries—Ireland, Italy, the Netherlands, Spain, and the United Kingdom—and moving upward in only one of the countries: Japan. From a proportion of long-duration youth unemployment that was among the lowest early in the period, Japan has moved into the middle ranks.

The high proportion of unemployment that is long-term unemployment, both for young people and for the general population, is striking in many European countries. Italy is the extreme case, with proportions that are hardly lower for the young than for everyone else and with only a small trend downward. Germany and France have persistently high rates as well, although they are much lower for young people than for their elders. The United Kingdom, by contrast, had a higher proportion of long-term unemployed young people than either Germany or France had in 1985, but by 2007 the proportion had become much lower than in those countries.

At the other end of the spectrum are Korea and Canada, along with the United States and, most recently, Sweden. Because Korea only began a modest unemployment insurance program in 1995, and because the United States provides a good deal less financial support for the unemployed than the average for the 13 countries combined, the relative generosity of a country's unemployment compensation is suggested as one factor in the prevalence of long-term unemployment.<sup>31</sup> The following unpublished estimates from Wayne Vroman of The Urban Institute show the types of unemployment systems (unemployment insurance, unemployment assistance, or both) and the generosities of unemployment compensation (the product of the average percentage of the unemployed receiving benefits and the percentage of the wage replaced)

# Table 9. Share of unemployment that is long-term unemployment,<sup>1</sup> 13 countries, selected years, 1980–2007

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Country and year	Under 25 years	All ages	Country and year	Under 25 years	All ages
United States			Ireland		
980	2.6	4.3	1980	-	
985	5.1	9.5	1985	56.8	66.5
990	2.3	5.5	1990	58.3	70.5
1995	5.2	9.7	1995	43.0	58.2
2000	3.8	6.0	1999	29.4	48.0
2007	6.5	9.9	2007	21.5	29.9
Canada			Italy		
980	3.3	5.1	1980	_	_
1985	6.4	12.0	1985	60.2	59.4
990	3.0	7.1	1990		58.4
1995	7.1	16.3	1995		63.5
2000	3.8	10.7	2000	58.0	62.0
2007	2.1	7.1	2007	40.4	46.3
Australia			Netherlands		
980	15.9	19.2	1980	-	
985	22.8	30.8	1985	31.6	45.5
1990	13.7	21.1	1990	26.8	49.7
1995	20.6	32.0	1995	24.7	43.7
2000	14.7	25.5	1999	13.0	38.7
2007	10.0	15.5	2007	11.9	36.9
Japan			Spain		
1980	8.0	16.7	1980	33.5	32.6
1985	2.9	13.4	1985	55.6	56.2
1990	11.1	20.1	1990	49.3	53.2
1995	11.1	17.1	1990	49.5	56.6
2000 2007	20.0 19.1	25.4 30.5	2000 2007	34.3 13.2	46.1 23.7
Karaa Banublis of			Sweden		
Korea, Republic of	_			1.1	4.9
1980	-	-	1980		
1985	-	_	1985		10.3
1990	1.1	2.5	1990	11.8	11.7
1995	3.3	4.4	1995		27.9
2000	1.0	2.3	2000	8.9	26.3
2007	.4	.6	2007	3.4	12.3
France			United Kingdom		
1980	23.2	34.6	1980	-	
985	30.7	39.7	1985	42.6	50.9
1990	17.8	35.2	1990	21.1	34.8
1995	21.3	39.6	1990	28.1	44.6
2000		40.1	2000		29.0
	19.3				
2007	23.2	39.0	2007	15.4	24.3
Germany					
1980	-				
1985	30.7	45.4			
1990	29.0	48.1			
1995	25.6	48.0			
2000	21.4	51.3			
2007	32.3	55.4			

SOURCE: Organization for Economic Cooperation and Development,

(HURs)," stats.oecd.org/WBOS/Index.aspx?QueryName=251&QueryType= View; Statistics Canada (unpublished).

in the 13 countries studied in this article:

Country	Unemployment compensation system	Unemployment compensation generosity
United States	Unemployment	
Canada	insurance Unemployment	0.11
A 1.	insurance	.27
Australia	Unemployment assistance	.27
Japan	Unemployment	.15
Korea, Republic of .	Unemployment	.15
, I	insurance, 1998–2003	.04
France	Unemployment insurance and unemployment	
	assistance	.40
Germany	Unemployment insurance and unemployment	
T 1 1	assistance	.36
Ireland	Unemployment insurance and unemployment	20
Italy	assistance Unemployment	.38
itary	insurance	.09
Netherlands	Unemployment insurance and unemployment asssistance	.84
Spain	Unemployment insurance and unemployment assistance	
Sweden	assistance Unemployment insurance and unemployment assistance	.22
United Kingdom	Unemployment insurance and unemployment	
	assistance	.13

However, correlating unemployment compensation with the proportion of long-term unemployment for 1995 produces coefficients close to zero for young people and a coefficient of only 0.22 for all working ages. Countries such as Italy, with the highest long-term unemployment and low unemployment generosity, and Sweden, with lower longterm unemployment and the greatest unemployment generosity, undermine the relative-generosity hypothesis.

Clearly, other factors are at work to influence the prevalence of long-term unemployment. For Italy and Spain, more closely knit families that provide support to unemployed family members, as well as the existence of large "underground" or "informal" economies, have been offered as an explanation of higher unemployment of all durations, particularly for young people.<sup>32</sup> A large informal economy, however, should hardly be a sufficient reason all by itself for labor force surveys to overreport the percentage of the unemployed—that is to say, to report as unemployed people who actually are working in the underground economy. Interestingly, in Mexico the presence of a large informal sector is given as a primary reason for that country's unusually low reported unemployment rates.<sup>33</sup> The difference, perhaps, is that Mexico has no unemployment compensation program, so a person working in the informal sector has no incentive to tell employment enumerators that he or she is unemployed. Italy and Spain, by contrast, have unemployment compensation programs, although Italy's is next lowest to Korea's in generosity among the countries covered in this article.

Spain and Italy also have active labor market programs, some of which are aimed specifically at young people. (See table 10.) Public expenditures on active labor market programs correlate much better with the prevalence of longterm unemployment than does unemployment compensation generosity. The coefficient for expenditures for all working ages in 2002, measured against the prevalence of long-term unemployment in 2000, was 0.54. It was 0.45 for the percentage of GDP spent on youth measures, compared with the share of youth unemployment that was long-term unemployment.

Table 10 also shows a very wide range, among the countries listed, in the relative national resources devoted to active labor market measures, whether for the general public or for young people in particular. France was by far the leader in the latter, with twice the percentage of its gross domestic product devoted to such programs for young people as the next-nearest country. Following France were Italy, Ireland, and the United Kingdom. The United States ranked last in the percentage of GDP spent on active labor market measures generally. Japan was lowest in its relative expenditure on youth measures, at only 0.01 percent of GDP, although Canada, Korea, and Sweden spent little more, at 0.02 percent of GDP, and the U.S. figure was just a bit higher, 0.03 percent of GDP.

THE UNEMPLOYMENT RATE AMONG YOUNG PEOPLE in most advanced industrial countries has been generally

Table 10.Active labor market programs and public expendi- tures on youths, 13 countries, 2002				
[In percent of GDP]				
Country	Total active measures <sup>1</sup>	Youth measures <sup>2</sup>	Youth measures ÷ total active measures, percent	
	15	02	20.0	
United States <sup>3</sup>	.15	.03 .02	20.0 4.8	
Canada⁴ Australia⁵	.42	.02	4.8	
	.45	.08	3.6	
Japan <sup>6</sup>	.20	.01	5.0 7.4	
Korea, Republic of France	1.25	.02	32.0	
	1.18	.40	52.0 8.5	
Germany Ireland <sup>6</sup>	1.16	.10	15.8	
Italy <sup>7</sup>	.57	.18	35.1	
Netherlands	1.85	.20	2.2	
Spain	.87	.04	6.9	
Sweden	1.40	.00	1.4	
United Kingdom <sup>8</sup>	.36	.02	33.3	

<sup>1</sup> Consists of public employment services and administration, labor market training, youth measures, subsidized employment, and measures for the disabled.

<sup>2</sup> Consists of measures for unemployed and disadvantaged youths and support of apprenticeship and related forms of general youth training.

<sup>3</sup> Fiscal year beginning October 1, 2001.

<sup>4</sup> Fiscal year beginning April 1, 2001.

<sup>5</sup> Fiscal year beginning July 1, 2001.

<sup>6</sup> 2001.

 $^{\rm 7}\,$  Public employment services and administration not included in active measures.

<sup>8</sup> Fiscal year beginning April 12, 2001; excludes Northern Ireland. SOURCE: *Employment Outlook* (Paris, OECD, 2004, 2004), Annex Table H.

higher in recent decades than it was in the 1960s and 1970s. This development owes mainly to the fact that in Western Europe and Japan overall unemployment has been higher than it was in the earlier period. The increase in unemployment occurred mainly in the early 1980s, and the trend, with some few exceptions, has been essentially level since that time.

A number of factors virtually ensure that, in the absence of extraordinary programs such as Germany's apprenticeships, the level of unemployment among the young will remain higher than among the general labor force. Almost all of the countries have exhibited youth unemployment problems of one sort or another. Spain and Italy consistently have had the highest overall unemployment rates, but youth unemployment rates have declined in both countries in recent years. France has shown similar levels of youth unemployment, but with no downward trend; its youth unemployment rate was among the highest of the 13 countries in 2007.

In the Netherlands, Sweden, and the English-speaking countries, young people make up a relatively high percentage of the unemployed. In Sweden, the high percentage is related to recent high youth unemployment rates and somewhat high youth participation rates. In the Englishspeaking countries and the Netherlands, high youth participation rates are the main factor.

The low and declining proportions of youth unemployment in most of the countries are a result of both a falling proportion of the youth population and declining participation of young people in the labor force.

Most of the European countries have relatively high proportions of youths who are among the long-term unemployed, but the proportions are lower than for the general population, and they have been on the decline. However, the proportions of unemployment that are longterm unemployment have been on the rise in Japan and, to a lesser degree, the United States; still, the proportions remains relatively low in those countries.

#### Notes

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<sup>1</sup> Constance Sorrentino, "Youth unemployment: an international perspective," *Monthly Labor Review*, July 1981, pp. 3–15; on the Internet at www.bls. gov/opub/mlr/1981/07/art1full.pdf (visited July 9, 2009). The countries in that study were the United States, Canada, Australia, Japan, France, Italy, Sweden, West Germany, and the United Kingdom excluding Northern Ireland.

<sup>2</sup> For other adjustments to the Canadian labor force statistics, see "International Comparisons of Annual Labor Force Statistics, 10 Countries, 1960–2007" (Bureau of Labor Statistics, Oct. 21, 2008), on the Internet at **www.bls.gov/fls/flscomparelf.htm** (visited July 9, 2009); click on "Technical Notes."

<sup>4</sup> Table 2, "Civilian labor force, employment, and unemployment approximating U.S. concepts, 1960–2007" (Bureau of Labor Statistics, no date), on the Internet at **ftp.bls.gov/pub/special.requests/ForeignLabor/Ifcompendiumt02. txt** (visited July 9, 2009). Overall unemployment data from OECD and from BLS are generally comparable.

<sup>5</sup> As an example of the routine use of the ratio of youth to adult unemployment, see "Youth unemployment," in *Key Indicators of the Labor Market*, 4th ed. (International Labor Office, 2006), table 9, pp. 431–42.

<sup>&</sup>lt;sup>3</sup> On declining birthrates, see Gary Martin and Vladimir Kats, "Families and work in transition in 12 countries, 1980–2001, *Monthly Labor Review*, September 2003, pp. 3–31, table 1, p. 4; on the Internet at www.bls.gov/opub/mlr/2003/09/art1full.pdf (visited July 9, 2009).

<sup>6</sup> Perhaps the point may be more easily understood by looking at the change in one measure of unemployment, as opposed to comparing two unemployment rates. A rise in the national unemployment rate from, say, 10 percent to 20 percent is clearly a much more serious matter than a rise from 1 percent to 2 percent, because a much greater percentage of the population has become unemployed in the former instance than in the latter, although in each case there was the same 100-percent increase in the unemployment rate. Finally, the point may be driven home with the following ditty of mine, titled "Welfare Theory in Verse" (assuming a labor force of 100):

Rita, the second to lose her job, Claimed a greater importance than Floyd. For he was only number ten In the line of the unemployed.

She doubled the unemployment rate, Though that was not her intent, While Floyd only managed to raise the rate By eleven point one percent.

"But wait," said the seriously slighted Floyd, "Her importance is not so great. Please notice how my being laid off Changed the *employment* rate."

<sup>7</sup> Global Employment Trends for Youth, 2006 (International Labor Office, 2006), p. 19.

<sup>8</sup> Olivier Marchand, "Youth Unemployment in OECD Countries: How Can the Disparities Be Explained?" in *Preparing Youth for the 21st Century: The Transition from Education to the Labour Market* (Paris, OECD, 1999), pp. 336–44. According to Marchand, 23 percent of employed young people in the European Union in 1995 worked on fixed-term contracts, as opposed to 7 percent of employed persons over the age of 30. The practice, says Marchand, is much more prevalent in Sweden, France, and Spain than in the United Kingdom or Italy.

<sup>9</sup> Employment Outlook (Paris, OECD, 2008), p. 33.

<sup>10</sup> The apparent greater natural facility of young people to adapt to new computer-related work should have worked as a counterbalance to these labor market disadvantages to a degree, as information and communication technologies changed rapidly in recent years. (See Peter Morris, "A Survey of the Implications of Information and Communication Technologies (ICTs) on Youth Employment," issues paper prepared for the International Labor Organization, November 2000, on the Internet at www.telesis.com.au/docs/ICTs\_&\_Youth\_Employment.doc (visited, July 9, 2009).)

<sup>11</sup> Norman Bowers, Anne Sonnet, and Laura Bardone, "Giving Young People a Good Start: The Experience of OECD Countries," in *Preparing Youth for the 21st Century: The Transition from Education to the Labour Market* (Paris, OECD, 1999), pp. 7–86. (See especially p. 71.)

<sup>12</sup> Richard B. Freeman, "The Youth Job Market Problem at Y2K," *Preparing Youth for the 21st Century*, pp. 89–100. Some economists argue that the United States should be included among those countries in which increased schooling and lower labor participation rates by young people are caused, at least partially, by a softening job market. (See Sudeep Reddy, "Teen Behavior Offers Clue to Why Jobless Rate Stays Low Despite Slowing Growth," *The Wall Street Journal*, June 18, 2007, p. A2.)

<sup>13</sup> Peter van der Meer and Rudi Wielers, "The Increased Labour Market Participation of Dutch Students," *Work, Employment & Society*, vol. 15, no. 1, 2001, pp. 55–71; on the Internet at **wes.sagepub.com/cgi/content/abstract/15/1/55** (visited July 9, 2009). The Netherlands has by far the highest percentage of parttime employment among the 30 countries of the OECD, 35.7 percent of total employment in 2005. (See "Part-Time Employment," in OECD Factbook 2007 (Paris, OECD, 2007), pp. 128–29; on the Internet at fiordiliji.sourceoecd.org/ pdf//fact2007pdf//06-01-03.pdf (visited July 9, 2009).)

<sup>14</sup> Education at a Glance: OECD Indicators 2006 (Paris, OECD, Sept. 12, 2006), p. 38.

<sup>15</sup> *Ibid.*, p. 39.

<sup>16</sup> OECD.StatExtracts, on the Internet at **stats.oecd.org/wbos/Index.aspx** (visited July 9, 2009).

<sup>17</sup> Hyejin Kim, "A NEET Trick: Living on Familial Love," *Asia Times Online*, Feb. 17, 2006, on the Internet at www.atimes.com/atimes/Asian\_Economy/ HB17Dk01.html (visited July 9, 2009).

<sup>18</sup> Employment Outlook (Paris, OECD, 2002). (See also Education at a Glance, pp. 118–19.)

<sup>19</sup> Ibid.

<sup>20</sup> Niall O'Higgins, Youth Unemployment and Employment Policy: A Global Perspective (Geneva, International Labor Office, 2001), pp. 100–05.

<sup>21</sup> A 1995 OECD literacy survey found that 20.3 percent of employed 16to 24-year-olds in the United States had only minimal mathematical skills, while the figure was 8.2 percent for Canada, 5.7 percent for the Netherlands, 5.2 percent for Sweden, and 2.3 percent for Germany. (See Lisa M. Lynch, "The Transition from Initial Education to the Labour Market: Recent Experience in the United States," in *Preparing Youth for the 21st Century*, pp. 289–301.)

<sup>22</sup> O'Higgins, Youth Unemployment and Employment Policy, p. 104.

<sup>23</sup> Paul Ryan, "The School-to-Work Transition: A Cross-National Perspective," *Journal of Economic Literature*, March 2001, p. 57.

<sup>24</sup> Robert I. Lerman, "Improving Career Outcomes for Youth: Lessons from the U.S. and OECD Experience" (The Urban Institute and U.S. Department of Labor, 2000 and 2001), on the Internet at wdr.doleta.gov/opr/fulltext/01-oecd. pdf (visited July 10, 2009).

<sup>25</sup> Naoki Mitani, "The Japanese Employment System and Youth Labor Market," in *Preparing Youth for the 21st Century*, pp. 305–28.

<sup>26</sup> Ryan, "The School-to-Work Transition," p. 57.

<sup>27</sup> Mitani, "The Japanese Employment System," p. 306.

<sup>28</sup> Reiko Kosugi, "The Transition from School to Work in Japan: Understanding the Increase in *Freeter* and Jobless Youth," *Japan Labor Review*, winter 2004, pp. 52–67—see especially p. 53; on the Internet at www.jil.go.jp/english/ JLR/2004bi.htm#no1.htm (visited July 10, 2009).

- <sup>29</sup> *Ibid.*, p. 52.
- <sup>30</sup> Ryan, "The School-to-Work Transition," p. 68.

<sup>31</sup> Annette H. K. Son, "Social Insurance Programs in South Korea and Taiwan: A Historical Overview," *Uppsala Papers in Economic History*, Research Report No. 50 (Uppsala, Sweden, Uppsala University, 2002), p. 15; on the Internet at **66.102.1.104/scholar?q=cache:pKpNvU-P35QJ:scholar.google.com/&hl=en** (visited July 10, 2009).

<sup>32</sup> Marchand, "Youth Unemployment in OECD Countries," p. 332; Torild Hammer, ed., "Introduction," *Youth Unemployment and Social Exclusion in Europe: A Comparative Study* (Bristol, U.K., The Policy Press, 2003), pp. 10, 13.

<sup>33</sup> Gary Martin, "Employment and Unemployment in Mexico in the 1990s," *Monthly Labor Review*, November 2000, pp. 3–18; see especially pp. 8–11; on the Internet at www.bls.gov/opub/mlr/2000/11/art1full.pdf (visited July 7, 2009)