

## Chapter 1

# Recent labour market developments and prospects

### *Special Focus on: A Better Start for Youths?*

The special section of this chapter describes trends in youth labour market outcomes and policies. Youth population shares in OECD countries reached a peak in the 1960s, 1970s or 1980s, and have everywhere fallen since then. In a slight majority of countries, young adult unemployment rates have fallen relative to prime-age adult rates since 1983, but trends are varied. Youths are staying longer in education, but in some countries study is often combined with participation in the labour market, and the conventionally-measured unemployment rate will often not be the most relevant indicator of labour market distress. One alternative indicator, the proportion of youths who are neither in education nor in employment, generally shows some trend improvement.

Frequently less than a fifth of public spending on active labour market programmes is in programmes targeted specifically at youths facing difficulties in the labour market, but partial data for EU countries suggest that up to two-fifths of participants in these programmes, including subsidised apprenticeships, are aged under 25. Strategies of early intervention and diverse pathways in education and training are described, and recent labour market policy experience is reviewed under headings of activation strategies; broadly-targeted employment programmes; dual systems; and “safety nets” for school leavers. New or greatly expanded youth programmes, introduced by a number of countries since the mid-1990s, have had a visible impact on youth unemployment rates in some cases. Youth labour market outcomes are sensitive to general economic conditions, but additional structural features that are often associated with good outcomes in international comparative terms include active public management of the transition-to-work process, involving youth unemployment benefits combined with activation measures and backed up by a “safety-net” approach, and early contact with the world of work through apprenticeships or student jobs.

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## Introduction

Despite the slow-down in real GDP growth that occurred in 2001, signs of recovery are on the horizon. The slow-down was particularly marked in North America and Asia while it was more moderate in Oceania and Europe (Table 1.1). In the latter, however, the

Table 1.1. **Growth of real GDP in OECD countries<sup>a, b</sup>**

	Share in total OECD GDP 1995	Annual percentage change				Projections	
		Average 1989-1999	2000	2001	2002	2003	
<b>North America</b>							
Canada	3.2	2.3	4.4	1.5	3.2	4.0	
Mexico	3.0	3.3	6.9	-0.3	1.8	4.5	
United States	35.4	3.0	4.1	1.2	2.5	3.5	
<b>Asia</b>							
Japan	14.0	1.7	2.4	-0.4	-0.7	0.3	
Korea	2.6	6.0	9.3	3.0	6.0	6.5	
<b>Europe</b>							
Denmark	0.6	2.1	3.0	0.9	1.9	2.2	
Finland	0.5	1.6	5.6	0.7	1.5	3.4	
Norway	0.5	3.4	2.3	1.4	2.1	2.5	
Sweden	0.8	1.5	3.6	1.2	2.1	3.2	
Greece	0.6	1.9	4.1	4.1	3.5	4.2	
Italy	5.5	1.5	2.9	1.8	1.5	2.8	
Portugal	0.6	2.8	3.4	1.9	1.7	2.7	
Spain	2.8	2.6	4.1	2.8	2.1	3.3	
Czech Republic	0.6	..	2.9	3.6	3.0	3.7	
Hungary	0.4	..	5.2	3.8	3.5	4.3	
Poland	1.3	..	4.0	1.1	1.3	2.7	
Slovak Republic	0.2	-6.8	2.2	3.3	4.0	4.1	
Austria	0.8	2.5	3.0	1.0	1.2	2.8	
Belgium	1.0	2.0	4.0	1.1	1.1	2.7	
France	5.5	1.7	3.6	2.0	1.4	3.0	
Germany <sup>c</sup>	8.0	2.3	3.0	0.6	0.7	2.5	
Iceland	0.0	2.1	5.5	3.0	-0.8	2.3	
Ireland	0.3	7.0	11.5	6.6	3.5	6.3	
Luxembourg	0.1	5.4	7.5	5.1	2.7	6.8	
Netherlands	1.5	3.0	3.5	1.1	1.4	2.6	
Switzerland	0.8	0.9	3.0	1.3	1.0	2.3	
Turkey	1.7	3.8	7.4	-7.4	1.8	3.5	
United Kingdom	5.4	2.1	3.0	2.2	1.9	2.8	
<b>Oceania</b>							
Australia	1.8	3.3	3.4	2.4	3.7	4.0	
New Zealand	0.3	2.4	3.6	1.8	2.9	3.5	
<b>OECD Europe<sup>d</sup></b>	<b>39.7</b>	<b>2.2</b>	<b>3.6</b>	<b>1.3</b>	<b>1.5</b>	<b>2.9</b>	
<b>EU</b>	<b>34.1</b>	<b>2.1</b>	<b>3.4</b>	<b>1.7</b>	<b>1.5</b>	<b>2.8</b>	
<b>Total OECD<sup>d</sup></b>	<b>100.0</b>	<b>2.6</b>	<b>3.9</b>	<b>1.0</b>	<b>1.8</b>	<b>3.0</b>	

.. Data not available.

a) The OECD Secretariat's projection methods and underlying statistical concepts and sources are described in detail in "Sources and Methods: OECD Economic Outlook" which can be downloaded from the OECD Internet site ([www.oecd.org/eco/out/source.htm](http://www.oecd.org/eco/out/source.htm)).

b) Aggregates are computed on the basis of 1995 GDP weights expressed in 1995 purchasing power parities.

c) The average growth rate has been calculated by chaining on data for the whole of Germany to the corresponding data for western Germany prior to 1992.

d) Averages for 1989-1999 exclude the Czech Republic, Hungary, Poland and the Slovak Republic.

Source: *OECD Economic Outlook*, No. 71, June 2002.

recovery seems to be delayed to the end of 2002. As a consequence, the gap in real GDP growth between Europe and North America that characterised the second half of the 1990s was closed in 2001 but is projected to open up again in 2002. Despite a slow-down of about 5 percentage points in 2001, Ireland was again the fastest growing OECD economy. By contrast, Japan, Mexico and especially Turkey experienced negative GDP growth.

Section 1 presents an overview of recent developments and prospects, with particular emphasis on labour markets. Section 2 focuses on developments within the youth labour market and documents some of the most important policy developments of recent years.

## **1. Recent developments and prospects**

### **A. Economic outlook to the year 2003**

As the causes of the recent slow-down fade away, real GDP growth seems to have bottomed-out at the end of 2001, making this recession one of the mildest of post-war history. In the OECD area, sustained real GDP growth is projected to be restored to 3% in 2003 – after a mere 1% registered in 2001 – with a pronounced recovery in North America, Oceania and Korea already in 2002. In the United States, rapid and forceful monetary intervention, together with fiscal expansion, helped bring about renewed growth. In the European Union, and particularly in the Euro area, output stagnated in the second half of 2001 and there have not been many signs of quick recovery yet. Indeed, as household confidence and spending remain low, economic activity is projected to remain sluggish in the first half of 2002 in most European countries. In Japan, activity is expected to stop contracting in the second half of 2002, as a result of a buoyant export performance and – after a protracted period of fall in inventories – stockbuilding prospects. Nonetheless, growth is not expected to recover in the near future.

### **B. Employment and unemployment**

As a result of the activity slow-down, employment growth was significantly lower in 2001 than in the previous year and is expected to decrease further in 2002 (Table 1.2). The overall pace of employment growth in the OECD area is indeed projected to be back to earlier trend rates only in 2003. Spain again experienced the fastest employment growth in 2001 (3.7%), although it was almost 2 percentage points slower than the year before. Following strong employment performance in 2000, Ireland and Luxembourg also remained among the top performers in 2001, with net job growth rates exceeding 2.5%. New Zealand also joined this group, recording the strongest acceleration among the OECD countries (almost 1 percentage point). For the first time since the early 1990s, Europe outperformed North America in 2001 as regards to employment growth, essentially due to employment stagnation in the United States. However, this gap is expected to be closed soon due to protracted slow-down in Europe and early recovery in Canada and Mexico, while the United States are not expected to be back to positive employment growth until 2003, despite the early upturn in GDP growth. Japan and Poland experienced significant employment contraction in 2001 (with losses in employment greater or equal to 0.5%), which is projected to continue in the near future.

Unemployment increased by 0.3 percentage point (or 1.5 million persons) in the OECD area in 2001, reflecting the slow-down in economic activity (Table 1.3). The

Table 1.2. **Employment and labour force growth in OECD countries<sup>a</sup>**

Annual percentage change

	Employment						Labour force					
	Level 2000 (000s)	Average 1989-1999	2000	2001	Projections		Level 2000 (000s)	Average 1989-1999	2000	2001	Projections	
					2002	2003					2002	2003
<b>North America</b>												
Canada	14 911	1.1	2.6	1.1	1.6	1.7	16 001	1.1	1.8	1.5	2.1	1.3
Mexico	19 308	2.8	4.6	0.7	1.5	2.7	19 742	2.8	4.2	1.0	1.8	2.5
United States	135 219	1.3	1.3	-0.1	-0.4	1.4	140 872	1.2	1.1	0.7	0.4	1.1
<b>Asia</b>												
Japan	64 458	0.5	-0.2	-0.5	-1.5	-0.4	67 660	0.8	-0.2	-0.2	-0.7	-0.3
Korea	21 061	1.5	3.8	1.4	1.8	2.0	21 950	1.8	1.5	1.1	1.3	1.7
<b>Europe</b>												
Denmark	2 726	0.3	0.7	0.4	0.2	0.4	2 851	0.1	0.2	0.2	0.2	0.2
Finland	2 326	-0.9	1.7	1.4	0.6	1.3	2 580	-0.1	1.2	0.6	0.9	1.2
Norway	2 269	1.0	0.5	0.4	0.5	0.6	2 350	0.8	0.7	0.5	0.5	0.5
Sweden	4 157	-0.9	2.2	2.0	0.2	0.7	4 360	-0.5	1.2	1.3	0.4	0.5
Greece	3 898	0.6	-0.3	-0.1	0.3	0.8	4 391	1.1	-1.2	-1.0	0.3	0.4
Italy	20 874	-0.1	1.9	2.0	1.5	2.0	23 369	0.0	0.9	0.8	0.9	1.9
Portugal	4 877	1.0	1.8	1.6	0.8	1.4	5 081	0.9	1.4	1.7	1.1	1.3
Spain	15 370	1.4	5.5	3.7	1.2	1.8	17 344	1.3	3.7	2.7	1.4	1.5
Czech Republic	4 676	..	-0.7	0.7	-0.4	0.0	5 130	..	-0.6	0.0	0.0	0.0
Hungary	3 784	..	0.9	0.3	0.1	0.2	4 047	..	0.3	-0.5	0.1	0.1
Poland	14 526	..	-1.6	-2.2	-1.3	0.2	17 311	..	1.0	0.4	0.3	0.1
Slovak Republic	..	..	..	..	..	..	..	..	..	..	..	..
Austria	4 019	0.4	0.5	0.2	-0.5	0.8	4 217	0.6	-0.2	0.4	0.2	0.3
Belgium	3 970	0.4	1.6	1.1	0.2	0.5	4 263	0.5	-0.3	0.8	0.3	0.5
France	24 139	0.5	2.5	1.5	0.4	0.8	26 643	0.6	0.9	0.7	1.0	0.6
Germany <sup>b</sup>	38 706	0.7	1.6	0.2	-0.3	0.5	41 839	0.7	0.8	0.1	0.2	0.3
Iceland	139	0.8	1.5	0.7	-0.4	1.0	141	0.8	1.0	0.8	0.6	1.1
Ireland	1 692	3.8	4.7	2.9	1.0	2.0	1 768	2.7	3.3	2.5	2.0	2.0
Luxembourg	183	1.1	2.8	2.6	0.9	1.5	188	1.3	2.5	2.5	1.3	1.7
Netherlands	6 959	2.2	2.3	1.9	0.7	0.5	7 146	1.8	1.7	1.5	1.2	1.0
Switzerland	3 910	0.4	1.0	1.8	0.5	0.9	3 982	0.6	0.3	1.6	1.0	0.7
Turkey	21 078	1.6	-3.8	-0.3	0.3	2.0	22 529	1.5	-4.9	1.8	1.2	1.3
United Kingdom	27 938	0.2	1.0	0.8	0.3	0.6	29 572	0.2	0.5	0.4	0.5	0.5
<b>Oceania</b>												
Australia	9 097	1.2	3.0	1.0	1.4	1.8	9 707	1.4	2.3	1.5	1.2	1.5
New Zealand	1 779	1.8	1.6	2.5	1.4	1.3	1 892	1.7	0.7	1.8	1.8	0.9
<b>OECD Europe<sup>c</sup></b>	<b>212 215</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>	<b>0.3</b>	<b>1.0</b>	<b>231 102</b>	<b>1.2</b>	<b>0.4</b>	<b>0.8</b>	<b>0.7</b>	<b>0.8</b>
<b>EU</b>	<b>161 833</b>	<b>1.1</b>	<b>2.0</b>	<b>1.3</b>	<b>0.4</b>	<b>0.9</b>	<b>175 612</b>	<b>1.2</b>	<b>1.0</b>	<b>0.8</b>	<b>0.7</b>	<b>0.8</b>
<b>Total OECD<sup>c</sup></b>	<b>478 046</b>	<b>1.2</b>	<b>1.3</b>	<b>0.4</b>	<b>0.0</b>	<b>1.1</b>	<b>508 926</b>	<b>1.2</b>	<b>0.8</b>	<b>0.7</b>	<b>0.6</b>	<b>0.9</b>

.. Data not available.

a) See note a) to Table 1.1.

b) The average growth rate has been calculated by chaining on data for the whole of Germany to the corresponding data for western Germany prior to 1992.

c) Averages for 1989-1999 exclude the Czech Republic, Hungary, Poland and the Slovak Republic.

Source: OECD Economic Outlook, No. 71, June 2002.

unemployment rate reached 6.4%, with almost 33 million persons unemployed, and is projected to increase further to 6.9% (that is, over 35 million people) in 2002, while a moderate reduction is expected in 2003. In Europe, however, the unemployment rate remained on a descending path in 2001, as a result of sluggish growth of the labour force (*cf.* Table 1.2), although unemployment is projected to increase moderately in 2002, as in most non-European OECD countries. Australia, Greece, Italy, Korea and the Slovak Republic are the only countries where unemployment is projected to decrease in 2002. Nevertheless, Greece and the Slovak Republic – as well as Poland and Spain – will continue

Table 1.3. Unemployment in OECD countries<sup>a</sup>

	Percentage of labour force					Millions				
	Average 1989-1999	2000	2001	Projections		Average 1989-1999	2000	2001	Projections	
				2002	2003				2002	2003
<b>North America</b>										
Canada	9.4	6.8	7.2	7.6	7.2	1.4	1.1	1.2	1.3	1.2
Mexico	3.6	2.2	2.5	2.7	2.5	0.6	0.4	0.5	0.6	0.5
United States	5.7	4.0	4.8	5.6	5.3	7.5	5.7	6.8	7.9	7.6
<b>Asia</b>										
Japan	3.0	4.7	5.0	5.8	6.0	2.0	3.2	3.4	3.9	4.0
Korea	3.1	4.1	3.7	3.3	3.0	0.6	0.9	0.8	0.7	0.7
<b>Europe</b>										
Denmark	6.9	4.4	4.3	4.3	4.2	0.2	0.1	0.1	0.1	0.1
Finland	11.1	9.8	9.1	9.4	9.3	0.3	0.3	0.2	0.2	0.2
Norway	4.8	3.4	3.6	3.6	3.5	0.1	0.1	0.1	0.1	0.1
Sweden	5.8	4.7	4.0	4.2	4.0	0.2	0.2	0.2	0.2	0.2
Greece	9.3	11.2	10.4	10.3	10.0	0.4	0.5	0.5	0.5	0.4
Italy	10.6	10.7	9.6	9.1	9.0	2.4	2.5	2.3	2.2	2.2
Portugal	5.6	4.0	4.1	4.4	4.3	0.3	0.2	0.2	0.2	0.2
Spain	16.2	11.4	10.5	10.7	10.5	2.5	2.0	1.9	1.9	1.9
Czech Republic	..	8.9	8.2	8.6	8.6	..	0.5	0.4	0.4	0.4
Hungary	0.0	6.5	5.7	5.8	5.7	..	0.3	0.2	0.2	0.2
Poland	0.0	16.1	18.2	19.6	19.5	..	2.8	3.2	3.4	3.4
Slovak Republic	0.0	18.8	19.3	19.1	18.6	..	..	..	..	..
Austria	5.0	4.7	4.9	5.6	5.1	0.2	0.2	0.2	0.2	0.2
Belgium	8.4	6.9	6.6	6.7	6.7	0.3	0.3	0.3	0.3	0.3
France	10.9	9.4	8.7	9.2	9.0	2.8	2.5	2.3	2.5	2.5
Germany	7.6	7.5	7.4	7.8	7.6	3.0	3.1	3.1	3.3	3.2
Iceland	3.2	1.4	1.5	2.5	2.6	0.0	0.0	0.0	0.0	0.0
Ireland	12.3	4.3	3.9	4.9	4.9	0.2	0.1	0.1	0.1	0.1
Luxembourg	2.4	2.6	2.6	2.9	3.1	0.0	0.0	0.0	0.0	0.0
Netherlands	5.9	2.6	2.2	2.7	3.2	0.4	0.2	0.2	0.2	0.2
Switzerland	3.1	2.0	1.9	2.5	2.2	0.1	0.1	0.1	0.1	0.1
Turkey	7.6	6.4	8.4	9.2	8.6	1.6	1.5	1.9	2.1	2.0
United Kingdom	7.7	5.5	5.1	5.3	5.3	2.2	1.6	1.5	1.6	1.6
<b>Oceania</b>										
Australia	8.3	6.3	6.8	6.6	6.3	0.7	0.6	0.7	0.7	0.6
New Zealand	7.9	6.0	5.3	5.7	5.3	0.1	0.1	0.1	0.1	0.1
<b>OECD Europe<sup>b</sup></b>	<b>8.9</b>	<b>8.3</b>	<b>8.2</b>	<b>8.6</b>	<b>8.4</b>	<b>20.0</b>	<b>19.4</b>	<b>19.4</b>	<b>20.4</b>	<b>20.2</b>
<b>EU</b>	<b>9.2</b>	<b>7.8</b>	<b>7.4</b>	<b>7.6</b>	<b>7.5</b>	<b>15.4</b>	<b>13.8</b>	<b>13.0</b>	<b>13.5</b>	<b>13.4</b>
<b>Total OECD<sup>b</sup></b>	<b>6.8</b>	<b>6.1</b>	<b>6.4</b>	<b>6.9</b>	<b>6.7</b>	<b>32.9</b>	<b>31.4</b>	<b>32.9</b>	<b>35.6</b>	<b>34.9</b>

.. Data not available.

a) See note a) to Table 1.1.

b) Averages for 1989-1999 exclude the Czech Republic, Hungary, Poland and the Slovak Republic.

Source: OECD Economic Outlook, No. 71, June 2002.

to have double-digit unemployment rates in 2003. The OECD projections indicate also a sharp increase in the unemployment rate in the United States to about 5.6% in 2002, while in Japan unemployment is projected to reach 6% in 2003, its highest level of the last fifty years.

### C. Compensation and labour costs

In the OECD area, the growth in *compensation per employee* slowed moderately in 2001 (Table 1.4). Furthermore, its growth is projected to decrease more markedly in 2002 (by about 1 percentage point). However, these figures hide wide cross-country variation. Slower growth in compensation per employee in North America and Asia in 2001 contrasts with the acceleration

Table 1.4. **Business sector labour costs in OECD countries<sup>a, b</sup>**

Percentage changes from previous period

	Compensation per employee					Unit labour costs				
	Average 1989-1999	2000	2001	Projections		Average 1989-1999	2000	2001	Projections	
				2002	2003				2002	2003
<b>North America</b>										
Canada	3.3	3.1	2.1	2.5	3.3	1.9	1.0	1.8	0.8	0.8
Mexico	20.0	11.5	9.3	6.5	6.0	19.8	8.5	10.2	6.4	4.1
United States	3.6	5.6	5.1	3.1	3.5	2.0	3.1	4.1	-0.1	1.4
<b>Asia</b>										
Japan	1.2	0.5	-0.1	-1.3	-1.1	0.0	-2.1	0.0	-2.0	-1.7
Korea	10.0	7.1	5.8	6.0	6.3	4.9	1.5	4.2	1.7	1.6
<b>Europe</b>										
Denmark	3.5	4.0	4.5	4.2	4.2	1.2	1.1	3.6	1.9	1.8
Finland	3.7	4.5	4.0	4.0	3.9	0.5	0.4	5.7	2.3	1.4
Norway	4.1	4.2	4.8	5.0	5.0	1.9	2.7	4.0	3.3	2.7
Sweden	5.0	7.5	5.0	4.6	4.5	2.1	6.8	4.3	2.0	1.6
Greece	10.9	5.3	6.3	5.6	5.5	9.3	0.4	1.6	2.0	1.7
Italy	4.6	2.7	3.0	2.7	2.3	2.8	1.6	2.8	2.7	1.1
Portugal	10.9	5.3	5.4	4.3	4.2	8.9	3.3	5.1	3.2	2.8
Spain	5.9	3.7	4.8	3.2	3.2	4.4	2.6	4.4	1.7	1.4
Czech Republic	..	7.2	7.5	7.3	7.7	11.2	3.2	4.2	3.5	3.6
Hungary	..	12.8	15.0	10.5	7.9	5.5	8.0	10.8	6.7	3.5
Poland	..	9.7	7.5	5.3	4.5	21.4	3.1	3.5	2.2	1.7
Slovak Republic	..	..	..	..	..	..	..	..	..	..
Austria	3.6	2.8	3.1	2.4	2.8	1.1	-0.1	2.4	0.5	0.5
Belgium	3.9	3.5	2.9	3.8	3.1	2.2	0.6	2.8	2.7	0.5
France	2.1	1.6	2.1	2.4	2.4	0.7	0.6	1.6	1.0	0.0
Germany <sup>c</sup>	2.6	1.3	1.6	2.6	2.6	0.9	-0.1	1.3	1.6	0.5
Iceland	7.3	6.8	7.7	7.0	4.9	5.8	2.3	4.9	7.5	3.5
Ireland	3.7	8.6	7.9	6.6	5.5	0.4	1.5	3.9	3.8	1.0
Luxembourg	4.2	5.0	5.2	3.5	3.9	..	..	..	..	..
Netherlands	2.8	4.9	4.5	4.9	4.1	1.6	3.6	5.5	4.0	1.7
Switzerland	3.1	1.4	3.1	2.4	2.0	2.9	-0.5	3.5	1.8	0.4
Turkey	..	..	..	..	..	..	..	..	..	..
United Kingdom	5.2	3.4	5.2	4.0	4.2	3.7	1.3	3.5	2.2	1.8
<b>Oceania</b>										
Australia	3.6	3.6	4.4	3.7	3.7	1.4	3.2	3.0	1.1	1.1
New Zealand	1.5	3.5	3.6	3.5	3.5	1.0	1.1	3.8	2.2	1.1
<b>OECD Europe<sup>d, e</sup></b>	<b>4.0</b>	<b>3.2</b>	<b>3.7</b>	<b>3.4</b>	<b>3.3</b>	<b>2.3</b>	<b>1.4</b>	<b>2.9</b>	<b>2.1</b>	<b>1.1</b>
<b>EU</b>	<b>4.0</b>	<b>2.8</b>	<b>3.3</b>	<b>3.2</b>	<b>3.1</b>	<b>2.3</b>	<b>1.2</b>	<b>2.7</b>	<b>2.0</b>	<b>1.0</b>
<b>Total OECD less high-inflation countries<sup>d, e, f</sup></b>	<b>3.3</b>	<b>3.6</b>	<b>3.5</b>	<b>2.4</b>	<b>2.6</b>	<b>1.8</b>	<b>1.5</b>	<b>2.8</b>	<b>0.5</b>	<b>0.7</b>
<b>Total OECD<sup>d, e</sup></b>	<b>4.1</b>	<b>4.1</b>	<b>3.9</b>	<b>2.8</b>	<b>2.9</b>	<b>2.5</b>	<b>1.8</b>	<b>3.1</b>	<b>0.8</b>	<b>0.9</b>

.. Data not available.

a) See note a) to Table 1.1.

b) Aggregates are computed on the basis of 1995 GDP weights expressed in 1995 purchasing power parities.

c) The average growth rate has been calculated by chaining on data for the whole of Germany to the corresponding data for western Germany prior to 1992.

d) Averages for 1989-1999 exclude the Czech Republic, Hungary, Poland and the Slovak Republic.

e) Countries shown.

f) High inflation countries are defined as countries which had 10% or more inflation in terms of GDP deflator on average between 1989 and 1999 on the basis of historical data. Consequently, the Czech Republic, Greece, Hungary, Korea, Mexico, Poland, the Slovak Republic and Turkey are excluded from the aggregate.

Source: OECD Economic Outlook, No. 71, June 2002.

in Europe and Oceania. However, some slowing is predicted in these latter areas during the next two years. In 2001, with respect to the previous year, the growth of *unit labour costs* sped up significantly in all OECD countries except Australia, where it was practically stable, and Sweden, where it slowed significantly. Nevertheless, in almost all the countries where the

acceleration took place, the growth in unit labour costs is projected to slow in 2002 (Germany, Greece and Iceland being the few exceptions) and slow further in 2003 in most countries.

## 2. A better start for youths?

### A. Introduction

Youth unemployment has been a major challenge to labour market policy for many years. In most OECD countries, the youth unemployment rate has remained twice or more the adult rate. In response, governments have given special policy attention to youth unemployment and the topic has also been examined intensively by the OECD.<sup>1</sup>

On the face of it, a number of factors operating in the 1980s and 1990s should have worked to improve the relative situation of young people in the labour market.<sup>2</sup> They included:

- The favourable economic situation in the late 1990s – youth employment is particularly sensitive to the cycle.
- The falling share of youths in the population of working age (see Box 1.1).
- The longer time spent in education by young people, resulting in higher average educational attainments relative to earlier cohorts.
- The increased demand for ICT skills.
- The delaying of the age when young women have their first child, facilitating their participation in paid employment.
- The increased attention given to disadvantaged/inactive youths in many national labour market policies, and the introduction of a number of innovative policies to assist them.

Against this background, this section asks:

- Were youth labour markets showing signs of longer-term improvement before the current recession began?
- Are there reasons to expect that the current recession will bear relatively heavily on young people?
- Is there evidence that the most recent labour market initiatives for youths are bearing fruit?

The section first compares the situation of the 1990s with that of the 1980s and then documents a number of the policy developments of recent years. Sub-section B discusses medium- and short-term trends in the youth labour market. Sub-section C examines public spending on youth labour market programmes, while Sub-section D highlights some trends and recent initiatives in labour market policies for young people. The final section draws some conclusions.

### B. Trends in the youth labour market

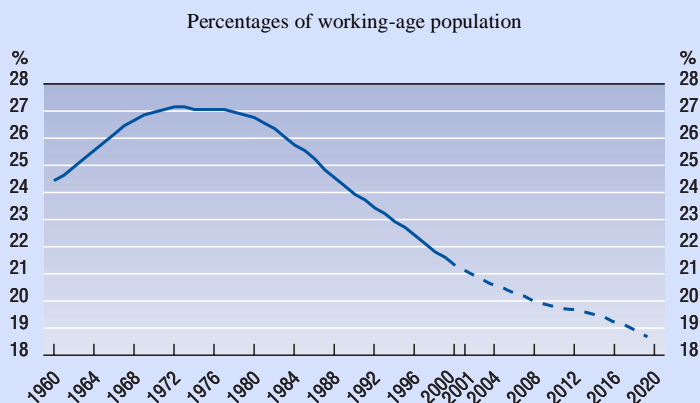
This sub-section examines unemployment and employment rates for teenagers (up to 19 years old) and young adults (ages 20 to 24). Owing to the high participation rates of teenagers in education, it may be appropriate to focus attention on labour market indicators for the young adults group, or to examine data only for non-students.<sup>3</sup> Charts 1.2 and 1.3 show some basic comparisons between the periods 1983-1990 and 1993-2000. These were both periods of cyclical upswing in the OECD area, and they allow the inclusion of the maximum number of countries on a reasonably consistent basis.<sup>4</sup>

### Box 1.1. Demographic trends

The proportion of young people aged 15 to 24 in the total OECD population of working age, 15 to 64, has fallen by a quarter since the 1970s (Chart 1.1), and in some countries large further falls are projected over the next two decades. Peak years for the youth population relative to the prime-age (25 to 54 years old) population occurred in the 1970s in the United States, Mexico, Turkey, France and many smaller countries, but they range from the 1960s (Japan, the Czech Republic, Denmark, Finland, the Netherlands and Sweden) to the 1980s (Austria, Germany, Greece, Italy, Spain and the United Kingdom). Falls since the peak, through to 2000, have exceeded 40% in Canada, Japan, Korea and a few European countries.

In the 1980s, a large number of studies examined the effect of so-called “generational crowding” on entry to youth labour markets. OECD (1986, Chapter 5) summarised 18 such studies and concluded “there is considerable agreement among these studies that members of a large cohort experience higher relative unemployment and/or lower relative earnings on entering the labour force”. Shimer (2001), however, recently found, in comparing US states, that youth unemployment rates are lower where youth cohorts are large: he suggests that businesses are attracted into and expand in areas with large youth cohorts, leading to a general fall in unemployment in such areas. Within Europe, it could be argued that such a mechanism has benefited Ireland in the 1990s.

Chart 1.1. Trends in youth share of total OECD working-age population,<sup>a</sup> 1960-2020<sup>b</sup>

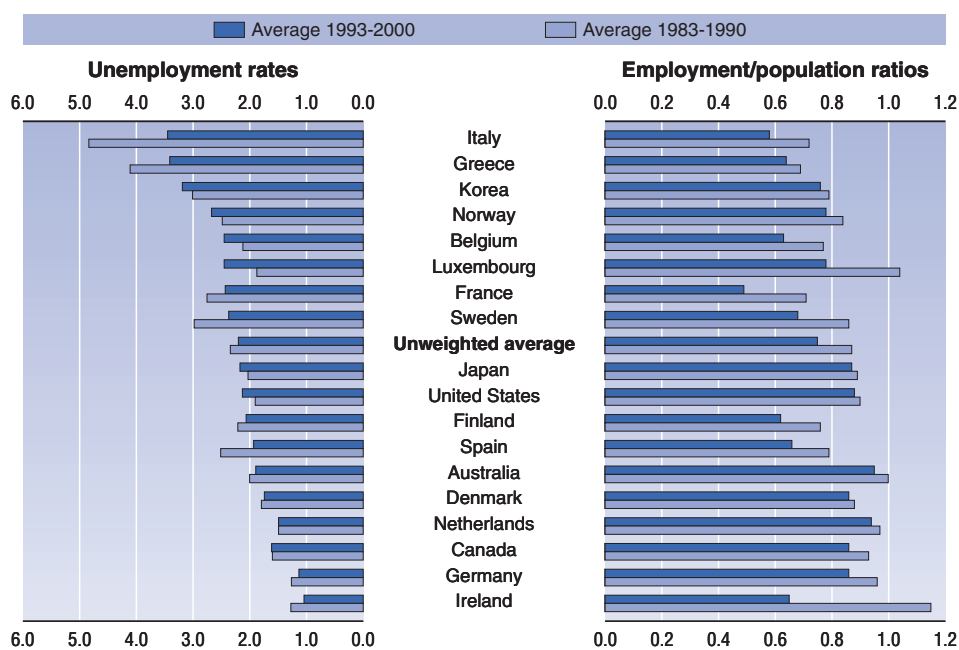


a) Weighted average of all OECD Member countries. For each country, the figures refer to the population aged 15 to 24 divided by the population aged 15 to 64.

b) From 2001 onward, data refer to projections.

Source: United Nations population estimates and projections provided to the OECD Secretariat.

The unemployment rate of young adults, relative to that of adults aged between 25 and 54, has fallen in slightly more countries than it has risen. However the employment/population ratio of young adults, relative to that of adults aged between 25 and 54, has fallen in nearly all countries (Chart 1.2). Detailed data for youth unemployment rates (Annex Table 1.B.1) show a relatively erratic picture. The weighted average unemployment rates of teenagers and young adults, relative to those of prime-age workers, have

Chart 1.2. Young adults' employment and unemployment relative to prime-age adults<sup>a, b</sup>

a) Unemployment rates and employment/population ratios for persons aged 20-24 as a ratio of those aged 25-54.

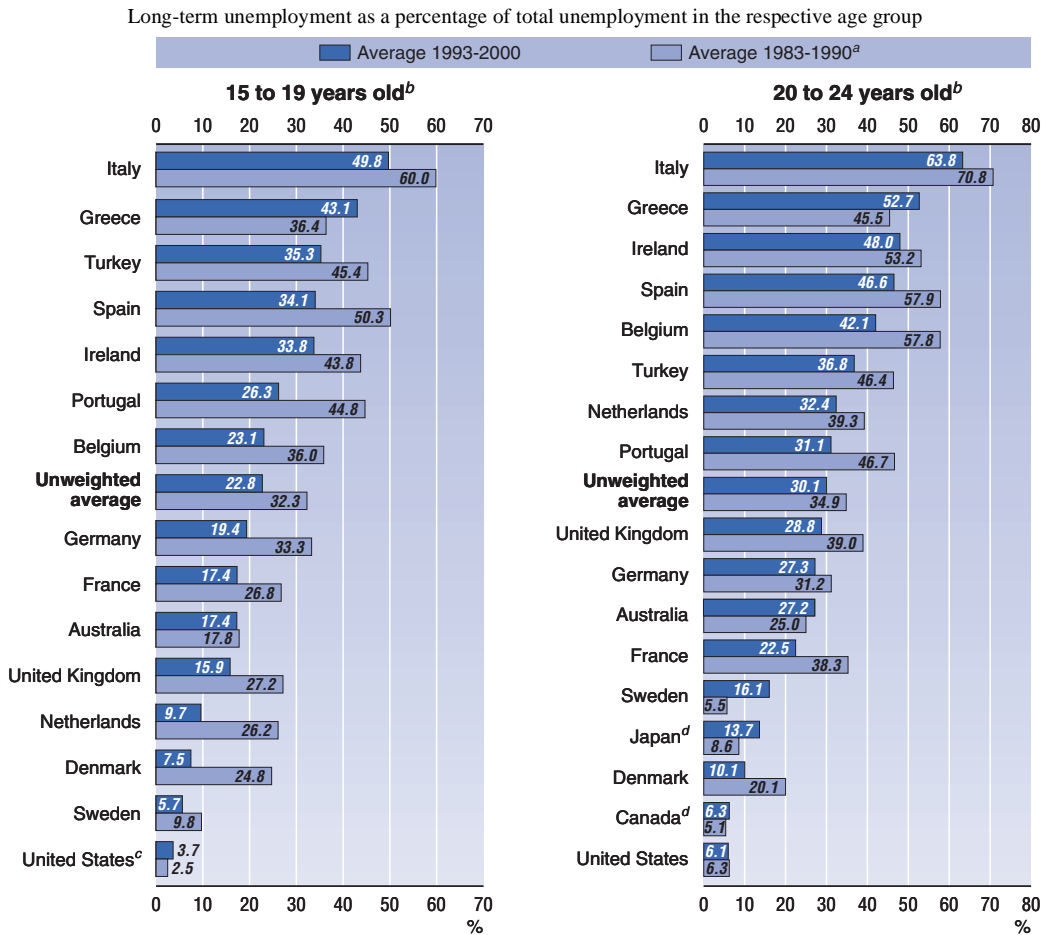
b) Countries in decreasing order of relative young adults unemployment rates, 1993-2000 average.

Source: OECD (2001), *Labour Force Statistics, 1980-2000*, Part III.

both fallen since 1983, yet unweighted median values have hardly changed, and some of the countries for which the data begin only in 1993 show a worsening trend for teenagers.<sup>5</sup> The incidence of long-term unemployment among unemployed youths has fallen in almost all countries, and in the few where it has risen the magnitude of the increase is small (Chart 1.3), whereas there has been no such trend for adults (see Chapter 4 for detailed analysis of long-term unemployment). This may suggest that the concentration of disadvantage has fallen.<sup>6</sup> Detailed data for youth employment rates (Annex Table 1.B.2) confirm that, despite some cyclical recovery after 1993, young adult employment rates usually declined comparing 1993 with 1983 (years near the trough of the economic cycle, in most cases) or comparing 2000 with 1990 (years near the peak).

Charts 1.2 and 1.3 take no account of youth participation in education. The importance of this factor is illustrated by Table 1.5, which shows a breakdown of the young adult population by both labour force status and participation in education. There are large overlaps between participation in education and the labour market in some countries – for example, in some countries many unemployed youths are also students. Student unemployment is not always a major problem as, in many cases, students seek work with low hours to provide a secondary income, and in practice policies do not usually seek to influence the level of student unemployment.<sup>7</sup> Thus, labour force status data which take no account of participation in education may give a misleading impression of youth labour market outcomes, particularly in relation to policy objectives.

Table 1.6a shows various summary indicators for the scale of young adult labour market problems in different countries. The first two data columns show that convention-

Chart 1.3. **Incidence of long-term unemployment for teenagers and young adults**

a) For Portugal, average is calculated over 1986-1990; for Turkey, average is calculated for 1988-1990.

b) Countries in decreasing order of the incidence of long-term unemployment for the respective age group, 1993-2000 average.

c) 16 to 19 years old.

d) 15 to 24 years old.

Source: OECD Secretariat database on unemployment duration.

ally-measured youth unemployment rates, very high in some countries, can become much lower when youth unemployment is expressed as a percentage of the youth population. Comparing the first with the third column shows that when attention is restricted to non-students, the unemployment rate is increased in some countries (*e.g.* France and Germany) and lowered in others (*e.g.* the Netherlands and Norway). Comparing the fourth column with the seventh, or the fifth with the eighth, shows what happens when non-employment (*i.e.* labour force inactivity as well as unemployment) is used as an indicator. Female labour force inactivity does not necessarily indicate labour market distress, and for this purpose it may be better to focus on males (Table 1.6*b*). Here youth unemployment/population ratios are higher, but non-employment/population ratios are lower, than in both-sex data. The proportions of all male young adults who are neither in employment nor in education vary widely, from 5% in Denmark and the Netherlands to over 20% in Italy, Poland, the Slovak Republic and Turkey.

Table 1.5. **Young adults<sup>a</sup> by labour force and educational attendance status, 2000**

Share of young adults population, percentage

	Employed				Unemployed				Not in labour force				Total		
	Attending education	Not attending education	Total	Share attending education	Attending education	Not attending education	Total	Share attending education	Attending education	Not attending education	Total	Share attending education	Attending education	Not attending education	Total
Australia	24.1	50.9	74.9	32.1	2.0	6.1	8.1	25.0	9.8	7.2	17.0	57.4	35.9	64.1	100.0
Austria	3.8	62.2	66.0	5.8	0.5	3.7	4.2	11.1	21.4	8.3	29.8	72.0	25.8	74.2	100.0
Belgium	7.1	45.6	52.6	13.4	1.9	6.2	8.1	23.4	33.6	5.6	39.3	85.7	42.6	57.4	100.0
Canada	17.7	47.1	64.9	27.3	1.3	7.1	8.4	15.9	19.5	7.2	26.7	73.1	38.6	61.4	100.0
Czech Republic	0.5	60.0	60.4	0.8	0.1	10.0	10.2	1.2	19.1	10.3	29.4	65.0	19.7	80.3	100.0
Denmark	35.3	38.6	73.8	47.8	3.4	1.7	5.1	66.4	16.2	4.9	21.0	76.8	54.8	45.2	100.0
Finland	19.1	30.8	49.9	38.2	5.6	7.5	13.2	42.9	28.0	9.0	37.0	75.7	52.7	47.3	100.0
France	9.0	31.7	40.7	22.1	1.1	9.4	10.5	10.1	44.1	4.7	48.8	90.4	54.1	45.9	100.0
Germany	17.0	49.0	66.0	25.8	0.3	5.8	6.1	4.8	16.8	11.1	27.9	60.1	34.1	65.9	100.0
Greece	4.6	41.5	46.2	10.1	1.5	15.2	16.7	9.0	28.6	8.6	37.2	76.9	34.8	65.2	100.0
Hungary	4.8	45.6	50.4	9.6	0.5	6.1	6.6	7.6	27.0	15.9	42.9	62.9	32.3	67.7	100.0
Ireland	6.2	63.6	69.8	8.8	0.4	3.3	3.6	9.7	20.2	6.4	26.6	76.0	26.7	73.3	100.0
Italy	3.3	35.1	38.4	8.6	2.4	13.6	16.0	15.3	32.2	13.3	45.5	70.7	38.0	62.0	100.0
Japan <sup>b</sup>	9.1	29.2	38.3	23.7	0.4	3.7	4.2	10.6	52.5	5.0	57.6	91.3	62.1	37.9	100.0
Mexico	4.6	55.2	59.8	7.7	0.3	2.1	2.4	12.5	12.7	25.1	37.8	33.7	17.6	82.4	100.0
Netherlands	33.4	44.1	77.5	43.1	1.8	1.8	3.5	50.1	13.7	5.2	18.9	72.4	48.9	51.1	100.0
New Zealand	1.5	65.3	66.8	2.2	0.0	9.0	9.0	0.0	9.8	14.5	24.3	40.4	11.3	88.7	100.0
Norway	15.8	50.3	66.1	23.9	2.6	3.3	5.8	43.7	23.4	4.7	28.1	83.1	41.7	58.3	100.0
Poland	3.9	34.3	38.2	10.2	2.4	20.6	23.0	10.4	28.6	10.2	38.8	73.8	34.9	65.1	100.0
Portugal	7.6	53.5	61.0	12.4	0.7	5.0	5.7	12.0	27.1	6.2	33.3	81.5	35.4	64.6	100.0
Slovak Republic	0.3	48.8	49.1	0.7	0.1	20.1	20.2	0.4	17.7	13.0	30.6	57.7	18.1	81.9	100.0
Spain	6.1	39.9	46.0	13.3	4.4	10.8	15.2	29.0	34.8	3.9	38.7	89.9	45.4	54.6	100.0
Sweden	10.0	47.2	57.3	17.5	0.4	5.4	5.9	7.6	31.6	5.3	36.9	85.8	42.1	57.9	100.0
Switzerland	22.2	56.7	78.9	28.2	0.5	2.6	3.1	15.3	14.7	3.3	18.0	81.8	37.4	62.6	100.0
Turkey	1.9	40.7	42.6	4.5	0.5	8.3	8.7	5.7	10.3	38.4	48.6	21.1	12.7	87.3	100.0
United Kingdom	14.9	53.1	68.0	21.9	1.4	5.6	7.0	20.0	15.2	9.7	25.0	61.0	31.5	68.5	100.0
United States	20.0	53.1	73.1	27.4	1.0	4.0	5.1	19.9	11.5	10.4	21.9	52.5	32.5	67.5	100.0
<b>Average</b>	<b>11.3</b>	<b>47.1</b>	<b>58.4</b>	<b>18.0</b>	<b>1.4</b>	<b>7.3</b>	<b>8.7</b>	<b>17.8</b>	<b>23.0</b>	<b>9.9</b>	<b>32.9</b>	<b>69.2</b>	<b>35.6</b>	<b>64.4</b>	<b>100.0</b>
<b>Median</b>	<b>7.6</b>	<b>47.2</b>	<b>60.4</b>	<b>13.4</b>	<b>1.0</b>	<b>6.1</b>	<b>7.0</b>	<b>12.0</b>	<b>20.2</b>	<b>8.3</b>	<b>30.6</b>	<b>73.1</b>	<b>35.4</b>	<b>64.6</b>	<b>100.0</b>

a) Persons aged 20 to 24 years old.

b) Data refer to persons aged 15 to 24 years old.

Source: OECD Secretariat database on labour market status by educational participation.

Table 1.6a. **Young adults<sup>a</sup> unemployment and non-employment rates, according to different definitions, 2000**

	Unemployment					Non employment		
	Total		Non student			Total	Non student	
	Percentage of labour force	Percentage of population	Percentage of non-student labour force	Percentage of non-student population	Percentage of total population	Percentage of population	Percentage of non-student population	Percentage of total population
Australia	9.7	8.1	10.6	9.4	6.1	25.1	20.7	13.3
Austria	6.0	4.2	5.7	5.0	3.7	34.0	16.3	12.1
Belgium	13.3	8.1	12.0	10.8	6.2	47.4	20.6	11.8
Canada	11.5	8.4	13.0	11.5	7.1	35.1	23.2	14.3
Czech Republic	14.4	10.2	14.3	12.5	10.0	39.6	25.3	20.3
Denmark	6.5	5.1	4.3	3.8	1.7	26.2	14.6	6.6
Finland	20.9	13.2	19.6	15.9	7.5	50.1	34.9	16.5
France	20.5	10.5	22.9	20.6	9.4	59.3	30.8	14.1
Germany	8.5	6.1	10.6	8.8	5.8	34.0	25.7	16.9
Greece	26.5	16.7	26.7	23.2	15.2	53.8	36.4	23.7
Hungary	11.6	6.6	11.9	9.1	6.1	49.6	32.6	22.1
Ireland	4.9	3.6	4.9	4.4	3.3	30.2	13.2	9.7
Italy	29.5	16.0	27.9	21.9	13.6	61.6	43.4	26.9
Japan <sup>b</sup>	9.9	4.2	11.4	9.9	3.7	61.7	23.1	8.8
Mexico	3.8	2.4	3.6	2.5	2.1	40.2	33.0	27.2
Netherlands	4.3	3.5	3.8	3.4	1.8	22.5	13.7	7.0
New Zealand	11.8	9.0	12.1	10.1	9.0	33.2	26.4	23.4
Norway	8.1	5.8	6.2	5.7	3.3	33.9	13.8	8.0
Poland	37.5	23.0	37.5	31.6	20.6	61.8	47.3	30.8
Portugal	8.5	5.7	8.5	7.7	5.0	39.0	17.2	11.1
Slovak Republic	29.2	20.2	29.2	24.6	20.1	50.9	40.4	33.1
Spain	24.9	15.2	21.3	19.8	10.8	54.0	27.0	14.7
Sweden	9.3	5.9	10.3	9.4	5.4	42.7	18.5	10.7
Switzerland	3.8	3.1	4.4	4.2	2.6	21.1	9.5	5.9
Turkey	17.0	8.7	16.9	9.4	8.3	57.4	53.4	46.6
United Kingdom	9.4	7.0	9.6	8.2	5.6	32.0	22.5	15.4
United States	6.5	5.1	7.1	6.0	4.0	26.9	21.4	14.4
<b>Average</b>	<b>13.6</b>	<b>8.7</b>	<b>13.6</b>	<b>11.5</b>	<b>7.3</b>	<b>41.6</b>	<b>26.1</b>	<b>17.2</b>
<b>Median</b>	<b>9.9</b>	<b>7.0</b>	<b>11.4</b>	<b>9.4</b>	<b>6.1</b>	<b>39.6</b>	<b>23.2</b>	<b>14.4</b>

a) Persons aged 20 to 24 years old.

b) Data refer to persons aged 15 to 24 years old.

Source: See Table 1.5. Figures in this panel can be calculated from those shown in Table 1.5.

Table 1.6b. Males aged 20 to 24 unemployment and non-employment rates, according to different definitions, 2000

	Unemployment					Non employment		
	Total		Non student			Total	Non student	
	Percentage of labour force	Percentage of population	Percentage of non-student labour force	Percentage of non-student population	Percentage of total population	Percentage of population	Percentage of non-student population	Percentage of total population
Australia	10.2	8.9	11.6	11.0	7.2	21.6	16.1	10.5
Austria	7.5	5.4	7.4	6.6	5.1	33.1	17.8	13.8
Belgium	11.0	7.2	9.9	9.3	5.5	41.7	15.3	9.1
Canada	13.7	10.4	15.0	13.9	9.0	34.3	21.1	13.5
Czech Republic	15.2	12.1	15.1	14.7	12.0	32.3	17.3	14.1
Denmark	6.2	5.3	4.1	3.8	1.9	20.8	10.5	5.2
Finland	21.8	14.2	20.7	17.1	9.1	49.3	34.8	18.5
France	18.6	10.3	20.4	19.3	9.4	54.8	24.6	11.9
Germany	9.6	7.3	11.9	10.5	7.1	31.0	21.7	14.6
Greece	20.8	14.3	21.0	19.6	13.4	45.5	26.1	17.8
Hungary	13.7	8.8	14.2	12.2	8.4	44.9	26.3	18.1
Ireland	4.4	3.5	4.3	4.1	3.2	24.4	8.7	6.7
Italy	26.9	15.8	26.0	21.5	14.0	56.9	38.9	25.4
Japan <sup>a</sup>	11.7	4.9	13.6	12.5	4.4	63.1	20.6	7.3
Mexico	3.6	3.0	3.4	3.3	2.7	19.0	7.4	6.0
Netherlands	4.2	3.5	3.4	3.2	1.5	20.3	9.4	4.6
New Zealand	12.2	10.1	12.5	11.5	10.1	27.4	19.0	16.7
Norway	8.7	6.9	6.7	6.5	4.3	28.0	10.5	7.1
Poland	36.0	23.3	35.0	31.5	20.7	58.7	41.4	27.2
Portugal	6.7	4.9	7.1	6.7	4.6	31.8	12.2	8.3
Slovak Republic	32.5	24.5	32.7	29.6	24.5	49.1	39.1	32.4
Spain	18.3	12.0	15.8	15.1	8.9	46.4	19.4	11.5
Sweden	10.0	6.7	10.9	10.0	6.3	39.7	18.1	11.4
Switzerland	5.0	4.2	5.8	5.7	3.5	20.4	8.5	5.2
Turkey	17.5	12.7	17.5	14.6	12.2	39.9	31.4	26.4
United Kingdom	10.8	8.8	11.1	10.5	7.3	27.4	16.0	11.1
United States	7.1	5.8	7.5	6.9	4.7	23.2	15.2	10.5
<b>Average</b>	<b>13.5</b>	<b>9.4</b>	<b>13.5</b>	<b>12.3</b>	<b>8.2</b>	<b>36.5</b>	<b>20.3</b>	<b>13.5</b>
<b>Median</b>	<b>11.0</b>	<b>8.8</b>	<b>11.9</b>	<b>11.0</b>	<b>7.2</b>	<b>33.1</b>	<b>18.1</b>	<b>11.5</b>

a) Data refer to men aged 15 to 24 years old.

Source: See Table 1.5.

Table 1.6c. **Females aged 20 to 24 unemployment and non-employment rates, according to different definitions, 2000**

	Unemployment					Non employment		
	Total		Non student			Total	Non student	
	Percentage of labour force	Percentage of population	Percentage of non-student labour force	Percentage of non-student population	Percentage of total population	Percentage of population	Percentage of non-student population	Percentage of total population
Australia	9.2	7.2	9.5	7.8	4.9	28.7	25.6	16.2
Austria	4.4	3.0	3.8	3.3	2.4	34.9	14.6	10.3
Belgium	16.1	9.0	14.5	12.5	6.9	53.2	26.4	14.5
Canada	9.0	6.3	10.5	8.8	5.1	36.0	25.7	15.0
Czech Republic	13.3	8.1	13.3	10.2	8.1	47.1	33.9	26.9
Denmark	6.7	5.0	4.5	3.8	1.6	31.1	19.1	7.9
Finland	19.8	12.1	18.0	14.3	5.9	51.0	35.0	14.4
France	22.7	10.7	26.2	22.0	9.5	63.7	37.8	16.3
Germany	7.1	4.8	9.0	6.9	4.4	37.2	30.2	19.4
Greece	32.7	18.8	33.3	26.7	16.7	61.3	46.4	29.1
Hungary	9.0	4.6	8.8	5.9	4.0	54.1	38.9	26.0
Ireland	5.5	3.7	5.5	4.8	3.3	36.1	18.1	12.7
Italy	32.6	16.3	30.4	22.5	13.2	66.4	48.6	28.5
Japan <sup>a</sup>	8.0	3.5	9.2	7.6	3.1	60.4	25.2	10.3
Mexico	4.2	1.8	4.0	1.9	1.5	58.9	55.1	45.8
Netherlands	4.5	3.6	4.3	3.7	2.0	24.6	17.6	9.5
New Zealand	11.3	7.8	11.6	8.7	7.8	39.1	33.8	30.2
Norway	7.4	4.8	5.2	4.5	2.2	40.2	18.4	9.0
Poland	39.2	22.7	40.3	31.7	20.5	64.8	53.0	34.2
Portugal	10.6	6.4	10.3	8.8	5.4	46.0	22.8	13.9
Slovak Republic	25.0	15.8	24.9	19.3	15.6	52.6	41.8	33.8
Spain	32.8	18.6	28.8	25.7	12.8	61.9	36.4	18.1
Sweden	8.5	5.0	9.6	8.6	4.5	46.0	18.9	9.9
Switzerland	2.4	1.9	2.9	2.7	1.7	21.9	10.4	6.6
Turkey	16.1	5.2	15.5	5.2	4.7	73.1	71.8	64.8
United Kingdom	7.6	5.2	7.6	5.9	4.0	36.7	29.2	19.8
United States	5.8	4.3	6.6	5.1	3.4	30.7	27.8	18.3
<b>Average</b>	<b>13.8</b>	<b>8.0</b>	<b>13.6</b>	<b>10.7</b>	<b>6.5</b>	<b>46.6</b>	<b>31.9</b>	<b>20.8</b>
<b>Median</b>	<b>9.0</b>	<b>5.2</b>	<b>9.6</b>	<b>7.8</b>	<b>4.7</b>	<b>46.0</b>	<b>29.2</b>	<b>16.3</b>

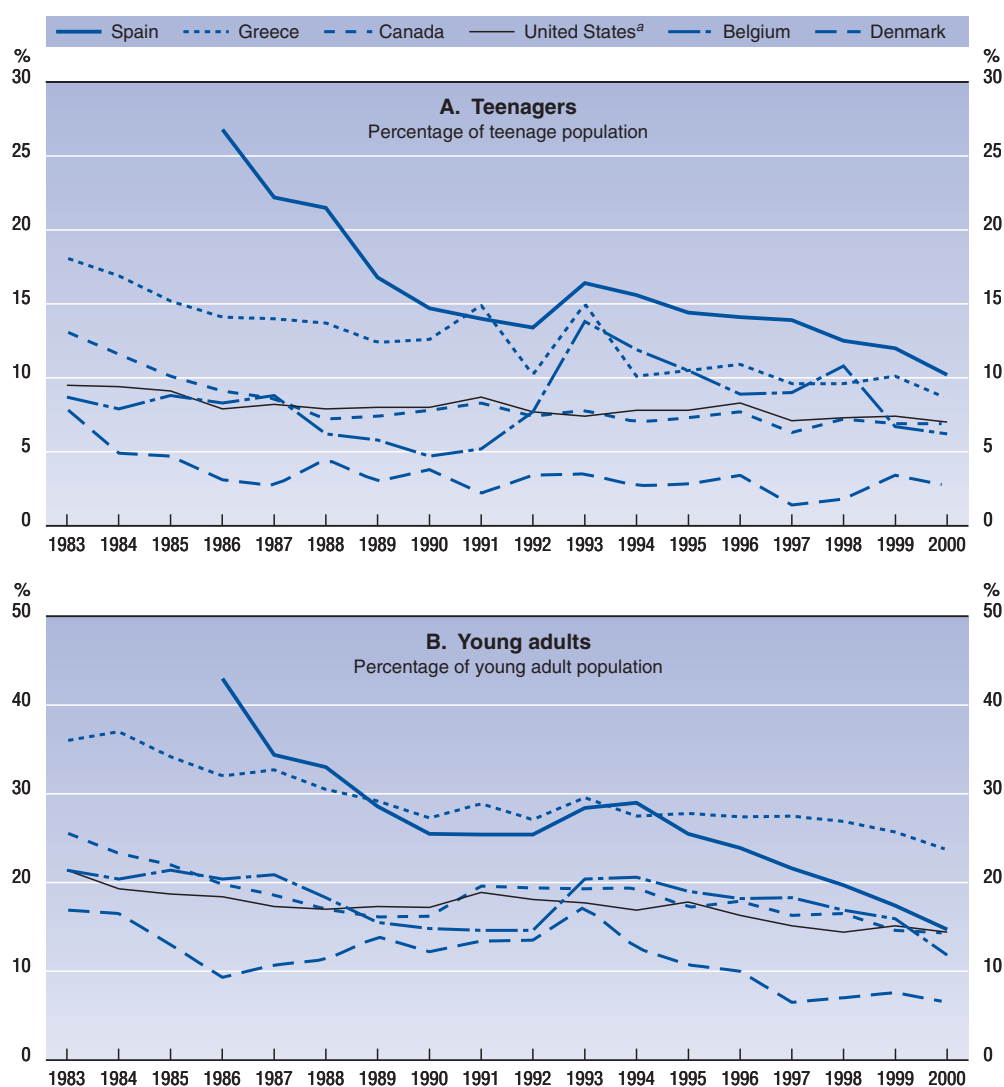
a) Data refer to women aged 15 to 24 years old.

Source: See Table 1.5.

These proportions appear to have been trending downwards in most cases (Chart 1.4).<sup>8</sup> Trends in the “augmented” employment/population ratio, defined as the proportion of the age group concerned who are either in employment or in education (or both) have therefore tended to be upwards. It could be argued that youths are staying longer in education through lack of employment opportunities, rather than by choice. However in terms of the dimensions documented in this sub-section, it generally seems youth labour market outcomes have improved slightly since 1983.

Several previous analyses have suggested that youth employment prospects are particularly sensitive to the cycle. OECD (1996) found that, in percentage-point terms, youth unemployment rates tend to rise slightly more than adult rates do during a recession.

Chart 1.4. **Youths neither in employment nor in education, selected countries, 1983-2000**



<sup>a</sup> Teenagers aged 16 to 19 years.

Source: Chained estimates using OECD Secretariat databases on labour market status by educational participation.

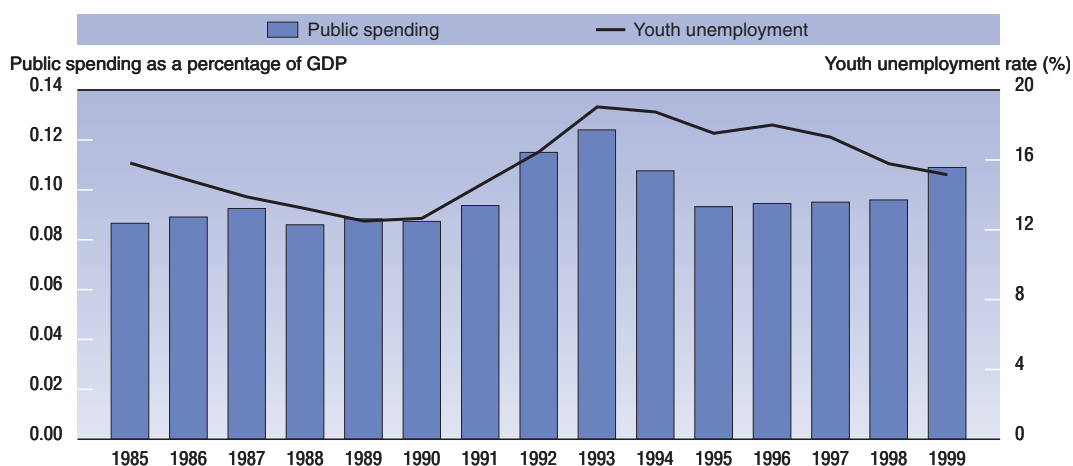
However, since youth unemployment rates are much higher to start with, this finding also suggests that the youth share in total unemployment or the relative youth unemployment rate fall in a recession. The historical evidence shows that ratios of youth to adult unemployment rates rose sharply during the 1973 to 1977 recessionary period, and fell during the recovery period of 1977 to 1979.<sup>9</sup> However, as from the 1980s these ratios showed little cyclical tendency and, as shown in Annex Table 1.B.1, they were often relatively low in the recession year of 1993.

### C. Public spending on youth labour market measures

In the OECD database on labour market programme expenditure (see Table H in the Statistical Annex of this volume), youth measures account for on average 13% of total spending on active labour market measures. For the past 15 years, spending on youth measures has averaged 0.1% of GDP or less (Chart 1.5),<sup>10</sup> remaining well above this level in some OECD European countries, but well below it in Japan and the United States. High-spending countries include France, Italy, Finland, and the United Kingdom which in 1999 spent 0.41%, 0.25%, 0.20% and 0.15% of GDP respectively on youth measures. The first three of these countries have rather high youth unemployment rates, as shown in Table 1.6.

The OECD youth labour market measures category refers to measures that are targeted on youths.<sup>11</sup> Data on the actual ages of participants in many training, employment incentive (*i.e.* hiring subsidy), job creation and business start-up measures – including measures which are not explicitly targeted on youths – are available for most EU countries and Norway from Eurostat (2002). In these countries, in 1999, youth measures as defined by the OECD accounted for nearly 20% of active spending. However Secretariat estimates (based on the programmes for which data for participants by age are available) suggest

Chart 1.5. Youth unemployment rates<sup>a</sup> and public spending on youth labour market measures, 1985-1999<sup>b</sup>



a) Youth unemployment refers to persons aged 15 to 24 years (16 to 24 in the United States).

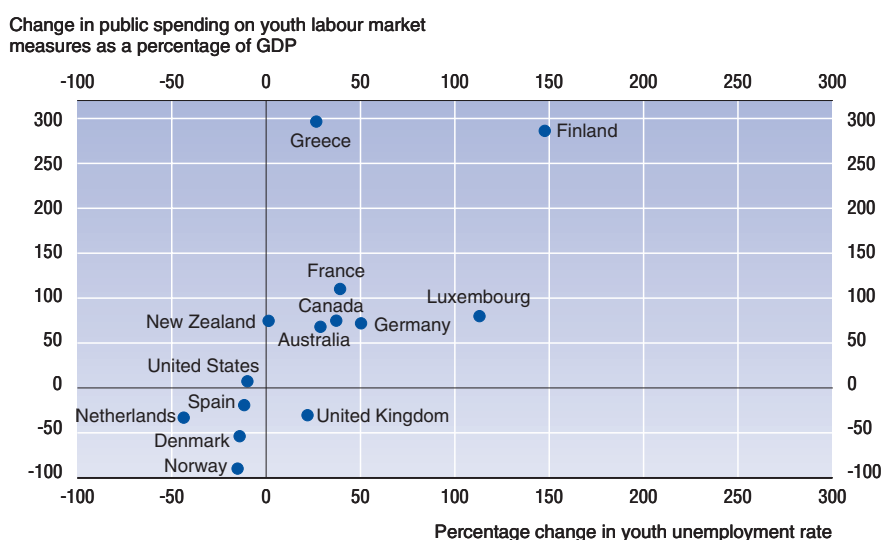
b) Unweighted averages. Some missing data have been estimated by the Secretariat. The OECD Member countries included are Australia, Canada, Denmark, Finland, France, Germany, Greece, Luxembourg, Netherlands, New Zealand, Norway, Spain, Sweden, United Kingdom and United States.

Source: OECD Secretariat database on labour market programmes and OECD (2001), *Labour Force Statistics, 1980-2000*.

that nearly 40% of all programme participants on a stock basis were aged under 25. Nearly all participants in apprenticeship support programmes, except for one programme in Finland, and about 30% of participants in both general training and employment incentives were youths. By contrast, only 19% of participants in job creation programmes and 10% of participants in business start-up programmes were youths. The youth share was relatively large in general training programmes in Belgium, Italy (where training-and-work contracts appear under this heading, rather than apprenticeship or employment incentives), and Spain; in employment incentives in Greece; in job creation measures in France and the Netherlands; and (although the youth share was still only about a quarter) in business start-up measures in Greece and Spain. In the United Kingdom, the total number of participants in employment incentive and job creation measures was low, but those concerned were all youths in the New Deal for Young People.

With few exceptions, between 1989 and 1999 countries increased (New Zealand, France, Australia, Germany, Canada, Greece, Luxembourg and Finland) or decreased (Norway, Spain, the Netherlands, Denmark) spending on youth measures relative to GDP in the same direction as the change in the youth unemployment rate (Chart 1.6). Any correlation or lack of correlation can only be approximately captured, given the conceptual problems in defining “youth measures”. However, a systematic correlation could arise because higher youth unemployment increases spending, either automatically (*e.g.* because long-term unemployed youths are entitled to training) or as a discretionary policy response. To reconcile this observation with the idea that active labour market policies can reduce unemployment, it can be noted that the full impact of new policies develops

Chart 1.6. **Changes in youth unemployment rates and in public spending on youth labour market measures between 1989 and 1999, selected countries<sup>a</sup>**



a) Youth refers to ages 15 to 24 (16 to 24 in the United States). Some missing data have been estimated by the OECD Secretariat. Sweden is omitted from this chart because in the mid-1990s public spending shifted sharply away from measures explicitly targeted on youths, and towards youth participation in general programmes. As a percentage of GDP, spending in the OECD category of youth labour market measure fell over the period shown but the Swedish Labour Market Board estimates that total spending on youths, including those in general programmes, more than doubled.

Source: OECD Secretariat database on labour market programmes and OECD (2001), *Labour Force Statistics, 1980-2000*.

over a number of years, effective labour market policies do not necessarily involve high spending, and high rates of participation in measures may be helpful in a depressed labour market but counterproductive once unemployment has fallen (so that observations combining high spending with low unemployment should not arise).

OECD average data in Chart 1.5 show that spending declined slightly in the late 1980s, and increased quite sharply in the recession of the early 1990s through to 1993. This increase reflected a number of new or sharply expanded programmes: youth training and job creation (Landcare and Environmental Action) programmes in Australia, expanded municipal job training in Denmark, youth training and job creation (CES) measures in France, the Youth Work Guarantee in the Netherlands, an expansion of apprenticeship support and other training (co-financed by the European Social Fund) in Portugal, and Youth Practice (six months of work experience for 18- to 25-year-olds, in the private or public sectors, with attractive conditions for employers) in Sweden. Towards the mid-1990s spending on youth labour market measures fell slightly but then, breaking with the earlier cyclical tendency, it held steady after 1995 and increased in 1999. This reflected a further round of new or sharply expanded youth programmes: New Apprenticeships in Australia (which is also open to adults), the Youth Employment Strategy in Canada, the *Emplois Jeunes* programme in France, the JUMP programme in Germany, and the New Deal and Work-Based Training for the Young in the United Kingdom (where spending had fallen considerably in the early 1990s).

#### **D. Developments in youth labour market policies**

This sub-section examines labour market policies for young people under six sub-headings: early intervention policies for disadvantaged youths; diverse pathways in education and training; activation measures improving employability and mobilising labour supply; large-scale job creation and promotion; dual systems providing a bridge between school and work; and safety nets. Other institutional factors that could have a significant impact on the youth labour market such as minimum wages, measures to reduce labour costs, and employment protection will not be covered.<sup>12</sup> However, these factors may influence the nature of the problem and the type of measures that need to be adopted. Apprenticeship contracts carrying exemption from minimum wage requirements, direct job creation measures, hiring subsidies and relaxed conditions for temporary contracts can bypass or offset the effect of high wage costs or employment protection. Tight benefit eligibility conditions and jobseeker “activation” measures, by contrast, can offset the impact of benefit disincentives. High-quality education and training, and other measures, notably labour market information, career guidance and matching services, are necessary regardless of the institutional background.

Age is not the only or necessarily the best criterion for targeting labour market policies. Since “youth” policies are often primarily concerned with the process of transition from education to work, some measures, such as career counselling, may tend to be targeted on entrants and re-entrants to the labour market (in the case of people already unemployed, those without a recent work history) rather than on a particular age group.

##### ***Early intervention policies for disadvantaged youths***

Less-educated youths are more likely to be disadvantaged in the labour market. The evidence from the evaluation literature suggests that the biggest pay-off for disadvantaged youths come from *early* and *sustained* interventions (Martin and Grubb, 2001; Heckman

and Lochner, 2000; Garces *et al.*, 2000). Such interventions should begin before children enter the compulsory schooling system, and they should be followed by intensive efforts to boost their performance in primary and secondary schooling and reduce drop-out rates.

### ***Diverse pathways in education and training***

Pathways through upper secondary and tertiary education and vocational training need to accommodate a wide variety of student needs and interests. Post-school programmes providing alternative routes for those who do not complete upper secondary education meet with varying degrees of success. In the United States, these programmes often allow high school drop-outs to complete their high school education, while in other countries they more often lead to distinct vocational qualifications. Keeping education options open for nearly all teenagers, as Norway has done by introducing an entitlement to three-year secondary education, helps in implementing the “youth guarantee” and “safety net” strategies described below. The proportion of young people finishing secondary education in OECD countries has continued to increase, but often less than half of them continue on to university study. Several policy trends in the 1990s increased the flexibility and diversity of the options available (OECD, 2000*b*):

- A broadening of vocational programmes and qualifications (*e.g.* a broad construction programme rather than separate programmes in carpentry, painting and brick-laying).
- The creation of links between general and vocational education, and the combination of work-based learning with continuing school education (*e.g.* vocational options within upper secondary education, more general education content within vocational education, and the modularisation of the general education and vocational training courses, making it possible to combine modules from both).
- The creation of some pathways from secondary vocational education into tertiary education, both “double qualifying” pathways (qualifying the person to either start work with technical expertise or continue into tertiary education) in Austria, the Czech Republic and Hungary, and supplementary examinations and courses taken in parallel with or after vocational training qualifications, in Australia, Austria, Switzerland and Norway.

However, courses which meet the needs of less successful students may suffer loss of prestige; vocational training with increased generic education content may suffer from loss of focus and interest among employers who continue to demand specialised skills; and arrangements which grant qualifications for multiple individual modules of education or training may tempt some young people to leave education with only partial skills. Thus, reforms must strike a balance between creating more diversity, and ensuring that youth options and the qualifications they provide remain clearly defined.

A wide variety of models exist for school-based workplace experience, ranging from unpaid work experience organised through the school to arrangements that associate schooling with regular half-day, or one-trimester-per-year, paid work. There is some evidence that school-based workplace experience has a positive impact on later labour market outcomes: some studies also suggest relatively good outcomes for students who take unorganised part-time or holiday jobs. And as is well-known, youth outcomes are generally good in countries where a substantial proportion of young people enter work through apprenticeships. The common ingredient in these arrangements is the benefit derived from contact with the world of work during education and training.

### **Activation strategies to mobilise labour supply**

Since the mid-1980s, labour market policies have placed more emphasis on the interaction between passive and active measures. “Welfare to work” and “activation” strategies, appealing to so-called “mutual obligation” principles, have increasingly been applied. Young people have often been the earliest and the prime target group for such policies:

- The **Nordic** countries have attempted for many years to implement a “youth guarantee”. Under such guarantees, the government commits itself to offer youths in a defined target group – which may be all who are registered unemployed and claiming unemployment insurance (UI) or social assistance benefits, or all who are not in education or employment in the years shortly after leaving school (perhaps after some maximum time unemployed) – a place in an education, training or work programme. In 1984, Sweden introduced “the first genuine youth guarantee”, and by 1985 Norway also had a *de facto* guarantee. Some difficulties were encountered in implementing these guarantees at first and also in maintaining them through the recession of the early 1990s, but youth cohort sizes were falling and by the mid-1990s places to implement these guarantees were generally available, facilitating a shift to more directive policies that require youths to participate in either education or the labour market. Norway’s guarantee was extended to 20- to 24-year-olds in 1995 (Hummeluhr, 1997). In 1996 Denmark withdrew the right to receive UI benefits or social assistance benefits<sup>13</sup> for young people after six months of unemployment: beyond this point, young people who do not find work can generally only enter training and further education programmes with an allowance equal to only half the UI-benefit level. Finland withdrew the right to labour market support (assistance benefit) for teenagers in 1996 and for all young people under 25 without a vocational qualification, unless they are in a labour market measure or vocational training, in 1998.<sup>14</sup> Sweden’s 1997 Act on Municipal Responsibility for Young People specified that municipalities should offer training or employment opportunities within 90 days, and empowered municipalities to lower or refuse assistance if the individual did not participate (Hanesch *et al.*, 2001).
- In the **Netherlands**, following experimental programmes introduced in 1987, the Youth Work Guarantee Act of 1992 guaranteed a job for up to two years to all young people aged under 21 and to school leavers (those with no work experience) aged up to 27. As from 1998 the Youth Work Guarantee has been assimilated into a general activation scheme, WIW, and there is currently a general guarantee for youths aged up to 23.
- In October 1996, **Ireland** required people aged 18 and 19 who had been unemployed for more than six months to register with the placement service FAS. In late 1998, young people unemployed for more than six months were required under Ireland’s National Action Plan to take up a job or training or risk loss of benefit (OECD, 2000a, Chapter 4). This approach was gradually extended to adults unemployed for 12 months, later reduced to 9 months (OECD, 2001b, p. 81ff).
- The **United Kingdom**’s New Deal programme, which requires six months’ participation in a programme if no other options can be found, was implemented nationwide for people aged 18 to 24 and unemployed for six months in Spring 1998; the New Deal for workers aged 25 and over was implemented nationwide for people unemployed for more than 18 months in Spring 2001.

- **Australia's** Mutual Obligation policy as from July 2002 requires 18- to 49-year-olds to undertake an additional activity<sup>15</sup> after 6 months on unemployment benefits and for 6 months of every 12 months that they stay on unemployment benefits. This policy was applied to 18- to 24-year-olds from 1998, and was first extended to ages up to 34 in 1999 and to ages up to 49 in 2001.

The European Union's Employment Strategy, defined in 1997, calls for offers of assistance to be made before 6 months of unemployment in the case of youths and 12 months in the case of adults. EU countries with major programmes for youths that come into play before or at six months include Austria, Belgium, Denmark, Germany, Italy, Portugal, Spain and the United Kingdom. Sweden uses a shorter period (90 days), and youth activation in Finland, for those without a vocational qualification, starts immediately. Several non-EU countries (Australia, New Zealand and Norway) also target programmes on young or younger unemployed after six months. Opinion surveys in Australia have reported greater public support for applying activity requirements to young people than to older workers (OECD, 2001c), and this is probably true elsewhere. This may reflect a belief that the long-term costs of scarring by unemployment are greater for young workers at the beginning of their careers than for prime-age or older workers. However, the empirical evidence in support of "scarring" effects from youth unemployment is mixed.<sup>16</sup>

Many evaluation studies of individual youth labour market measures have reported that they have little impact (Martin and Grubb, 2001).<sup>17</sup> However, broader activation strategies quite often seem to have a positive impact on exit rates from unemployment, even among youths. In Australia, when Mutual Obligation requirements were applied to youths who had been unemployed for six months, rates of exit from unemployment around this duration increased (Richardson, 2002). In Denmark, when a different set of obligations was applied to youths who had been unemployed for six months, rates of exit from unemployment into ordinary employment or education increased by 50% for those in the 24th to 28th week of unemployment, and by smaller proportions in earlier and later weeks (AM, 2000). The UK New Deal for Young People is also reported to have significantly increased outflows to employment among young males, with most of this effect coming from the employer wage subsidy and enhanced job search (Van Reenen, 2001).

Studies of exit rates from unemployment often count relatively short spells of employment or breaks in unemployment as exits. However, even when measures have an impact on this basis, their full impact may be disappointing if many people after leaving unemployment soon return. This problem was already evident in the Nordic countries' youth guarantee strategies of the 1980s (Hummeluhr, 1997). More recently in France, it has been estimated that participation in the *Nouveau Départ* (New Start) programme in 2000, by youths who have been unemployed for six months, increased the probability that the spell would be interrupted within the next four months by about 5 percentage points but reduced the chances that the person would be unemployed at the end of the next four months by only 1 percentage point, which was not statistically significant (results for adult long-term unemployed and social assistance beneficiaries were more positive) (DARES, 2001). In the United Kingdom although the New Deal for Young People has sharply reduced unemployment for its target youth group registered unemployed for over six months, total registered unemployment fell at similar rates for youths and other age groups through to October 2000 (EESC, 2001). Programme participation that on a short-term individual basis appears to only temporarily interrupt the unemployment spell might however change jobseeker expectations, improving outcomes in later months and years.

Assessment of the aggregate impact of policy measures requires careful attention to questions of statistical definition. Danish authorities point to data from administrative registers which show that the total number of unemployed of all ages more than halved (from about 13% in early 1994 to 6% by late 1998) as Denmark's activation strategy was implemented: on this basis, youth unemployment fell even more rapidly and is now very low.<sup>18</sup> However, according to standardised labour force survey statistics, the fall in the aggregate unemployment rate was smaller (from 8.9% to 5.2%, according to OECD *Quarterly Labour Force Statistics*) and the youth unemployment rate in the year 2000 was still about 7%. Danish authorities consider that the administrative registers for 1994 included a rather large number of unemployed people who were not fully available for work (AM, 1999, p. 54). A second major reason for the different statistical trends, particularly in the case of youths, is illustrated in Table 1.5: two-thirds of all unemployed young adults in Denmark (ages 15 to 24) are students. Student unemployment tends to be high in countries where student employment is high. Because it usually involves a search for part-time work by people who are often not registered as unemployed or eligible for unemployment benefits (in Denmark, most students receive student benefits instead), active labour market policies for the unemployed usually have little relevance for student unemployment. From this point of view, the youth unemployment "problem" and trends in outcomes should be assessed in terms of non-student unemployment. This issue is important only for certain countries: the student share in youth unemployment is over a half in Denmark, Finland, the Netherlands and Norway, over a third in Australia, Canada, Switzerland and the United States, and a quarter or more in Belgium, Spain and the United Kingdom, but in all other OECD countries it is below one sixth.<sup>19</sup> Three countries with youth activation strategies (Denmark, Ireland, and the Netherlands) had the lowest levels of non-student youth unemployment in 2000 with Norway not far behind. However outcomes in Australia, Finland and the United Kingdom were only average.<sup>20</sup>

Even where activation strategies work well, they can be expensive. Unemployed youths relatively often qualify for benefits and total spending on active policies is a rather high proportion of GDP in the three countries with very good youth unemployment performance cited above. Particularly when spending is high, policy assessments need to consider how far any reduction in open unemployment has come at the cost of an increase in "hidden" or "disguised" unemployment. This may include not only participation in job-creation programmes but also unproductive or excessively lengthy participation in education and training, even if quantification of this concept remains difficult and controversial. It may be possible to limit costs if, faced with an activity obligation, some young unemployed people find an unsubsidised job instead and relatively few enter expensive job-creation options.<sup>21</sup> Also, success in reducing unemployment does in the long term reduce the cost of active labour market policies. Norway has high-coverage, long-duration UI benefits, for which youths often qualify if unemployed, yet nevertheless succeeds in keeping unemployment low with only moderately high active spending. This is plausibly a more successful outcome than one which involves very high spending.

### ***Large-scale employment programmes***

Most evaluation studies emphasise that broadly targeted programmes are relatively ineffective, and recommend specific targeting in order to reduce dead-weight and substitution effects. However, programmes need to be implemented on a relatively large scale if they are to guarantee a job or another type of programme place to all unemployed youths or implement an activation strategy under which all long-term unemployed are required to

participate in a programme. Programmes also need to be implemented on a large scale when they aim to increase total employment directly. In France, a youth unemployment rate of 28% in 1997 4th quarter fell to 19% by 2000 4th quarter, and in Belgium, a youth unemployment rate of 21% in 1999 4th quarter fell to 17% just a year later (seasonally adjusted standardised rates). Both of these rapid falls occurred when large-scale youth employment programmes were implemented.<sup>22</sup>

France's New Services, Youth Jobs (*Nouveaux Services, Emplois Jeunes*, NSEJ) (see Box 1.2) programme has taken in 350 000 participants over the four years to end 2001, at an annual cost of about €4 billion. The jobs created were subsidised for five years to ensure that participants did not return rapidly to unemployment. The programme design also specified that the subsidised jobs should meet emerging and unmet social needs. The latter idea was commonly interpreted in terms of access to new technology, assistance for people with handicaps, and improvement of the environment, local heritage and security in public spaces. Owing to the large size of the programme and the long duration of participation, NSEJ is extremely expensive. It remains debatable whether the new service activities are always valuable enough to justify the level of spending on them and if there is not a continuing social need to reallocate the often rather well-educated participants to more productive employments.<sup>23</sup>

Many of the NSEJ jobs were created in 1998, the first full year of the programme, so that the five-year subsidy periods will end in 2003. About 10% to 20% of participants each year have left before the end of their contracts (in some cases, to take up a regular job with the same employer), but nearly half of those hired in 1998, as well as replacement hires, are likely to be affected by the ending of subsidies.<sup>24</sup> In some cases NSEJ activities have become commercially viable or public sector employers, recognising the utility of the new activities, will be willing to finance them without further subsidies.<sup>25</sup> However, the impending end of subsidies has provoked much discussion and in June 2001 the government announced a wide-ranging plan for the "consolidation" of the youth jobs, with three main components:

- Measures promoting transitions to another job, including regular jobs with public sector employers. These measures include: additional training; certification of professional work experience; help with preparing for public sector entrance examinations; modifications to traditional criteria for entering public sector jobs at both national and local levels, giving credit for NSEJ work experience; and a personal action plan for young people who enter the labour market after NSEJ participation.
- Exceptional public sector hiring programmes: state employers (the state education system, the police force and ministry of justice) will continue their NSEJ activities with new five-year fixed-term contracts. Local governments are generally expected to hire a large proportion of their lower-skilled NSEJ participants at the lowest level of the regular civil service scale.
- Subsidy extensions: some local governments (in disadvantaged regions and urban areas) and non-profit employers, were invited to apply for a further three years of subsidies at reduced rates, to support the continuation of NSEJ activities which are not financially viable but are recognised as being socially useful.<sup>26</sup>

The government expects in general terms that a "professional outlet" will be offered to all NSEJ participants and it seems possible that relatively few of them will become unemployed. Declining subsidy levels will encourage transfers out of activities of uncertain social utility, but the NSEJ participation will often have been a route into a permanent

employment in the public sector<sup>27</sup> or jobs subsidised for long periods by government. It would be difficult for any programme with this feature to maintain a high rate of hires beyond its start-up years,<sup>28</sup> so the impact of the NSEJ on labour market outcome indicators is liable to decline.

In Belgium, unemployed school leavers generally qualify after 6 to 12 months for (fairly low) unemployment benefits, but the First Job Agreement (*Convention de premier emploi*, CPE) programme (see Box 1.2), although partly inspired by youth “activation” strategies in neighbouring countries, has not emphasised jobseeker obligations (Nicaise, 2001). The CPE is a quota obligation for private sector firms with 50 or more employees: 3% of their labour force must be hired from young jobseekers with a CPE. There are no restrictions on the educational level, former work experience and duration of unemployment of the young person in question. However social security contributions are, subject to further conditions, reduced when the CPE concerns a less-qualified young person or when any CPE is followed by hiring with an indefinite contract. As a result – and despite the fact that employer non-respect of the quota has so far rarely been sanctioned – employers have an incentive to hire on a CPE basis and, if possible, exceed the 3% quota. In regions with labour shortages, the definition of eligible youth is broadened, and employers have generally been able to meet the hiring quota.

Corresponding to the 3% quota imposed on private sector employers, Belgium has a 1.5% quota for hiring of unemployed youths with CPEs by public sector organisations (although the teaching profession is exempted) and the non-profit sector. Part of the quota is met via federal-local collaborative projects in the areas of assistance for young and handicapped people and urban renewal and security, similar to the NSEJ programme in France, but on a smaller scale. Overall, the Belgian CPE programme has recorded a large number of hires of young people at much lower cost than the French NSEJ programme, but deadweight is probably considerable (*i.e.* many of the recorded CPE hires would have occurred anyway). Again, the CPE has not been particularly successful at targeting less-qualified youth: 34% of CPE hires were (in the first year of operation) less-qualified, but this is below the less-qualified share in the stock of youth unemployment.<sup>29</sup>

Many youth programmes involve some subsidised employment, but primarily aim to assist transitions from school or unemployment into unsubsidised work by providing work experience, often combined with training. Korea’s Internship Programme (described in Box 1.2) is mainly targeted at college graduates (a choice which may reflect social pressure arising from the relatively high unemployment rates of more educated youths), and aims to tackle employers’ reluctance to hire educated youths who lack work experience. Canada’s Youth Employment Strategy (YES) was launched in 1994 and expanded in the latter 1990s. Internships supported by employer wage subsidies each year provide 40 000 out-of-school, unemployed, or underemployed youths, aged 15 to 30, with work experience. The YES also provides community service projects for youths who face greater barriers to entering the labour market, summer jobs for students, and career information ([www.youth.gc.ca](http://www.youth.gc.ca)). Germany’s JUMP programme, launched in 1998 and implemented in 1999 and 2000, combines short-term programmes targeted on unemployed youths, apprenticeship support targeted on young people who have failed to find an apprenticeship place, and a safety net approach aiming to guide young people who have lost contact with the authorities back to qualification and employment. From mid-1999 JUMP programmes had about 80 000 participants on a stock basis, about half in wage subsidy and job creation measures and half in education and training, including

## Box 1.2. Broadly-targeted employment programmes for youths

### 1. The First Job Agreement (CPE) in Belgium

#### *Overview*

After discussions with labour and management, the Belgium government adopted a bill to fight youth unemployment in November 1999. The programme is widely called the “Rosetta Plan”. The bill contains a hiring obligation on employers and financial incentives that ensure targeting of the least qualified individuals. This programme is a successor to the earlier *Stage des Jeunes* which operated since 1984 and also implied an employer obligation to recruit young jobseekers.

#### *Programme design*

The First Job Agreement (CPE) is targeted first on youths who left school less than six months previously, then on other youths aged under 25 and lastly on other youths aged under 30. A “cascading system” allows employers to hire from the first category only, or the first two, or all three categories, depending on the level of labour shortage in the regional labour market (currently, in no region is recruitment restricted to the first category). Since September 2001, workers aged over 45 who have been on benefits for a year or more can also be hired. The employment contract may be for regular work (full-time or part-time, but at least half-time), half-time work combined with training, or an apprenticeship.

#### *Quota requirements*

Private sector employers with 50 or more employees are obliged to employ young workers with a CPE in numbers equivalent to the 3% of their workforce. In the public and non-profit sectors the quota is 1.5%. In case of shortfall, a fine of €75 per youth and per day is applied. CPEs are valid for 12 months, which can be increased to 24 or 36 months for work-and-training and apprenticeship contracts.

#### *Financing and participants*

For CPE regular work contracts, employers can pay 90% of usual collectively bargained wage rates, on condition that the remaining 10% is spent on training (although this option has been relatively little used). For each CPE employee with low qualifications (less than upper secondary education) employer social security contributions are reduced by € 495.79 per quarter provided the 3% quota is respected, raised to € 1 115.25 per quarter for each such employee if over 5% of the employer’s workforce has a CPE. Finally if, upon termination of the CPE, the employer hires the person concerned on an indefinite duration contract and the hire increases the firm’s total personnel, employer social security contributions are reduced by 10% of the gross wage for a year. More than 70 000 CPE contracts were signed in the first 18 months (starting April 2000), 40% of them by those with low qualifications. Federal spending (mainly reductions in social security contributions) on the programme was expected to attain €100 million per year.

### 2. *Nouveaux Services, Emplois Jeunes* (NSEJ) in France

#### *Overview*

In September 1997, the French government introduced the NSEJ scheme to create 350 000 jobs in the public and non-profit sectors for young people. Its objective is to

**Box 1.2. Broadly-targeted employment programmes for youths (cont.)**

youth unemployment and at the same time promote innovative development of the service sector, which traditionally has been weak in France. It offers wage subsidies of five years' duration for the creation of new socially-oriented jobs meeting needs not covered by the commercial or administrative sectors.

**Eligibility**

The jobs created must not enter into competition with activities already performed by the commercial or non-profit making private sectors, nor must they supplant existing employment. To qualify for employment under this plan, young people must be under 26, or under 30 if they have had no job lasting four consecutive months and thus have never qualified for unemployment insurance benefits.

**Financing and participants**

The state pays a subsidy of 80% of the legal minimum wage (SMIC) and related social security contributions. Employers quite often pay participants more than the SMIC. With a total annual subsidy near €15 000 for a full-time job, spending was €0.3 billion permitting the creation of 50 000 jobs in 1997, rising to €1.5 billion in 1998 and about €4 billion annually, financing a stock in place of about 250 000 jobs, from 2000 to 2003. By end 2001, 350 000 people had been hired in these jobs. Through to mid-2001, 82 000 jobs were created in the non-profit sector (in fields such as sports, culture, the environment and community services), 64 000 in local authorities, 34 000 in public and semi-state bodies, 70 000 in the state education system (mainly educational assistants), 25 000 in the national police force (principally security officers) and 2 000 in the administration of justice. An additional 10 000 posts will be created in 2002.

**3. Government-supported Internship Programme in Korea****Background**

As the employment situation for youths worsened in the wake of an economic crisis of 1997, increasing unemployment among college graduates was much discussed in the media. The Korean government set up this temporary employment special measure, which began in 1999, to provide young unemployed with work experience in industrial sites.

**Target group and subsidy**

The programme targets unemployed youths aged between 18 and 30, and who have a level of education at high school or above. Companies affiliated to the Employment Insurance System which hire unemployed youths as interns receive a subsidy of 500 000 KRW (about €400 and a third of an average full-time wage) per person per month for three months. Companies which continue to employ these youths after the first three months this time receive the wage subsidy for an additional three months.

**Spending and participants**

In 2000 about 56 600 unemployed young people benefited from this programme at a cost of 110 billion KRW. The proportion of completers who were subsequently hired was 50% in 1999 and 83% in 2000 (Ministry of Labour, 2001). By 2002 this programme was being run down, but a new Job Experience programme for students who are still in school was expected to have 35 000 participants.

apprenticeship pre-qualification and qualification measures (Dietrich, 2001). The number of participants in the employment options was probably over 10% of the number of non-student unemployed youths in the economy – less than in Belgian and French programmes but more than in the UK New Deal.

In 1999, about 200 000 youths in France, 300 000 in Italy and 500 000 in Spain, among less than 2 million employees aged under 25 years in each country, were benefiting from hiring subsidies (often reduced social security contributions) (Eurostat, 2002). Large employment incentive programmes are broadly targeted (from 2001, all conversions of temporary contracts into indefinite contracts for people aged up to 30 can qualify in Spain), and their employment effects may primarily result from their effect in reducing labour costs and/or facilitating hiring with a temporary contract.

### ***Dual systems providing a bridge between school and work***

In most OECD countries, youths are educated at school and then enter the labour market so that the transition from school to work is “sequential”. Countries with no tradition of vocational orientation within their secondary education system and where the formal labour market is difficult to enter can experience high enrolment rates in tertiary schooling, leading to credential inflation or over-education with relatively high unemployment rates among highly-educated young people (Van der Velden and Wolbers, 2001; O’Higgins, 2001). For example in Italy, Greece, Mexico, Spain and Turkey, unemployment rates of highly-educated youths are above those of low-educated youths, in contrast to most other countries (OECD, 2000b).

The alternative is a “dual” system in which youths pass from school into apprenticeships, during which they continue to spend one or two days a week in education institutions: typical examples are Austria, Denmark, Germany and Switzerland where a quarter or more of all employed aged 15 to 24 are apprentices (Bowers *et al.*, 1999, Table 21; OECD, 2001a, Table E3.1). Countries with a dual system generally have relatively low youth unemployment rates. As shown in Table 1.5, not only low youth unemployment/population ratios but also high youth employment/population ratios (themselves reflecting the importance of apprenticeships) contribute to this outcome. The benefits of apprenticeship systems have induced many countries to set up apprenticeship programmes with public funding. However, the apprenticeship systems in Austria and Germany are built upon several mutually dependent features. Apprentice wages are low (initially about one-third of adult rates, rising to one-half in the final year), which makes apprenticeships attractive to employers. Apprenticeship qualifications have value in the labour market, which makes apprenticeships attractive to young people and their parents. And the institutional basis of support for these systems is provided by strong and comprehensive industrial employer associations and industrial unions, which define apprenticeship qualifications and seek to maintain their value in the labour market. None of these features can easily be created in isolation or primarily through government funding.<sup>30</sup> Thus the more deregulated markets (with little sector-wide employer co-ordination) in countries such as the United Kingdom and the United States have constrained efforts to promote apprenticeships (Bowers *et al.*, 1999).

Most countries have some tradition of apprenticeship in limited sectors of the economy (*e.g.* parts of manufacturing industry and trade work such as plumbing). About 10% to 20% of employees aged 15 to 24 are apprentices in France, Italy<sup>31</sup> and the Netherlands, and often between 5% and 10% in other OECD countries. Efforts to build upon this base

are continuing. Australia has succeeded in rapidly expanding work-and-training arrangements since 1995 (Box 1.3). Factors behind this rapid expansion have been the National Training Awards which predefined the wage structure for apprenticeships and shorter-duration (often one-year) traineeships; the removal of age limits and the extension of traineeships to most industries and occupations where they previously hardly existed; and incentive payments with an effective system of marketing and practical assistance for employers who hire on an apprenticeship and traineeship basis. Labour market outcomes

### Box 1.3. **New Apprenticeships in Australia**

#### **Overview**

Australia has a traditional system of four-year apprenticeships in areas such as manufacturing, construction and public utilities. In 1985, a system of shorter-duration traineeships was created: these were initially mainly for 15- to 19-year-olds in service and white-collar areas, but they subsequently evolved to cover older age groups and most industries. In 1996, the annual number of traineeship starts overtook the number of traditional apprenticeship starts and a new government amalgamated both streams. By 1999, the total stock of apprenticeships and traineeships in progress was roughly double its level just four years earlier. NCVER (2001*a*) was able to report that Australia, with about 2.1% of the working-age population (295 000 persons) in New Apprenticeship training as of December 2000, ranked fourth in the world, behind Austria, Switzerland and Germany, on this measure of training coverage.

#### **Characteristics of the new system**

**Few restrictions:** There are few occupational restrictions, and no age restrictions, on New Apprenticeships. The number of traineeships in non-trade occupations (managers and professionals, clerical and salaries workers, production and transport workers, and labourers) grew eightfold from 1995 to 1999, and the proportion of apprentices and trainees who are aged over 25 grew from probably less than 10% to about 50% by 2000. School students can also start a part-time apprenticeship while completing their school qualifications. The duration of contracts is flexible (*e.g.* from one year to four years), as is the vocational qualification level finally achieved (from Certificate I to diploma).

**Training and qualification:** Qualifications are “competency” based, allowing trainees to finish sooner if they can demonstrate that they have acquired required skills. Employers are encouraged to put existing employees into apprenticeships and a system of Recognition of Prior Learning (RPL) permits accelerated completion of training. Off-the-job training is delivered by public and private Registered Training Organisations, which also issue qualifications.

**Wages and labour cost:** Wages generally reflect the time the employee spends in off-the-job training. The employer receives incentive payments which total perhaps 6% or 7% of an apprenticeship wage at minimum rates (OECD, 2001*c*, Annex B).

**Promotion:** Government-financed New Apprenticeship Centres – financed according to the number of training agreements they register, and which pass 3-month and later benchmarks – administer the incentive payments, market the programme locally to employers and advise and assist them with all stages in the process of hiring an apprentice.

for individuals who complete a New Apprenticeship are good: over 90% of New Apprentices who successfully completed the off-the-job component in 1999 were retained in employment or had found a new job by May 2000, and 93% of those who completed a New Apprenticeship in 2000 were in an unsubsidised job three months later (NCVER, 2001*a* and *b*). However, drop-out rates from the relatively newer and shorter-duration traineeships – often motivated by trainee dissatisfaction with wages, training content or workplace relations – are high. Fears have been expressed that flexible National Training Packages allow individual employers to choose quite narrow options which do not lead to truly portable qualifications, and that incentive payments are sometimes delivered for entirely on-the-job training which is often of poor quality (EWRSBE, 2000). Employment rates for completers, although high, may not exceed those of non-trainees with similar job tenures and further research on the value of these qualifications in the labour market is needed (OECD, 2001*c*).<sup>32</sup>

France, Norway and Ireland provide further examples of apprenticeship reforms that have resulted in a genuine increase of apprenticeship opportunities for young people (Bowers *et al.*, 1999). In France, legal reforms in 1987 extended apprenticeship to diplomas beyond the traditional certificate of vocational competence (CAP), and although progress was slow in the early 1990s, after 1993/94 the number of apprentices increased by 50% over four years. Norway's reform in 1994 integrated apprenticeships into the pathways through upper secondary education, and broadened their content in terms of general and vocational education. Ireland's reform in 1996 aimed to provide broad-based training during the initial stages, but combined this with a modular approach for the development of specialist skills, assessed in terms of achievement of standards rather than time spent in the programme, and intended to allow on-going up-dating of skills.

Even in countries where apprenticeship is a major pathway, it should not be seen as the only answer (OECD, 2000*b*). Indeed, certain weaknesses of this approach can be seen in Austria and Germany.<sup>33</sup> Policy has often focused on guaranteeing apprenticeship places,<sup>34</sup> but such a guarantee remains less comprehensive than the “youth guarantees” now operating in Nordic and some other countries. Although youth unemployment rates in Austria and Germany are relatively low, the non-student non-employment rates of young male adults are slightly above OECD average or median levels because non-student inactivity is relatively high.<sup>35</sup> This could reflect the fact that social assistance benefits are not always granted to unemployed youths: if they were easily available, there is a risk that they would compete with apprenticeship wage levels.

### ***Safety nets for school leavers***

One further dimension of youth labour market policy is a “safety-net” approach. Most youth labour market programmes tackle unemployment and/or create employment, and will not generally make contact with youths who have left education but remain inactive in the labour market. “Safety nets” typically aim to identify recent school leavers who are not employed, yet are not registered with the public employment service, for further tracking and assistance. Nordic countries provide a broad range of general and vocational programmes in school, and here safety-net interventions often get early school leavers back into school so that they can complete upper secondary education (OECD, 2000*b*).

Networking at local level between different actors, particularly schools, social assistance services, the public employment service, municipalities and staff of specialist youth outreach programmes, can help put effective safety nets into place. One example of an

outreach programmes is TRACE in France, created in 1998, which aims to achieve stable employment for young people who left education with little or no qualifications, with many participants entering three years or more after leaving school. Participants have personal contact with a counsellor every fortnight and usually receive multiple services, possibly including emergency financial and health care assistance, renewed eligibility for publicly-funded training, and supported part-time work contracts (Defauquet, 2000). Another example is Youthreach in Ireland, which started in 1989. Its primary objective is to deliver general education, vocational training and work experience to unqualified early school leavers, but the programme includes sub-programmes for special needs such as psychological and crime awareness counselling. Increasing job opportunities in the Irish labour market (even for the unskilled) have recently led to difficulties in retaining participants, but a positive outcome of this has been that a place can now generally be offered to any person who is identified – through contacts between Ireland’s 78 Youthreach centres and other local actors – as needing it.

Australia’s Jobs Pathway Programme (JPP), for 15- to 19-year olds planning to make the transition from school to work and its Job Placement, Employment and Training (JPET) programme for 15- to 21-year-olds who are at risk of homelessness, refugees or ex-offenders, similarly aim to prevent people from “falling through the cracks”, or pick them up if this has happened. As in the Nordic countries, there is now a reasonable chance that assistance will reach disadvantaged youths aged under 20.

It is relatively difficult to maintain contact with youths in later years so as to establish effective safety-net programmes for those aged 20 and more. In about one-third of OECD countries, 5% to 10% of males aged 20 to 24 are neither in education nor in the labour market and are inactive (rather than unemployed), suggesting that there may be an unmet need for policies in this area.<sup>36</sup>

## Conclusions

Over the past two decades there has been on average some decline, or at least stability, in the ratio of youth unemployment rates to adult rates, and the long-term share in youth unemployment has fallen in virtually all countries. However, cross-country and time-series statistics for youth labour market problems are sensitive to the use of unemployment or non-employment (the sum of unemployment and inactivity) as the numerator, the denominator chosen when calculating rates, the treatment of labour force participants who are still studying, and the average time elapsed since the youths in question left education or entered the labour market. Thus, the employment/population ratio of youths has tended to fall, but the employment/population ratio augmented to include youths in education has tended to rise. Ratios of youth to adult unemployment fell during the recession of the early 1990s, suggesting that youth unemployment is not particularly sensitive to the economic cycle in relative terms, although it remains sensitive in absolute terms and youth employment rates are markedly cyclical.

Spending on youth labour market programmes varies greatly between countries. On the whole it varies in the same direction as youth unemployment rates, but in the late-1990s expansion a number of OECD countries broke with cyclical trends by maintaining and even expanding these programmes. Policy efforts directed at young adults in countries such as Belgium, Denmark, France, Ireland, the Netherlands and Sweden seem to deserve some credit for recent declines in their relative unemployment rates,

and a few OECD countries with relatively comprehensive “youth guarantees”, which provide programme places to all youths after six months of unemployment or less, now have particularly low levels of non-student unemployment and non-employment. However, such “activation” strategies may be relatively expensive and some countries using similar strategies (Australia, Finland, and the United Kingdom) still have only average youth labour market outcomes.

Large-scale employment programmes in Belgium and France probably had a considerable impact on the youth labour market in the late 1990s. But in the French programme, the long-run cost of each hiring has been very high owing to the five-year duration of initial contracts and efforts to avoid returning participants to unemployment after this, which limit the flow of new places that can be offered now that the launch phase of the programme has passed. The Belgium CPE programme achieves many recorded hires of youths at much lower direct cost, through an ingenious system of quotas and indirect incentives applied to private sector employers. Employment incentive programmes in many other countries also try to promote hiring, through reductions in labour costs and relaxed conditions for temporary contracts, hoping that work experience and training will assist the transition-to-work process and increase the participant’s employability.

Many countries have public programmes to promote apprenticeships. Apprenticeships need to be made attractive to individual employers and employees, but to make them a really distinct option and labour market pathway, objectives such as external monitoring of qualifications (to maintain their general value in the labour market) and the delivery of general education during the apprenticeship (as a long-term public good) need to be emphasised. Even in countries where apprenticeship is a major pathway into the labour market, operating on the whole without direct government subsidies, it should not be seen as the only answer: apprenticeship systems in Austria and Germany appear to keep youth unemployment rates relatively low, but not youth inactivity rates.

“Safety-net” measures, aiming to identify and engage with recent school leavers who are inactive in the labour market or only have precarious jobs, are an important complement to conventional transition pathways and “guarantee” strategies, which often only reach people who are registered with the public employment service and/or receiving benefits. These safety-net strategies generally have been most successful for under-20s: young adults who withdraw both from education and the labour market may be more difficult to engage. Factors which might help here are variety in the education and labour market options open to youths, and access to unemployment benefits combined with activation measures which encourage and reward entry to the labour market.

## Notes

1. The transition from initial education to working life has been the subject of a thematic review (OECD, 2000b), which stressed the importance of high proportions of young people completing a full upper secondary education with a recognised qualification for either work, tertiary study, or both. A review of current trends on the transition from education to working life was prepared for the 1999 Conference, “Preparing Youth for the 21st Century”, organised jointly by the US Departments of Labor and Education and the OECD (OECD, 1999).
2. Despite apparently favourable circumstances, neither Bowers *et al.* (1999) nor Blanchflower and Freeman (2000) saw much general improvement in the youth labour market in the OECD area in the 1990s. They noted that the proportion of youths in employment had tended to decline relative to adults, that their earnings were at best stagnant compared with those of adults, and that labour market problems remained highly concentrated among a disadvantaged group of young people. They also warned that youth employment prospects were particularly strongly influenced by the economic cycle.
3. Teenage labour force participation is affected by compulsory school and child labour laws: US labour force data relate to ages 16 and over rather than 15 and over for this reason. Data for young adults (aged 20 to 24 years) are still affected by wide variations, across countries and through time, in ages of exit from education. Data by year after exit from education, or data on flows and transitions, might be considered more comparable but it has to be kept in mind that these involve additional conceptual and comparability issues (*e.g.* in some countries, many youths spend a year in the labour market before going to university).
4. The choice of 1983 is dictated partly by the availability of comparable data: the European Union Labour Force Survey was substantially revised and harmonised in 1983.
5. Note that the decline in the proportion of youths who are in the labour force and the increase in the proportion of labour force participants who only recently left education will tend to increase youth unemployment rates, other things being equal.
6. The average incidence of long-term unemployment for all age groups rose slightly between 1990 and 2000 (see the statistical annexes at the end of the volume). Since people cannot be long-term unemployed during their first year in the labour market, falls in the incidence of long-term unemployment for youths might result from later entry to the labour market as well as increased turnover (perhaps associated with temporary contracts) in some countries (see Chapter 3). Employment and unemployment rates of the least-well-educated group of young people relative to others could be also used as indicator of the concentration of disadvantage, but need careful interpretation since numbers in the least-well-educated group have often fallen greatly.
7. Australian Bureau of Statistics publications present unemployed youth looking for full-time work (rather than any work) as a principal labour force indicator. In some countries student unemployment data are considered unreliable, *e.g.* it is claimed that some students erroneously report being immediately available for work, or combining full-time study with a search for full-time work.
8. Except for the six countries shown in Chart 1.4, it is currently difficult to build up a reasonably consistent time-series for the period since 1983 by splicing together existing data across the changes in definitions and reporting practices, as regards educational attendance, which occurred in the 1980s and 1990s. OECD (1996, Table 4.8) however shows that, between 1984 and 1994, the 14-country-average or median proportion of the population neither in education nor in employment declined sharply for women aged 18 and 22 and for men aged 18, but rose somewhat for men aged 22. Bowers *et al.* (1999, Table 9) show a large fall for all 22-year-olds by 1997, when economies were emerging from recession.
9. Data for the ratio of youth to adult unemployment rates from 1973 to 1990 are available for 13 countries from tables in OECD (1985) and OECD (1994). The 13-country average ratio was already high, 3.5, in 1973, and it rose to a peak value of 3.6 in 1977 and then declined (although in France, Spain and the United Kingdom the ratio in 1990 remained higher than in 1973). The high level in 1973 and the peak in 1977 could plausibly be related to the peak in the youth share of the population which occurred (on average) around these years (see Box 1.1), as much as to cyclical factors.
10. Chart 1.5 somewhat overstates the average level of spending on youth measures since Belgium and Japan, where since 1985 relatively few ALMPs have appeared in this category, are not included.

11. In the OECD labour market spending database, youth measures include apprenticeship support even if there is no explicit age limit, and measures where the upper age limit for participation is above 24 or which can exceptionally be extended to adults may be included. The youth classification can only be approximate, as illustrated by Australia's New Apprenticeships and Work for the Dole programmes: both now have many participants aged over 24 but only the latter has been taken out of the youth programme category.
12. Van der Velden and Wolbers (2001) score EU countries on a number of dimensions of their educational institutions (*e.g.* vocational specificity, dual education system) and broader labour market policies (wage bargaining structure, employment protection). They identify the overall unemployment rate, the level of employment protection, and the presence of a dual educational system as main determinants of youth unemployment rates, in cross-country comparison. Abowd *et al.* (2000) is an example of research that finds a large impact of minimum wages on youth employment. Only the cost of minimum wage employment, and not the minimum wage in itself, is liable to have a negative impact: thus in France measures which reduced the employer cost of minimum-wage employment by 13% as from 1997 are thought to have favourably affected total employment and raised the share of low-qualified workers in private-sector employment (CERC, 2001). Schröder (2001) identifies three youth "transition regimes" characterised by the use of broad and large-scale programmes, work experience programmes, or certified occupational training programmes respectively, associated with distinctive patterns of labour regulation and links from education to the labour market.
13. The most common activation measures in Denmark are job training in both private and public sectors, "pool" jobs in public service areas, and educational offers (Bredgaard and Jørgensen, 2000).
14. Räisänen and Skog (1998) state for Finland "As a rule, a person under 25 who has no basic vocational qualification cannot qualify for labour market support". This does not constitute a comprehensive youth guarantee, since a young worker with a vocational qualification or entitlement to UI may not receive an offer of a programme place.
15. In Australia, unemployed people can meet Mutual Obligation requirements by participating in part-time paid work (minimum 8 hours per week); Work for the Dole (a work experience programme, 12 to 15 hours per week for six months); several types of voluntary work including the Green Corps programme; training and education courses; specialised assistance programmes (including JPP and JPET, see Annex 1.A); and Intensive Assistance (which provides individualised job preparation, support and career counselling) (OECD, 2001c).
16. Ponthieux (1997) finds that youths who entered the labour market in 1995 received much lower wages than those who had entered in 1991 because labour market conditions had deteriorated. Holm *et al.* (2001) study the employment careers of teachers, engineers and unskilled workers in Denmark over a 17-year period and report that fluctuating demand for their qualifications had a significant effect upon their unemployment risk at time of entry to the labour market, but this effect was not permanent.
17. White (2000) interprets the evidence as showing that in Europe welfare-to-work programmes for the unemployed do work (the only country with many negative reports being Sweden) and that outcomes are just as positive for youths as for adults, in contrast to US findings. Heckman *et al.* (1999), after a comprehensive review, find no consistent pattern in the European evidence. In contrast to US evaluations, European ones have not generally used random assignment techniques, and the selection mechanisms and incentive effect of the programmes may differ because targeting in Europe is more often based upon receipt of income support.
18. The number of unemployed (UI beneficiaries plus unemployed social assistance beneficiaries, as defined by Statistics Denmark) aged 16 to 24 years fell by 79%, from over 60 000 early in 1994 to about 13 000 in August 2001.
19. Some student unemployed will have no income other than from unemployment benefits and be seeking full-time work, having a student status only because they have been referred to an education or training measure by the public employment service (PES). However, probably relatively few student unemployed in the countries with high levels of student unemployment are in this situation. OECD (2000b, Appendix 4) notes that 81% of all teenage unemployed in Norway in 1996 were seeking part-time work and reported education as their principal activity. Among all young people aged 15 to 24 who described themselves as students in 1997, 59% reported a regular job or casual work as their main source of income in Denmark and over 40% in Germany, the Netherlands and the United Kingdom: very few reported unemployment benefits as the main source (Bowers *et al.*, 1999, Table 5).
20. In Australia non-student youth unemployment fell by a third from 1997 to 2000, considerably more than overall unemployment, and the Mutual Obligation strategy may have contributed to this outcome.

21. Van Oorschot (2001) remarks that the participation rate in full-time programmes, relative to the total target group of activation policies, is very small, giving several examples (*e.g.* “in 1988 about 7 000 young unemployed participated in the TW-GWJ [youth guarantee], while nationally about 45 000 met the criteria”). Similarly, relatively few young people subject to Mutual Obligation requirements in Australia enter the Work for the Dole programme and in practice most of its participants are older long-term unemployed (OECD, 2001c, pp. 211-212).
22. The large fall in youth unemployment in France after 1997 occurred despite the abolition of national service obligations for young men. A cyclical upswing, targeted reductions in social security contributions for low-paid jobs (see CERC, 2001) and the introduction of the 35-hour week with incentives for firms that increased employment have contributed to the fall as well as the NSEJ programme.
23. NSEJ jobs were relatively popular and, with few effective constraints on employer behaviour, many were taken by people with more education than required for them, while younger and less qualified youth and those without previous work experience often failed to benefit. One difficulty in managing the programme has been that, given the innovative content of the jobs, they cannot easily provide experience and qualifications that are widely recognised by outside employers (Simonin, 2001).
24. At the outset, NSEJ educational assistant jobs were expected to be limited in duration. In contrast, NSEJ security agents working with the police were expected to train for, and apply to join, the regular police service (Simonin, 2001). In sectors other than education and police, by September 2001 75 000 participants had left and 160 000 remained: 54% of those who had started in 1998 were still participating. NSEJ leavers were employed in 64% of cases: 30% of those in employment were in a private enterprise, and many others had been hired by non-profit bodies (DARES, 2002).
25. For example the ANPE (public placement agency) when hiring NSEJ workers undertook that “Insofar as experience confirms that these activities are useful, this agency will do whatever is necessary to make them permanent” ([www.emploisjeunes-idf.org/html/resj/instruction/anpe.html](http://www.emploisjeunes-idf.org/html/resj/instruction/anpe.html)).
26. Employers can apply for subsidies to extend NSEJ jobs for three years beyond their initial five-year term. Subsidy levels over these years were expected to be on average 50% lower (under the “specific assistance” measure for local government) or 30% lower (under the “multiyear agreement” measure for non-profit employers) than during the initial five years. In the case of activities which are already partially self-financing a “consolidated saving” measure can provide additional subsidies equivalent to one more year at the initial rate, conditional on a prior agreement to spread remaining subsidy payments and new payments over the remainder of the eight-year period. For a synthesis of all the main consolidation measures, see [www.clcbe.com/crea/nsej/synthese\\_plangvt\\_0601.html](http://www.clcbe.com/crea/nsej/synthese_plangvt_0601.html).
27. Gournac (2000) already affirmed, as regards NSEJ security agents, that the NSEJ programme had merely shifted the timing of the annual flow of public sector recruitment to the police force.
28. In its June 2001 statement, the government announced the creation of 10 000 new NSEJ jobs in 2002, much down on 1998 when over 100 000 new jobs were created, although some replacement hires in pre-existing NSEJ jobs should also arise.
29. Partial data for Flanders however suggest that CPE hirings were a relatively high share of all hirings of less-qualified youth (Nicaise, 2001).
30. Although the Austrian and German apprenticeship systems are not essentially dependent on government funding, duration is legally regulated (such that apprenticeships last 3 years or more in 90% of cases) and in many regions they fulfil the requirements of compulsory school attendance (Steedman, 2001).
31. In Italy, according to administrative data around half of all young employees are in an apprenticeship programme or a training-and-work contract, which reduce the cost of labour for the employer, but the proportion describing themselves as apprentices in the labour force survey is much lower.
32. A recent comparative study of Modern Apprenticeships in the United Kingdom by Steedman (2001) notes similar issues there.
33. O’Higgins (2001) analyses the German dual system at some length, noting a range of strengths and weaknesses. Apprenticeships teach specific skills and set an individual’s career pattern early in his/her life and it can be argued that specific training that smoothes the initial transition to work leaves workers ill-equipped for labour market shocks later in life.
34. In the German JUMP programme for youth, launched in 1998 and implemented in 1999, four of the five “main lines” were improvement in the supply of apprenticeship places; preparation of young people for apprenticeship; the offer of apprenticeship training in enterprise-external training organisations; and continued training for youths who have already finished apprenticeship training (Dietrich, 2001). In Austria, youth measures mostly focus on apprenticeships (see Annex 1.A and European Commission, 2000).
35. Non-student inactivity as a percentage of the population can be calculated from Table 1.6 as the difference between the eighth and the fifth data columns. The availability of unemployment benefits to groups with marginal labour force attachment probably increases reported unemployment while reducing reported

inactivity (ECHP data, tabulated in Chapter 4, suggest that this applies to the long-term unemployed in Belgium and Ireland). In Austria and Germany social assistance benefits are subsidiary to family support, which means that instead of granting benefits the authorities can require parents to support their children (and *vice versa* ) even if they do not live in the same household. In 1998, 4% of 18- to 24-year-olds received social assistance in Germany, compared with 15% to 21% in Denmark, Finland and Sweden (Puide and Minas, 2001).

36. “Safety-net” programmes for youths are particularly needed where conventional institutional contact is lacking, *i.e.* for those who are neither employed nor in education, nor registered unemployed nor receiving income support such as social assistance. The labour force survey measure “neither in education nor in the labour market” gives only a rough indication of the size of this group.

## Annex 1.A

## Recent initiatives in youth labour market programmes

This annex summarises recent youth labour market initiatives and related policies. They are placed under the broad headings of *Active Labour Market Programmes* (ALMPs) and *Policies to help the transition from school to work*, although this classification is difficult to apply rigidly.

## ALMPs for youths

	Background and objective	Target groups	Major contents	Timing, budget, etc.
<b>Austria</b>				
Special programme for the creation of apprenticeships	To reduce shortage of apprenticeships.	Youths aged under 25.	A subsidy is granted to firms. For girls and disadvantaged youths, subsidy is higher (8 000 ATS instead of 6 000).	Started in 1996.
“Safety-net” scheme for youths	To reduce shortage of apprenticeships and youth unemployment.	Unemployed youths.	This programme provides vocational training and special assistance to youths who are seeking an apprenticeship, but who have not been able to find one.	Started in November 1998. Budget for 2000: 250 million ATS (€20 million).
<b>Australia</b>				
Mutual Obligation	To ensure that unemployed people actively seek work and give something back to the community supporting them.	Youths aged 18 to 24, who had been receiving Newstart or Youth Allowance for 6 months: now extended up to age 49.	Requires participation for a minimum number of hours in one or more options, which may be part-time work, voluntary work, community work experience or various specialised programmes. Non-compliance is sanctioned by a reduction of benefits.	Initiated in July 1998, latest extension in July 2002.
<b>Belgium</b>				
First Job Agreement ( <i>Convention de premier emploi</i> , CPE, known as the “Rosetta Plan”)	To help youths find work.	Youth under 25 (under 30 in regions with labour shortage).	See Box 1.2.	Started in April 2000. By January 2002, 86 000 youths had participated.
<b>Denmark</b>				
Special Youth Package	To create incentives to enter formally qualifying education or training programmes and prevent long-term unemployment.	Youths aged 18 to 24 who have been on unemployment benefits for 6 months.	Participants without formal education or training are offered education or training of at least 18 months duration with an allowance at 50% of the UI level.	Started in 1996 for youths who had not completed formal education or training. Extended to all unemployed youths aged 18 to 24 in 1999.

	Background and objective	Target groups	Major contents	Timing, budget, etc.
<b>Finland</b>				
Rehabilitative Work Experience	To help hard-core long-term unemployed.	Young job-seekers after 8.5 to 12 months of unemployment.	Work experience with labour market support (income support) for 4 months. Participation is mandatory for youths under age 25. Requires co-operation between employment office and municipalities.	Started in September 2001.
<b>France</b>				
New services, Youth Jobs ( <i>Nouveaux Services, Emplois Jeunes, NSEJ</i> )	To reduce youth unemployment through creating new jobs in the service sector.	Youths aged 18 to 25, up to 29 if they never worked enough to qualify for UI, or are disabled.	See Box 1.2.	Started in September 1997, with 336 000 participant entries by August 2001.
TRACE ( <i>Trajets d'accès à l'emploi</i> )	To encourage entry into lasting employment, in a process that can last up to 18 months.	Youths aged under 25 with great difficulties.	Construction of a job-entry path (training, job search, etc.) using intensive and personalised support (with a single mentor). Income support is provided during the process.	Started in July 1998 with 131 200 participant entries by August 2001.
<b>Germany</b>				
Immediate action programme to reduce youth unemployment (JUMP)	To reduce youth unemployment: designed to supplement regular ALMP measures.	Includes youths who may not qualify for regular measures: looking for an apprenticeship place without success, unemployed or without qualification or employment.	Education and training, support for the creation of apprenticeship places, hiring subsidies, job creation schemes, and social and mentoring support.	Started in January 1999, with 260 000 participant entries and 80 000 current stock by end 2000. Annual budget of € 1 billion, co-financed by the European Social Fund.
<b>Italy</b>				
Job Grants Programme	To reduce youth unemployment in the South or other problem areas.	Youths aged 21 to 32 registered as unemployed over 30 months.	Training and work experience, up to maximum 12 months in SMEs (less than 100 employees).	Started from 1998. The social security fund is responsible for this programme.
<b>Japan</b>				
Employment Support Measures for New Graduates	To help new graduates find employment.	High school and college graduates, and those yet to find employment.	PES plays a role as an intermediary, and provides services such as Job Fair, information, counselling and placement services, and occupational training.	In 2000, 183 Job Fairs for high school graduates and 288 for college graduates.
<b>Korea</b>				
Government-supported Internship Programme	To help increase employability of young people.	Unemployed high school graduates and college graduates aged 18 to 30.	See Box 1.2.	In 2000, 56 600 participants with a budget of 110 billion KRW (€100 million).

	Background and objective	Target groups	Major contents	Timing, budget, etc.
<b>Netherlands</b>				
Individual Action Plan	Under the Jobseekers Employment Act (WIW) and Unemployment Benefits Act.	Unemployed youths up to age 23.	Local authority, in co-operation with employment services, provides a programme tailored to individual needs. Youths who are unemployed for over 12 months could be offered a subsidised job.	Based on the Act of WIW in 1998.
<b>Sweden</b>				
Municipal Youth Programme	Introduced to solve dramatic increase of youth unemployment in the mid-1990s.	Youths under age 20.	Municipality should offer workplace practice or similar activities within 100 days of unemployment and until the youth reaches age 20.	Started in 1995. 13 000 participants for an average duration of 4.5 months in 2000.
Youth Guarantee	To reduce long-term unemployment.	Long-term unemployed youths aged 20 to 24 receiving unemployment benefits or social assistance.	Maximum duration of 12 months. Provides individualised service based on an individual action plan.	Started in 1998 and to be operated till the end of 2002.
Change of Generations	To help long-term unemployed youths get a job.	Youths aged 19 unemployed for 3 months, adults up to 35 unemployed for 12 months, and older workers aged at least 63 years.	Compensation is paid for a maximum two years to older workers leaving employment, and the employer must replace the older workers with the target groups.	Implemented in 1998 to 2000. Costs are paid by the state (3/4) and firm (1/4).
<b>United Kingdom</b>				
New Deal for Young People	To reduce youth long-term unemployment as part of a "Welfare to Work" strategy.	Youths aged 18 to 24 who have been unemployed for 6 months or more.	Stresses local partnerships, and the role of the personal adviser. After a period of personal counselling, participants must spend 6 months in education or employment measures.	Started in 1998, with 730 000 participant entries and 80 000 current stock in November 2001.

**Policies to help the transition from school to work**

	Background and objective	Target groups	Major contents	Timing, budget, etc.
<b>Australia</b>				
Jobs Pathway Programme (JPP)	To help young people who have left school recently or plan to leave school in the near future.	Youths aged 15 to 19.	JPP provides information on local job market, employer expectations, career options, and assistance raising levels of motivation and self-esteem.	Introduced in 1995. Provided assistance to 70 000 youths at a cost of \$22 million in 2000/01. Service providers are contracted.
Job Placement, Employment and Training Programme (JPET)	To help young people who face multiple barriers.	Youths aged 15 to 21 years who are at risk of homelessness, refugees, or formerly in care or ex-offenders.	On-going training for basic life and employment skills, and support with personal ( <i>e.g.</i> substance abuse, financial, legal and cultural) issues.	Expanded through the latter 1990s after pilot programme in 1992. Cost \$18 million in 2000/01, with 136 service providers.
<b>Belgium</b>				
Youth Plan +	To reduce long-term unemployment and help low-skilled youths find work.	Youths aged under 25 who left school less than 3 months ago without upper secondary certificate.	Four stages: Initial analysis, Integration agreement (including job search, training, etc.), Monthly monitoring, and Final evaluation.	In 2001, the programme's budget was €25 million and about 30 000 youths participated.
<b>Luxembourg</b>				
Temporary Work Experience Contract (CAT)	Help youths to achieve a smooth transition to work.	Youths under 30 registered with PES for at least one month.	Three-month contract renewable up to 12 months. Allowances at the level of a minimum wage for unskilled workers, 50% reimbursement for employers in the private sector, 95% in public sector.	A reform is under way to improve monitoring, reduce the period to 9 months, and strengthen the role of the mentor.
<b>Netherlands</b>				
Youth Counter	To help youths who drop out of school, and have difficulty to find jobs.	Youths who drop out of school.	Comprehensive approach combining education, work, income and care.	This pilot is going to be operated from 2002.
Regional Registration and Co-ordination Act (RMC)	To prevent youths dropping out of school system early.	Youths who leave school.	The Act establishes a register of information on school leavers.	
<b>United Kingdom</b>				
Connexions	To help teenagers' personal development (not transition to work).	Teenagers aged 13 to 19.	Provides integrated advice, guidance, and personal development opportunities.	Started in 2000.

## Annex 1.B

### Trends in youth and prime-age employment and unemployment

Table 1.B.1. Ratios of youth<sup>a</sup> to prime-age adult<sup>b</sup> unemployment rates

		1983	1989	1990	1993	1999	2000
<b>Australia</b>	Teenagers/prime age	3.1	3.2	3.2	2.7	3.1	3.3
	Young adults/prime age	2.0	1.8	2.1	1.9	2.0	1.9
<b>Austria</b>	Teenagers/prime age	..	..	..	..	1.5	1.6
	Young adults/prime age	..	..	..	..	1.2	1.4
<b>Belgium</b>	Teenagers/prime age	3.4	3.0	3.3	4.4	3.8	4.6
	Young adults/prime age	2.3	1.9	2.1	2.4	2.9	2.3
<b>Canada</b>	Teenagers/prime age	2.2	1.9	1.9	1.9	2.8	2.8
	Young adults/prime age	1.8	1.4	1.5	1.5	1.7	1.8
<b>Czech Republic</b>	Teenagers/prime age	..	..	..	3.5	4.2	4.3
	Young adults/prime age	..	..	..	1.8	1.8	1.8
<b>Denmark</b>	Teenagers/prime age	2.6	1.2	1.1	0.9	2.1	1.7
	Young adults/prime age	2.2	1.8	1.7	1.8	2.5	1.6
<b>Finland</b>	Teenagers/prime age	3.8	6.9	7.1	2.9	3.7	3.8
	Young adults/prime age	2.1	2.7	3.1	2.1	2.0	2.1
<b>France</b>	Teenagers/prime age	5.0	2.2	2.4	2.7	2.5	2.4
	Young adults/prime age	3.0	2.3	2.4	2.5	2.5	2.2
<b>Germany</b>	Teenagers/prime age	1.4	1.2	1.0	0.7	0.9	0.9
	Young adults/prime age	1.7	1.0	0.9	1.1	1.1	1.1
<b>Greece</b>	Teenagers/prime age	4.1	4.7	4.9	4.9	4.2	3.9
	Young adults/prime age	3.7	4.5	4.4	3.7	3.0	2.9
<b>Hungary</b>	Teenagers/prime age	..	..	..	3.2	3.8	4.2
	Young adults/prime age	..	..	..	1.6	1.7	1.8
<b>Iceland<sup>c</sup></b>	Teenagers/prime age	..	..	..	3.0	4.2	4.0
	Young adults/prime age	..	..	..	1.9	2.5	1.8
<b>Ireland</b>	Teenagers/prime age	2.2	2.0	2.1	2.3	2.1	2.5
	Young adults/prime age	1.3	1.2	1.1	1.6	1.4	1.2
<b>Italy</b>	Teenagers/prime age	8.3	5.1	5.3	4.7	4.3	4.5
	Young adults/prime age	5.6	4.0	4.0	3.8	3.3	3.4
<b>Japan</b>	Teenagers/prime age	2.8	4.0	4.0	3.5	3.2	3.0
	Young adults/prime age	1.9	2.2	2.2	2.3	2.2	2.1
<b>Korea</b>	Teenagers/prime age	3.5	3.8	4.9	5.4	3.4	3.7
	Young adults/prime age	2.7	3.1	3.3	4.1	2.2	2.5
<b>Luxembourg</b>	Teenagers/prime age	4.1	5.2	6.3	5.8	5.9	4.3
	Young adults/prime age	2.1	1.5	2.0	1.3	2.9	3.0
<b>Mexico</b>	Teenagers/prime age	..	..	..	2.2	2.0	3.3
	Young adults/prime age	..	..	..	2.1	1.8	2.6
<b>Netherlands</b>	Teenagers/prime age	3.3	2.2	2.0	2.4	4.1	3.4
	Young adults/prime age	1.8	1.4	1.3	1.7	1.4	1.4
<b>New Zealand</b>	Teenagers/prime age	..	3.0	2.9	2.8	3.1	3.8
	Young adults/prime age	..	2.2	1.9	1.9	2.1	2.3
<b>Norway<sup>c</sup></b>	Teenagers/prime age	5.0	4.2	3.8	3.6	5.8	6.3
	Young adults/prime age	2.8	2.4	2.3	2.4	3.0	2.7

Table 1.B.1. Ratios of youth<sup>a</sup> to prime-age adult<sup>b</sup> unemployment rates (cont.)

		1983	1989	1990	1993	1999	2000
<b>Poland</b>	Teenagers/prime age	..	..	..	2.7	3.9	2.9
	Young adults/prime age	..	..	..	2.3	2.7	2.5
<b>Portugal</b>	Teenagers/prime age	..	2.9	2.9	3.1	2.2	3.4
	Young adults/prime age	..	3.0	2.7	2.6	2.2	2.2
<b>Slovak Republic</b>	Teenagers/prime age	..	..	..	..	4.2	3.8
	Young adults/prime age	..	..	..	..	1.9	1.8
<b>Spain<sup>c</sup></b>	Teenagers/prime age	4.1	2.4	2.4	2.3	2.5	2.6
	Young adults/prime age	2.8	2.3	2.3	2.0	1.9	1.9
<b>Sweden<sup>c</sup></b>	Teenagers/prime age	6.4	4.6	5.6	3.5	2.9	3.6
	Young adults/prime age	2.9	2.8	2.6	2.8	2.0	1.9
<b>Switzerland<sup>d</sup></b>	Teenagers/prime age	..	..	2.7	2.0	2.0	2.8
	Young adults/prime age	..	..	1.6	1.9	2.2	1.7
<b>Turkey</b>	Teenagers/prime age	..	2.8	2.9	2.6	2.2	2.2
	Young adults/prime age	..	2.9	3.1	3.3	2.9	3.0
<b>United Kingdom<sup>e</sup></b>	Teenagers/prime age	..	1.7	2.0	2.2	3.2	3.5
	Young adults/prime age	..	1.6	1.6	1.9	2.0	2.1
<b>United States<sup>e</sup></b>	Teenagers/prime age	2.8	3.6	3.4	3.3	4.4	4.3
	Young adults/prime age	1.8	2.0	1.9	1.8	2.3	2.3
<b>Weighted average<sup>e</sup></b> (varying countries)	Teenagers/prime age	<b>3.6</b>	<b>3.0</b>	<b>3.1</b>	<b>2.5</b>	<b>2.4</b>	<b>2.5</b>
	Young adults/prime age	<b>2.3</b>	<b>2.3</b>	<b>2.2</b>	<b>2.0</b>	<b>2.1</b>	<b>2.1</b>
<b>Unweighted average<sup>f</sup></b> (18 countries)	Teenagers/prime age	<b>3.8</b>	<b>3.4</b>	<b>3.6</b>	<b>3.2</b>	<b>3.4</b>	<b>3.4</b>
	Young adults/prime age	<b>2.5</b>	<b>2.2</b>	<b>2.3</b>	<b>2.3</b>	<b>2.2</b>	<b>2.1</b>
<b>Unweighted median<sup>f</sup></b> (18 countries)	Teenagers/prime age	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>	<b>3.1</b>	<b>3.3</b>	<b>3.5</b>
	Young adults/prime age	<b>2.2</b>	<b>2.1</b>	<b>2.2</b>	<b>2.1</b>	<b>2.2</b>	<b>2.1</b>

.. Data not available.

a) Teenagers refer to persons aged 15 to 19 (16 to 19 for countries concerned by footnote c) and young adults to persons aged 20 to 24. Youth is used for the sum of teenagers plus young adults.

b) Prime age refers to persons aged 25 to 54.

c) Teenagers refer to persons aged 16 to 19.

d) 1990 data for Switzerland refer to 1991.

e) Weighted average of non-missing data shown in the table (in 1999 and 2000, all OECD countries). 1990 weighted average for OECD includes 1991 data for Switzerland.

f) Average and median for the 18 countries having non-missing data in 1983.

Source: OECD (2001), *Labour Force Statistics, 1980-2000*, Part III. For Austria, Belgium, Denmark, Greece, Italy, Luxembourg, Netherlands and Portugal, data are from the European Union Labour Force Survey. Data from Switzerland are from the Swiss Labour Force Survey, and were supplied directly by national authorities.

Table 1.B.2. Trends in employment/population ratios by age group<sup>a</sup>

		Percentages					
		1983	1989	1990	1993	1999	2000
<b>Australia</b>	Teenagers	44.6	50.4	47.9	39.6	45.8	47.4
	Young adults	68.4	76.8	74.7	67.7	72.4	73.5
	Prime age	68.5	75.7	75.8	72.8	75.3	76.5
	<b>Working age</b>	<b>61.3</b>	<b>68.1</b>	<b>67.9</b>	<b>64.1</b>	<b>67.7</b>	<b>69.1</b>
<b>Austria</b>	Teenagers	..	..	..	..	39.5	38.4
	Young adults	..	..	..	..	70.3	67.4
	Prime age	..	..	..	..	81.3	81.6
	<b>Working age</b>	..	..	..	..	<b>68.2</b>	<b>67.9</b>
<b>Belgium</b>	Teenagers	12.6	7.1	7.0	5.1	6.7	7.4
	Young adults	54.4	51.8	51.9	48.3	44.0	52.6
	Prime age	67.3	70.8	71.7	73.6	76.4	77.9
	<b>Working age</b>	<b>53.1</b>	<b>53.8</b>	<b>54.4</b>	<b>56.0</b>	<b>58.9</b>	<b>60.9</b>
<b>Canada</b>	Teenagers	41.3	51.6	50.2	41.2	41.1	43.4
	Young adults	66.2	73.6	71.2	65.1	68.1	69.1
	Prime age	71.5	78.2	78.0	74.9	79.2	79.9
	<b>Working age</b>	<b>63.7</b>	<b>70.7</b>	<b>70.3</b>	<b>66.5</b>	<b>70.1</b>	<b>71.1</b>
<b>Czech Republic</b>	Teenagers	..	..	..	31.3	14.0	9.9
	Young adults	..	..	..	65.9	60.5	60.7
	Prime age	..	..	..	86.3	81.9	81.6
	<b>Working age</b>	..	..	..	<b>69.0</b>	<b>65.9</b>	<b>65.2</b>
<b>Denmark</b>	Teenagers	38.2	59.9	58.4	56.8	59.9	59.0
	Young adults	69.5	72.9	71.3	63.4	71.5	73.9
	Prime age	82.0	83.9	84.0	80.8	84.4	84.3
	<b>Working age</b>	<b>70.2</b>	<b>75.3</b>	<b>75.4</b>	<b>72.4</b>	<b>76.5</b>	<b>76.4</b>
<b>Finland</b>	Teenagers	28.8	34.4	34.1	16.1	22.4	23.2
	Young adults	65.8	67.8	67.5	44.6	55.4	56.7
	Prime age	85.9	88.4	87.9	74.9	80.3	80.9
	<b>Working age</b>	<b>71.4</b>	<b>74.2</b>	<b>74.1</b>	<b>60.5</b>	<b>66.0</b>	<b>66.9</b>
<b>France</b>	Teenagers	13.4	10.0	9.3	5.9	6.1	6.8
	Young adults	60.6	52.2	49.6	40.6	36.7	40.7
	Prime age	76.9	76.9	77.4	77.0	77.0	78.3
	<b>Working age</b>	<b>61.3</b>	<b>59.7</b>	<b>59.9</b>	<b>59.0</b>	<b>59.8</b>	<b>61.1</b>
<b>Germany</b>	Teenagers	37.6	37.1	35.7	33.4	29.8	30.2
	Young adults	66.1	70.8	70.4	67.9	67.0	68.0
	Prime age	71.4	72.7	73.6	76.8	79.0	80.2
	<b>Working age</b>	<b>61.3</b>	<b>63.5</b>	<b>64.1</b>	<b>65.1</b>	<b>65.4</b>	<b>66.3</b>
<b>Greece</b>	Teenagers	21.1	15.1	14.8	11.5	9.0	9.1
	Young adults	47.7	46.9	47.8	44.3	45.2	44.9
	Prime age	64.5	68.4	68.5	67.8	70.0	70.2
	<b>Working age</b>	<b>54.9</b>	<b>55.2</b>	<b>54.8</b>	<b>53.5</b>	<b>55.4</b>	<b>55.9</b>
<b>Hungary</b>	Teenagers	..	..	..	13.9	10.4	8.9
	Young adults	..	..	..	57.0	54.9	53.1
	Prime age	..	..	..	72.6	72.3	73.0
	<b>Working age</b>	..	..	..	..	<b>55.7</b>	<b>56.4</b>
<b>Iceland<sup>b</sup></b>	Teenagers	..	..	..	36.4	52.1	56.4
	Young adults	..	..	..	68.7	79.2	80.5
	Prime age	..	..	..	87.0	90.9	90.6
	<b>Working age</b>	..	..	..	<b>78.2</b>	<b>84.2</b>	<b>84.6</b>
<b>Ireland</b>	Teenagers	28.3	20.2	21.1	15.6	25.8	27.2
	Young adults	68.7	64.0	66.5	56.3	68.9	69.8
	Prime age	56.6	57.4	60.0	60.9	73.2	75.3
	<b>Working age</b>	<b>51.9</b>	<b>50.0</b>	<b>52.1</b>	<b>50.9</b>	<b>62.5</b>	<b>64.5</b>
<b>Italy</b>	Teenagers	20.4	17.4	16.8	14.7	9.4	10.3
	Young adults	50.3	49.0	49.9	42.3	38.9	39.4
	Prime age	67.0	67.5	68.0	66.4	66.9	67.7
	<b>Working age</b>	<b>54.0</b>	<b>53.3</b>	<b>53.9</b>	<b>51.8</b>	<b>52.5</b>	<b>53.4</b>
<b>Japan</b>	Teenagers	17.7	15.9	16.9	16.9	15.5	15.4
	Young adults	68.6	70.0	70.7	71.3	66.3	66.5
	Prime age	76.6	78.7	79.6	79.8	78.7	78.6
	<b>Working age</b>	<b>67.4</b>	<b>67.7</b>	<b>68.6</b>	<b>69.5</b>	<b>68.9</b>	<b>68.9</b>

Table 1.B.2. Trends in employment/population ratios by age group<sup>a</sup> (cont.)

		Percentages					
		1983	1989	1990	1993	1999	2000
<b>Korea</b>	Teenagers	19.4	13.9	13.2	12.0	9.0	10.4
	Young adults	54.8	58.2	58.9	56.1	50.4	51.9
	Prime age	69.2	72.8	73.2	73.3	70.4	72.4
	<b>Working age</b>	..	<b>60.6</b>	<b>61.2</b>	<b>62.3</b>	<b>59.7</b>	<b>61.6</b>
<b>Luxembourg</b>	Teenagers	39.1	24.8	14.6	17.2	10.5	9.7
	Young adults	73.3	72.0	66.1	68.1	50.0	52.9
	Prime age	67.2	70.9	71.8	73.3	76.7	78.2
	<b>Working age</b>	<b>58.6</b>	<b>59.3</b>	<b>59.1</b>	<b>60.9</b>	<b>61.6</b>	<b>62.7</b>
<b>Mexico</b>	Teenagers	..	..	..	44.8	42.1	40.9
	Young adults	..	..	..	60.3	60.9	59.8
	Prime age	..	..	..	65.1	67.8	68.3
	<b>Working age</b>	..	..	..	<b>59.3</b>	<b>61.2</b>	<b>60.9</b>
<b>Netherlands</b>	Teenagers	16.5	31.7	35.2	36.4	49.8	58.6
	Young adults	60.4	66.8	68.4	67.8	75.0	77.9
	Prime age	62.0	69.0	70.6	73.6	80.6	81.7
	<b>Working age</b>	<b>51.6</b>	<b>59.1</b>	<b>61.1</b>	<b>63.5</b>	<b>70.9</b>	<b>72.9</b>
<b>New Zealand</b>	Teenagers	..	47.6	47.7	39.2	43.5	44.4
	Young adults	..	69.9	69.9	67.0	66.4	65.8
	Prime age	..	76.7	76.2	74.9	77.6	78.6
	<b>Working age</b>	..	<b>67.4</b>	<b>67.3</b>	<b>66.0</b>	<b>70.0</b>	<b>70.7</b>
<b>Norway<sup>b</sup></b>	Teenagers	41.2	39.1	37.0	30.1	43.9	43.9
	Young adults	69.3	68.4	65.8	60.1	68.3	69.1
	Prime age	82.3	83.1	82.3	80.6	85.5	85.3
	<b>Working age</b>	<b>73.5</b>	<b>74.0</b>	<b>73.1</b>	<b>71.3</b>	<b>78.0</b>	<b>77.9</b>
<b>Poland</b>	Teenagers	..	..	..	12.1	3.8	6.6
	Young adults	..	..	..	50.6	42.3	41.7
	Prime age	..	..	..	74.4	73.7	70.9
	<b>Working age</b>	..	..	..	<b>58.9</b>	<b>57.5</b>	<b>55.0</b>
<b>Portugal</b>	Teenagers	..	41.2	41.2	27.0	22.6	21.3
	Young adults	..	66.5	66.6	58.9	61.2	59.6
	Prime age	..	76.3	76.9	79.0	80.8	81.9
	<b>Working age</b>	..	<b>65.1</b>	<b>65.5</b>	<b>64.3</b>	<b>67.4</b>	<b>68.1</b>
<b>Slovak Republic</b>	Teenagers	..	..	..	..	8.7	6.5
	Young adults	..	..	..	..	51.0	49.0
	Prime age	..	..	..	..	76.1	74.7
	<b>Working age</b>	..	..	..	..	<b>57.8</b>	<b>56.4</b>
<b>Spain<sup>b</sup></b>	Teenagers	22.8	26.1	25.6	17.5	17.5	18.5
	Young adults	47.8	48.2	49.1	38.5	45.3	47.4
	Prime age	56.1	59.6	61.1	58.4	65.6	67.8
	<b>Working age</b>	<b>48.4</b>	<b>50.1</b>	<b>51.1</b>	<b>47.1</b>	<b>53.8</b>	<b>56.1</b>
<b>Sweden<sup>b</sup></b>	Teenagers	41.6	48.7	47.7	24.0	26.3	28.6
	Young adults	76.8	80.4	79.8	56.1	57.3	59.7
	Prime age	88.9	91.6	91.6	83.2	82.6	83.8
	<b>Working age</b>	<b>78.9</b>	<b>82.9</b>	<b>83.1</b>	<b>72.6</b>	<b>72.9</b>	<b>74.2</b>
<b>Switzerland<sup>c</sup></b>	Teenagers	..	..	54.5	54.2	52.3	51.2
	Young adults	..	..	82.2	79.5	77.6	78.9
	Prime age	..	..	84.5	83.2	85.2	85.4
	<b>Working age</b>	..	..	<b>78.2</b>	<b>77.3</b>	<b>78.4</b>	<b>78.3</b>
<b>Turkey</b>	Teenagers	..	42.6	42.2	34.5	33.9	31.0
	Young adults	..	51.2	51.1	45.3	46.0	42.4
	Prime age	..	62.6	61.6	58.0	58.5	56.2
	<b>Working age</b>	..	<b>55.4</b>	<b>54.5</b>	<b>50.2</b>	<b>51.0</b>	<b>48.2</b>
<b>United Kingdom<sup>b</sup></b>	Teenagers	..	65.1	62.7	48.3	52.2	53.0
	Young adults	..	75.5	75.4	65.8	67.8	68.6
	Prime age	..	78.3	79.1	76.3	79.7	80.4
	<b>Working age</b>	..	<b>72.0</b>	<b>72.5</b>	<b>68.3</b>	<b>71.7</b>	<b>72.4</b>
<b>United States<sup>b</sup></b>	Teenagers	41.5	47.5	45.3	41.7	44.7	45.4
	Young adults	66.0	71.9	70.9	68.9	71.7	72.4
	Prime age	73.7	79.9	79.7	78.5	81.4	81.5
	<b>Working age</b>	<b>66.0</b>	<b>72.5</b>	<b>72.2</b>	<b>71.2</b>	<b>73.9</b>	<b>74.1</b>

Table 1.B.2. **Trends in employment/population ratios by age group<sup>a</sup>** (cont.)

		Percentages					
		1983	1989	1990	1993	1999	2000
<b>Weighted average<sup>d</sup></b> (varying countries)	Teenagers	29.2	33.0	32.3	29.7	30.3	30.5
	Young adults	63.0	65.4	65.2	60.3	60.0	60.4
	Prime age	72.3	75.5	75.9	74.4	75.9	76.2
	<b>Working age</b>	<b>62.8</b>	<b>65.5</b>	<b>65.8</b>	<b>64.0</b>	<b>65.4</b>	<b>65.7</b>
<b>Unweighted average<sup>e</sup></b> (18 countries)	Teenagers	29.2	30.6	29.5	24.2	26.3	27.5
	Young adults	63.0	64.5	63.9	57.1	58.5	60.4
	Prime age	71.5	74.7	75.3	73.7	76.8	77.8
	<b>Working age</b>	<b>61.6</b>	<b>63.9</b>	<b>64.2</b>	<b>62.1</b>	<b>65.3</b>	<b>66.3</b>
<b>Unweighted median<sup>e</sup></b> (18 countries)	Teenagers	28.6	28.9	29.9	17.4	24.1	25.2
	Young adults	66.0	68.1	67.0	58.2	61.8	63.1
	Prime age	70.3	74.3	74.7	74.3	77.8	78.4
	<b>Working age</b>	<b>61.3</b>	<b>62.1</b>	<b>62.7</b>	<b>62.9</b>	<b>65.7</b>	<b>66.6</b>

.. Data not available.

a) *Teenagers* refer to persons aged 15 to 19 (16 to 19 for countries concerned by footnote b), *young adults* to persons aged 20 to 24, *prime age* to persons aged 25 to 54 and *working age* to persons aged 15 to 64 (16 to 64 for countries concerned by footnote b).

b) *Teenagers* refer to persons aged 16 to 19 and *working age* to persons aged 16 to 64.

c) 1990 data for Switzerland refer to 1991.

d) Weighted average of non-missing data shown in the table (in 1999 and 2000, all OECD countries). 1990 weighted average for OECD includes 1991 data for Switzerland.

e) Average and median for the 18 countries having non-missing data in 1983.

Source: OECD (2001), *Labour Force Statistics, 1980-2000*, Part III. For Austria, Belgium, Denmark, Greece, Italy, Luxembourg, Netherlands and Portugal, data are from the European Union Labour Force Survey. Data from Switzerland are from the Swiss Labour Force Survey, and were supplied directly by national authorities.

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