The global financial crisis of 2007/2008 spilled over into the real economy reducing demand for labour and increasing unemployment. Young people were hit particularly hard. Experiencing unemployment upon entering the labour force for the first time can have a scarring effect on future employability and wages as well as on subjective well-being and health. Where more than one in three young job seekers is unemployed or one in five youths is not in work, education or training, an entire generation of young people is at risk of social exclusion as they cannot afford to live independently and engage in society fully.

This paper investigates changes in the labour market situation of 15-24-year-olds in 41 countries between 2008 and 2013.

Youth unemployment has escalated across the vast majority of rich countries during the Great Recession. Figure 1 plots the unemployment rate among the 15-24 age group for 2008 and 2013. In only five out of 41 countries have the rates fallen by one point or more: Chile, Germany, Israel, Luxembourg and Turkey. There was virtually no change in Japan or Korea, with youth unemployment below 10% both in 2008 and 2013. Japan now has the lowest youth unemployment rate in the comparison. In contrast, the Netherlands boasted the lowest youth unemployment rate of 5% in 2008, but it more than doubled by 2013, placing the Netherlands in the bottom half of the ranking in terms of the absolute changes.

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Figure 1 Change (ppt) in youth unemployment (15-24) between 2008 and 2013


* The views expressed in this paper cannot be attributed to the OECD or its Member governments; they are the responsibility of the author alone.
Figure 2 plots the share of young people aged 15-24 not in education, employment or training in 2008 and in 2013. The NEET rate has gone up substantially since the start of the crisis in most countries. Only in Germany, Japan and Luxembourg has the NEET rate fallen by at least one point to relatively low levels of under 10%. The largest increases were in Italy (6ppt), Romania (9ppt), Croatia (9ppt), Greece (9ppt) and Cyprus (9ppt), with around one in five youth counted as NEET in 2013.

However, percentage point changes in the NEET rates may draw attention away from the absolute numbers of young people not in employment or education. Although Cyprus showed the greatest increase in the NEET rate among 41 countries, it translates into around 16,000 people. In contrast, the one point rise in the NEET rate in the United Kingdom corresponds to the net increase of 76,000. The largest net increases in the numbers of 15-24-year-old NEETs were in Italy (330,000) and the United States (over 1.3 million). To put this in context, there are approximately 800,000 more NEETs in 2013 than in 2008 across the entire European Union.

While youth unemployment has gone up in the vast majority of the 41 countries analysed, increases in the share of inactive, rather than unemployed, 15-24-year-olds who were out of school were modest by comparison. It rose by between one and four points in nine countries, decreased by at least one point in five, and remained unchanged in 24 out of 38 countries for which data are available. Thus, although the proportion of youths who were not employed but looking for work has increased in most countries during the Great Recession, the population share of those who are, arguably, at the greatest risk of being discouraged and disaffected due to labour market inactivity and non-participation in education has remained relatively stable. Nevertheless, this share remains alarmingly high (over 10%) in Bulgaria, Italy, Mexico, and Turkey.

Figure 2 Change in the NEET rate (ppt) between 2008 and 2013, 15-24

Source: Eurostat (last update 21.07.2014); *OECD Society at a Glance 2014 (Q4-2007 and Q4-2012 for Japan; March 2007 and March 2013 for Australia, Q1-2007 and Q1-2013 for Canada, Mexico, New Zealand and the United States).