OECD report: 39 million unemployed young people in industrialized nations

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The Organization for Economic Cooperation and Development (OECD) released a study in May reporting that there were 39 million unemployed young people among its member countries in 2013. This figure includes individuals between the ages of 16 and 29, and is 5 million more than the number of unemployed youth in 2008, during the immediate aftermath of the global financial crisis.

The study, titled *OECD Skills Outlook 2015*, states that the 2008 crisis led to record highs in youth unemployment that have remained virtually unchanged in recent years. Although the data included in the study does not extend beyond 2013, the OECD projects that figures concerning youth unemployment in 2014 will show little to no improvement.

The OECD uses the term "NEET" to describe young people who are "neither employed nor in education or training." The number of NEETs is highest in southern European countries such as Greece and Spain, where many of the most brutal austerity measures have been imposed. In these two countries, NEETs amount to just over 25 percent of young people. In the United States, Great Britain, and France, the figure is closer to one in every six youth, a proportion just above the 15 percent average among OECD member countries.

The report encompasses statistical data from thirty two industrialized nations, including Australia, Canada, Germany, Israel, Korea, Norway, Poland, Turkey, and many others.

Compared to average poverty rates taken for the whole population of various OECD member countries, youth in these countries face a disproportionately higher risk of poverty. Between the years 2007 to 2011, the 16-to-29 year-old age group also experienced the highest loss in income relative to all other age groups.

NEET youth are twice as likely to face unemployment as older "prime age" workers, and about half of unemployed youth have entirely given up on the prospect of finding a job. In the United States and Europe, more than 10 percent of young people were unemployed for around 15 months from 2007 to 2011. The proportion of NEETs that have been unemployed for so long that they have become "inactive" and are no longer seeking jobs is especially high in Australia, Israel, Korea, Mexico, Norway, Turkey, and the United States.

One major problem discussed in the report is that too many young people leave educational institutions unprepared for work, as evidenced by deficiencies in many basic math and reading skills. But even young people strong in these areas may still face barriers in the form of firms refusing to hire those with little to no direct labor market experience. And among young people who do successfully obtain a job, they may be working on temporary contracts or in a job that they are actually overqualified for. This effectively creates a series of hurdles between NEETs and traditional forms of employment.

Among young people who are actually employed, about 25 percent are working on a temporary contract, with temporary contracts more prevalent among young people than among prime-age workers as well. Although the study indicates that many young people working on temporary contracts eventually make a successful transition to more stable terms of employment, the results regarding the role of temporary contracts in facilitating this transition are mixed.

The OECD study shows that youth living in a remote or rural area or those coming from a "low socioeconomic background," or suffering from mental illness are particularly prone to becoming NEETs. These factors frequently interpenetrate, leading to

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situations where disadvantages become compounded.

Educational attainment and cognitive ability are two important indicators. Although educational backgrounds among NEETS vary from country to country, most NEETs have attained the equivalent of at least a high school or secondary school education. Unemployment rates are most pronounced among youth who have not attained this level of education, while young people with college degrees or more advanced education are generally less likely to be affected.

The study goes on to emphasize that youth who experience a period of unemployment are likely to encounter a “scarring effect” later in their careers. This can take the form of skills atrophying from disuse, dramatically lower earnings over the course of a lifetime, diminished self-confidence, or prejudice from potential employers.

These scarring effects are especially significant in contributing to youth poverty in countries where young adults tend to leave their parental homes relatively early in life, and there is evidence suggesting that, in the most severe cases, these effects can result in extreme marginalization, drug addiction, and criminal behavior.

The international prevalence of young people not in education or training among many of the world’s most prosperous countries is a damning indictment of capitalism, which offers few prospects for young people seeking to establish the early foundations of their future. Seven years after the onset of the global financial crisis, this situation remains unchanged.

The OECD report comes amid several studies detailing the rash of joblessness still effecting youth more than seven years after the economic crisis that struck in 2008. A report released in May by Drexel University found that despite the so-called economic recovery, teenagers are still facing Depression Era-like labor market problems.

In the United States, the Obama administration repeatedly proclaims that the country is in the midst of an economic recovery, but this “recovery” has only served to benefit the financial elite, which has profited enormously from the increase in stock prices at the expense of wages and living standards for the vast majority of the population. In a similar vein, the high number of NEETs in Greece must be considered alongside of the ruinous austerity measures that have been imposed by the European Union, the European Central Bank, and the International Monetary Fund over the past half-decade. Last Friday’s rally against austerity and the “no” vote during the recent referendum represent a popular repudiation of such conditions.

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