

## : 청년 실업 관련 문제 및 청년을 위한 정책 분석\*

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이 연구는 유럽과 한국의 실업의 상황과 그 원인, 그리고 영향을 탐구한다. 2007, 2008 글로벌 금융위기 이후 유럽 노동시장과 경제는 급격히 악화되었으며, 이로 인해 유발된 높은 청년 실업률은 해당 국가들이 해결해야 할 가장 중요한 문제라고 하겠다. 다른 유럽 지역도 그러하겠지만 특히 남부 유럽지역은 심각한 청년 실업률로 인해 고통 받고 있으며, 이로 인해 엄청난 사회 경제적 비용을 소비하고 있다. 한국의 청년들은 1997~98 경제 위기와 IMF의 강제 금융 이후, 청년 실업율을 증가시키는 다양한 노동 시장 변화 상황에 직면하고 있다. 가장 먼저 해고되고 가장 나중에 고용되는 세대라고 일컬어지는 유럽의 청년 계층과 이에 해당하는 한국의 청년들은 일자리 시장에서 소외되고 있으며, 이로 인한 방향감각 상실로 인해 유럽에서는 잃어버린 세대, 한국에서는 포기한 세대라는 청년계층이 생겨났다. 둘째로, 본 논문은 청년실업 위기에 직면해 이를 해결하기 위한 유럽기구와 유럽국가들, 한국의 정치적 해결방안 분석을 목적으로 한다.

기존 시행된 범 유럽과 유럽 연합의 노동시장 규정과 실업문제 해결을 위한 규정을 분석하고, 과거 수십 년 간 청년 세대와 관련된 유용한 프로젝트가 도입됐음에도 불구하고 여전히 많은 국가에서 젊은 세대를 위한 구체적인 실업정책이 전반적으로 불충분하다는 결론으로 귀결된다. 유럽각국과 연합기구에서는 청년계층의 실업 문제에 전념해야 한다는 인식이 부족했으며, 일자리의 질, 직업 안정성 그리고 사회적 안정성 등을 제외한 '유연 안전성(flexicurity)'에만 집중했다.

한국 정부는 '브리지 플랜 2020'을 통해 청년 실업의 위기에 대한 대책으로 작업 시간 단축, 고용 관계 개선, 직업 훈련 증가와 임금 피크제의 시행을 제시하고 있다. 그럼에도 청년 실업인력을 위한 복지 정책이 전반적인 부족하며, 청년 고용 비율을 높이기 위한 대기업들의 의지가 약하다는 비판을 받는다. 이 논문의 모든 국가들은 정치적 결정에 있어서 청년층에 대한 세부적이고 집중적 노력을 증대할 필요성이 있다.

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## I. Introduction

The effects of the 2007–2008 global financial crises continue to negatively affect the economies, job markets, and societies of countries within the European Union (EU). Since the onset of the global financial crises 2007–8 many young people in Europe aged between 15 and 24 have been left in despair with few prospects for jobs or job-related training. The economic recession has in particular taken its toll in countries such as Greece, Spain and Croatia, where youth unemployment rates remain alarmingly high, reaching well above 50%. Since the Asian Financial Crises of 1997–98, following the IMF bailout package the South Korean youth employment rate has constantly been high with figures well above 10% since 2014.

The economic cost of youth unemployment in Europe was estimated to be 153 billion Euros in 2011 alone and income inequalities are on the rise<sup>1)</sup>. In comparison to other age groups, young Europeans have suffered the most and shared the greatest risk as a result of the economic recession. Young people in Europe have become job market outsiders and their weak financial and social situation has caused them to suffer physical as well as mental discomfort. Finding employment is especially hard for already marginalized youths, such as those who lack higher education or whose skills do not match the needs of the employers; the plight of this segment of the population is made worse by tightening labour market conditions characterized by layoffs and employment protection policies that favour older workers.

The South Koreans young find themselves in a similar difficult situation as a strong flexibility of the market has entailed increases in lay-offs, part-time work and precarious working conditions. Their transition into the labour market has been hampered by a wide list of job requirements ('specs'), a lack of jobs at the

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1) "In several advanced economies, where inequalities historically have been much lower than in developing countries, income inequalities have worsened rapidly in the aftermath of the crisis". (Guardian, 19. January. 2015)

entry stage of a career, a mismatch of skills and qualification and an unwillingness to apply for less desirable employment options.

Political responses at the level of EU institutions and states to the dilemma of the 'lost generation' in terms of unemployment regulations and protections have changed over time and vary by country. Looking at policies starting from two decades ago, it is noticeable that unemployment policies regarding young people have been too broad and not sufficiently determined to address the problems of the young unemployed in Europe. While some valuable steps such as the European Youth Pact in 2005, the EU Strategy for Youth-Investing and Empowering in 2009, and the Youth Employment Package with a Youth Guarantee at its core in 2012, and the EU Strategy 2020 have been implemented, criticism highlights the inconsistent efforts for progress, the over reliance on 'flexicurity' and the vague and unspecific policy measures for youth in Europe. Political reactions to deal with the difficult and frustrating situation of the 'give-up generation' in South Korea have entailed the wage peak system and other initiatives to increase job training and the amount of internships available. Under the 'Bridge Plan 2020' the government has announced it would prioritize job shortage and create 370,000 jobs by including wage peaks, reduced work hours and improved employment relationships into its' proposed labour market reform. Critics, however, point to limited welfare policies for the unemployed young and also limited efforts by large South Korean companies to boost their youth employment ratio.

In Europe as well as South Korea flexibility of the labour marker appears not to be the answer to youth unemployment but rather the cause of it. Although partly determined by economic performance and demographic factors, governments in the covered nations need to step up their efforts to better target the problems of unemployed youth by implementing job market regulations that enhance the employment prospects of the young.

## II. Magnitude of Youth Unemployment in Europe

The global financial crisis of 2007–2008, considered to be the worst financial crisis since the Great Depression, has brought about economic plunge and strongly rising rates of youth unemployment worldwide. Even in the economic power-house of the European Union (EU), where the economic crises lingers up to date<sup>2)</sup>, the need for new recruits of especially young people aged 15–24, remain slow. Youth unemployment rates are much higher, twice as high or even more, than adult unemployment rates<sup>3)</sup>. Before the outbreak of the global economic crisis of 2007–2008, the youth unemployment rate in the EU-28 strongly dropped between 2005 and 2007 <graph 1>, reaching its minimum value (15.1 %) in the first quarter of 2008 <graph 1>.

The economic crisis, however, severely affected the European young and has strongly hampered them to enter the EU labour market<sup>4)</sup>. From the second quarter of 2008, the youth unemployment rate has constantly been going up peaking at 23.6% in the first quarter of 2013, before declining to 23.1 % at the end of the year. In 2013, the youth unemployment rate was 23.4%, meaning that more than one out of five young person's available and looking for a job was not employed. According to Eurostat (2012) the number of youths (aged 15–24) in the EU-28 who were unemployed rose to 5.6 million in 2012. This implies that in just five years the youth unemployment rate rose from a relative low of 15.5 % in 2007 to reach 23.4 % by 2013. This shows the tremendous force of the economic crises with regards to rising unemployment.

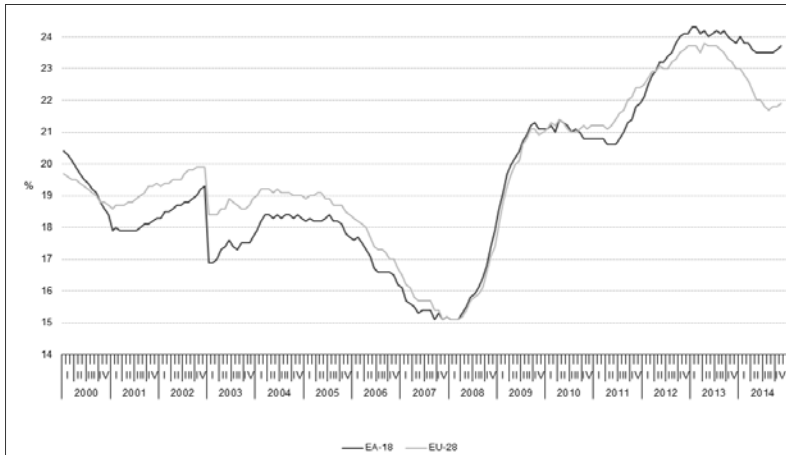
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2) According to the most recent ILO report of 2015, the employment situation has improved in the US and Japan, but remains difficult in many advanced economies, particularly in the Eurozone (Guardian, 19. January. 2015).

3) Youth as the adult one—23.3 % against 9.3 % in the fourth quarter of 2012 (Eurostat, 2012, European Commission).

4) The for a young unemployed person—only 29.7 % of those aged 15–24 and unemployed in 2010 found a job in 2011 (Eurostat, 2012, European Commission).

<Graph 1>: Youth unemployment rates, EU-28 and EA-18, seasonally adjusted, Jan. 2000 - Nov. 2014



“Source: Eurostat (Jan. 2015)”

Some EU-28 states had alarmingly high youth unemployment figures in 2013 <Table 1>. For example, Greece, Spain and Croatia show illustrate unemployment rates well above 50%. In the upper middle range countries with figures above 25% are Bulgaria, Poland, Hungary and Ireland. In the lower middle range countries less seriously affected with over 15% youth unemployment are Finland, Czech Republic, Estonia and Luxembourg. The least of all affected countries of the EU-28 are Malta, Denmark, Netherlands, Austria and Germany, displaying figures of youth unemployment lower than 15%.

Countries like Malta, Denmark, Netherlands, Austria and Germany have very low rates of youth unemployment, especially when compared to EU countries in the Southern Mediterranean region. At the moment in Spain there are about one million people aged 15–24 out of employment; in Italy this number is more than 600,000. In Greece and Portugal, as well as in Spain and Italy, the number of young people out of employment has considerably increased during the past five years. “The number of unemployed people aged 25 or younger has increased by

nearly 800,000 to reach 2 million in these four countries alone “(Eichhorst et al., 2013:231).

<Table 1>: Youth unemployment figures, 2011-2013Q4 (%)

	Youth unemployment rate				Youth unemployment ratio			
	2011	2012	2013	2013Q4*	2011	2012	2013	
EU-28	21.4	23.0	23.4	23.1	9.1	9.7	9.8	
Euro area	20.8	23.1	24.0	23.8	8.7	9.5	9.8	
Belgium	18.7	19.8	23.7	23.9	6.0	6.2	7.3	
Bulgaria	25.0	28.1	28.4	28.1	7.4	8.5	8.4	
Czech Republic	18.1	19.5	18.9	18.9	5.4	6.1	6.0	
Denmark	14.3	14.0	13.0	12.8	9.6	9.1	8.1	
Germany	8.6	8.1	7.9	7.9	4.5	4.1	4.0	
Estonia	22.4	20.9	18.7	19.1	9.1	8.7	7.4	
Ireland	29.1	30.4	26.8	25.5	12.1	12.3	10.6	
Greece	44.4	55.3	58.3	57.3	13.0	16.1	16.6	
Spain	46.2	52.9	55.5	54.9	19.0	20.6	20.8	
France	22.6	24.4	24.8	23.7	8.4	8.9	9.0	
Croatia	36.1	43.0	49.7	48.6	11.3	12.7	14.4	
Italy	29.1	35.3	40.0	41.8	8.0	10.1	10.9	
Cyprus	22.4	27.8	38.9	40.8	8.7	10.8	15.0	
Latvia	31.0	28.5	23.2	23.9	11.6	11.5	9.1	
Lithuania	32.6	26.7	21.9	20.6	9.2	7.8	6.9	
Luxembourg	16.4	18.0	17.4	17.2	4.2	5.0	4.0	
Hungary	26.1	28.1	27.2	24.8	6.4	7.3	7.4	
Malta	13.8	14.2	13.5	13.5	7.1	7.2	7.0	
Netherlands	7.6	9.5	11.0	11.4	5.3	6.6	7.7	
Austria	8.3	8.7	9.2	9.9	5.0	5.2	5.4	
Poland	25.8	26.5	27.3	27.2	8.6	8.9	9.1	
Portugal	30.1	37.7	37.7	34.8	11.7	14.3	13.5	
Romania	23.7	22.7	23.6	.	7.4	7.0	7.3	
Slovenia	15.7	20.6	21.6	19.9	5.9	7.1	7.3	
Slovakia	33.7	34.0	33.7	33.5	10.1	10.4	10.4	
Finland	20.1	19.0	19.9	20.0	10.1	9.8	10.3	
Sweden	22.8	23.7	23.4	22.6	12.1	12.4	12.8	
United Kingdom	21.1	21.0	20.5	19.7	12.4	12.4	12.0	

: data not available  
 \* The quarterly youth unemployment rate is seasonally adjusted.

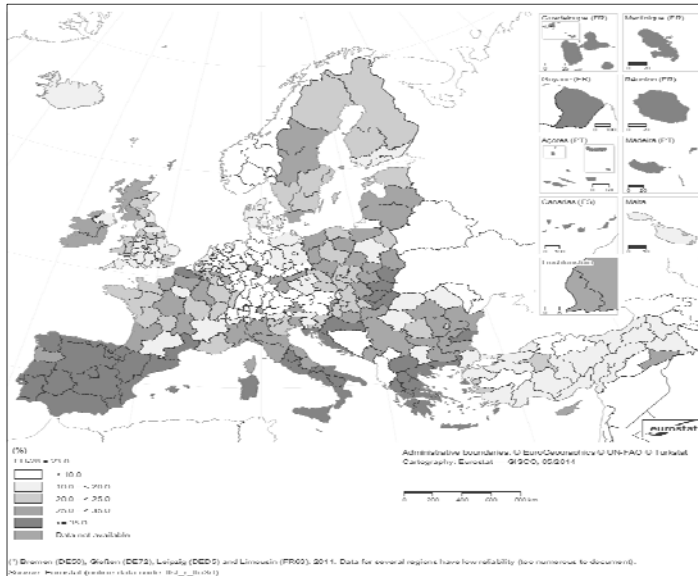
“Source: Eurostat (May, 2014)”

Youth unemployment rates vary not only among the EU countries but also among the regions of particular countries (see map 1). Whilst countries like Spain, Portugal, Greece and Croatia all have very homogenous rates of youth unemployment; regional youth unemployment rates in other EU nations are more heterogeneous.

What is also important to notice is that regions with higher overall levels of unemployment also exhibit higher concentration of youth unemployment. The

youth unemployment rate exceeded 50.0 % in 24 regions in 2012 (which was twice as many regions as in 2011).

<Map 1>: Youth unemployment rate, persons aged 15-24, by NUTS 2 regions, 2012 (1) (%) RYB14.png



“Source: Eurostat (June, 2014)”

These 24 regions were located across Spain (10 regions), Greece (nine regions), France (three out of the four overseas regions), and Italy (the neighbouring regions of Calabria and Sicilia). At the other end of the range, there were 39 regions across the EU that reported a youth unemployment rate that was lower than 10.0 % in 2012. The lowest rates were recorded in Germany (25 regions), the Netherlands (nine regions), Austria (four regions) and a single region in Belgium (Eurostat, 2014). This exemplifies that youth unemployment figures also have to be understood in the context of the economic performance of a region or a country.

### III. Magnitude of Youth Unemployment in South Korea

Young people in South Korea have been facing an unstable labour market since the economic crisis of 1997–98. The repercussions of the IMF bailout package that demanded for the restructuring of South Korea’s economy are still felt today. Indeed, an entirely new generation of non-regular or contract workers emerged in the pursuit of a more flexible labour market by both the government and family-owned conglomerates—known as chaebol. As a result, young workers have suffered a loss of career prospects and security in employment (Kim, 2015).

The result of that has been raising youth unemployment. An OECD survey found that the economically active participation rate of the young adults group aged 15 –24 decreased from 37% in 1994 to 25% in 2010, which fell far short of 47%, the OECD average” (Park et al, 2014:11). Since 2011 the youth unemployment rate has been steadily going up (see graph 3). In the month of February, the youth unemployment rate was 8.3% in 2012, 9.1% in 2013, 10.9% in 2014, 11.1% in 2015 and 12.5% in 2016, the latter presenting highest figure since 1999.<sup>5)</sup> There were 560,000 young people seeking jobs last month – 76,000 more than the same month last year.<sup>6)</sup>

<Graph 2>: Youth Unemployment Rate (Youth aged 19-29)



“Source: Statistics Korea (2016)”

5) Hankyoreh, March 17, 2015

6) Ibid



## IV. Causes for High Youth Unemployment Rates in Europe

The reasons of high youth unemployment in countries of the European Union are diverse and frequently interconnected. This section demonstrates some of the factors contributing to youth unemployment.

Each country has its own job market history together with a complex interaction of social and political factors, which make any generalization about the causes of youth unemployment across the EU rather difficult. As stated by Biavaschi et al. (2012:85) several factors influence the labour market situation of youth in a country: “On the one hand, the interplay between demographic developments, economic growth and labour market regulations regarding wages and employment protection determines the aggregate demand and supply for young workers; and on the other hand, the education and training system influence the speed and quality of the matching that takes place between youth and employers”.

### 1. Demographic Factors

Empirical research has pointed out that demographic factors, in particular cohort size and economic demand, matter in affect youth employment (Biavaschi et al., 2012: 12). “Although demography seems to be the main long run determinant of young people’s labour supply”(Contini, 2010:6), the situation appears rather paradox.

With an aging European society and constantly decreasing birth rates almost all over the Europe Union, more young people are predicted to be involved in the job market. Yet, while birth rates in the EU have constantly been decreasing following the baby boom of the sixties, young peoples’ participation in the job market has not gone up. “Demography impacts on the size of the new cohorts, much less on young people’s propensity to join the labour market. This is greatly due to an increase in school attendance among young Europeans over the past decades” (Contini, 2010:6).

## 2. Economic Growth

There is growing evidence that higher youth unemployment can be directly linked to lack of economic growth. “Youth unemployment is connected to the business cycle and related GDP growth at the European level” (Dietrich, 2012:20). The ILO claims that a slowdown in economic growth means more jobs will be lost this year with young people again bearing the brunt of the financial crisis and its aftermath<sup>7)</sup>. One of the most significant reasons for youth unemployment is poor macroeconomic performance. “Lack of growth affects everyone in the economy and some groups are particularly hard-hit (Görllich et al., 2013:3). Some regions inside EU countries have experienced very little economic growth, consequently leading up to higher youth unemployment rates (i.e. Greece). In fact, there is a clear similarity between youth unemployment rates and total unemployment rates in terms of the pattern of regions with particularly high or particularly low rates<sup>8)</sup>. Young people are the most in need of protection and they encounter the greatest risk share when an economic crunch hits a country. “They are the first to be dismissed, and companies close their doors on new recruitments first for the young without work experience” (Kawaguchi and Muraio 2012).

## 3. Market and Job Regulations

The argument that labour market regulations regarding wages and employment protection determines the aggregate demand and supply for young workers is often put forward by the neoliberals within the EU. The neoliberals claim that ‘rigid’ markets mechanisms such as employment protection, minimum wages for young workers, social support for the unemployed and trade union intervention impede the integration of young people into the labour market, increasing unemployment and creating an insider-outsider divide (Gregg and Manning,

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7) Global unemployment to rise to 212 million, says ILO (Guardian, 19. January)

8) This Phenomenon can be recognized on Map 1 (Eurostat, 2014)

1997 in Papadopoulos 2014:4). Labour market institutions tend to protect (older) employees at the expense of (young) entrants. “From a theoretical point of view, employment protection exhibits countervailing effects on unemployment. On the one hand, it makes dismissing workers difficult; on the other hand, those constraints tend to reduce hiring. This indicates that for youth the detrimental effects clearly dominate, for older people positive and negative effects just balance” (Sachs and Smolny, 2014:14). Collective bargaining may also have a negative impact on young people’s employment prospects. Sachs and Smolny (2014:14) argue that “union coverage exhibits a strong detrimental effect on youth unemployment, the corresponding effect for older people are much smaller and less significant.

What is more, bargaining coordination reduces unemployment more for older people as compared with youth”. The neoliberals also allege that youth unemployment developed from a mismatch between labour market supply and demand resulting from the incapacity of the labour market to generate the skills and qualifications required. Undoubtedly, young workers normally have lower job protection. Apart from that, “they face a lower opportunity cost for resigning, are less likely to have dependents that they need to support, and turning to higher education is a more natural and viable option for them than for adults” (Görlich et al., 2013:4).

#### 4. Skills and Education

The literature largely agrees that skills, job-oriented education and work experience are very important in successfully managing the school-to-work transition. There is also some evidence, that the least educated, as well as those with the lowest skill levels, plus minorities and immigrants, are especially impacted by a decline in demand. In this context, “the transition between school and work is a critical period in the life of young people, because their first access to the labour market can have a remarkable effect on their

employment history over the entire life course” (Brzinsky-Fay, 2006:1). A skill mismatch between potential employer and employee is generally accepted as having a negative impact on employability. A mismatch of skills arises when workers do not meet the skills needed to execute the job. Such skills can be technical (also called cognitive, such as knowledge and expertise on a specific field or trade) and nontechnical skills (also called non-cognitive or soft skills, such as negotiation, how to access social networks, how to influence and persuade, how to perceive and listen to others).

While both types of skills are crucial for employers, better access and quality of education have yielded a growing number of youth with relevant knowledge and skills (IMF, 2014). In some countries in the EU young people have no option but to take any job that is available. “During the recession, the incidence of temporary employment amongst young workers has continued to rise, becoming the dominant form, in some countries almost the only form, of new employment contracts for young people” (O’Higgins 2012:22). Another problem related to young people and education in the EU is the relatively high number of early school leavers. Youngsters who drop out before completing their education will experience great difficulties when trying to enter the labour market. Early leavers from education and training are the highest risk group and the longer these people remain unemployed the greater the difficulty for them to enter or return to employment (Eurostat, 2014). Once facing unemployment young people may become dependent on the social welfare of a state, where available. In a survey undertaken on young people receiving social benefits in Germany, it was discovered that there are certain risk groups among the surveyed 18- to 24-year-old social benefit clients who face high risks for longer benefit dependency. “These are low qualified young people and those with discontinuous and disrupted school-to-work-transitions. Also young parents – and especially single parents–face high difficulties to earn sufficient money for their family” (Schels, 2009:23).

The stratification and distribution of opportunities in society as well as the

background of a young person are crucial factors in determining whether he or she can secure a job or an apprenticeship. Another study from Germany shows that nationality and ethnic group can have an influence on the performance or participation in the job market. “When compared to Germans, migrants face a higher risk of unemployment, occupational mismatch and skill mismatch—especially over the last decade. This is especially true for Turkish men. Since these young men as a group unify many negative stereotypes within German society, ethnicity-specific selection mechanisms might be responsible for the comparatively poor performance of these individuals after apprenticeship training”(Burkert and Seibert, 2007:30). A similar discovery comes from a research undertaken in Switzerland. “There are not only claims that firms generally show insufficient willingness to offer apprenticeship places and thus force a considerable part of compulsory-school graduates every year into non-certifying scholastic interim solutions, but also are there signs that the process of allocation of young applicants into vocational tracks might discriminate those with unfavourable attributes, as for example those with low parental socio-economic status, migration background or low-level compulsory school track attendance, presumably irrespective of their true ability”(Mueller and Wolter 2011:1).

## 5. Causes of Youth Unemployment in South Korea

The instability of the South Korean labour market since post-1997 economic crisis has led to the disappearance of jobs, flexibility of the labour market, increase of lay-off and increase in part-time work, and also a growth in unemployment. The hurdles for the transition to work for South Korean youth remain strong, especially when considering the long list of job requirements(or ‘specs’ derived from specifications) that most employers ask for. The job market has become spec-centered because conglomerates and preferred companies are recruiting in a spec-centered manner asking for a wide range of skills that

mostly include educational background, grades, English score, studying abroad, certificates, experience of winning a contest, internships, volunteer work and perhaps even plastic surgery to give a better impression.<sup>9)</sup> As it can take a long time to collect all those ‘specs’ and thus secure good job prospects, many students at universities have opted for a continuation of studies to build up competitiveness. According to research released by the Korea Research Institute for Vocational Education and Training, 17.9 percent of university graduate students have put off their graduation. Another factor for postponement could also be the worries related to entering the Korean work culture and instable job conditions. In South Korea, it is customary to work beyond normal working hours, part-time employment is not preferred, temporary or part-time jobs are insecure, authority hierarchies are strong in the workplace, and work-related activities are prioritized over family life(Chin et al, 2012: 62).

Other causes are likely to be related to the job seekers preference. “Korea does not create enough jobs “at the starting stage of a career” that college or university graduates prefer(i.e. jobs such as working as public officials and in public enterprises and major companies). Such structural factors are a fundamental problem for youth unemployment (Park et al, 2014:14). Since educational background is mostly considered the only means to obtain financial security and social status an overemphasis on education in South Korea has resulted in a job market and skills mismatch in which highly educated young Koreans do not find the right jobs or decline other job offers. For example, people with tertiary education are not employed, whilst those who have college or university degrees are forced to do a job that people with lower level of education would have previously undertaken(Park et al, 2014:11). Many well-educated young Koreans compete for a limited number of prestigious full-time jobs, rather than apply for less desirable employment options. Many choose to remain out of work in the hope of securing a better job (Kim, 2015).

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9) Korea, JoongAng Daily, November 24, 2014

This is especially felt in the Small and Medium Enterprises (SMEs), where plenty of job vacancies remain unfilled. The widespread disregard of vocational training and the limited infrastructure of Meister schools have not allowed for a strong alternative career path to evolve in South Korea.

## V. Impacts of high youth unemployment in Europe

As the figures of 2013 have shown, more than one in five young people available for the EU labour market cannot find a job. Many young people have difficulties accessing jobs in line with their qualifications. Consequently, “Youth unemployment is one of the most pressing economic and social problems confronting the EU countries, whose labour markets have weakened substantially since 2008” (Bell and Blanchflower, 2012:2). Youth employment within the EU states has indeniably been causing substantial economic and social costs. Considering the former, the economic losses due to disengagement of young people from the labour market and education in 2011 totalled €153 billion, according to Eurofound (2012), corresponding to 1.21% of European GDP. Besides enormous economic costs the EU and the unemployed young Europeans also confront many social issues that need to be taken seriously.

### 1. Social Costs of Youth Unemployment

The youth unemployment crisis poses grave social risks for Europe: “A great share of the young generation is running the danger to become labour market outsiders and socially degraded” (Eichhorst, 2012:15). Globally and in the EU, young people suffer first and share the greatest risk when an economic depression occurs. Young people might become trapped at the lower end of the labour market, with less on-the-job training, lower wage levels and weaker long-term employment and career prospects, consequently experiencing long spells of joblessness and facing a high risk of exclusion (Eurostat, 2014). Against this backdrop the concept has been put forward that young people get disconnected

from society at large. Dietrich(2012:3) argues that the situation of EU youth is so dire that the feared “lost generation” might soon be a “terrifying reality”. Hence the future prospects are rather dire and the youth remains often very vulnerable. Bell and Blanchflower(2010:26) in a study on youth unemployment discovered that spells of youth unemployment have harmful impacts on a number of outcomes—happiness, job satisfaction, wages and health—many years later. The Commission on Youth Unemployment highlights that young people aged 16–24 years who were unemployed were more likely to spend longer out of work throughout their lives, be paid less when in work, have poorer mental and physical well-being and be involved in criminal activity. Research has also documented the fact that high youth unemployment tends to erode social cohesion and institutions, and foster crime, all of which are detrimental to medium-term growth prospects. “For individuals, long spells of unemployment have been found to lead to ‘scarring’—a lower probability of future employment and lower wages”(Banerji et al., 2014:7).

## 2. Health Impact of Youth Unemployment

Unemployment affects young people’s well-being, motivation and health. In a case study of jobless young man in Finland, Björklund et al. (2015:82) discovered that “among other things, unemployment led to feelings of being excluded from society and of shame, guilt, and worry”. In this research unemployment also showed to be a risk parameter for increased bad habits and unhealthy behaviour among young men, for example, increased alcohol consumption. Unemployment per se seemed to have negatively affected the young men’s lifestyle, emotional life, self-esteem, and identity as well as to have caused unhealthy behaviour, all of which may in turn influence how their adult lives develop, for example, it might be a trigger for developing a depression. Furthermore, Paul and Moser(2009:278) claim that “the meta-analysis of longitudinal studies demonstrates that losing a job is associated with negative



changes of mental health and that finding reemployment after a period of unemployment is associated with an improvement in mental health". Novo and Hammarström(2012:220) add that "long-term unemployment at young age could have various health effects among men and women, high consumption levels of alcohol among men being one example".

Unfortunately, there appears to be little hope that the situation of youth unemployment in Europe is going to improve any time soon. In Fact, Eichhorst et al.(2013:15) argue that market conditions and current policies are making use unemployment long-term reality. "At times of economic recession, young people suffer disproportionately due to their often precarious position in the labour market, which is attributed to their lack of skills and experience"(Maguire et al. 2013:196). Young people do bear the brunt of an economic crises and as Eichhort et al.(2013:1) puts it, "the long term-term consequences(of youth unemployment)-from social tensions and the danger of political radicalization to potential 'brain drain' out of Europe- are immeasurable". The research seems to indicate that, if nothing is done, youth unemployment in the EU and its negative consequences will continue.

### 3. Impacts of Youth Unemployment in South Korea

Similarly to Europe, youth unemployment has come with its economic and social costs. Whilst Europeans talk about a 'lost generation', in South Korea the term 'give-up generation' has made its way into daily language usage and become a social phenomenon. While South Korea's chaebol have recovered nicely from the(1997 economic) crisis, high unemployment or unstable employment have been the outcome for young people, to the extent that they are known in Korean society today as the 'seven-give-up generation'. The seven give-ups include love, marriage, childbirth, human relations, home ownership, personal dreams and hope. (Kim, 2015). The labour market instability has particularly had a negative impact on marriage and birthrates. Since the mid

1990s, high unemployment due to a poor economy and an accompanying high sense of insecurity among young people have resulted in a delay of marriage and a decreasing population of those married which in turn, have affected fertility decline(Kim, 2005: 21). In particular, Korean men, who are traditionally required to prepare a place to live, have been affected by these trends. More significant than the change of social norms on age at marriage has been the decreasing number of “marriageable” male since the economic crisis(Eun 2003:585). The Ministry of Health and Welfare said that the biggest obstacle to addressing delayed marriage and non-marriage is high youth unemployment.<sup>10)</sup>

#### IV. Unemployment policies, regulations and protection for the young

As shown before, the economic crisis has and is posing social as well as economic and mental risks for young people in the European Union. In the light of such risks, the following section analyses how and to what extent the European Commission and European welfare states have attempted to increase the integration of young people in the European job market whilst also providing unemployment protection and social security to unemployed youths.

##### 1. Policy Approaches and Trends of EU institutions and States

The staggeringly high youth unemployment rates in Europe have in recent years put immense pressure on European governments and the EU Commission. In order to improve the crisis of the unemployed youth, unemployment policies and regulations must be shaped to protect and encourage a potentially ‘lost generation’ of young people. Strategies to tackle youth unemployment were part of the EU institutions’ first coordinated employment policy approach almost two decades ago, albeit only generally approached. As Lahusen et al.(2013:302) explain, the EES (European Employment Strategy) aimed to tackle youth

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10) The Dong-A Ilbo, December 11, 2015

unemployment, prevent long-term unemployment and promote employability since the EES' first employment guidelines of 1997. For instance, the guidelines advocated all unemployed a new start before reaching 6 months of unemployment for job entrants and 12 months for previously employed youngsters. This general approach to youth unemployment was later replaced by more direct policies.

Urgent social issues such as demographic change, high numbers of early school leavers and overall high youth unemployment created a stronger focus on youth unemployment. Despite the obligation to act, rather poor outcomes lead to the OMC(Open Method of Coordination), an approach that uses soft governance to improve employment rates of young people in Europe. What followed was the European Youth Pact, an important outcome by the Council in March 2005, which was to give another significant boost to youth employment. From that point onwards and as part of the new priorities within the renewed Lisbon Strategy, "the EU has committed itself to guaranteeing the participation of young people in labour markets and in society at large in order to ensure sustained and sustainable growth in Europe" (Lahusen et al., 2013: 302). Ever since the economic and financial crisis of 2007–2008 this trend to address youth unemployment has further been stimulated and intensified.

In April 2009, the European Commission(2009) presented a communication entitled 'an EU Strategy for Youth–Investing and Empowering', calling for more policy coordination among member states and for a more proactive implementation of European policy initiatives. Improved policy coordination, a better monitoring system, and more specific and proactive approaches in regard to individual measures, is what the EU Commission requested from its member states. In this context, the Youth Employment Package was launched in December 2012, with a Youth Guarantee at its core.

The EU Member States endorsed this principle of a Youth Guarantee in April 2013 through a Council Recommendation(Regulation 1737/2005) which aims to ensure all young people under 25 years, whether registered with employment

services or not, should get a good-quality offer within four months of them leaving formal education or becoming unemployed; such an offer may relate to a job, an apprenticeship, a traineeship, or continued education. The initiative may urge governmental authorities in many countries to intensify the interaction among public and private employment services, schools, universities, vocational training providers and wage settlement partners(Eichhorst et al., 2012: 35). However, critics have argued that the timeframe of the Youth Guarantee policy is too overambitious and thus raises expectations that cannot be met; and critics have also questioned whether it is possible to design and coordinate such huge programmes (Eichhorst et al., 2012: 35).

The most recent policy approach is the EU Strategy 2020 with various new flagship initiatives. These initiatives are follow-up strategies of the Lisbon Process and in line with the Europe 2020 Strategy, the EES now encompass three main policy fields: job creation, skills and the combating of poverty(Lahusen et al., 2013: 303). With regard to youth-related employment policy, the flagship initiatives 'Agenda for New Skills and Jobs' and 'Youth on the Move' are the most relevant. The Agenda for New Skills and Jobs aims to modernise labour markets, develop people's skills throughout the life cycle and match labour supply and demand. Only a few measures focus especially on young people, such as more targeted job-search assistance and career guidance.

Although policy actors' reflection about past policies for unemployment youth is generally perceived as progressive, critics have been concerned with the specification of recommended key actions and measures, the evaluation of possible side effects, the allocation of the necessary funds and the need to improve implementation at the national and local level. Critical remarks have particularly been made regarding the unspecific and vague policy measures for youth in the EU, in which young people are listed among a number of other disadvantaged or vulnerable groups such as older workers, women, migrants and people with disabilities. Youth is not identified as a specific category awaiting targeted solutions, despite the acknowledgement that young people are faced with specific

problems (e.g. transition from education to work, low quality internships and precarious jobs, little coverage by social security systems) that require a more comprehensive approach (Lahusen et al., 2013: 303). Furthermore, a lack of regulatory competencies of the EU institutions, lack of a proactive and more forceful policy approach at the EU level, unwillingness of member states to adopt relevant measures, and the non-existing cross-sectoral and integrated policy approach. The latter hints the overemphasis of the current EU policies to increase the flexibility of the labour markets whilst enhancing job and social security, in other words creating 'flexicurity', to solve the problem of youth unemployment. "EU institutions emphasise workfare and the individual's responsibilities, and tend to subordinate social rights to the requirements of economic competitiveness and labour – market flexibilisation" (Lahusen et al., 2012: 304).

This bias for 'flexicurity' in the realm of youth unemployment issues may contribute to the exclusion of young unemployed people from social security systems over the long term and is deemed to create more social inequality. This bias takes labour markets as a given factor to which young people have to be adapted and requests that young people have to be flexible when education, training and jobs search are at stake. With regards to social security, access to social benefits is made conditional on the readiness of young people to conform to policy expectations; however, no indications are made concerning structural or practical impediments to mobility, as stressed by social NGOs. The former lying in the hands of the individual, meaning "The transferability of social rights (pension, health and social security) and qualifications, problems of language, family support and social ties, among others, are structural impediments to mobility that have to be solved by the individuals, but are not addressed by European policy initiatives" (Lahusen et al., 2013: 304).

To sum up, one can argue that the pressing issue of youth unemployment in the EU has not created a political dynamics in which EU institutions and states have diverted much from the policy framework identified and institutionalised within the Lisbon Strategy but rather insisted on a piecemeal approach of

policy-making with a weak system of social benefits and an overemphasis on the inclusion in the labour market. “Quality of work, job security and social security are three major issues that are only marginally addressed by the EU policies” (Lahusen et al., 2013: 307). Hence it is also not surprising that “since the inception of the crisis, the overall situation in the economy of many European countries has worsened, and the policy responses have rarely been innovative in advancing the labour market inclusion of an increasing number of young unemployed” (Cinalli et al., 2013:287).

Some promising developments, which took shape during the height of the youth unemployment crisis, however, need some attention. “From early 2010 onwards, youth unemployment was one of the thematic priorities for the three presidencies of the Spanish, Belgian and Hungarian governments, which broadened the range of consultations also with youth organisations” (Lahusen et al., 2013: 305). Nonetheless, policy coordination and specification was confronted with various obstacles. Individual member states were particularly interested in addressing youth unemployment (e.g. Spain, Hungary and Belgium during their EU presidencies) and helped to generate a broader consensus about the need to draft a more consistent strategy to combat youth unemployment. However, reservations emerged as soon as more specific measures were debated. This was the case, for instance, in regard to the issue of a youth guarantee. “Several countries had already introduced this instrument (i.e., Austria, Denmark, Germany, The Netherlands, Norway, Poland and Sweden), but reservations about a binding guarantee prevailed” (Lahusen et al., 2013: 306). As seen from the previous section, despite persevering high youth unemployment rates in the EU, there is still no well-defined youth unemployment policy model at EU level and no strong consensus supporting a specific youth unemployment policy strategy. It is not just several member states, which have not sufficiently collaborated but also the business associations and trade unions. “Business interests were not pushing youth unemployment issues and at the same time, trade unions have treated this topic with great caution because youth unemployment could be used to justify a

general relaxation of standards in the realm of wages, contracts, working conditions and social security entitlements, thus endangering established rights of older workers in particular and of the general work force at large” (Lahusen et al., 2013: 306).

## 2. Policy Approaches in South Korea

Addressing high youth unemployment is not just a method to curb low fertility but also a way to help South Korea’s Youth to establish themselves in the labour market and achieve self-sufficiency.

The government has declared that resolving the job shortage for young people is its top priority. Under the ‘Bridge Plan 2020’ the government stressed that the proposed labor reforms centering on wage peaks, reduced working hours and improved employment relationships would create 370,000 jobs for the youth over the next five years.<sup>11)</sup> In August 2015, Park called for labour market reform to create more jobs, especially for young people, by pushing for a wage peak system that would offer job security to regular workers earning high income, while progressively cutting their wages after they reach a certain age. Park claimed the system, which is expected to create an environment that will produce more jobs for young people, was a win-win deal for both the older and younger generations (Kim, August, 2015). The government has also declared that resolving the job shortage for young people is its top priority, and it has pursued a number of policies such as bolstering job training and creating more internships and opportunities for work overseas.<sup>12)</sup>

These initiatives have not gone without criticism. Korean Trade Union Associations have been in opposition to the wage peak system and the revision of employment rules to make it easier to dismiss workers accused of underperforming and Kim Hyung-mo, the author of a book, *Who Killed My*

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11) The Dong-A Ilbo, December 11, 2015

12) Hankyoreh, March 17, 2015

Pension?, has argued for increased unemployment benefits (Kim, 2015). However, there seem to be some cultural barriers that may hinder a political shift towards a more comprehensive welfare state. Like in other East Asian countries where Confucianism has substantially affected family life, the family has been considered an important intermediary to achieve social welfare in Korea.(Chin et al, 2012).

Moreover, just 15% of the young people who have taken part in the job programs for job training and internship have been hired as regular workers.<sup>13)</sup> The big issue seems to be lack of good and secure jobs and better welfare for the unemployed youth. “If companies with more than 300 employees were required to maintain a youth employment ratio of 5%, it would create 140,000 more regular jobs,” Kim, a senior analyst at the Korea Labor and Society Institute, said.<sup>14)</sup> Kim also pointed out that there are 3.54 million South Koreans who are working more than 52 hours per week. Reducing their working hours, Kim said, would also create more jobs.<sup>15)</sup>

## V. Discussion and Conclusion

The youth unemployment crisis in Europe and South Korea is an ongoing dilemma producing an increasing number of frustrated, vulnerable and unprotected numbers of young people. European institutions as well as their South Korean counterparts have insufficiently recognised the urge for policies entirely devoted to youth unemployment. Without question, the European and South Korean youth faces a time of crisis induced by the onset of past financial crises in their countries and the consequent labour market changes that have followed. Also being partly the result of economic slowdown and demographic, market regulation which have focused on creating more flexibility have created more precarious working conditions and also loss of jobs.

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13) Ibid

14) Ibid

15) Ibid



As young people are often the first to be laid off and the last to be employed, young people run the risk of being excluded from the labour market and losing social status. The economic slump has particularly been devastating in countries such as Greece, Spain and Croatia, where youth unemployment rates have affected more than 50 % of the young population. Youth unemployment has left its scar on the young aged 15 to 24 and older, and their insecure financial and social situation has made them susceptible to physical as well mental problems. A 'lost generation' in Europe and with a recent 12,5 % youth unemployment rate a 'give-up generation' in South Korea has become a social truth already showing indications that high youth unemployment has eroded social cohesion. The reasons for this job market development are multiple including strong factors such economic stagnation and lack of skills or experience, mismatch of skills or low education, rigid markets with employment protection favouring older workers, and also weaker factors such as demographic change.

In the last two decades, policies of EU institutions to tackle youth unemployment have been broad and in line with the old Lisbon Strategy approaches. Although important steps such as the European Youth Pact in 2005, the EU Strategy for Youth- Investing and Empowering in 2009, and the Youth Employment Package with a Youth Guarantee at its core in 2012, and the EU Strategy 2020 have been implemented, criticism suggests that policy measures aimed at reducing youth unemployment in the EU have been too vague and unspecific. In EU policy making unemployed youth is just listed as one among many other disadvantaged groups without providing a specific category for the complex problems of the unemployed youth. Additionally, a lack of regulatory competencies both in EU institutions, the unwillingness of member states and business associations and trade unions to adopt and implement new measures has been an impediment in the fight against youth unemployment in Europe. What is more, by overstressing the need to implement 'flexicurity' in European states, flexibility of the labour markets whilst enhancing job and social security,

European Institutions (i.e. Commission) run the danger to ultimately exclude young people from the social security system over the long term and creating more social disparities. In this context quality of work, job security as well as social security are only marginally addressed by EU policies.

Similarly in South Korea, general political approaches and increased flexibility to deal with seriously raising youth unemployment are not the right way forward. The South Korean government has well recognized the youth unemployment crises and some policies under the ‘Bridge Plan 2020’ – including the wage peak system, reduced work hours and improved employment relationships – can be perceived as a development in the right direction. Young people need assistance to manage the transition into work more smoothly and the governments’ efforts to create more job training places is positive. However, critics argue for improved welfare of the unemployed youth and for a greater youth employment ratio in large companies. Strongly youth targeted policies need to be implemented also addressing the issue of competition for the best jobs and job entry requirements. The South Korean government should try and encourage more young people to undertake vocational training in order to find a job in Small and Medium Enterprises. Furthermore, it should implement regulations that require companies to reduce their numbers of ‘specs’.

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ABSTRACT

European and South Korean Unemployed Youth in Times of Crisis  
: An Analysis of Youth Unemployment Related Problems and Policies for the Young

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This paper explores the extent, the causes and the repercussions of youth unemployment in Europe and also South Korea. Youth unemployment is one of the most pressing economic and social problems confronting the EU countries, whose labour markets and economies have been significantly weakened since the onset of the global financial crisis. Southern Europe in particular, but also other regions, has been severely affected by very high youth unemployment rates inducing enormous economic and social costs. Since the Asian economic crisis and the subsequent IMF bailout package, young South Koreans have been confronted with a range of labour market changes that have steadily increased youth unemployment. Commonly first to be fired and last to be hired, young Europeans as well as their South Korean counterparts have become marginalized in the job market and disorientation has created a 'lost generation' in Europe and a 'give-up generation' in South Korea. Secondly, the paper aims to analyse the political measures taken by European institutions, European states and in South Korea to tackle the youth unemployment crisis.

European-wide and EU Commission policies of labour market regulations reveals that although some useful youth-related projects have been introduced in the past decades, many current policies aimed at reducing regional and national unemployment have insufficiently recognised the need for policies entirely devoted to youth unemployment. Instead 'flexicurity' has become the focus at the expense of issues such as quality of work, job security and social security.

South Korean political responses to the youth unemployment crisis under the 'Bridge Plan 2020' have focused on the wage peak system, increasing job training, reducing work hours as well as improving employment relationships. Critics demonstrate an overall lack of welfare policies for the unemployed youth and a weak willingness of large companies to increase their youth employment ratio. All countries in this paper need to enhance their efforts to target the youth in their political decisions.

Key words : Youth Unemployment, European States and Institutions, South Korea, Youth Unemployment Policy, Wage Peak System.