

LONG-TERM UNEMPLOYMENT

Long-term unemployment is of particular concern to the people affected and to policy makers. Quite apart from the mental stress caused to the unemployed and their families, high rates of long-term unemployment indicate that labour markets are operating inefficiently. In countries that pay generous unemployment benefits, the existence of long-term unemployment is also a significant burden on government finances.

Definition

Long-term unemployment is here defined as referring to people who have been unemployed for 12 months or more. The ratios calculated here show the proportion of these long-term unemployed among all unemployed, hereafter called long-term unemployment rates. Lower duration limits (e.g. six months or more) are sometimes considered in national statistics on the subject.

Unemployment is defined in most OECD countries in accordance with the ILO Guidelines. Unemployment is usually measured by household labour force surveys and the unemployed are defined as those persons who report that they have worked in gainful employment for less than one hour in the previous week, who are available for work and who have taken actions to seek employment in the previous four weeks. The ILO Guidelines specify the kinds of actions that count as seeking work.

Overview

Rates of long-term unemployment are generally lower in countries that have enjoyed high GDP growth rates in recent years. There appears to be a two-way causal relationship here; on the one hand, jobs are easier to find in a faster growing economy; on the other, in economies that grow faster, unemployment will become increasingly unattractive relative to having a paid job. Lower rates of long-term unemployment may also occur at the onset of an economic downturn due to rising inflow of newly unemployed persons. However, developments described here preceded those associated to the financial crisis of 2008-2009, whose impacts are described later in this volume.

In 2008, rates of long-term unemployment have varied from 10% or less in Canada, Iceland, Korea, Mexico, New Zealand and Norway, to 50% or more in Belgium, the Czech Republic, Germany and the Slovak Republic. In non-OECD countries, Estonia, Israel, the Russian Federation and Slovenia have experienced long-term unemployment rates above OECD-average, while Chile has recorded lower shares of long-term unemployment.

Over the period 1998-2008, long-term unemployment rates have receded for the OECD as a whole by more than 7 percentage points. Sharp rises, of 5 percentage points or more, were recorded in the Czech Republic, Japan, Luxembourg and the Slovak Republic, while sharp falls occurred in about two third of countries, with Ireland, Spain and Sweden recording the steepest fall. In non-OECD countries, long-term unemployment rates have almost doubled over the 10 years to 2008 in Israel, while they have receded markedly in Estonia and Slovenia.

Comparability

All OECD countries use the ILO Guidelines for measuring unemployment. Operational definitions used in national labour force surveys may vary slightly across countries. Unemployment levels may also be affected by changes in the survey design and the survey conduct. The long-term unemployment rates shown here are fairly consistent over time.

In comparing rates of long-term unemployment, it is important to bear in mind differences in institutional arrangements between countries. Rates of long-term unemployment will generally be higher in countries where unemployment benefits are relatively generous and are available for long periods of unemployment. In countries where the benefits are low and of limited duration, unemployed persons will more quickly lower their wage expectations or consider taking jobs that are in other ways less attractive than those which they formerly held.

Sources

- OECD (2009), *Labour Force Statistics*, OECD, Paris.
- For Non-Member Countries: National Sources.

Further information

Analytical publications

- OECD (2002), "The Ins and Outs of Long-term Unemployment", *OECD Employment Outlook*, Chapter 4, OECD, Paris, pp. 187-243.
- OECD (2009), *OECD Employment Outlook*, OECD, Paris.

Statistical publications

- OECD (2004), *Quarterly Labour Force Statistics*, OECD, Paris.

Online databases

- *Employment Statistics*.

Web sites

- OECD Employment Data, www.oecd.org/els/employment/.
- OECD Employment Outlook, www.oecd.org/els/employmentoutlook.
- OECD Labour Statistics Database, www.oecd.org/statistics/labour.



Long-term unemployment

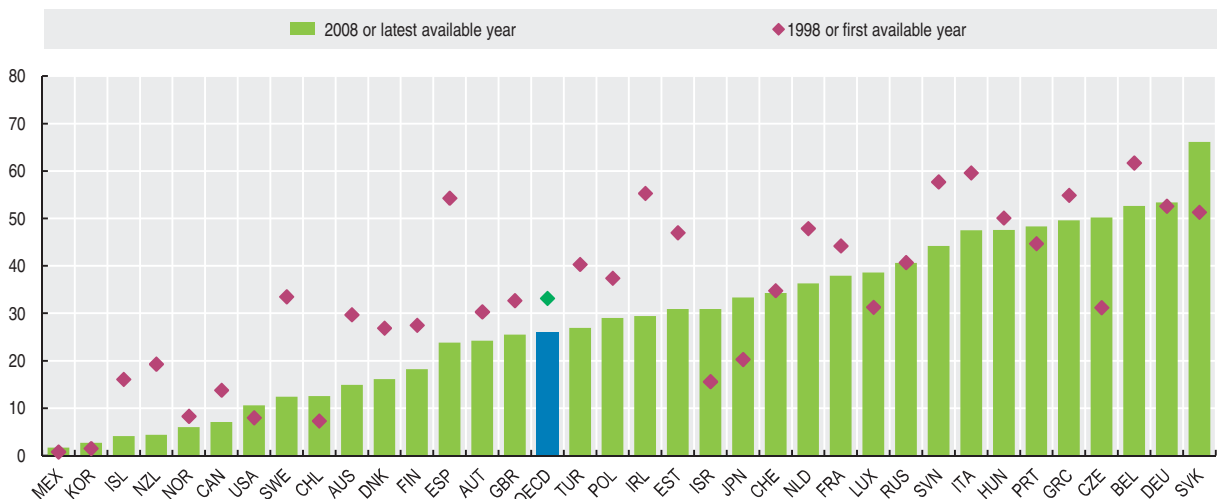
Persons unemployed for 12 months or more as a percentage of total unemployed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Australia	32.0	28.5	31.2	29.7	28.3	25.5	22.0	22.4	21.5	20.7	18.3	18.1	15.4	14.9
Austria	29.1	24.9	27.5	30.3	29.2	25.8	23.3	19.2	24.5	27.6	25.3	27.3	26.8	24.2
Belgium	62.4	61.3	60.5	61.7	60.5	56.3	51.7	49.6	46.3	49.6	51.6	55.6	50.0	52.6
Canada	16.8	16.8	16.1	13.8	11.7	11.2	9.5	9.6	10.0	9.5	9.6	8.7	7.5	7.1
Czech Republic	31.2	31.3	30.5	31.2	37.1	48.8	52.7	50.7	49.9	51.8	53.6	55.2	53.4	50.2
Denmark	27.9	26.5	27.2	26.9	20.5	20.0	22.2	19.7	19.9	22.6	25.9	20.4	18.2	16.1
Finland	37.6	34.5	29.8	27.5	29.6	29.0	26.2	24.4	24.7	23.4	24.9	24.8	23.0	18.2
France	42.5	39.6	41.4	44.2	40.4	42.6	37.6	33.8	41.0	40.9	41.4	42.2	40.4	37.9
Germany	48.7	47.8	50.1	52.6	51.7	51.5	50.4	47.9	50.0	51.8	54.1	57.3	56.6	53.4
Greece	51.4	56.7	55.7	54.9	55.3	56.4	52.8	52.7	56.3	54.8	53.7	55.6	50.3	49.6
Hungary	50.6	54.4	51.3	50.1	49.4	49.0	46.6	44.8	42.2	45.1	46.0	46.1	47.6	47.6
Iceland	16.8	19.8	16.3	16.1	11.7	11.8	12.5	11.1	8.1	11.2	13.3	7.3	8.0	4.1
Ireland	61.6	59.5	57.0	..	55.3	..	33.1	29.4	35.5	34.3	34.3	34.3	30.3	29.4
Italy	63.6	65.6	66.3	59.6	61.4	61.3	63.4	59.2	58.2	49.7	52.2	52.9	49.9	47.5
Japan	18.1	19.3	21.8	20.3	22.4	25.5	26.6	30.8	33.5	33.7	33.3	33.0	32.0	33.3
Korea	4.4	3.8	2.6	1.5	3.8	2.3	2.3	2.5	0.6	1.1	0.8	1.1	0.6	2.7
Luxembourg	23.2	27.6	34.6	31.3	32.3	22.4	28.4	27.4	24.7	21.0	26.4	29.5	34.5	38.6
Mexico	1.5	2.2	1.8	0.8	1.5	1.2	1.0	0.9	0.9	1.1	2.3	2.5	2.7	1.7
Netherlands	46.8	50.0	49.1	47.9	43.5	26.7	29.2	32.5	40.1	45.2	41.7	36.3
New Zealand	25.7	20.8	19.3	19.3	20.9	19.3	16.7	14.5	13.5	11.7	9.4	7.1	5.7	4.4
Norway	24.2	14.2	12.4	8.3	7.1	5.3	5.5	6.4	6.4	9.2	9.5	14.5	8.8	6.0
Poland	40.0	39.0	38.0	37.4	34.8	37.9	43.1	48.4	49.7	47.9	52.2	50.4	45.9	29.0
Portugal	50.9	53.1	55.6	44.7	41.2	42.9	38.1	35.5	32.8	43.2	48.6	51.8	47.3	48.3
Slovak Republic	54.1	52.6	51.6	51.3	47.7	54.6	53.7	59.8	61.1	60.6	68.1	73.1	70.8	66.1
Spain	57.1	55.9	55.7	54.3	51.2	47.6	44.0	40.2	39.8	37.7	32.6	29.5	27.6	23.8
Sweden	27.8	30.1	33.4	33.5	30.1	26.4	22.3	21.0	17.8	18.9	13.0	12.4
Switzerland	33.6	25.6	28.2	34.8	39.6	29.0	29.9	21.8	26.1	33.5	39.0	39.1	40.8	34.3
Turkey	36.4	44.3	41.6	40.3	28.2	21.1	21.3	29.4	24.4	39.2	39.6	35.8	30.3	26.9
United Kingdom	43.6	39.8	38.6	32.7	29.6	28.0	27.8	22.9	22.8	21.4	22.3	22.1	24.5	25.5
United States	9.7	9.5	8.7	8.0	6.8	6.0	6.1	8.5	11.8	12.7	11.8	10.0	10.0	10.6
OECD total	34.0	34.2	35.0	33.1	31.7	31.4	29.5	29.4	30.7	31.7	32.8	32.1	29.1	25.9
Chile	..	9.2	6.9	7.3	12.2	15.6	18.2	16.9	16.7	17.1	16.5	11.5	12.6	..
Estonia	31.7	55.3	45.7	47.0	45.8	45.4	48.3	52.8	45.9	52.2	53.4	48.1	49.4	30.9
Israel	16.2	14.3	14.2	15.6	18.9	18.8	17.0	19.2	25.0	32.6	32.5	32.6	30.9	..
Russian Federation	29.7	32.6	38.2	40.7	47.0	46.2	39.2	39.2	37.6	39.0	38.5	41.7	40.6	..
Slovenia	53.2	52.0	56.7	57.7	57.7	62.4	61.4	57.7	55.5	52.7	49.2	51.8	47.9	44.2

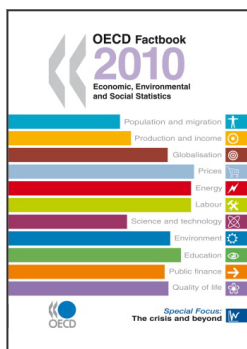
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