

LONG-TERM UNEMPLOYMENT

Clearly, long-term unemployment is of particular concern 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 and, in countries which pay generous unemployment benefits, the existence of long-term unemployment is a significant burden on government finances.

Definition

Long-term unemployment is conventionally defined either as those unemployed for 6 months or more or, as here, those unemployed for 12 months or more. The ratios calculated here show the proportion of these long-term unemployed among all unemployed.

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.

Long-term trends

In 2007, rates of long-term unemployment varied from 10% or less in Korea, Mexico, New Zealand, Canada, Iceland, Norway and the United States, to 50% or more in Belgium, Greece, the Czech Republic, Germany and the Slovak Republic. Lower rates of long-term unemployment are generally found in countries that have enjoyed relatively high rates of economic growth in recent years. There appears to be a two-way causal relationship here – on the one hand, jobs are easier to find in a fast growing economy and, on the other, economies may grow faster by making unemployment an unattractive proposition.

Over the period 1998-2007, long-term unemployment rates have been relatively stable and even receded somewhat for the OECD as a whole, but there have been some sharp rises in several countries and equally sharp falls in others. Rates of long-term unemployment have more than tripled in Mexico, albeit from very low levels and still below 3% in 2007. On the other hand, since 1998, the share of long-term unemployed has more than halved in New Zealand, Sweden, Korea and Iceland.

Comparability

All OECD countries use the ILO Guidelines for measuring unemployment, but the operational definitions used in national labour force surveys vary slightly in Iceland and Turkey. Unemployment levels are also likely to be affected by changes in the survey design and/or the survey conduct, but unemployment rates are likely to be 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 salary expectations or consider taking jobs that are in other ways less attractive than those which they formerly held.

Source

- OECD (2008), *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 (2008), *OECD Employment Outlook*, OECD, Paris.

Statistical publications

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

Online databases

- *Employment Statistics*.


Websites

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

Long-term unemployment

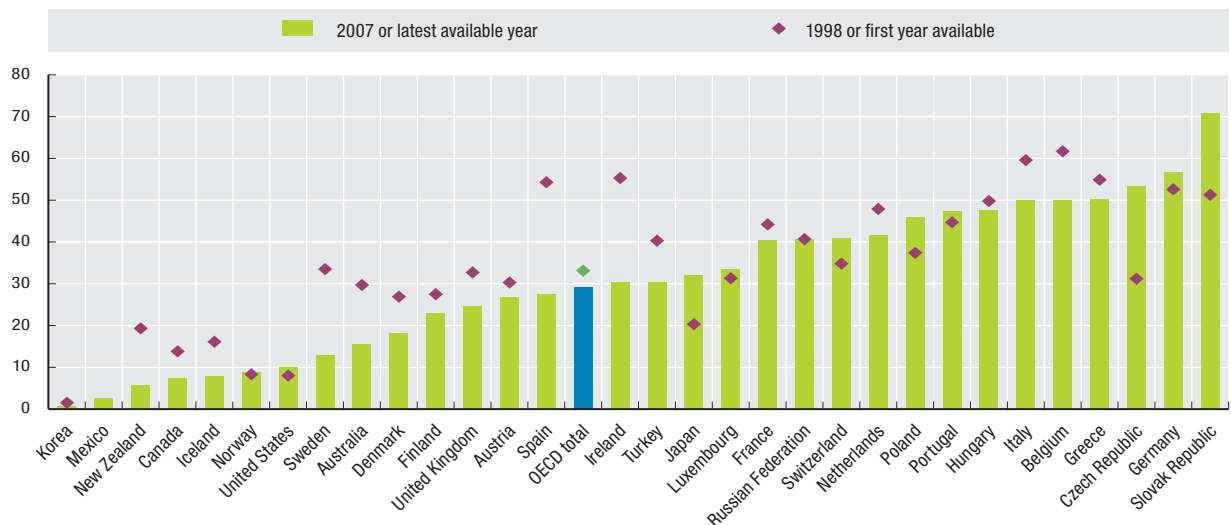
Persons unemployed for 12 months or more as a percentage of total unemployed


	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Australia	36.1	32.0	28.5	31.2	29.7	28.3	25.5	22.0	22.3	21.3	20.5	17.7	17.8	15.5
Austria	18.4	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
Belgium	58.3	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
Canada	17.9	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
Czech Republic	22.3	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
Denmark	32.1	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
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
France	38.5	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
Germany	44.3	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
Greece	50.5	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
Hungary	41.3	50.6	54.4	51.3	49.8	49.5	49.0	46.6	44.8	42.2	45.1	46.1	46.1	47.5
Iceland	15.1	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
Ireland	64.3	61.6	59.5	57.0	..	55.3	..	33.1	29.4	35.5	34.3	34.3	34.3	30.3
Italy	61.5	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
Japan	17.5	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
Korea	5.4	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
Luxembourg	29.6	23.2	27.6	34.6	31.3	32.3	22.4	28.4	27.4	24.7	21.0	26.4	29.5	33.5
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
Netherlands	49.4	46.8	50.0	49.1	47.9	43.5	..	..	26.7	29.2	32.5	40.1	45.2	41.7
New Zealand	32.7	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
Norway	28.8	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
Poland	40.4	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
Portugal	43.4	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
Slovak Republic	42.6	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
Spain	56.2	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
Sweden	25.7	27.8	30.1	33.4	33.5	30.1	26.4	22.3	21.0	17.8	18.9	..	..	13.0
Switzerland	29.0	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
Turkey	45.9	36.4	44.3	41.6	40.3	28.2	21.1	21.3	29.4	24.4	39.2	39.6	35.8	30.4
United Kingdom	45.4	43.6	39.8	38.6	32.7	29.6	28.0	27.8	22.9	22.8	21.4	22.4	22.1	24.7
United States	12.2	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
EU27 total	..	..	..	..	..	..	46.1	45.8	45.3	45.8	46.1	45.9	45.5	42.7
OECD total	35.5	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
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

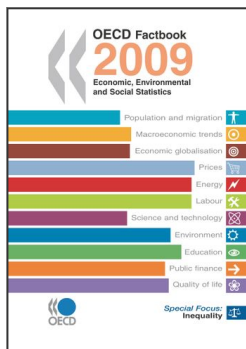
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