

## REGIONAL UNEMPLOYMENT

Unemployment rates vary significantly among OECD countries but large international differences hide even larger differences among regions. In 2006, regional differences in unemployment rates were above 10 percentage points in one third of OECD countries.

### Definition

Unemployed persons are defined as those who report that they are without work, that they are available for work and that they have taken active steps to find work in the last four weeks preceding the survey. The ILO Guidelines specify what actions count as active steps to find work and these include answering vacancy notices, visiting factories, construction sites and other places of work, and placing advertisements in the press as well as registering with labour offices.

The unemployment rate is defined as the number of unemployed persons as a percentage of the labour force, where the latter consists of unemployed and employed persons.

When unemployment is high, some persons become discouraged and stop looking for work. They are then excluded from the labour force so that the unemployment

rate may fall, or stop rising, even though there has been no underlying improvement in the labour market.

The Gini index offers an accurate picture of regional disparities. It looks not only at the regions with the highest and the lowest rates of unemployment but also at the differences among all regions. The index ranges between 0 and 1: the higher its value, the larger the regional disparities. Regional disparities tend to be underestimated when the size of regions is large.

The youth unemployment rate is defined as the ratio between the unemployed persons aged between 15 and 24 and the labour force in the same age group.

### Comparability

As for the other regional statistics, the comparability of unemployment rates is affected by differences in the meaning of the word region and the different geography of rural and urban communities (see Regional population), both within and among countries.

### Overview

In one third of OECD countries the difference between the regions with highest and lowest unemployment rate is higher than 10 percentage points. In 2006, Canada, Germany, the Slovak Republic and Spain had regions with unemployment rates as low as 5% or less and others with unemployment rate above 20%. Iceland, Italy and Belgium were the countries with the largest disparities in unemployment rate according to the Gini index. In Sweden, Ireland, New Zealand and Greece unemployment rates reflected a more even regional pattern. Unemployment rates have generally decreased between 1999 and 2006. During the same period, the reduction in the national unemployment rate experienced in Spain and Italy was accompanied by a reduction of regional disparity according to the Gini index. The decrease of the unemployment rates in Greece and New Zealand had no effect on the regional disparities and resulted in an increase of regional disparities in Slovak Republic and Korea.

There are also significant differences in youth unemployment rates (unemployed between 15 and 24 years) among regions within a country. The Slovak Republic, Belgium and Italy were the countries with the highest regional inequality. In almost half of the countries considered, the regional variation in youth unemployment rate is higher than 15 per cent points.

### Source

- OECD (2009), *OECD Regions at a Glance 2009*, OECD, Paris.

### Further information

#### Analytical publications

- OECD (2001), *OECD Territorial Outlook, 2001 Edition*, OECD, Paris.
- OECD (2003), *Geographic Concentration and Territorial Disparity in OECD Countries*, OECD, Paris.
- OECD (2005), *Local Governance and the Drivers of Growth*, OECD, Paris.
- Oliveira Martins, J., F. Gonand, P. Antolin, C. de la Maisonneuve and K.-Y. Yoo (2005), *The Impact of Ageing on Demand, Factor Markets and Growth*, OECD Economics Department Working Papers, No. 420, OECD, Paris.

#### Online databases

- OECD Regional Database.

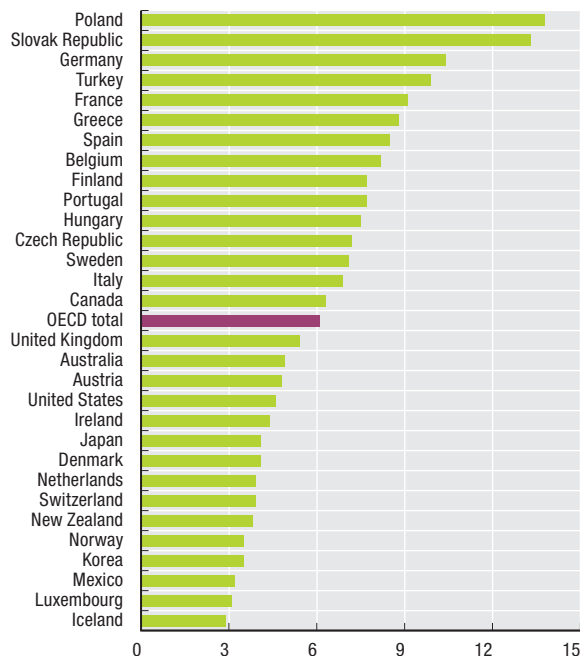
#### Websites

- Territorial grids, [www.oecd.org/gov/regional/statisticsindicators](http://www.oecd.org/gov/regional/statisticsindicators).
- OECD eXplorer, [www.oecd.org/gov/regional/statisticsindicators/explorer](http://www.oecd.org/gov/regional/statisticsindicators/explorer).



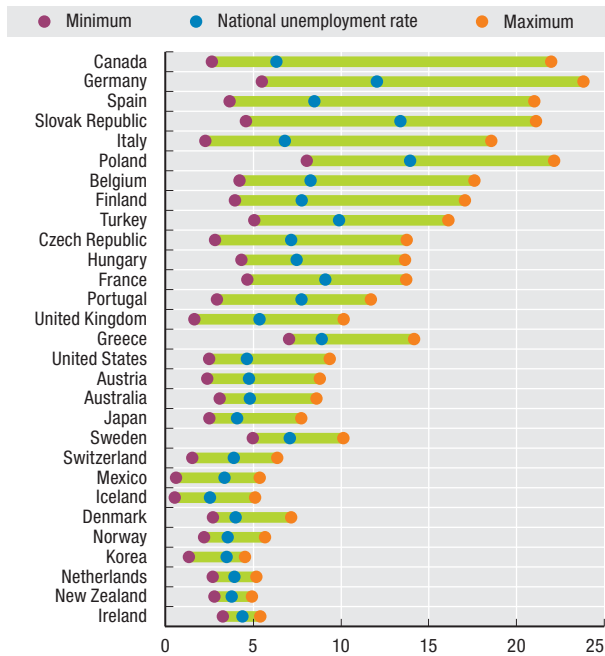
### National unemployment rate

As a percentage of the labour force, 2006



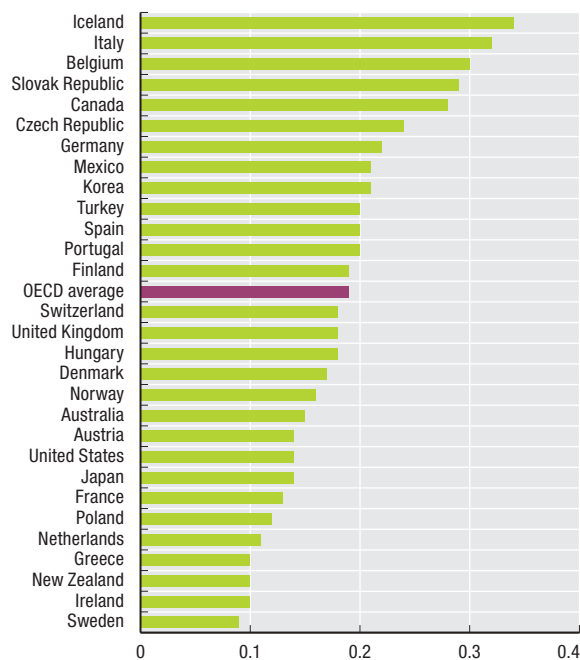
### Range in regional unemployment rate, small regions

Percentage, 2006



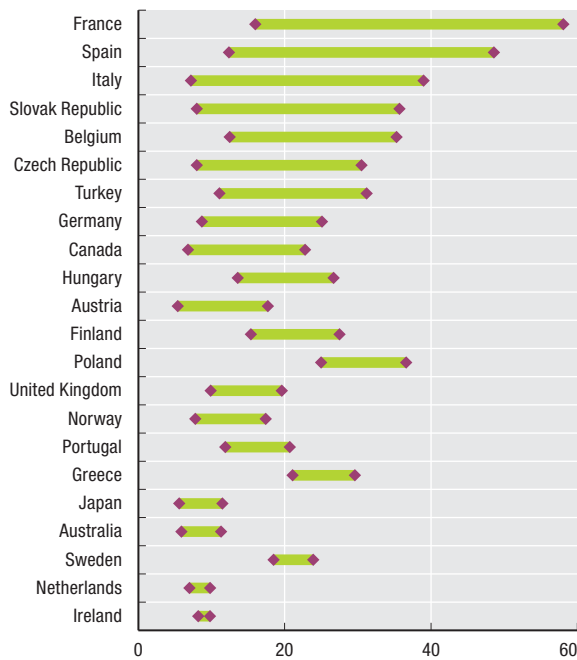
### Gini index of regional unemployment rates, small regions

Year 2006

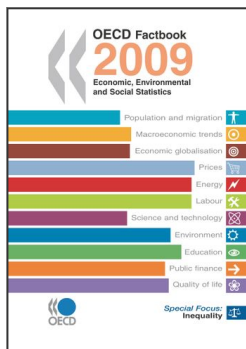


### Regional variation of the youth unemployment rate, large regions

Percentage, 2006



StatLink <http://dx.doi.org/10.1787/536674321543>



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