

UNEMPLOYMENT BY REGION

Unemployment rates vary significantly among countries but large international differences hide even larger differences among regions. In 2008, regional differences in unemployment rates were above 10 percentage points in one third of OECD countries. In some regions, unemployment also remained persistently high in the decade leading up to 2008, even before the impact of the economic crisis on the labour market.

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 a 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 person 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. The word “region” can mean very different things both within and among countries, with significant differences in terms of area and population. To address this issue, the OECD has classified regions within each country based on two levels: territorial level 2 (TL2, large regions) and territorial level 3 (TL3, small regions). Labour market data for Australia and Canada refer to a different regional grouping, labelled non official grids (NOG) comparable to the small regions. For Brazil, Chile, China, India, Russian Federation and South Africa only large regions have been defined so far.

Overview

In one third of the countries the difference between the regions with highest and lowest unemployment rate is higher than 10 percentage points. In 2008, the Russian Federation, Finland, Germany and Italy displayed regions with essentially no unemployment rate and regions where the unemployment rate was above 10%. After the Russian Federation, Iceland, Italy and Belgium were the countries with the largest disparities in unemployment rate according to the Gini index.

There are also significant differences in youth unemployment rates among regions within a country. The Slovak Republic, Belgium, Italy and Spain were the countries with the highest regional inequality in youth unemployment. In half of the countries considered, the regional variation in youth unemployment rate is higher than 10 per cent points.

Sources

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

Further information

Analytical publications

- OECD (2009), *Regions Matter: Economic Recovery, Innovation and Sustainable Growth*, OECD, Paris.
- OECD (2005), *Local Governance and the Drivers of Growth*, OECD, Paris.
- Oliveira Martins J., F. Gonand, P. Antolin, C. de la Maisonnette 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.

Web sites

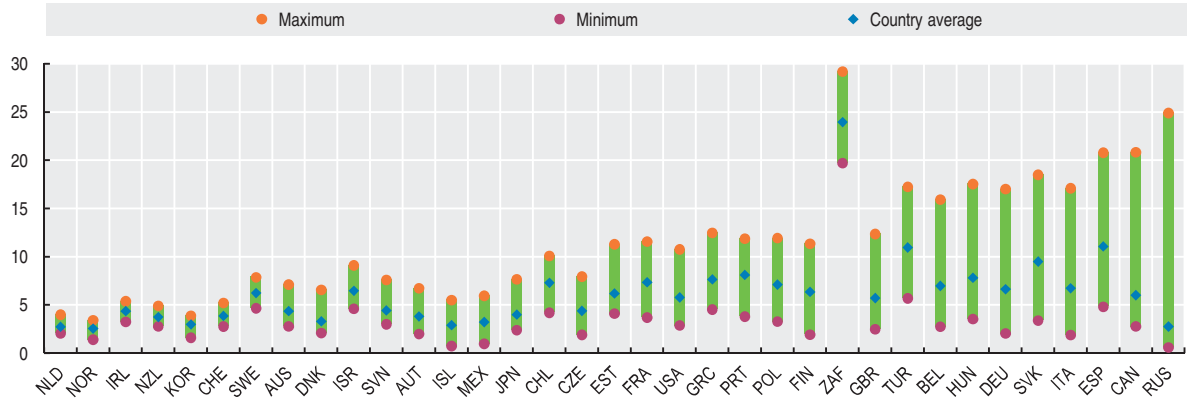
- OECD eXplorer, www.oecd.org/gov/regionaldevelopment.
- Territorial grids, www.oecd.org/gov/regional/statisticsindicators.



UNEMPLOYMENT BY REGION

Range in regional unemployment rate, small regions

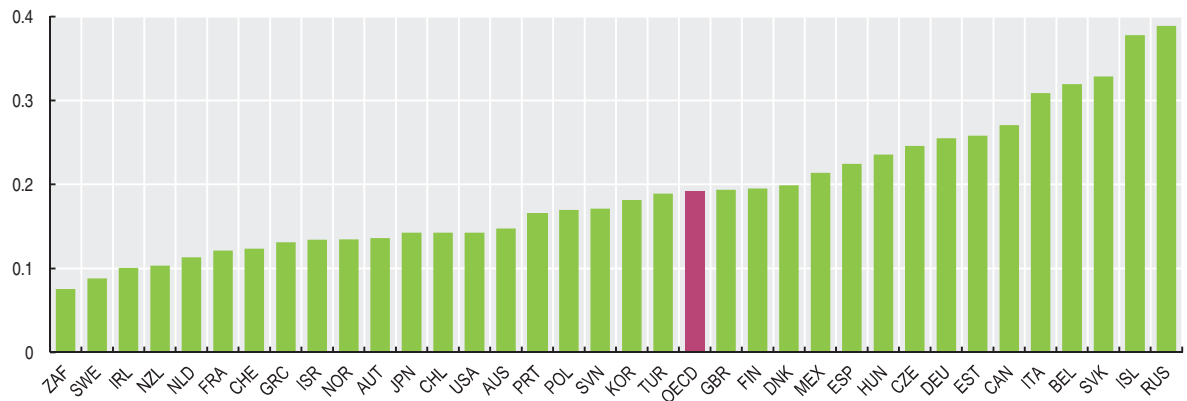
Percentage, 2008



StatLink <http://dx.doi.org/10.1787/820741213136>

Gini index of regional unemployment rates, small regions

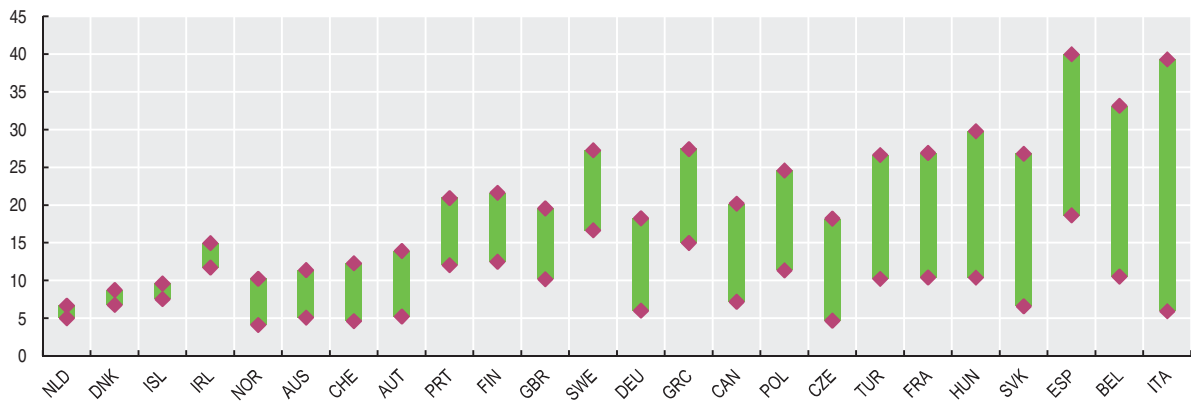
Year 2008



StatLink <http://dx.doi.org/10.1787/820840076676>

Regional variation of the youth unemployment rate, large regions

Percentage, 2008



StatLink <http://dx.doi.org/10.1787/820813366103>



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