

## 2. Unemployment

**Definition and measurement**

The unemployment rate is the ratio of people out of work and actively seeking it to the population of working age either in work or actively seeking it (15 to 64-years old). The data are gathered through labour force surveys of member countries. According to the standardised ILO definition used in these surveys, the unemployed are those who did not work for at least one hour in the reference week of the survey but who are currently available for work and who have taken specific steps to seek employment in the four weeks preceding the survey. Thus, for example, people who cannot work because of physical impairment, or who are not actively seeking a job because they have little hope of finding work are not considered as unemployed.

**Unemployment reduces people's ability to support themselves and their families and makes them reliant on others, especially the benefit system (SS2.1).** Unemployment also has substantial psychological costs on people, leading to permanently lower life satisfaction.

**The highest unemployment rate in the OECD in 2009, in Spain, was six times higher than the lowest unemployment rate, found in Norway (Panel A, SS2.1).** Like Norway, Korea and the Netherlands also achieved unemployment rates below 4%, while the Slovak Republic, Ireland, Estonia and Turkey all had a current unemployment rate in excess of 12%.

**The economic crisis has had a strong but variable impact on unemployment rates (Panel B, SS2.1).** Between 2007 and 2009, average OECD unemployment rate increased by more than 2 percentage points. Larger rises, of 7 percentage points or more, were observed in Estonia, Spain and Ireland.

Countries which succeeded in reducing their unemployment rate over this difficult period included Germany, Israel and Poland (Panel B, SS2.1).

**Male unemployed was more affected by the job crisis than female unemployment.** The sharp contraction of construction, an industry employing a high proportion of males, was an important factor driving different patterns by gender in a number of countries.

**Young people were usually more likely to be unemployed and have also been hit harder by the jobs crisis (SS2.2).** These people are more often hired with a temporary employment contract. Moreover, they also tend to be more recent entrants to employment: on the basis of the principle of the "last in, first out", they are the most vulnerable. Unemployment rates for young people reached levels of more than one in every six in Spain, Italy, Sweden, Hungary, Greece and the Slovak Republic. The pattern for less well-educated people was much more variable by country (SS2.2).

**Migrants, almost everywhere, are also more likely to be unemployed compared to the population as a whole (SS2.3).** Migrant unemployment gaps are especially large in Spain, Belgium and Sweden, while migrants have a slightly lower unemployment rate in Poland, Israel and Hungary.

**Figure notes**

Figure SS2.1: 2005 for India, 2008 for Brazil, China, Israel, the Russian Federation and South Africa. Change in Panel B refers to 2000/05 for India, 2005/08 for South Africa, 2006/08 for Brazil and China, and 2007/08 for Israel and the Russian Federation. Data refer to population aged 15+ for Indonesia.

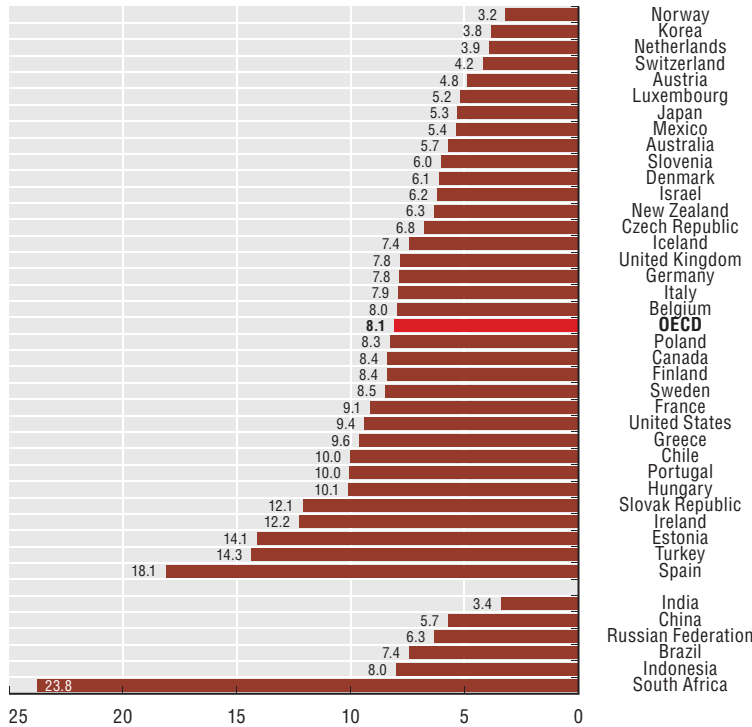
Figure SS2.2: Data are ranked in descending order of the difference of young people unemployment rate (15-24) with the unemployment rate for the population aged 15-64. Data by education refer to 2008.

Figure SS2.3: Data are ranked in descending order of the difference in the unemployment rate of the foreign-born from the native-born population. Data are 2007 for Estonia, Israel, New Zealand, Slovenia; and 2008 for Australia and Poland.

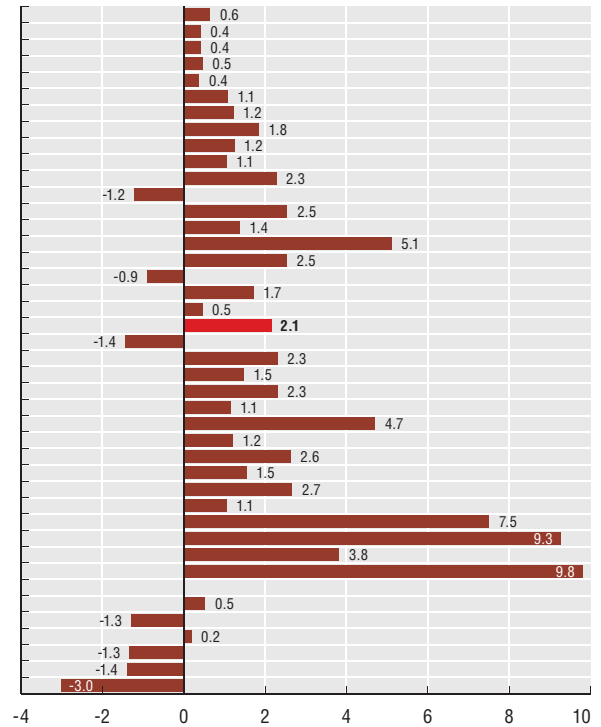
Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

SS2.1. Unemployment rates differ within the OECD, but increased in most countries over the crisis

Panel A. Unemployment rate, persons aged 15 to 64, percentages, 2009 (↗)

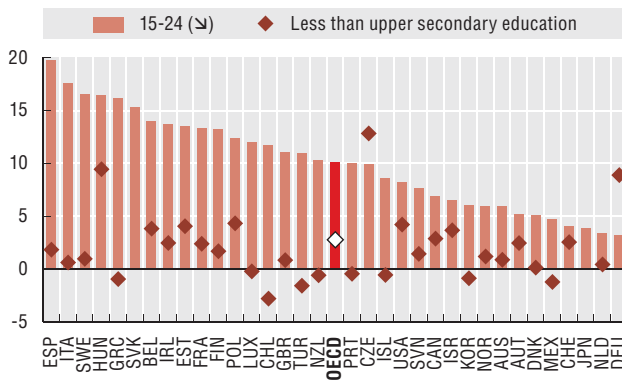


Panel B. Change in unemployment rate, 2007-09 (percentage points)



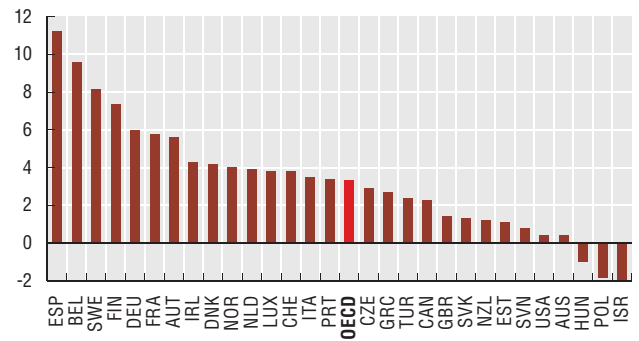
SS2.2. Young people's unemployment is much higher

Difference in the unemployment rate of young and people with low education with the unemployment rate of the population aged 15-64, 2009 (percentage points)



SS2.3. The foreign-born are more likely to be unemployed

Difference in the unemployment rate of the foreign-born population with the native-born, 2009 (percentage points)



Source: OECD (2010), OECD Employment Outlook, OECD Publishing, Paris ([www.oecd.org/els/employment/outlook](http://www.oecd.org/els/employment/outlook)) and OECD (2010), International Migration Outlook ([www.oecd.org/els/migration/imo](http://www.oecd.org/els/migration/imo)), OECD-EU Database on Emerging Economies ([www.oecd.org/els/social/inequality/emergingeconomies](http://www.oecd.org/els/social/inequality/emergingeconomies)), Indonesia: ILO.

StatLink <http://dx.doi.org/10.1787/888932381798>