

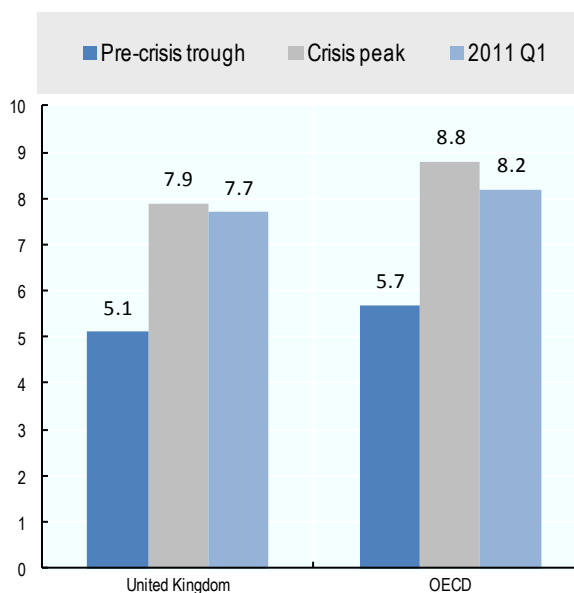


## Employment Outlook 2011 – How does the UNITED KINGDOM compare?

**The economic recovery to date has reduced the UK unemployment rate only modestly from its 2010 peak and there is a risk that the fall in joblessness may stall.** The UK unemployment rate (ILO definition) rose by 2.8 percentage points between December 2007 and March 2010 to reach 7.9%, an increase that is similar to the rise for the OECD area as a whole (Figure 1). While labour market conditions showed some improvement over the following year, the decline in UK unemployment was small by comparison to past recoveries and to the decline in the OECD average in the current recovery. The recent weakening of output growth in the UK and many other OECD countries suggests that unemployment will remain significantly above its pre-crisis level for some time to come.

Figure 1. **Unemployment rate during the recent downturn, United Kingdom and OECD average**

OECD harmonised unemployment rates as a percentage of labour force<sup>a</sup>



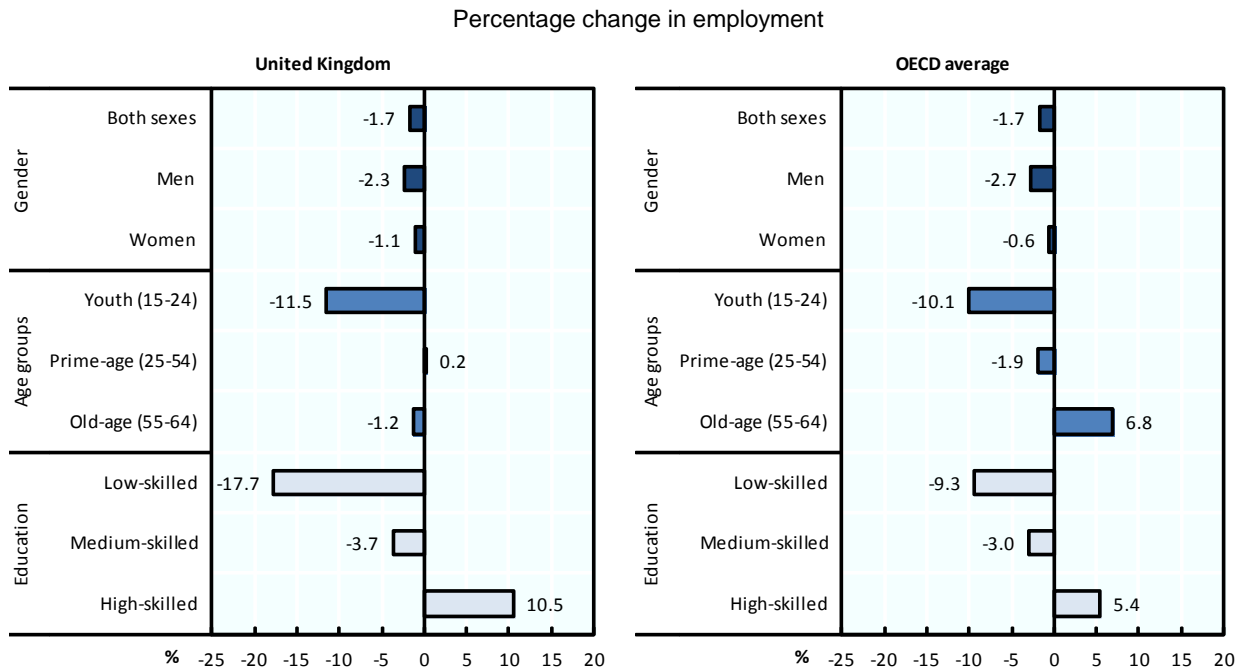
a. Peaks and troughs are determined using real GDP series in levels.

Source: OECD Main Economic Indicators and OECD Economic Outlook Databases.

**Low-skilled workers and youth bore the brunt of the recent fall in UK employment.** The number of low-skilled workers in employment fell by close to 18% between 2007Q4 and 2010Q4, even as employment rose by 10.5% for high-skilled workers (Figure 2). This divergence across skill levels was much sharper than in other OECD countries. Youth employment also fell sharply in the UK during this period, but this decline was close to the OECD average. Despite the crisis, employment grew for older workers in most OECD countries, but recorded a small decline in the UK.



Figure 2. Employment change during the recent downturn by socio-demographic groups, United Kingdom and OECD average<sup>a</sup>



a. Data are not seasonally adjusted. OECD is the weighted average of the OECD countries excluding Chile. Australia, Japan and New Zealand are also excluded for statistics by education.  
 Source: OECD estimates based on national Labour Force Surveys.

**Long-term unemployment is on the rise in the UK.** The share of the unemployed who have been out of work for one year or more rose by about 10 percentage points over the past three years, from 24.5% in 2007Q4 to 34.1% in 2010Q4. This increase is far larger than the OECD average rise, which was just 3 percentage points.

*OECD Employment Outlook 2010* is available to journalists on the **password-protected** website or on request from the **Media Relations Division**. For further comment on the United Kingdom, journalists are invited to contact Mark Keese (tel: +33 1 45 24 87 94 or e-mail: [mark.keese@oecd.org](mailto:mark.keese@oecd.org) or Paul Swaim (tel: +33 1 45 24 19 77 e-mail: [paul.swaim@oecd.org](mailto:paul.swaim@oecd.org) ) from the OECD Employment Analysis and Policy Division. For further information: [www.oecd.org/els/employment/outlook](http://www.oecd.org/els/employment/outlook).