

## 8. IMPACT OF THE CRISIS ON JOBS IN REGIONS

The economic recession has had a differentiated impact on the loss of jobs within OECD countries. Three-fourths of OECD regions that showed employment growth between 1999 and 2007 shifted to an employment decline between 2008 and 2009. Moreover, disparities in job losses have increased. In 1999-2007 the difference in employment growth in 75% of the regions was around 1.5 percentage points. This value doubled in 2008-09 (Figure 8.1A).

All typologies of regions experienced on average a decline in employment. There are however important differences among the different types of regions. Predominantly rural regions appear as those with more difficulty in creating jobs in 2008-09, displaying on average an employment change of -2.4% (this value is -1.6% in intermediate regions and -1.7% in urban regions). However, predominantly urban regions display the largest variation in job losses compared to the previous period (8.1 B-D). This suggests that the resilience of urban regions to large economic shocks is extremely diverse within the OECD.

A simple way to quantify the impact of the crisis on the employment situation of different regions is to measure how many jobs it would be necessary to generate in order to return to the employment rate before the crisis. For example, in the United States 7.5 million jobs would be necessary to return to the employment rate of 2007. Around one-seventh of these new jobs would be needed in California alone, the state most hit by the crisis (Figure 8.2). In countries where the effects across regions have been more diverse, half or more of the employment gap could be filled by bringing back only one region to the employment rate before the crisis (this is the case in Chile, Finland, Ireland and Norway). Countries that on average managed to maintain employment rates equal to or higher than the pre-crisis level (such as Austria or Poland) would still benefit greatly from recovery in employment in the hardest hit regions.

It is useful to compare the pre-crisis growth profile of regions that managed to sustain employment growth during the recession ("resilient regions") with the one of regions that shifted from positive to negative total employment ("recession-hit regions"). Recession-hit regions experienced faster growth and faster reduction in unemployment from 1999 to 2007, suggesting the presence of structural fragilities in the growth path of this period. This same group of regions increased the share of employment in

financial, real estate and business activities but not the productivity of the sector. Moreover, hard hit regions had larger inflows of young people, who were more exposed to job losses later. Before the crisis, resilient regions experienced larger increases in their qualified human capital, in participation rate, and in the productivity of the public sector and agriculture. An increased share of employment in the public sector also suggests higher protection from job losses in resilient regions (Figure 8.3).

### Definition

Employed persons are all persons who during the reference week worked at least one hour for pay or profit, or were temporarily absent from such work. Family workers are included.

The job gaps in a region are estimated as the increase in employment required in 2009 to restore the ratio of employment and working age population to the 2007 value. The country's employment is computed as sum of regional values.

### Source

OECD Regional Database: <http://dotstat/wbos/>.

See Annex B for data, source and country-related metadata.

### Reference years and territorial level

1999-2009; TL3.

Australia, Chile, Iceland, Portugal, Switzerland and Turkey only TL2.

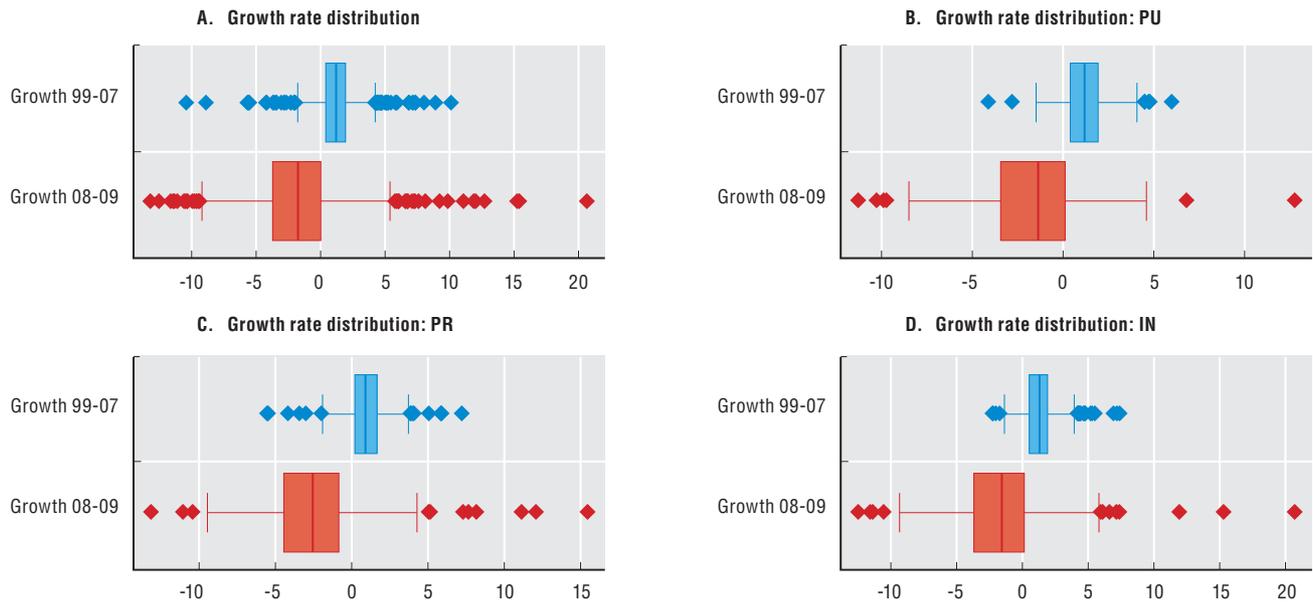
Canada non-official grids.

### Further information

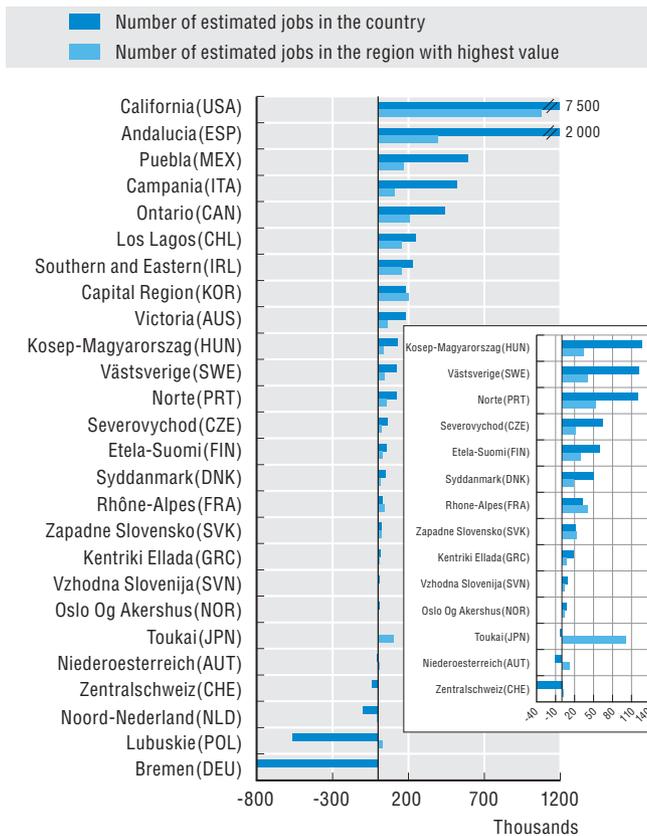
OECD (2010), *OECD Employment Outlook 2010: Moving beyond the Jobs Crisis*, OECD Publishing, DOI: 10.1787/empl\_outlook-2010-en.

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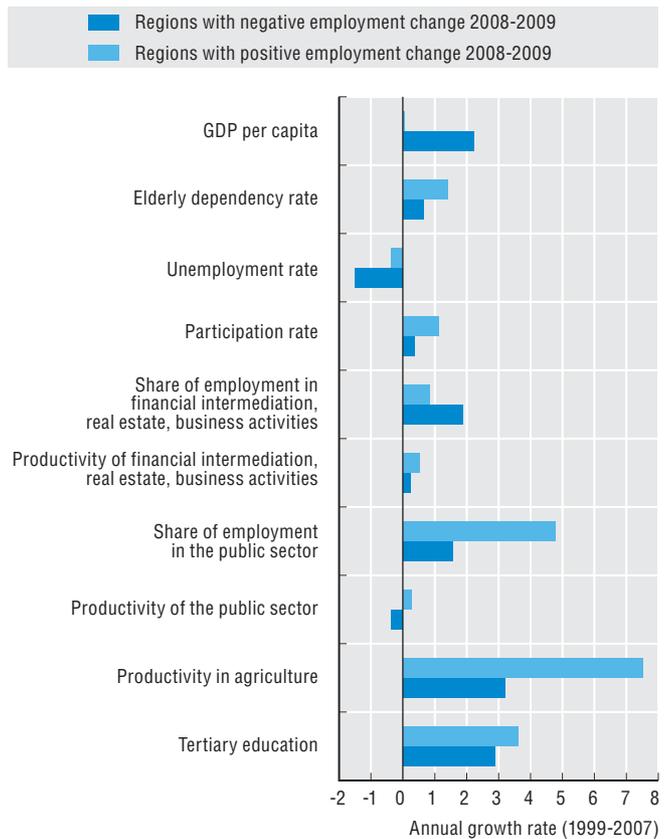
### 8.1. Yearly employment growth rate 1999-2007 and 2008-09: OECD regions, and by type of regions



### 8.2. Estimated number of jobs needed to restore 2007 employment rate: Country average and region with largest loss



### 8.3. Annual growth rate of the selected variables 1999-2007, by regional employment change in 2008-09



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