

Unemployment

In addition to putting a strain on household and public finances, unemployment can have a demoralising effect on individuals and diminish their career prospects. This is especially true for young people at the beginning of their working lives.

The great recession led to record unemployment rates across the OECD. Even though the situation has improved since the peak of the crisis, still 8% of the active working-age population on average was unemployed in early 2016 across the OECD, and the average unemployment rate is projected to still be above pre-crisis levels by the end of 2017 (OECD, 2016) (Figure 4.4). Countries present a diverse picture. Iceland and Japan exhibit rates as low as 3%, while many countries including the United States, the United Kingdom and Germany, cluster around 5%. On the other hand, unemployment is still strikingly high in the southern European countries hit hardest by the crisis, such as Greece (24%), Spain (20%) and Portugal and Italy (12%).

Some countries have seen impressive falls in unemployment since the crisis peak, particularly Estonia and Latvia, where the unemployment rate halved. The fall has also been also substantial in Spain, Portugal and Hungary with decreases of around 5 percentage points, as in the United States.

The unemployment rate of youth (aged 15-24) is twice as high as adult unemployment (25 years+) in most countries (Figure 4.5). It is nearly 4 times as high in Italy, New Zealand, Sweden and the United Kingdom. Young people were more severely affected by the sweeping job losses during the great recession (Chapter 1), as they were more likely to hold temporary jobs that were easy to terminate, or entered the labour market when firms were not hiring. A lack of work experience also makes young people vulnerable during times of high unemployment. However, the fact that many 15-24 year-olds are still in full-time education and therefore not active on the labour market, also tends to inflate the rate of youth unemployment (Box 1.1 in Chapter 1). Greece's youth unemployment rate of 50% does not mean that 50% of all young people aged 15-24 are out of work. Instead, half of all young people who are active on the labour market – 28% of all young Greeks of this age group – are unemployed. This corresponds to nearly 15% of all 15-24 year-olds, still a high number.

Unemployment is a transient phenomenon for most unemployed, but in some countries, it is persistent, especially for prime age and older workers. Across the OECD, on average around 40% of all unemployed aged 55 and over had been unemployed for at least a year or longer

in 2014, whereas only 20% of all young people aged 15-24 had been unemployed for this long (Figure 4.6). Long-term unemployment was especially high in countries with high overall unemployment, such as Greece (56% of youth aged 15-24, and 85% of unemployed aged 55+) and Italy (56% of youth and 65% of those aged 55 and over).

Definitions 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 (aged 15 or over). 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. These unemployment rates are presented by broad age group.

Long-term unemployment is defined here as lasting for one year or more.

For more information, see www.oecd.org/employment/database.

Further reading

OECD (2016), *OECD Employment Outlook 2016*, OECD Publishing, Paris, http://dx.doi.org/10.1787/empl_outlook-2016-en.

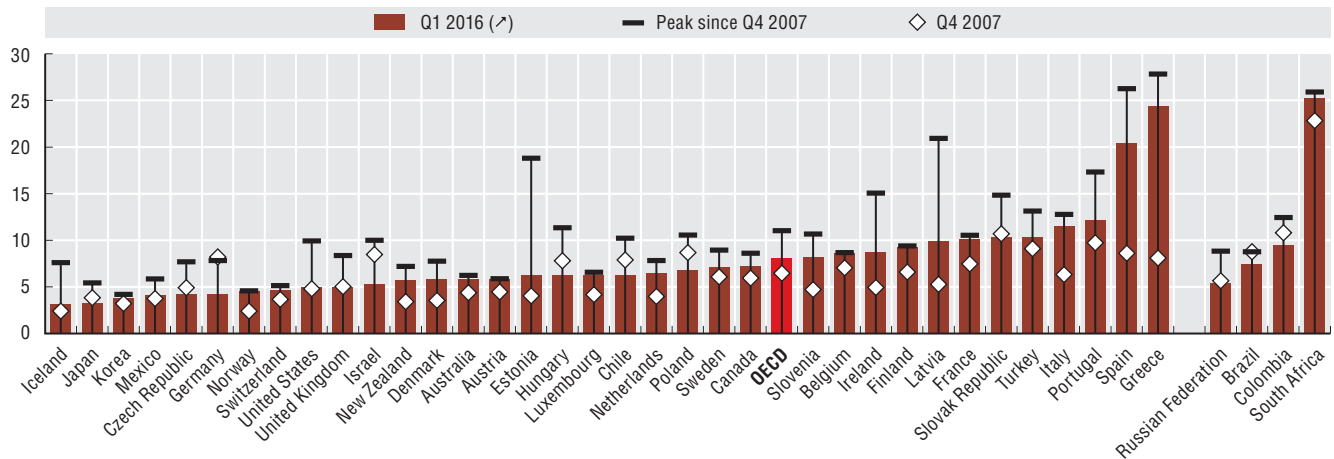
Figure note

Figure 4.4: Q1-2016 for Australia, Canada, Chile, Colombia, Israel, Japan, Korea, Mexico, the Netherlands, New Zealand, the Russian Federation and the United States; Q4-2015 otherwise. Q2-2007 for Switzerland and Q1-2008 for South Africa.

Figure 4.5: Q4-2015 for Estonia, Greece, Hungary, Norway, Switzerland, Turkey and United Kingdom. Data for Iceland, Luxembourg and Norway are based on small sample sizes. No data for Chile, Latvia and Switzerland.

4.4. Unemployment is on the decline, albeit slowly in some countries

Unemployment rate, percentage of the labour force (aged 15+), in Q4 1997, peak since Q4 2007 and Q1 2016 (or Q4 2015)

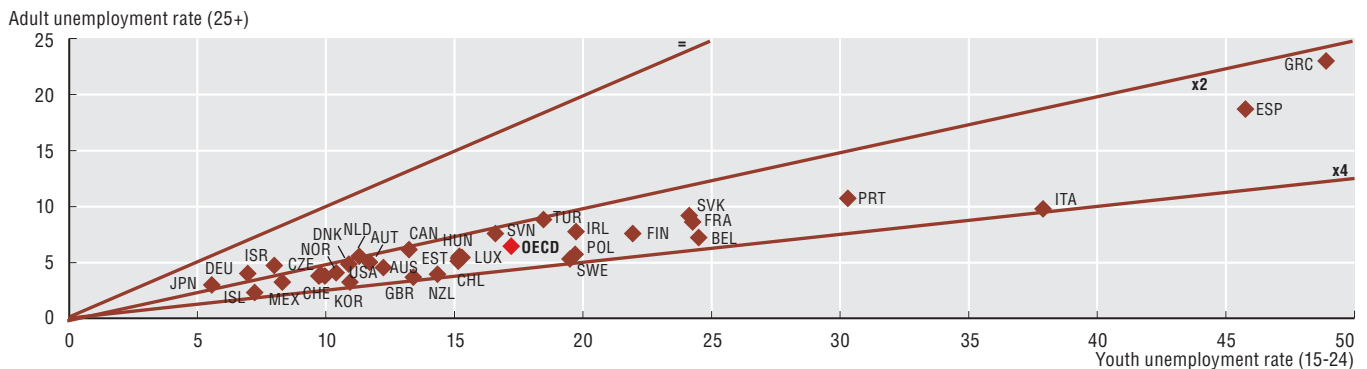


Source: OECD calculations based on the OECD Short-term Labour Market Statistics (database), <http://dx.doi.org/10.1787/data-00046-en>.

StatLink <http://dx.doi.org/10.1787/888933405293>

4.5. Youth unemployment is twice as high as adult unemployment in most OECD countries

Youth (15-24) and adult (25+) unemployment rates, Q1 2016

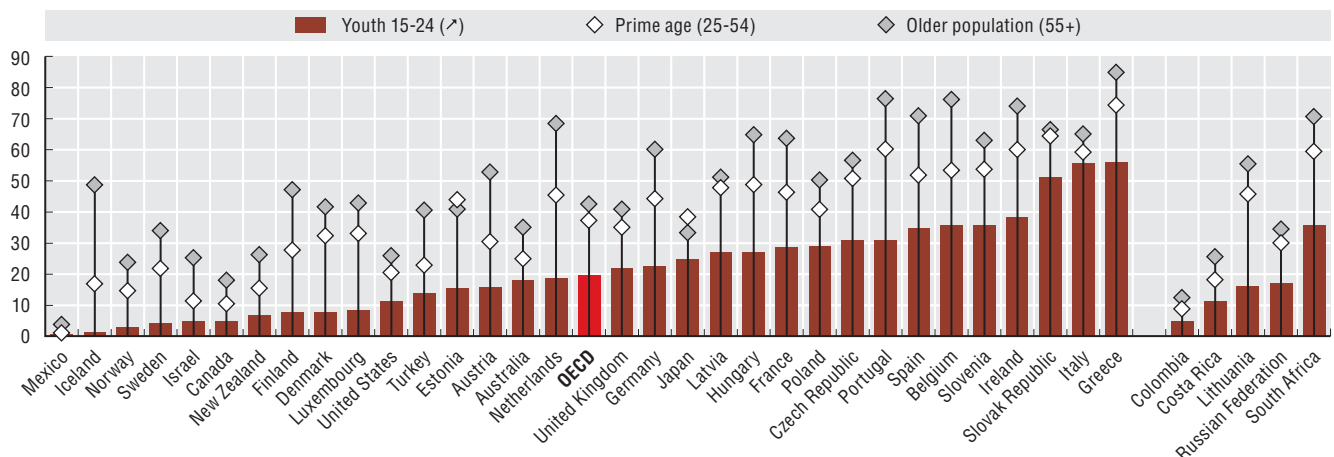


Source: OECD calculations based on the OECD Short-term Labour Market Statistics (database), <http://dx.doi.org/10.1787/data-00046-en>.

StatLink <http://dx.doi.org/10.1787/888933405302>

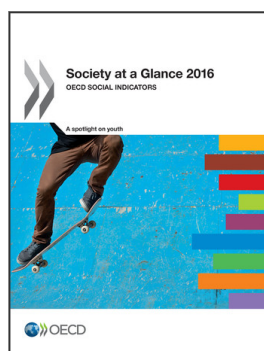
4.6. Incidence of long-term unemployment increases with age

Incidence of long-term unemployment (12 months and over) as a percentage of total unemployment by age group, 2015



Source: OECD (2016, OECD Employment Outlook 2016, http://dx.doi.org/10.1787/empl_outlook-2016-en).

StatLink <http://dx.doi.org/10.1787/888933405311>



From:

Society at a Glance 2016

OECD Social Indicators

Access the complete publication at:

<https://doi.org/10.1787/9789264261488-en>

Please cite this chapter as:

OECD (2016), “Unemployment”, in *Society at a Glance 2016: OECD Social Indicators*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/soc_glance-2016-12-en

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.