

## UNEMPLOYMENT BY REGION

The unemployment rate is an important indicator of economic and social well-being. Breakdowns by region show that large international differences hide even larger differences among regions within each country.

### Definition

Unemployed persons are defined as those who are without work, who are available for work and have taken active steps to find work in the last four weeks. The unemployment rate is defined as the ratio between unemployed persons and the labour force, where the latter is composed of unemployed and employed persons.

The long-term unemployment rate is defined as the ratio of those unemployed for 12 months or more out of the total labour force. The incident of long-term unemployment is defined as the ratio of the long-term unemployed out of the total unemployed. The youth unemployment rate is defined as the ratio between the unemployed persons aged between 15 and 24 and the labour force in the same age class.

The Gini index is a measure of inequality among all regions of a given country. The index takes on values between 0 and 1, with zero interpreted as no disparity. It assigns equal weight to each region regardless of its size; therefore differences in the values of the index among countries may be partially due to differences in the average size of regions.

While in the study of income inequality individuals are the obvious unit of analysis, there is no such straightforward parallel in regional economics. The size of regions varies significantly both within and between countries so that the degree of geographic concentration and territorial disparity depends on the very definition of a region. Typically, as the size of a region increases, territorial differences tend to be averaged out and disparities to decrease.

### Overview

Regional disparities in unemployment have decreased mainly in countries (as measured by the Gini index) where the economic downturn has affected all regions evenly, such as Portugal, Greece, Spain, and Italy.

Youth unemployment is of particular concern in Spain, Italy, Greece, Portugal and Poland where regional differences are high and some regions display a youth unemployment rate above 40%.

Long-term unemployment rates also show large regional variations not only in dual economies such as Italy, but also in Spain, the United States, the Slovak Republic and the United Kingdom.

### Comparability

Comparability of regional statistics is affected by differences in the meaning of the word “region”. This results in significant differences in terms of geographic area and population both within and among countries. 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 Canada refers to a different regional grouping, labelled non-official grids (NOG), which is comparable to the small regions. For Brazil, China, India, Russia and South Africa only large regions have been defined.

Data on unemployment, youth and long-term unemployment refer to large (TL2) regions.

Data on unemployment refer to period 2007-14 for all countries.

Data on youth unemployment rate refer to 2014, except 2013 for Israel. New Zealand is not included due to lack of data on comparable years. No regional data for Iceland and Korea exist.

Data on the long-term unemployment refer to 2014 for all countries. Austria and New Zealand are not included due to lack of data on comparable years. No regional data for Iceland, Japan, Korea, Mexico and the United States exist.

### Sources

- OECD (2013), *OECD Regions at a Glance*, OECD Publishing.

### Further information

#### Analytical publications

- OECD (2014), *OECD Regional Outlook*, OECD Publishing.
- OECD (2012), *Promoting Growth in All Regions*, OECD Publishing.

#### Online databases

- *OECD Regional Database*.

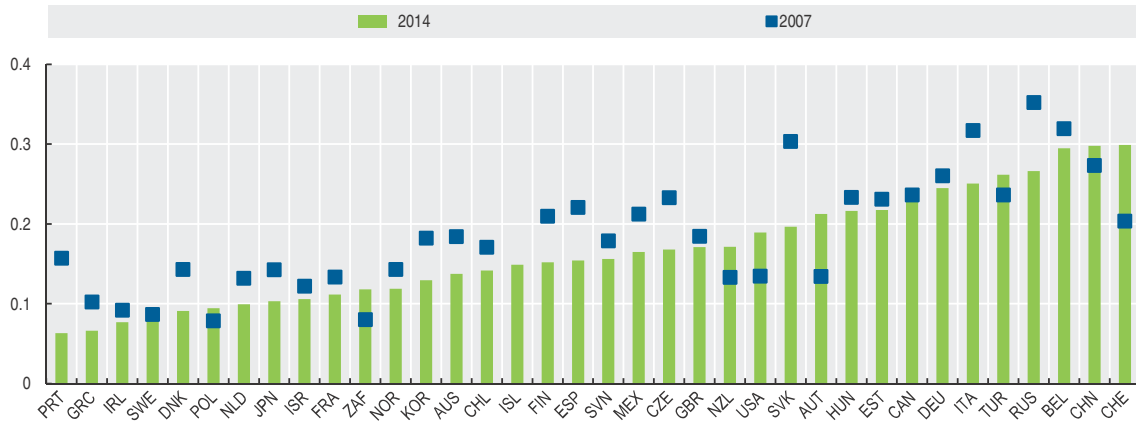
#### Websites

- Regional Statistics and Indicators, [www.oecd.org/regional/regional-policy/regionalstatisticsandindicators.htm](http://www.oecd.org/regional/regional-policy/regionalstatisticsandindicators.htm).
- Regions at a Glance Interactive, <http://rag.oecd.org>.



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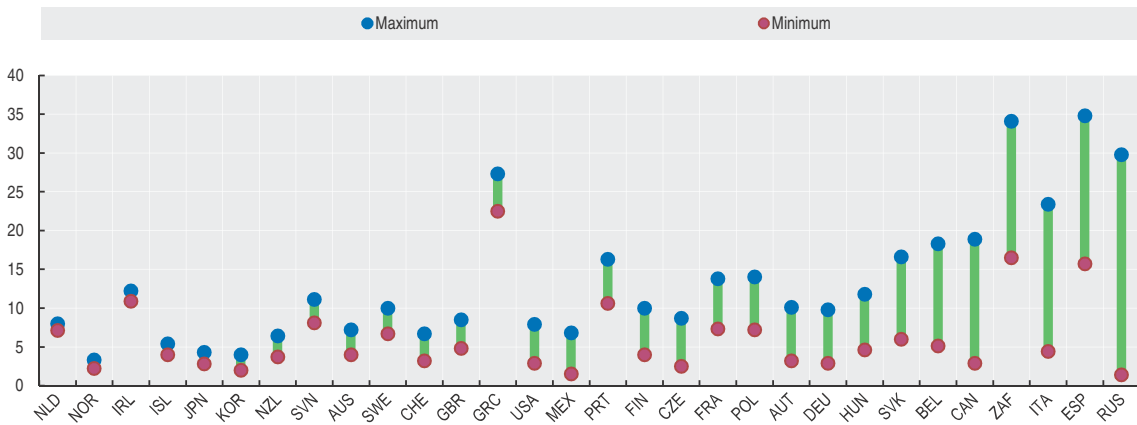
Gini index of regional unemployment rates



1 2 <http://dx.doi.org/10.1787/888933335441>

Regional variation of the youth unemployment rate

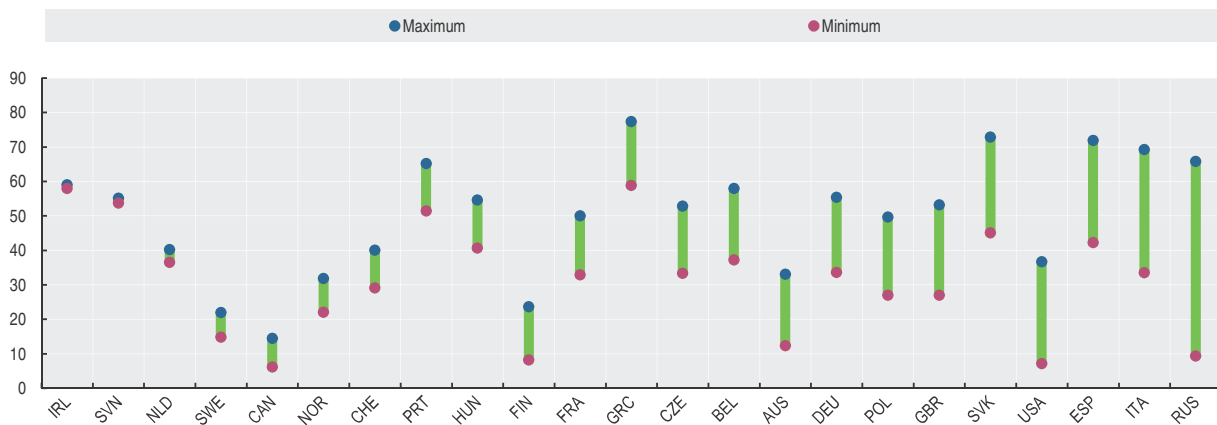
Percentage, 2014



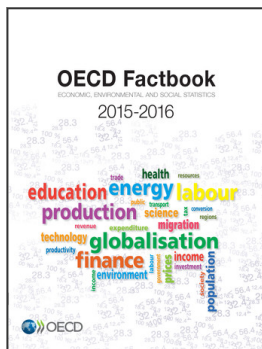
1 2 <http://dx.doi.org/10.1787/888933335862>

Regional variation in incidence of long-term unemployment

Ratio, 2014



1 2 <http://dx.doi.org/10.1787/888933335981>



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