

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 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.

Overview

Regional disparities in unemployment were already high before the economic crisis in countries such as Canada, Germany, Italy, Spain and the Slovak Republic. Overall the economic downturn has aggravated problems in the most fragile regions. The Gini index gives a measure of differences in unemployment rates among all regions in a country. According to this measure Belgium, Italy, the Slovak Republic and Iceland displayed the highest regional inequalities among OECD countries. Large regional differences were also found in China and the Russian Federation.

Youth unemployment, which is of particular concern in Italy, Spain, Belgium, France, the Slovak Republic, Greece and Ireland also displays large regional differences. In these countries, some regions record youth unemployment rates over 30%.

Among the unemployed, the long-term unemployed are of particular concern to policy makers both for their impact on social cohesion and because those individuals become increasingly unattractive to employers. The long-term unemployment rate shows large regional variations not only in dual economies such as Italy or Germany, but also in Spain, the Slovak Republic, Belgium, the Czech Republic and France.

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.

Comparability

As for the other regional statistics, the comparability of unemployment rates 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, the Russian Federation and South Africa only large regions have been defined so far.

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

Data on unemployment refer to period 2000-10 for all countries except Australia (2000-07), China (2000-08), Chile (2000-09), Switzerland (2001-10) and South Africa (2000-09).

Data on youth unemployment rate refer to 2010 for all countries except Australia (2007), Mexico (2007) and the United States (2008).

Data on long-term unemployment rate refer to 2010 for all countries except Australia (2007) and New Zealand (2009).

Sources

- OECD (2011), *OECD Regions at a Glance*, OECD Publishing.

Further information

Analytical publications

- OECD (2011), *Regional Outlook 2011*, OECD Publishing.
- OECD (2009), *Regions Matter: Economic Recovery, Innovation and Sustainable Growth*, OECD Publishing.

Online databases

- OECD Regional Database.

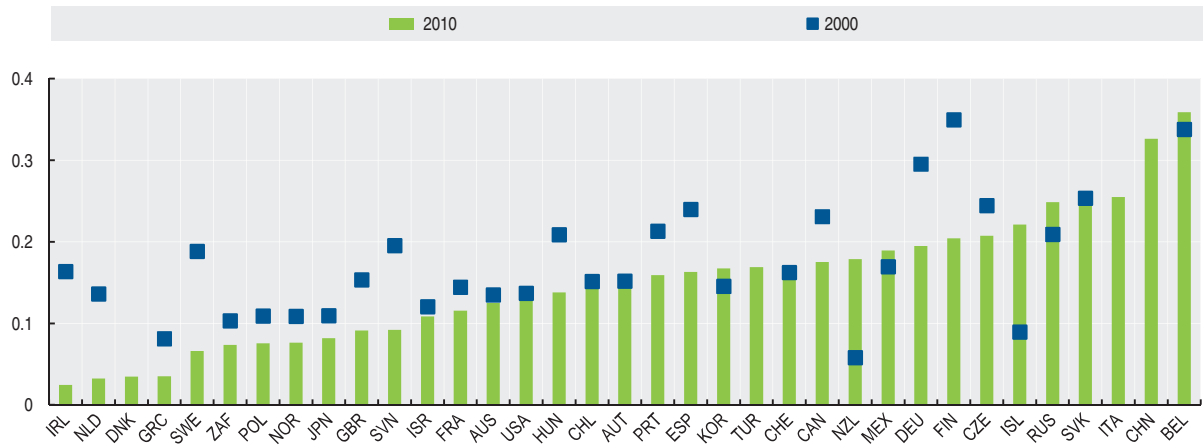
Websites

- Regional Development, www.oecd.org/gov/regionaldevelopment.
- Regional Statistics and Indicators, www.oecd.org/gov/regional/statisticsindicators.



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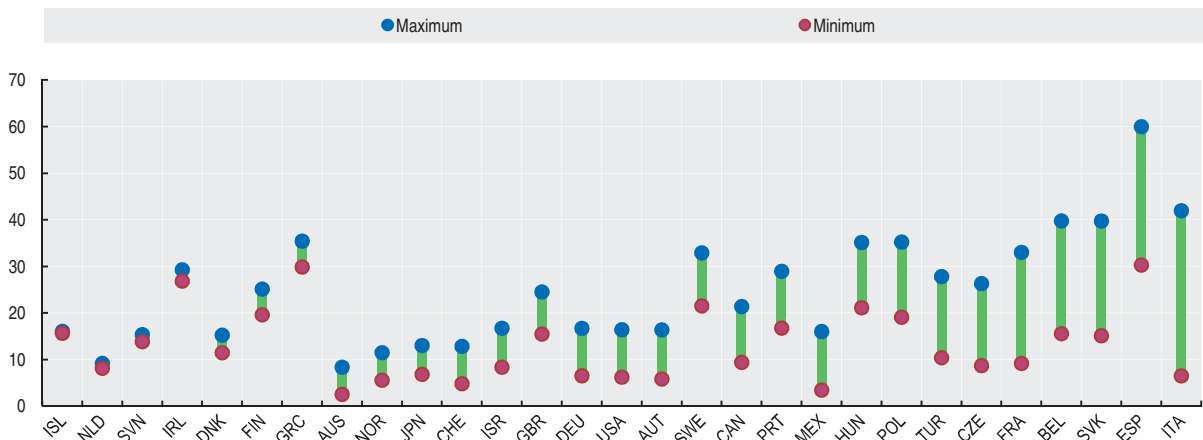
Gini index of regional unemployment rates



StatLink <http://dx.doi.org/10.1787/888932708788>

Regional variation of the youth unemployment rate

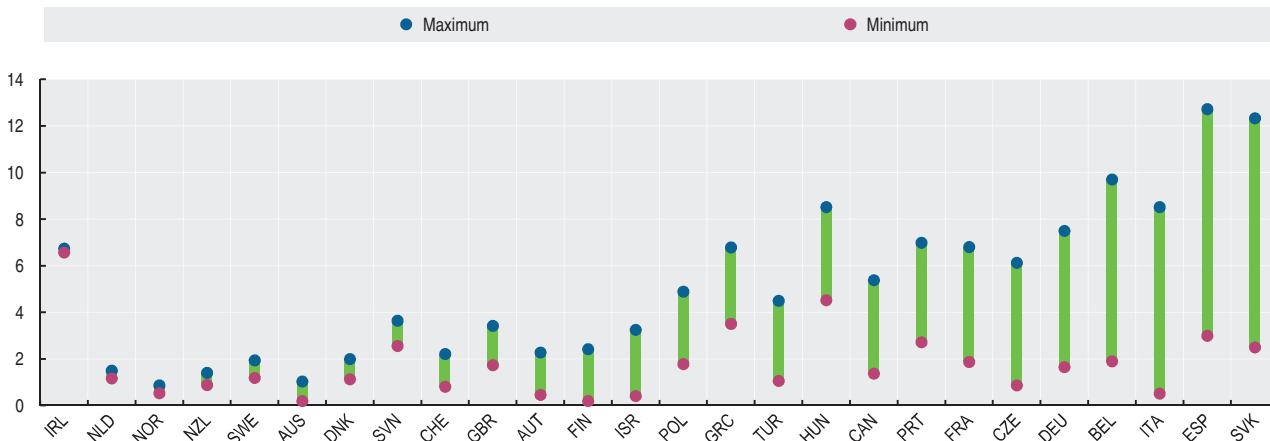
Percentage, 2010



StatLink <http://dx.doi.org/10.1787/888932708807>

Regional variation in long-term unemployment rates

Percentage, 2010



StatLink <http://dx.doi.org/10.1787/888932708826>





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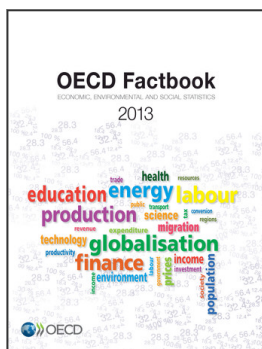
INFORMATION AND COMMUNICATIONS

SIZE OF THE ICT SECTOR

INVESTMENT IN ICT

EXPORTS OF ICT GOODS

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