

## LONG-TERM UNEMPLOYMENT

Long-term unemployment is of particular concern to the people affected and to policy makers. Quite apart from the mental stress caused to the unemployed and their families, high rates of long-term unemployment indicate that labour markets are operating inefficiently. In countries that pay generous unemployment benefits, the existence of long-term unemployment is also a significant burden on government finances.

### Definition

Long-term unemployment is here defined as referring to people who have been unemployed for 12 months or more. The ratios calculated here show the proportion of these long-term unemployed among all unemployed, hereafter called long-term unemployment rates. Lower duration limits (e.g. six months or more) are sometimes considered in national statistics on the subject.

### Overview

Rates of long-term unemployment are generally lower in countries that have enjoyed high GDP growth rates in recent years. There appears to be a two-way causal relationship here; on the one hand, jobs are easier to find in a faster growing economy; on the other, in economies that grow faster, unemployment will become increasingly unattractive relative to having a paid job. Lower rates of long-term unemployment may also occur at the onset of an economic downturn due to rising inflow of newly unemployed persons, as witnessed during the first years of the current jobs crisis.

In 2010, rates of long-term unemployment varied from 10% or less in Korea, Mexico, Norway and New Zealand, to 50% or more in Hungary, Portugal and the Slovak Republic. Estonia and Slovenia have experienced long-term unemployment rates over 10% above the OECD average, whereas Israel is 10% lower than the OECD average.

Over the period 2000-2010, long-term unemployment rates increased by 1.2 percentage for the OECD as a whole. Gradually falling until 2007, long-term unemployment rates receded markedly the first two years at the onset of the current crisis, while increasing by more than 8 percentage points between 2009 and 2010. Country patterns differ depending on how deeply national labour markets were affected by the current crisis. Since 2000, sharp rises, of 5 percentage points or more, were recorded in Ireland, Japan, Israel, Iceland, Portugal, Turkey, Luxembourg and Switzerland, with a remarkable increase of 23 percentage points in the United States. Falls of over 5 per cent occurred in just under one third of countries, with Italy, Poland, Slovenia, Greece and New Zealand recording the steepest fall of over 10 percentage points. In the new OECD member countries, long-term unemployment rates have almost doubled over the 10 years to 2010 in Israel, while they have receded markedly in Slovenia (since 2005) and very slightly in Estonia. The delayed impact of rising inflows into unemployment during the first two years of the current crisis is witnessed by rising long-term unemployment rates in all countries, except Korea, since 2009. Rises of 10 percentage points or more are visible in Ireland, Estonia, Spain, Iceland, Slovenia, the Czech Republic, the United States and Denmark.

Unemployment is defined in most OECD countries in accordance with the ILO Guidelines. Unemployment is usually measured by national labour force surveys and refer to persons who report that they have worked in gainful employment for less than one hour in the previous week, who are available for work and who have taken actions to seek employment in the previous four weeks. The ILO Guidelines specify the kinds of actions that count as seeking work.

### Comparability

All OECD countries use the ILO Guidelines for measuring unemployment. Operational definitions used in national labour force surveys may vary slightly across countries. Unemployment levels may also be affected by changes in the survey design and the survey conduct. Despite these caveats the long-term unemployment rates shown here are fairly consistent over time.

In comparing rates of long-term unemployment, it is important to bear in mind differences in institutional arrangements between countries. Rates of long-term unemployment will generally be higher in countries where unemployment benefits are relatively generous and are available for long periods of unemployment. In countries where benefits are low and of limited duration, unemployed persons will more quickly lower their wage expectations or consider taking jobs that are in other ways less attractive than those which they formerly held.

### Sources

- OECD (2011), *Labour Force Statistics*, OECD Publishing.
- For non-member countries: National sources.

### Further information

#### Analytical publications

- OECD (2011), *OECD Employment Outlook*, OECD Publishing.
- OECD (2002), "The Ins and Outs of Long-term Unemployment", in OECD, *OECD Employment Outlook 2002*, OECD Publishing.

#### Online databases

- OECD *Employment and Labour Market Statistics*.

#### Websites

- OECD Employment Outlook (supplementary material), [www.oecd.org/els/employmentoutlook](http://www.oecd.org/els/employmentoutlook).
- OECD Employment Policies, [www.oecd.org/els/employment](http://www.oecd.org/els/employment).
- OECD Labour Statistics, [www.oecd.org/statistics/labour](http://www.oecd.org/statistics/labour).



### Long-term unemployment

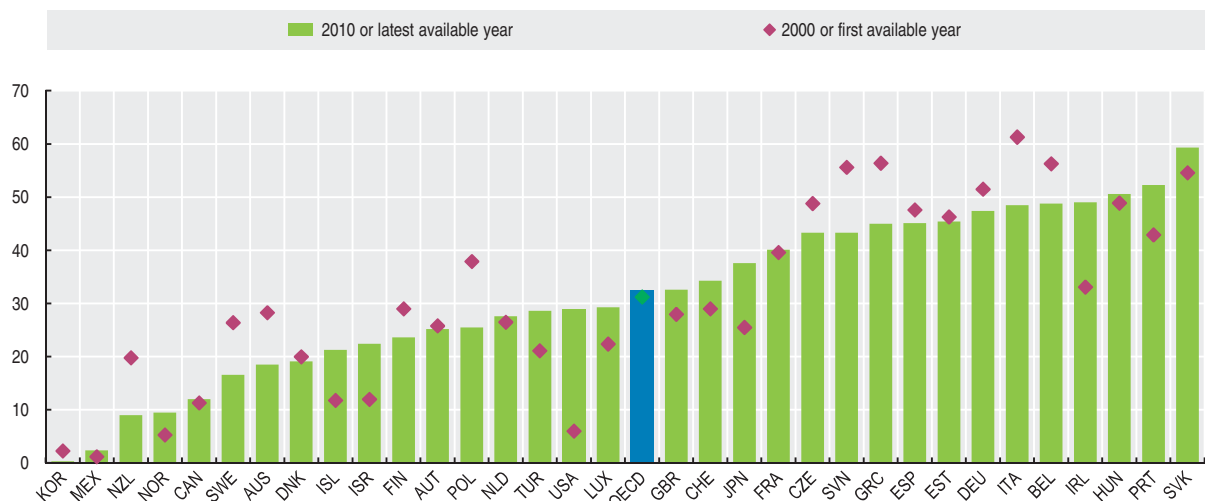
Persons unemployed for 12 months or more as a percentage of total unemployed

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Australia	31.2	32.9	31.3	28.3	23.9	22.4	21.5	20.6	18.3	18.1	15.4	14.9	14.7	18.5
Austria	27.5	30.3	29.2	25.8	23.3	19.2	24.5	27.6	25.3	27.3	26.8	24.2	21.3	25.2
Belgium	60.5	61.7	60.5	56.3	51.7	48.8	45.4	49.0	51.7	51.2	50.4	47.6	44.2	48.8
Canada	16.1	13.8	11.7	11.3	9.5	9.6	10.0	9.5	9.6	8.7	7.4	7.1	7.8	12.0
Czech Republic	30.5	31.2	37.1	48.8	52.7	50.7	49.9	51.8	53.6	55.2	53.4	50.2	31.2	43.3
Denmark	27.2	26.9	20.5	20.0	22.2	19.1	20.4	21.5	23.4	20.8	16.2	13.1	9.1	19.1
Estonia	49.0	49.7	48.9	46.3	48.3	52.9	45.9	52.2	53.4	48.2	49.5	30.9	27.4	45.4
Finland	29.8	27.5	29.6	29.0	26.2	24.4	24.7	23.4	24.9	24.8	23.0	18.2	16.6	23.6
France	39.6	41.6	38.7	39.6	36.8	32.7	39.2	40.6	41.1	41.9	40.2	37.5	35.2	40.1
Germany	50.1	52.6	51.7	51.5	50.4	47.9	50.0	51.8	53.0	56.4	56.6	52.6	45.5	47.4
Greece	55.7	54.9	55.3	56.4	52.8	51.3	54.9	53.1	52.1	54.3	50.0	47.5	40.8	45.0
Hungary	51.3	50.1	49.4	48.9	46.5	44.8	42.2	45.1	46.1	46.1	47.5	47.6	42.6	50.6
Iceland	16.3	16.1	11.7	11.8	12.5	11.1	8.1	11.2	13.3	7.3	8.0	4.1	6.9	21.3
Ireland	57.0	..	55.3	..	33.1	30.1	32.8	34.9	33.4	31.6	29.5	27.1	29.0	49.0
Israel	6.4	7.3	11.3	12.0	11.8	13.5	18.0	24.2	25.3	27.3	24.9	22.7	20.3	22.4
Italy	66.3	59.6	61.4	61.3	63.4	59.6	58.1	49.2	49.9	49.6	47.3	45.7	44.4	48.5
Japan	21.8	20.3	22.4	25.5	26.6	30.8	33.5	33.7	33.3	33.0	32.0	33.3	28.5	37.6
Korea	2.6	1.5	3.8	2.3	2.3	2.5	0.6	1.1	0.8	1.1	0.6	2.7	0.5	0.3
Luxembourg	34.6	31.3	32.3	22.4	28.4	27.4	24.7	21.0	26.4	29.5	28.7	32.4	23.1	29.3
Mexico	1.8	0.8	1.5	1.2	1.0	0.9	0.9	1.1	2.3	2.5	2.7	1.7	1.9	2.4
Netherlands	49.1	47.9	43.5	..	..	26.5	27.8	34.2	40.2	43.0	39.4	34.4	24.8	27.6
New Zealand	19.8	19.6	21.1	19.8	17.2	14.8	13.6	11.7	9.7	7.8	6.1	4.4	6.3	9.0
Norway	12.4	8.3	7.1	5.3	5.5	6.4	6.4	9.2	9.5	14.5	8.8	6.0	7.7	9.5
Poland	38.0	37.4	34.8	37.9	43.1	48.4	49.7	47.9	52.2	50.4	45.9	29.0	25.2	25.5
Portugal	55.6	44.7	41.2	42.9	38.1	34.6	35.0	44.3	48.2	50.2	47.1	47.4	44.1	52.3
Slovak Republic	51.6	51.3	47.7	54.6	53.7	59.8	61.1	60.6	68.1	73.1	70.8	66.0	50.9	59.3
Slovenia	..	..	..	..	..	55.6	52.8	51.5	47.3	49.3	45.7	42.2	30.1	43.3
Spain	55.7	54.3	51.2	47.6	44.0	40.2	39.8	37.7	32.6	29.5	27.6	23.8	30.2	45.1
Sweden	33.4	33.5	30.1	26.4	22.3	20.9	17.8	18.9	..	..	13.0	12.4	12.8	16.6
Switzerland	28.2	34.8	39.6	29.0	29.9	21.8	26.1	33.5	39.0	39.1	40.8	34.3	30.1	34.3
Turkey	41.6	40.3	28.2	21.1	21.3	29.4	24.4	39.2	39.4	35.7	30.3	26.9	25.3	28.6
United Kingdom	38.6	32.7	29.6	28.0	27.8	21.7	21.5	20.6	21.0	22.3	23.7	24.1	24.5	32.6
United States	8.7	8.0	6.8	6.0	6.1	8.5	11.8	12.7	11.8	10.0	10.0	10.6	16.3	29.0
OECD total	34.8	32.9	31.6	31.2	29.5	29.3	30.4	31.6	32.4	31.8	29.0	25.5	24.2	32.4

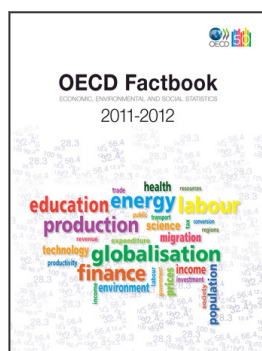
StatLink <http://dx.doi.org/10.1787/888932505697>

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