

UNEMPLOYMENT BY REGION

Unemployment rates vary significantly among countries but 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 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.

Overview

Unemployment has soared in OECD countries in recent years, from 5.6% in 2007 to 8.3% in 2009. Recent OECD analysis suggests a further rise in the past two years. In 2009, regional differences in unemployment rates within OECD countries were almost two times higher (28 percentage points) than differences among OECD countries (15 percentage points).

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 of 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, Germany, Italy and the Slovak Republic displayed the highest inequalities among OECD countries. Large regional differences were also found in China and the Russian Federation.

Young people have been hit hardest by the economic crisis: youth employment fell by 8% between the end of 2008 and the end of 2009, nearly four times the decline in overall employment.

Youth unemployment is of particular concern in Italy, France, the Slovak Republic, Turkey, Poland and Spain, where regional differences are high and some regions display a youth unemployment rate over 30%. These regions display also higher than average early leavers from education and training, suggesting that specific policies to improve the employability of these people through training and apprenticeship are needed.

Among the unemployed, the long-term unemployed (*i.e.* those who have been unemployed for 12 months or more) are of particular concern to policy makers both for their impact on social cohesion and because those individuals become increasingly unattractive to employers. The regional long-term unemployment is, therefore, an indicator of labour-market rigidity. Moreover, it highlights areas with individuals whose inadequate skills prevent them from getting a job. The long-term unemployment rate showed large regional variations not only in dual economies such as Italy or Germany, but also in Spain, the Slovak Republic, Belgium, Turkey and Hungary.

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 in each country.

Comparability

As for the other regional statistics, the comparability of unemployment rates is affected by differences in the meaning of the word “region”. The word “region” can mean very different things both within and among countries, with significant differences in terms of area and population. 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 refer to small (TL3) regions. Data on youth and long-term unemployment refer to large (TL2) regions.

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*.

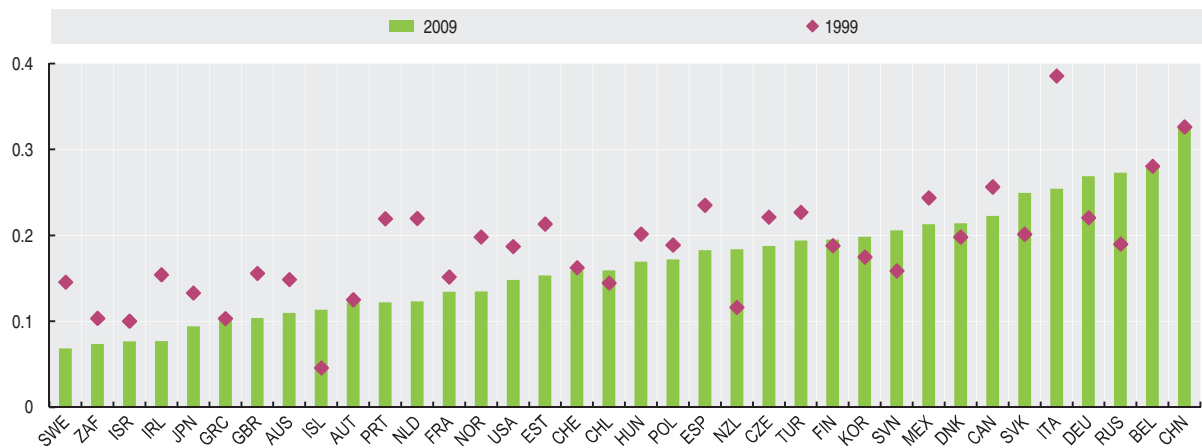
Websites

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



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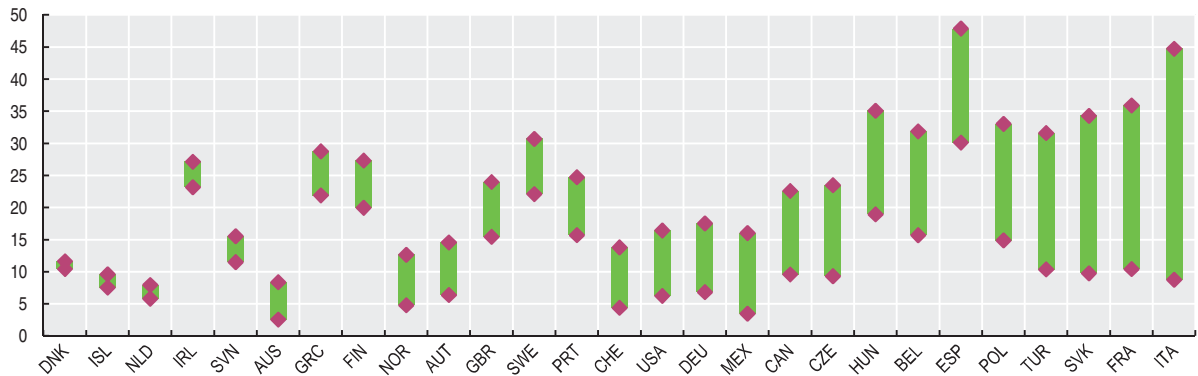
Gini index of regional unemployment rates



StatLink <http://dx.doi.org/10.1787/888932505735>

Regional variation of the youth unemployment rate

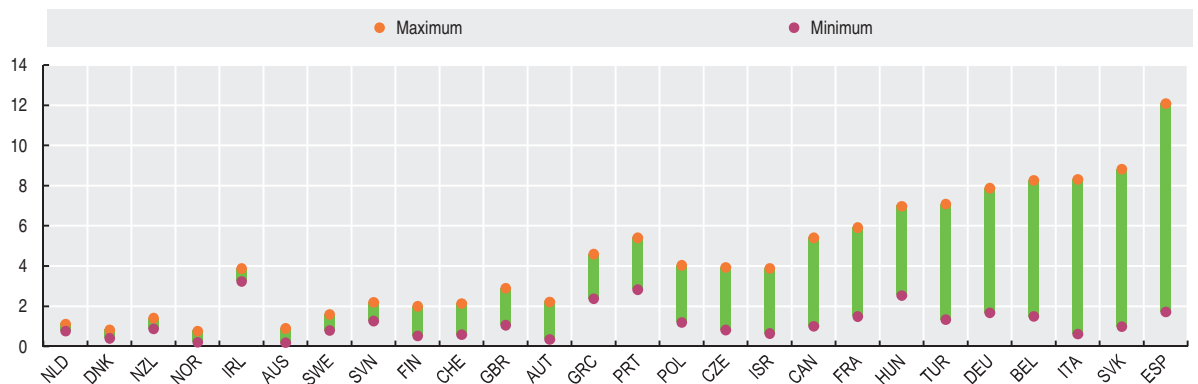
Percentage, 2009



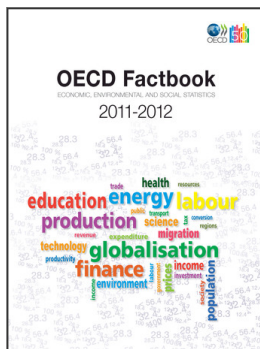
StatLink <http://dx.doi.org/10.1787/888932505754>

Regional variation of the long-term unemployment rate

Percentage, 2009



StatLink <http://dx.doi.org/10.1787/888932505773>



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