

LONG-TERM UNEMPLOYMENT

Long-term unemployment is of particular concern to the people affected and to policy makers. Quite apart from the mental and material stress caused to the unemployed and their families, high rates of long-term unemployment indicate that labour markets are operating inefficiently.

Rates of long-term unemployment are generally lower in countries that have enjoyed high GDP growth rates in recent years. 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. Subsequently, long-term unemployment may gradually begin to unfold in case of prolonged crisis as is currently the case in a number of OECD countries.

Definition

Long-term unemployment is 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

In 2011, about one-third of the unemployed were long-term unemployment in the OECD area with more than half of the countries recording around or above OECD average long-term unemployment rates. The rates varied from 10% or less in Korea, Mexico and New Zealand, to 50% or more in Estonia, Ireland, Italy and the Slovak Republic. In Germany, the share of long-term unemployed remains stubbornly high at 48% in 2011 despite a rising trend in employment rates since 2005.

Over the period 2000-11, long-term unemployment rates increased by close to 3 percentage points for the OECD as a whole. 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 14 countries, exceeding 10 percentage points in Estonia, Ireland, Japan and Iceland, with a dramatic increase of 23 percentage points in the United States from just 6% in 2000. Falls of over 5 per cent occurred in just under one third of countries, with Slovenia and New Zealand recording the steepest fall of over 10 percentage points.

In the Russian Federation and South Africa, long-term unemployment declined markedly since 2000; by more than 9 percentage points. In South Africa however, more than 58% of unemployed people were still long-term unemployed in 2011.

Unemployment is defined in all 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 (2012), *OECD Employment Outlook*, OECD Publishing.
- OECD (2002), "The Ins and Outs of Long-term Unemployment", *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.
- OECD Employment Policies, www.oecd.org/els/employment.
- OECD Labour Statistics, www.oecd.org/statistics/labour.



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Long-term unemployment

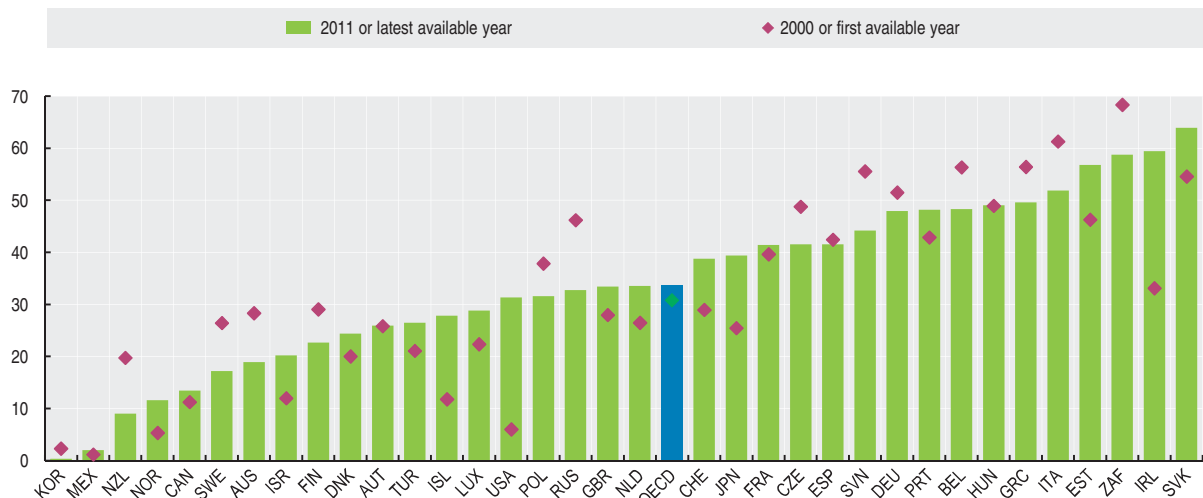
Persons unemployed for 12 months or more as a percentage of total unemployed

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Australia	31.3	28.3	23.9	22.4	21.5	20.6	18.3	18.1	15.4	14.9	14.7	18.5	18.9
Austria	29.2	25.8	23.3	19.2	24.5	27.6	25.3	27.3	26.8	24.2	21.3	25.2	25.9
Belgium	60.5	56.3	51.7	48.8	45.4	49.0	51.7	51.2	50.4	47.6	44.2	48.8	48.3
Canada	11.7	11.3	9.5	9.6	10.0	9.5	9.6	8.7	7.4	7.1	7.8	12.0	13.5
Chile	..	..	..	..	..	..	..	..	..	..	..	..	..
Czech Republic	37.1	48.8	52.7	50.7	49.9	51.8	53.6	55.2	53.4	50.2	31.2	43.3	41.6
Denmark	20.5	20.0	22.2	19.1	20.4	21.5	23.4	20.8	16.1	13.5	9.5	20.2	24.4
Estonia	48.9	46.3	48.3	52.9	45.9	52.2	53.4	48.2	49.5	30.9	27.4	45.4	56.8
Finland	29.6	29.0	26.2	24.4	24.7	23.4	24.9	24.8	23.0	18.2	16.6	23.6	22.6
France	38.7	39.6	36.8	32.7	39.2	40.6	41.0	41.9	40.2	37.4	35.2	40.2	41.4
Germany	51.7	51.5	50.4	47.9	50.0	51.8	53.0	56.4	56.6	52.5	45.5	47.4	48.0
Greece	55.3	56.4	52.8	51.3	54.9	53.1	52.1	54.3	50.0	47.5	40.8	45.0	49.6
Hungary	49.4	48.9	46.5	44.8	42.2	45.1	46.1	46.1	47.5	47.6	42.6	50.6	49.1
Iceland	11.7	11.8	12.5	11.1	8.1	11.2	13.3	7.3	8.0	4.1	6.9	21.3	27.8
Ireland	55.3	..	33.1	30.1	32.8	34.9	33.4	31.6	29.5	27.1	29.2	49.3	59.4
Israel	11.3	12.0	11.8	13.5	18.0	24.2	25.3	27.3	24.9	22.7	20.3	22.4	20.2
Italy	61.4	61.3	63.4	59.6	58.1	49.2	49.9	49.6	47.3	45.7	44.4	48.5	51.9
Japan	22.4	25.5	26.6	30.8	33.5	33.7	33.3	33.0	32.0	33.3	28.5	37.6	39.4
Korea	3.8	2.3	2.3	2.5	0.6	1.1	0.8	1.1	0.6	2.7	0.5	0.3	0.4
Luxembourg	32.3	22.4	28.4	27.4	24.7	21.0	26.4	29.5	28.7	32.4	23.1	29.3	28.8
Mexico	1.5	1.2	1.0	0.9	0.9	1.1	2.3	2.5	2.7	1.7	1.9	2.4	2.0
Netherlands	43.5	..	..	26.5	27.8	34.2	40.2	43.0	39.4	34.4	24.8	27.6	33.6
New Zealand	21.1	19.8	17.2	14.8	13.6	11.7	9.7	7.8	6.1	4.4	6.3	9.0	9.0
Norway	7.1	5.3	5.5	6.4	6.4	9.2	9.5	14.5	8.8	6.0	7.7	9.5	11.6
Poland	34.8	37.9	43.1	48.4	49.7	47.9	52.2	50.4	45.9	29.0	25.2	25.5	31.6
Portugal	41.2	42.9	38.1	34.6	35.0	44.3	48.2	50.2	47.1	47.4	44.1	52.3	48.2
Slovak Republic	47.7	54.6	53.7	59.8	61.2	60.6	68.1	73.1	70.8	66.0	50.9	59.3	63.9
Slovenia	..	..	..	55.6	52.8	51.5	47.3	49.3	45.7	42.2	30.1	43.3	44.2
Spain	46.3	42.4	36.9	33.7	33.6	32.0	24.5	21.7	20.4	17.9	23.7	36.6	41.6
Sweden	30.1	26.4	22.3	20.9	17.8	18.9	..	..	13.0	12.4	12.8	16.6	17.2
Switzerland	39.6	29.0	29.9	21.8	26.1	33.5	39.0	39.1	40.8	34.3	30.1	33.1	38.8
Turkey	28.2	21.1	21.3	29.4	24.4	39.2	39.4	35.7	30.3	26.9	25.3	28.6	26.5
United Kingdom	29.6	28.0	27.8	21.7	21.5	20.6	21.0	22.3	23.7	24.1	24.5	32.6	33.4
United States	6.8	6.0	6.1	8.5	11.8	12.7	11.8	10.0	10.0	10.6	16.3	29.0	31.3
EU 27	..	..	..	..	..	..	..	..	..	..	..	..	..
OECD	31.2	30.8	29.1	29.0	30.1	31.3	32.0	31.4	28.6	25.0	23.7	31.6	33.6
Brazil	..	..	..	..	..	..	..	..	..	..	..	..	..
China	..	..	..	..	..	..	..	..	..	..	..	..	..
India	..	..	..	..	..	..	..	..	..	..	..	..	..
Indonesia	..	..	..	..	..	..	..	..	..	..	..	..	..
Russian Federation	47.0	46.2	39.2	38.9	37.3	38.7	38.5	41.7	40.6	35.2	28.7	29.9	32.8
South Africa	68.4	68.5	68.4	65.1	63.7	59.5	57.7	49.5	49.3	56.1	58.8

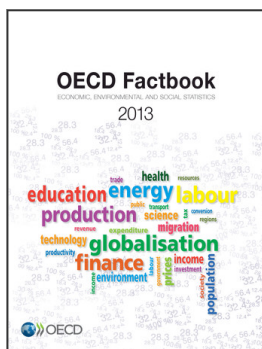
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