

CRS REPORT FOR CONGRESS

**EMPLOYMENT AND UNEMPLOYMENT:  
SOME INTERNATIONAL COMPARISONS**

During the 1980s many labor economists have observed the different success rates of the United States and Europe in reducing unemployment and creating new jobs. This report examines the differing labor force experience during these years of the United States and selected European countries, as well as the experience of Canada, Japan, and Australia.



by  
Gail McCallion  
Analyst in Labor Economics  
Economics Division

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## EMPLOYMENT AND UNEMPLOYMENT: SOME INTERNATIONAL COMPARISONS

### SUMMARY

The 1970s and 1980s have witnessed many dramatic changes in employment, both internationally and domestically. For example, the industry composition of employment in the United States, Canada, Australia, Japan, and much of Europe is continuing to reflect an increasing emphasis on the service sector and a decreasing emphasis on agriculture and industry. In addition, women's labor force participation rates have continued to rise, and there has been an increasing percentage of employment accounted for by part-time jobs, jobs disproportionately occupied by women.

One labor market phenomenon that has provoked particular interest among economists is the persistently high unemployment in recent years that has plagued much of Europe despite the economic recovery. Many labor economists have examined and tried to explain the greater success rate of the U.S. compared to Europe in reducing unemployment and creating new jobs in the 1980s. For example, between 1981-87 the United States generated 12,043,000 new jobs compared to 1,467,000 for six European nations combined: France, Germany, Italy, Netherlands, Sweden, and the United Kingdom. And, despite the recovery, unemployment rates have remained much higher in most of Europe than in the United States. The failure of Europe to generate job growth as strong as that of the United States has been attributed to a variety of factors including tighter fiscal policies and less flexible labor markets in Europe compared to the United States.

However, many observers argue that the chronic unemployment problems experienced by Europe may moderate somewhat in the future due to changing demographics. Europe has been experiencing a steady decline in birth rates since the late-1960s. However, there is no guarantee that this decrease will necessarily result in decreased unemployment; some economists project that rising labor force participation rates will mitigate against such a fall.

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## EMPLOYMENT AND UNEMPLOYMENT: SOME INTERNATIONAL COMPARISONS

During the 1980s many labor economists have observed the greater success rate of the United States compared to Europe in reducing unemployment and creating new jobs following several severe recessions. Some economists have argued the greater success of the United States in generating substantial job growth is due to the less restrictive fiscal policies pursued by the United States;<sup>1</sup> others argue the existence of more flexible labor markets in the United States than exist in Europe is the principal reason for the greater success of the United States. "Euroclerosis" is a term that has been coined as shorthand for the labor market inflexibility allegedly in part underlying Europe's failure to generate more impressive job growth.<sup>2</sup>

The decades of the 1970s and 1980s have been characterized by many labor market changes, both nationally and internationally. The industry composition of employment during these decades has continued to move in the direction established in earlier decades, i.e., an increasing role for the service sector and a decreasing role for agriculture and industry. In addition, there has been an increasing presence of women in the labor force, as women's labor force participation rates continue to rise in most of the countries considered. In many of the countries considered there has been an increasing percentage of employment accounted for by part-time jobs, jobs disproportionately occupied by women. And finally, persistently high unemployment despite the recovery has been the experience of many of these countries.

This report examines the labor force experience of the United States, Canada, Australia, Japan, and selected European members of the Organization for Economic Co-operation and Development (OECD) -- France, Germany, Italy, the Netherlands, Sweden, and the United Kingdom (U.K.). These particular countries have been selected for examination because the U.S. Bureau of Labor Statistics (BLS) has computed labor force statistics for all of these countries consistent with U.S. concepts. However, some differences in definitions still remain -- for example lower age limits for civilian labor force status vary among the countries. Nevertheless, the attempt to maximize the

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<sup>1</sup> Dornbusch, Rudiger. Unemployment: Europe's Challenge of the '80s. Challenge, September-October 1986. p. 15.

<sup>2</sup> van Ginneken, Wouter. Full Employment in OECD Countries: Why Not? International Labor Review, v. 125, January-February 1986. p. 26-32. Flexible labor markets are generally characterized as labor markets in which wages are responsive to changes in unemployment -- i.e., unemployment results in lower wages; labor is mobile -- i.e., workers are willing to change jobs and move to other locations for work; and, labor is a flexible input into production -- i.e., managers can easily alter the number of working hours.

**TABLE 1. Civilian Employment in Selected Countries, 1975-1987**  
(numbers in thousands)

Year	United States	Canada	Australia	Japan	France	Germany	Italy	Nether-lands	Sweden	United Kingdom
1974	86,794	9,125	5,891	51,710	21,030	25,980	19,280	4,500	3,956	24,680
1975	85,846	9,284	5,866	51,530	20,850	25,240	19,400	4,580	4,056	24,560
1976	88,752	9,477	5,946	52,020	21,000	25,010	19,500	4,610	4,082	24,360
1977	92,017	9,651	6,000	52,720	21,180	24,970	19,670	4,700	4,093	24,400
1978	96,048	9,987	6,038	53,370	21,260	25,130	19,720	4,750	4,109	24,610
1979	98,824	10,395	6,111	54,040	21,300	25,470	19,930	4,830	4,174	24,940
1980	99,303	10,708	6,284	54,600	21,330	25,750	20,200	4,980	4,226	24,670
1981	100,397	11,006	6,416	55,060	21,200	25,560	20,280	5,010	4,219	23,800
1982	99,626	10,644	6,415	55,620	21,240	25,140	20,250	4,980	4,213	23,710*
1983	100,834	10,734	6,300	56,550	21,170	24,750q/	20,320	4,890q/	4,218	23,600*
1984	105,005	11,000	6,490	56,870	20,980	24,800	20,390	4,930	4,249	24,000*
1985	107,150	11,311	6,670	57,260	20,920	24,960	20,490	5,110	4,293	24,310*
1986	109,597	11,634	6,952*	57,750	20,960	25,220*	20,610q/	5,200*	4,326	24,450*
1987	112,440	11,955	7,107*	58,320	20,970*	25,400*	20,590*	5,270*	4,396q/	24,910*

\* Preliminary

q/ Break in series.

Source: U.S. Bureau of Labor Statistics. (BLS country data approximate U.S. concepts.)

**TABLE 2. Net Job Growth or Loss in Selected Countries**  
1974-1980 and 1981-1987  
(numbers in thousands)

	Time Periods			
	1974-1980		1981-1987	
	Net Change	Percent Change	Net Change	Percent Change
United States	12,509	14.4%	12,043	12.0%
Canada	1,583	17.3	949	8.6
Australia	393	6.7	691	10.8
Japan	2,890	5.6	3,260	5.9
France	300	1.4	-230	-1.1
Germany	-230	-0.9	-160	-0.6
Italy	920	4.8	310	1.5
Netherlands	380	8.3	260	5.2
Sweden	270	6.8	177	4.2
United Kingdom	-10	0.0	1,110	4.7

Note: Net growth or loss in jobs is defined as equal to the change in total civilian employment.

Source: Compiled by CRS using data from U.S. Bureau of Labor Statistics. (Some data are preliminary.)

comparability of these statistics among countries makes the BLS statistics a very useful data source for comparisons among countries.<sup>3</sup> Another useful source of international data is provided by the OECD. These data are also relied upon in this report. The OECD compiles standardized data for its member countries using International Labor Office concepts which the BLS characterizes as more general in scope than the concepts it uses.<sup>4</sup>

#### EMPLOYMENT AND JOB GROWTH

Between 1974 and 1980, the United States and Canada were considerably more successful in increasing employment than Europe.<sup>5</sup> Civilian employment in the United States equalled 86,794,000 in 1974, but had risen to 99,303,000 by 1980, an increase of 14.4 percent, translating into 12,509,000 new jobs. In Canada, employment increased from 9,125,000 in 1974 to 10,708,000 in 1980, a 17.3 percent increase, representing 1,583,000 new jobs. (See tables 1 and 2).

During the same time period all six of the OECD European countries considered here generated a net gain of only 1,630,000 jobs. (The combined population of these six countries is slightly higher than that of the United States.) France had a 1.4 percent increase in employment; Germany had a 0.9 percent decrease in employment; Italy had a 4.8 percent increase in employment; and the United Kingdom's employment was unchanged. The Scandinavian countries fared better: the Netherlands had an 8.3 percent increase in employment; and, Sweden had a 6.8 percent increase in employment.

Australia and Japan had better job creation records during the same period than France, Germany, Italy, and the U.K., but not as strong as those of the United States, Canada, the Netherlands, and Sweden. Between 1974 and 1980 Australia had a 6.7 percent increase in employment and Japan had a 5.6 percent increase.

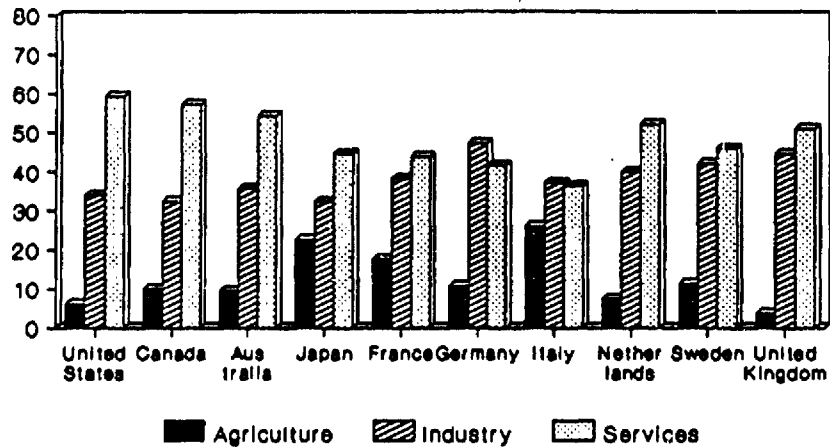
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<sup>3</sup> For information on the BLS's methods of adapting foreign labor force statistics to U.S. concepts see: U.S. B.L.S. International Comparisons of Employment, Bulletin 1979, Appendix B. Washington, U.S. Govt. Print. Off., 1978. p. 70-146.

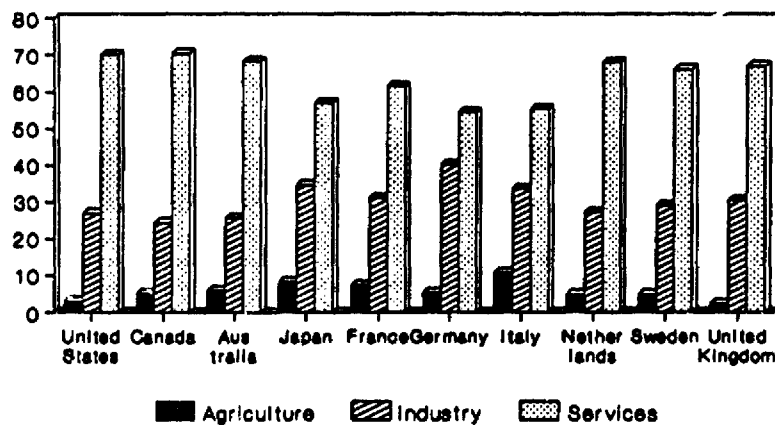
<sup>4</sup> Moy, Joyanna. An Analysis of Unemployment and Other Labor Market Indicators in 10 Countries. Monthly Labor Review, April 1988. p. 47. For example, the OECD calculates unemployment rates only on a total labor force basis while the BLS also calculates unemployment rates on a civilian labor force basis. In addition, the OECD unemployment rates for Italy are considerably higher than those computed by the BLS, since BLS excludes from its unemployment figures those individuals who have not been seeking work in the past month (discouraged workers) while the OECD includes them. Since there are a large number of discouraged workers in Italy this difference is significant.

<sup>5</sup> Two time periods were selected to examine job creation performance over time -- 1974-1980, and 1981-1987. The second period was selected to allow examination of as much current data from the 1980s as possible; the first period was selected simply because it includes the years immediately preceding the second period and consists of an equal number of years.

**Chart 1. Civilian Employment by Sector  
for Selected Countries in 1965  
(Percent)**



**Chart 2. Civilian Employment by Sector  
for Selected Countries in 1985  
(Percent)**



Compiled by CRS from U.S. Bureau of Labor Statistics data.  
(Some data are preliminary.)

Between 1981-87 the United States and Canada did not perform as well as during the 1974-80 period, but still had strong job creation records, with employment increases of 12.0 percent and 8.6 percent, respectively. Nevertheless, the United States' record of job creation during this period was considerably better than that of the six European countries under consideration, with 12,043,000 new jobs compared to Europe's 1,467,000. Of the six European countries considered, only the U.K. performed better during this period than in the 1974-80 period, with a 4.7 percent increase in employment.<sup>6</sup> France and Germany experienced declines in employment of 1.1 percent and 0.6 percent, respectively; Italy had a net increase of 1.5 percent; the Netherlands increased employment by 5.2 percent; and, Sweden increased employment by 4.2 percent. Australia had a stronger job creation record in 1981-1987 than in the 1974-1980 period, with a 10.8 percent increase, and Japan's increase in employment was slightly higher in 1981-1987, at 5.9 percent, than in the earlier period.

#### Industry Composition of Jobs

For all ten countries the largest segment of jobs being created was in the service sector. As demonstrated in charts 1 and 2, over the last twenty years the distribution of employment among agriculture, industry and services has changed dramatically. All of the countries had a larger percentage of employment represented by the service sector and a smaller percentage represented by agriculture and industry in 1985 compared to 1965, except for Japan which had a slight increase in the percentage of employment represented by industry in 1985 compared to 1965. (See charts 1 and 2.)<sup>7</sup>

The rise in the proportion of employment attributable to services has been accompanied by an increasing proportion of working women, who are disproportionately represented in the service sector. The growth of the service sector has also been accompanied by a change in the part-time vs. full-time employment mix, due in part to the nature of these service jobs as well as a desire for part-time work by some of the women who fill these jobs.

#### Part-time vs. Full-time jobs

In most of the countries examined here a substantial portion of the new jobs that have been created are part-time jobs, although the great majority of workers still hold full-time jobs. The OECD notes that since 1979 most of the countries experienced an increase in the proportion of part-time employment. However, the share of part-time employment has been falling in some countries since 1983.<sup>8</sup> For example, Sweden and the United States had a smaller percentage in 1986 compared to 1983 of both male part-

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<sup>6</sup> Germany also did better in the second period compared to the first in the sense that its rate of job loss slowed.

<sup>7</sup> Industry includes manufacturing, mining, and construction.

<sup>8</sup> Organization for Economic Co-operation and Development (OECD). Economic Outlook, September 1987. p. 34.



timers as a percent of total male employment and female part-timers as a percent of total female employment. Germany had a slightly lower percentage of female part-timers as a percent of total female employment in 1986 than in 1983 but had a larger percentage of male part-timers as a percent of male employment; Canada had a lower percentage of female part-timers as a percent of total employment in 1986 compared to 1983 (see table 3).

Women's share of part-time employment continued to be high in 1986 in all the countries considered, ranging from a low of 66.5 percent in the United States to a high of 89.8 percent in Germany. In all the European countries but Italy and the Netherlands in 1986, women accounted for over 80 percent of part-time job holders in 1986. In Italy women's share of part-time employment equaled 61.6 percent; in the Netherlands women's share of part-time employment equaled 76.1 percent; in the United States women represented 66.5 percent of part-time job holders, and in Canada, Australia and Japan women represented between 70 and 80 percent of part-time jobholders (see table 3).

TABLE 3. Part-time Employment by Sex and Country for Selected Years a/  
(Percent)

	Part-time Employment as a Percent of:									Women's Share of Part-time Employment		
	Total Employment			Male Employment			Female Employment					
	1979	1983	1986	1979	1983	1986	1979	1983	1986	1979	1983	1986
United States	16.4	18.4	17.4	9.0	10.8	10.2	26.7	28.1	26.4	67.8	66.8	66.5
Canada	12.5	15.4	15.6	5.7	7.6	7.8	23.3	26.2	25.9	72.1	71.3	71.2
Australia	15.5	17.2	18.9	5.1	6.1	6.7	34.5	35.9	37.9	78.8	77.8	78.7
Japan <u>b/</u>	9.9	10.5	11.7	5.2	4.8	5.5	18.4	21.1	22.8	64.5	70.7	70.0
France	8.2	9.7	11.7	2.5	2.6	3.5	17.0	20.1	23.1	82.0	84.6	83.0
Germany	11.2	12.6	12.3 <u>c/</u>	1.5	1.7	2.1 <u>c/</u>	27.6	30.0	28.4 <u>c/</u>	91.6	91.9	89.8 <u>c/</u>
Italy	5.3	4.6	5.3 <u>c/</u>	3.0	2.4	3.0 <u>c/</u>	10.6	9.4	10.1 <u>c/</u>	61.4	64.8	61.6 <u>c/</u>
Netherlands	11.1	22.0	24.0 <u>c/</u>	2.8	7.8	8.7 <u>c/</u>	31.7	50.5	54.2 <u>c/</u>	82.5	76.2	76.1 <u>c/</u>
Sweden <u>d/</u>	23.6	24.8	23.5	5.4	6.3	6.0	46.0	45.9	42.8	87.5	86.6	86.6
United Kingdom	16.4	19.1	21.2 <u>c/</u>	1.9	3.3	4.2 <u>c/</u>	39.0	42.4	44.9 <u>c/</u>	92.8	89.6	88.5 <u>c/</u>

NOTE: Definitions of part-time employment differ by country.

a/ See OECD (1985a, Note A of the Technical Annex) for details on the definitions of part-time workers in these countries. The only change concerns the United States and the Netherlands. For the United States the data are based on the concept of "usual" activity status. Hence, part-time workers in the United States are now defined as all persons who usually work fewer than 35 hours a week. This definition thereby includes those part-timers who, for economic reasons, usually work part-time. For the Netherlands, the data for both 1983 and 1985 refer to people who work 35 hours or more per week, and the calculations shown here are based on those for whom hours of work were given. Thus, the results may be affected by changes in the ratio of those employed with hours information to total employment. Data for Japan refer to people who were actually at work during the reference period, and exclude those, classified as employed, who were temporarily absent from work.

b/ Data refer to employees at work during the survey week in nonagricultural industries.

c/ Data refer to 1985, except for Germany, which refer to 1984.

d/ Starting in 1986 the Swedish data are based on persons aged 16 to 64. The data for 1979 and 1983 have been recalculated to conform to the new age span of the labour force survey.

Source: OECD Employment Outlook, September 1987, p. 29.

This increase in the importance of part-time work has been attributed to several factors, most significantly to the rising share of employment accounted for by the service sector since many service sector jobs such as retail sales, require part-time workers to staff peak hours and busy seasons. In addition, some economists argue the rising share of part-time employment is due in part to an increased desire by employers for flexibility in the number of hours worked by employees.<sup>9</sup>

### UNEMPLOYMENT

Until 1978 the United States had a higher unemployment rate than any of the European countries considered here. (Canada and Australia had higher rates than did the United States in several years, however.) In the late 1980s the situation has reversed, with U.S. unemployment rates lower than those of the European countries. (See table 4.)

All ten countries experienced increasing unemployment from the mid-1970s through the mid-1980s. For example, the United States had a civilian unemployment rate equal to 6.1 percent in 1978, but it had climbed to 9.6 percent by 1983. Not until 1987 when the unemployment rate fell to 6.2 percent was the rate close to 1978 and 1979 levels. The United States and Sweden are the only countries thus far to have successfully reduced their unemployment rates to the pre-1980-82 recession rates.

In contrast to the experience of the United States, the United Kingdom and France, in particular, have continued to have very high unemployment rates into the late 1980s. The unemployment rate in the U.K. increased from 6.3 percent in 1978 to 11.9 percent in 1983, and fell to 10.3 percent in 1987. Despite this decline in 1987, of the countries considered here, only France had a higher unemployment rate than the United Kingdom in 1987 with an unemployment rate equaling 10.8 percent. Only Japan and Sweden have continued to have relatively low unemployment throughout the entire period (although Japan's rate has been historically high for that country in the mid- and late-1980s). (See table 4.)

### Unemployment by Sex and Age

In all the countries for which data are available but the U.K., which has historically had higher male unemployment, and in Sweden and the United States, in which male and female unemployment rates were equal in 1987, women continued to experience higher rates of unemployment than men. (See table 5.) For example, in Canada, the unemployment rate for women in 1987 was 9.4 percent compared to 8.5 percent for men; in Australia, the unemployment rate for women was 8.6 percent compared to 7.8 percent for men; in Japan, the unemployment rate for women was 3.7 percent compared to 2.5 percent for men; and, in Italy, the unemployment rate for women was more than twice that experienced by men equalling 11.8 percent in 1987 compared to 5.7 percent for men.

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<sup>9</sup> Beaumont, Phillip B. Employment Flexibility: A U.K. Perspective. Labor Law Journal, August 1988. p. 548.

TABLE 4. Civilian Unemployment Rate in Selected Countries, 1959-1988  
(Percent)

Year	United States	Canada	Australia	Japan	France	Germany	Italy	Netherlands	Sweden	United Kingdom
TOTAL										
1959	5.5	5.6	N.A.	2.3	1.6	2.0	4.8	N.A.	1.7	2.0
1960	5.5	6.5	N.A.	1.7	1.5	1.1	3.7	N.A.	1.7	2.2
1961	6.7	6.7	N.A.	1.5	1.2	0.6	3.2	N.A.	1.5	2.0
1962	5.5	5.5	N.A.	1.3	1.4	0.6	2.8	N.A.	1.5	2.7
1963	5.7	5.2	N.A.	1.3	1.6	0.5	2.4	N.A.	1.7	3.3
1964	5.2	4.4	1.4	1.2	1.2	0.4	2.7	N.A.	1.6	2.5
1965	4.5	3.6	1.3	1.2	1.6	0.3	3.5	N.A.	1.2	2.1
1966	3.8	3.4	1.6	1.4	1.6	0.3	3.7	N.A.	1.6	2.3
1967	3.8	3.8	1.9	1.3	2.1	1.3	3.4	N.A.	2.1	3.3
1968	3.6	4.5	1.8	1.2	2.7	1.1	3.5	N.A.	2.2	3.2
1969	3.5	4.4	1.8	1.1	2.3	0.6	3.5	N.A.	1.9	3.1
1970	4.9	5.7	1.6	1.2	2.5	0.5	3.2	N.A.	1.5	3.1
1971	5.9	6.2	1.9	1.3	2.8	0.6	3.3	N.A.	2.6	3.9
1972	5.6	6.2	2.6	1.4	2.9	0.7	3.8	N.A.	2.7	4.2
1973	4.9	5.5	2.3	1.3	2.8	0.7	3.7	3.2	2.5	3.2
1974	5.6	5.3	2.7	1.4	2.9	1.6	3.1	3.8	2.0	3.1
1975	8.5	6.9	4.9	1.9	4.1	3.4	3.4	5.2	1.6	4.6
1976	7.7	7.1	4.8	2.0	4.5	3.4	3.9	5.5	1.6	5.9
1977	7.1	8.1	5.6	2.0	5.1	3.5	4.1	5.1	1.8	6.4
1978	6.1	8.3	6.3	2.3	5.3	3.3	4.1	5.2	2.2	6.3
1979	5.8	7.4	6.3	2.1	6.0	3.0	4.4	5.3	2.1	6.4
1980	7.1	7.5	6.1	2.0	6.4	2.9	4.4	6.2	2.0	7.0
1981	7.6	7.5	5.8	2.2	7.6	4.1	4.9	9.2	2.5	10.5
1982	9.7	11.0	7.2	2.4	8.3	5.8	5.4	10.6	3.1	11.3*
1983	9.6	11.9	10.0	2.7	8.5	7.1 <sub>g/</sub>	5.9	12.7 <sub>g/</sub>	3.5	11.9*
1984	7.5	11.3	9.0	2.8	10.0	7.4	6.8	12.3	3.1	11.7*
1985	7.2	10.5	8.3	2.6	10.4	7.5	6.0	10.5	2.8	11.2*
1986	7.0	9.6	8.1*	2.8	10.6	7.0*	7.5 <sub>g/</sub>	9.7*	2.6	11.2*
1987	6.2	8.9	8.1*	2.9*	10.8	6.9*	7.9*	9.3*	1.9 <sub>g/</sub>	10.3*

\* Preliminary.

<sub>g/</sub> Break in series. Based on the former series, the adjusted unemployment rate would be approximately 0.3 percentage points higher for Germany, 1.2 percentage points lower for Italy, and 2 percentage points higher for the Netherlands. For Sweden, the 1986 unemployment rate based on the new series would be approximately 0.5 percentage points lower.

Source: U.S. Bureau of Labor Statistics. (BLS country data approximate U.S. concepts.)

TABLE 5. Civilian Unemployment Rate by Sex in Selected Countries, 1975-1987 (percent)

Year	United States	Canada	Australia	Japan	France	Germany	Italy	Netherlands	Sweden	United Kingdom
MALE										
1975	7.9	6.2	3.8	1.8	2.9	3.3	2.5	4.0	1.4	5.0
1976	7.1	6.3	3.9	2.2	3.1	3.1	2.7	4.3	1.3	6.4
1977	6.3	7.3	4.6	2.0	3.6	2.9	2.8	4.0	1.5	6.7
1978	5.3	7.6	5.4	2.2	3.9	2.7	2.8	3.7	2.1	6.3
1979	5.1	6.6	5.2	1.9	4.3	2.3	3.0	3.7	1.9	5.6
1980	6.9	6.9	5.1	1.7	4.4	2.3	2.9	4.4	1.7	7.4
1981	7.4	7.0	4.8	2.0	5.5	3.4	3.3	7.0	2.4	11.5
1982	9.9	11.1	6.4	2.1	6.2	5.2	3.8	9.0	3.9	11.5*
1983	9.9	12.1	9.7	2.6	6.6	6.4g/	4.1	11.4g/	3.4	12.1*
1984	7.4	11.2	8.7	2.5	8.0	6.4	4.2	10.9	3.0	11.9*
1985	7.0	10.3	8.0	2.4	8.6	6.4	4.3	9.2	2.8	11.5*
1986	6.9	9.4	7.7*	2.4	8.8	5.8*	5.2g/	8.3*	2.6	11.6*
1987	6.2	8.5	7.8*	2.5	8.6	5.8*	5.7*	7.7*	1.9g/	10.7*
FEMALE										
1975	9.3	8.1	7.0	3.9	6.1	3.6	5.8	8.3	2.0	4.0
1976	8.6	8.4	6.4	3.9	6.9	4.0	6.5	8.8	2.0	5.3
1977	8.2	9.4	7.5	4.3	7.5	4.5	6.8	7.7	2.2	5.8
1978	7.2	9.6	7.9	4.3	7.6	4.4	6.8	8.8	2.4	6.2
1979	6.8	8.8	8.2	4.1	8.5	4.1	7.3	9.1	2.3	5.0
1980	7.4	8.4	7.9	3.3	9.5	3.8	7.4	10.1	2.3	6.3
1981	7.9	8.3	7.4	3.6	10.6	5.1	8.1	13.7	2.7	9.0
1982	9.4	10.9	8.5	3.5	11.2	6.9	8.6	13.7	3.4	11.1*
1983	9.2	11.6	10.4	3.7	11.2	8.3g/	9.4	15.2g/	3.5	11.6*
1984	7.6	11.4	9.5	3.3	12.6	8.9	9.4	14.4	3.2	11.3*
1985	7.4	10.7	8.8	3.1	12.9	9.1	9.4	13.0	2.9	10.7*
1986	7.1	9.9	8.7*	3.3	13.1	8.7*	11.8g/	12.3*	2.7	10.7*
1987	6.2	9.4	8.6*	3.7	13.7	8.6*	11.8*	12.1*	1.9g/	9.7*

\* Preliminary

g/ Break in series. Based on the former series, the adjusted unemployment rate would be approximately 0.3 percentage points higher for Germany, 1.2 percentage points lower for Italy, and 2 percentage points higher for the Netherlands. For Sweden, the 1986 unemployment rate based on the new series would be approximately 0.5 percentage points lower.

Source: U.S. Bureau of Labor Statistics. (BLS country data approximate U.S. concepts.)

TABLE 6. Unemployment Rate for Teenagers in Selected Countries a/  
(Percent)

	1983	1984	1985	1986	1987
United States	22.4	18.9	18.6	18.3	16.9
Canada	22.2	19.9	18.8	16.8	15.1
Australia	23.6	22.3	20.3	20.2	20.0
Japan	6.4	7.0	7.5	7.5	8.0
France <u>b/</u>	30.7	37.8	36.6	31.3	28.4
Germany <u>b/</u>	11.7	11.6	10.6	NA	NA
Italy	29.6	29.8	30.4	33.0 <u>c/</u>	NA
Sweden	10.6	5.0	4.6	4.4	3.9 <u>c/</u>
United Kingdom <u>b/</u>	22.1 <u>d/</u>	22.3	19.8	20.1	18.1*

\* Preliminary

a/ Data on civilian labor force basis. Data are for 16-19 year olds in the United States, France, Sweden and the United Kingdom; 15-19 year olds in Canada, Australia, and Japan; and 14-19 year olds in Germany and Italy.

b/ French data are for March; German data are for June; and United Kingdom data for 1984 onward are for April-June.

c/ Break in series.

d/ Data exclude Northern Ireland and are not adjusted to U.S. concepts.

Source: U.S. Bureau of Labor Statistics. (BLS country data approximate U.S. concepts.)

Teenagers continued to experience substantially more unemployment than other groups, with unemployment rates in 1987 ranging from a low of 3.9 percent in Sweden to a high of 28.4 percent in France (see table 6). However, in most of the countries for which data were available the teenage unemployment rate had declined in 1987 compared to 1986. (Youth unemployment increased in Japan in 1987 compared to 1986.) This general improvement in youth unemployment has been attributed to the worldwide recovery, a reduced supply of youth entering the job market, and special youth employment programs in some countries.<sup>10</sup>

<sup>10</sup> OECD. Economic Outlook, June 1988. p. 36.

CHANGING EMPLOYMENT-POPULATION RATIOS AND PROJECTED LABOR FORCE GROWTH

Employment-population ratios show the percentage of the civilian non-institutional population that is employed and are indicative of how well a country is absorbing its population into the workforce. In all the countries considered here for which data are available, male employment-population ratios fell between 1972 and 1987. These declines reflect not only cyclical economic changes but long-term trends toward more years of schooling and earlier retirement. Trends in female employment-population ratios have not been as consistent across countries, however, these ratios have risen in 1987 compared to 1972 in most of these countries. This reflects in part the long-term shift in the industry composition of employment toward service sector jobs employing large numbers of women, as well as declining fertility rates (see table 7).<sup>11</sup>

Employment-population ratios reflect many factors, including long-term changes in a nation's demographic characteristics, such as changes in the age distribution of the population. Some economists have suggested that the chronic unemployment problems experienced by Europe may moderate somewhat in the future due to the changing age distribution of the European population. In fact, Europe has been experiencing a steady decline in birth rates since the late-1960s.<sup>12</sup> Most of the countries considered here have experienced less rapid growth of the working-age population in recent years, and this slowdown is projected to be even more dramatic between 1986-1995, with Germany, Italy and the U.K. projected to experience an actual decline in their working-age population (see table 8). However, there is no guarantee that this decrease in the supply of labor will necessarily ameliorate unemployment, especially if labor force participation rates rise:

. . . over the next five years, the effects on the labor force of declining population growth in Europe may be offset by increases in labor force participation rates such that unemployment rates may change little in the absence of higher output growth or a slower trend of real wage growth that would encourage substitution of labor for capital.<sup>13</sup>

Moreover, the United States has experienced the same decline in birth rates following the post-war baby boom and is also projected to experience a slowdown in the growth of the working-age population. Consequently, in the future, these two factors might not narrow the unemployment rate differences between the United States and European nations.

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<sup>11</sup> Moy, *An Analysis of Unemployment*, p. 42.

<sup>12</sup> *Economic Outlook*, June 1988, p. 36.

<sup>13</sup> *Ibid.*, p. 38.

**TABLE 7. Employment-Population Ratios for Selected Years by Sex <sup>a/</sup>  
(Civilian Employment Basis, in Percent)**

Year	United States	Canada	Australia	Japan	France	Germany	Italy	Nether-lands	Sweden	United Kingdom
<b>Total</b>										
1972	57.0	54.9	59.6	62.9	55.5	55.5	45.9	NA	62.4	58.2
1977	57.9	56.6	59.2	61.2	54.7	51.6	46.3	46.5	64.8	58.7
1982	57.8	57.0	57.3	61.2	52.3	49.6	45.2	45.8	64.7	55.3*
1987	61.5	60.3	57.9*	60.1	49.7	49.4*	44.4*	45.6*	66.2 <sup>b/</sup>	56.6*
<b>MALE</b>										
1972	75.0	73.0	82.0	80.6	74.4	75.6	69.9	NA	75.4	76.6
1977	72.8	72.0	77.3	78.7	71.1	69.5	67.5	68.2	74.5	74.7
1982	69.0	68.5	73.4	77.4	66.3	65.4	64.4	62.7	71.3	68.9*
1987	71.5	70.1	70.4*	74.9	61.0	64.0*	61.6*	61.2*	71.0 <sup>b/</sup>	68.2*
<b>FEMALE</b>										
1972	41.0	37.4	39.6	46.2	38.7	38.3	24.1	NA	50.0	41.4
1977	44.5	41.7	41.5	44.9	39.9	35.2	26.9	25.5	55.4	44.3
1982	47.7	46.1	41.5	45.9	39.9	35.8	27.7	29.6	58.4	42.9*
1987	52.5	50.9	45.7*	46.2	39.8	36.5	28.6*	30.9*	61.6 <sup>b/</sup>	45.9*

\* Preliminary

<sup>a/</sup> Civilian employment approximating U.S. concepts as a percent of the civilian noninstitutional working age population. The data relate to persons 16 and over in the United States, France, and Sweden; 15 and over in Canada, Australia, Japan, and Germany; and 14 and over in Italy. The lower age limit was raised from 15 to 16 in 1973 for the United Kingdom and from 14 to 15 in 1975 for the Netherlands. The institutionalized working age population is included in Japan and Germany.

<sup>b/</sup> Break in Series.

Source: U.S. Bureau of Labor Statistics. (BLS country data approximate U.S. concepts.)

**TABLE 8. Growth of the Working-Age Population <sup>a/</sup> in Selected Countries  
(average annual percent growth)**

	Historical Trends			Projections	
	1968-73	1973-79	1979-86	1986-90	1990-95
United States	1.8	1.7	1.0	0.7	0.6
Canada	2.3	2.2	1.3	0.8	0.8
Australia	2.4	1.8	1.7	1.4	1.1
Japan	1.2	0.8	1.1	0.7	0.1
France	0.9	0.7	0.9	0.3	0.1
Germany	0.8	0.3	0.8	-0.2	-0.5
Italy	0.4	0.7	0.6	0.2	-0.1
Netherlands	1.3	1.4	1.2	0.6	0.1
Sweden	0.2	0.1	0.2	0.1	0.1
United Kingdom	0.0	0.4	0.5	0.0	-0.2

<sup>a/</sup> 15-64 year-olds.

Source: OECD Employment Outlook. September 1987, p. 56.

SUMMARY

Most of the countries considered here have experienced declining unemployment and stronger job growth in the mid and late 1980s, in part as a consequence of the worldwide recovery. Nevertheless, many of these countries continue to experience high levels of unemployment, most notably several European nations including the U.K., Italy and France. Outside of Europe, both Canada and Australia are continuing to experience high unemployment, although both of these countries are experiencing stronger job growth than the European nations mentioned above. Some economists argue that the recent improvement in European unemployment rates reflects Europe's recognition of the need to adopt structural changes, particularly changes in the labor market, including reduced labor costs. However, in spite of these recent reductions in unemployment the OECD is predicting a renewed rise in European unemployment in 1989, due to their projections of stagnation in the growth of employment.<sup>14</sup>

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<sup>14</sup> Economic Outlook, June 1988, p. 36.