

Unemployment and labor force trends in 10 industrial nations: an update

Postwar joblessness reaches 13 percent in Great Britain in the third quarter, with West Germany, France, Canada, and the United States also incurring record high unemployment rates

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In the latter half of 1981 and the first 9 months of 1982, unemployment rates approximating U.S. concepts rose sharply in most of the 10 countries covered by the Bureau of Labor Statistics' series of comparative unemployment rates. Unemployment rates reached post-World War II highs in six of the industrial nations—the United States, Canada, France, West Germany, Great Britain, and the Netherlands. Italian unemployment, although at a comparatively moderate level of 4.7 percent after adjustment to U.S. concepts, was the highest since 1959. In addition, there were an equally large number of “discouraged workers” in Italy—persons who wanted jobs but had not actively sought work recently. Although Japanese and Swedish unemployment rates remained substantially lower, in the 2 to 3 percent range, both countries had higher rates than they normally experienced over the last 20 years. Australia was the only country where the jobless rate was down in 1981; it rose, however, in the first 9 months of 1982.

This article updates comparative unemployment rates through the third quarter 1982 and other related labor market statistics through 1981 for the 10 countries. The foreign unemployment and labor force data are adjusted to U.S. concepts. Some revisions of previously

published estimates are also presented; the revisions arise from incorporation of more recent survey results.¹

Unemployment pushes higher

In 1981, the U.S. unemployment rate of 7.6 percent was surpassed by the rates in Great Britain, 11.3 percent, the Netherlands, 8.9 percent, and France, 7.7 percent, and was matched in Canada. (See table 1.) The Australian rate fell to 5.8 percent. Unemployment rates of 4.2 percent were recorded in Germany and Italy; Japanese and Swedish jobless rates were in the 2 percent range.

By the second quarter of 1982, rates had risen in all 10 countries. The U.S. jobless rate, which had remained stable for the first three quarters of 1981, surged in the fourth quarter and reached new highs of 9.5 percent in the second quarter and 9.9 percent in the third quarter. Nevertheless, the U.S. rate was still exceeded by the rates in Great Britain, Canada, and probably the Netherlands.² The British rate, which rose to about 13 percent in early 1982, was the highest ever recorded in the BLS series of comparative unemployment statistics.

West Germany's unemployment rate also rose sharply in the fourth quarter of 1981 and the first half of 1982, while France and Italy experienced more moderate increases. However, both German and French third quarter rates were postwar records, and the second-

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Table 1. Quarterly unemployment rates approximating U.S. concepts, seasonally adjusted, 1978–82

Period	United States	Canada	Australia	Japan	France ¹	West Germany ¹	Great Britain ¹	Italy ²	Sweden
1978	6.1	8.4	6.3	2.3	5.4	3.4	6.3	3.7	2.2
I	6.3	8.4	6.5	2.2	4.8	3.5	6.5	3.6	2.2
II	6.0	8.5	6.3	2.3	5.3	3.5	6.4	3.6	2.3
III	6.0	8.4	6.2	2.3	5.7	3.4	6.2	3.6	2.4
IV	5.9	8.2	6.3	2.3	5.6	3.3	6.0	3.9	2.1
1979	5.8	7.5	6.2	2.1	6.1	3.0	5.7	3.9	2.1
I	5.9	7.9	6.4	2.1	5.8	3.2	5.9	3.8	2.2
II	5.7	7.6	6.3	2.1	6.2	3.0	5.6	3.9	2.2
III	5.8	7.1	6.2	2.1	6.3	2.9	5.7	3.9	2.0
IV	6.0	7.3	6.1	2.1	6.2	2.8	5.6	3.9	1.8
1980	7.1	7.5	6.1	2.0	6.5	3.0	7.3	3.9	2.0
I	6.3	7.5	6.1	1.9	6.2	2.8	5.8	4.0	1.8
II	7.3	7.7	6.3	2.0	6.5	2.8	6.5	4.0	2.0
III	7.6	7.5	6.1	2.1	6.5	2.9	7.4	3.9	1.9
IV	7.5	7.4	6.0	2.2	6.6	3.1	9.0	3.8	2.2
1981	7.6	7.6	5.8	2.2	7.7	4.2	11.3	4.2	2.5
I	7.4	7.3	5.8	2.2	7.0	3.6	10.3	3.9	2.2
II	7.4	7.2	5.5	2.4	7.7	3.9	11.1	4.4	2.2
III	7.4	7.6	5.8	2.2	7.9	4.4	11.5	4.1	2.5
IV	8.3	8.4	5.9	2.2	7.9	4.9	12.5	4.4	3.1
1982									
I	8.8	8.6	6.3	2.3	8.3	5.3	13.0	4.6	3.0
II	9.5	10.2	6.6	2.4	8.6	5.9	12.9	4.7	3.1
III	9.9	12.1	7.1	—	8.7	6.3	13.0	4.5	—

¹ Preliminary for West Germany from 1979 onward, and for France and Great Britain from 1981 onward.

² Quarterly data are for January, April, July, and October.

Note: Quarterly figures for France, West Germany, Italy, and Great Britain are calculated by applying annual adjustment factors to current published data and therefore should be viewed as only approximate indicators of unemployment under U.S. concepts. Published data for Australia, Canada, Japan, and Sweden require little or no adjustment.

quarter Italian rate was the highest in more than 20 years.

Japan's unemployment rate increased marginally to 2.4 percent in the second quarter, after remaining at about 2.2 percent for the previous three quarters. Sweden's unemployment rate rose from 2.2 percent in the first half of 1981 to 3.1 percent in the fourth quarter but remained at about 3.0 percent in the first half.

The current comparative unemployment situation is in marked contrast with the 1960's and early 1970's. In those years, unemployment rates in the United States and Canada were much higher than in Western Europe, Japan, and Australia. U.S. and Canadian rates averaged about 5 percent during that period, compared to 1 percent in Japan and Germany, 2 percent in Australia, France, and Sweden, and 3 percent in Great Britain and Italy.

Unemployment rates trended down in the second half of the 1960's in the United States, Canada, Japan, and Australia, while in the European countries they were up. In the early 1970's, unemployment rates were higher again in every country except Italy. In the United States, Canada, and Japan, however, they were still below the levels of the early 1960's. Subsequently, unemployment rates continued up in every country except Japan and Sweden.

Unemployment has risen more rapidly in most European countries and Australia than in the United States, Canada, and Japan since the 1973 oil embargo and the 1974–75 recession. By the early 1980's, West Germany's unemployment rate was more than 6 times as high as in

1960–74. French jobless rates increased more than four-fold by 1980–82, British rates more than tripled and Australian rates tripled. In the United States and Canada, 1980–82 unemployment rates were about 50 percent higher than in 1960–74. However, both countries had begun with relatively high rates in the earlier period. Japan's unemployment rate increased somewhat more, but remained well below 3 percent. The smallest increases in unemployment rates since 1960–74 occurred in Sweden and Italy. Italy's rates were the highest in Europe during the earlier period, however, and its recent rates exclude a large group of discouraged workers. Sweden, by contrast, now has the lowest unemployment rate among the European countries.

Employment shows broad decline

In the first half of 1982, employment rose over 1981 in only 2 of the 10 countries studied—by 0.6 percent in Japan and by 0.2 percent in Australia. Employment declined most sharply in Canada, 1.9 percent, and Great Britain, 1.7 percent. Employment fell by 1 percent or less in the United States, West Germany, Italy, and Sweden and probably in France and the Netherlands as well.

In 1981, employment had increased about 1 percent in the United States and Japan and 2 to 2.5 percent in Australia and Canada. Among the European countries, employment increased only in Italy, a marginal 0.5 percent; in the other countries, employment declined. The largest decline was 4 percent in Great Britain. (See table 2.)

Employment growth was stronger in North America, Australia, and Japan than in Western Europe in earlier periods also. For all six European countries, annual average employment growth had been only 1 percent or less since 1960. In the 1960–73 period, the employment trend was negative only in one country, Italy; since 1973, the overall employment trend had been down in West Germany and Great Britain.

Employment maintenance programs. Special employment maintenance and training programs have had a significant impact on the 1981–82 employment levels in several European countries. For example, in June 1982, about 535,000 Britons were covered by various employment and training schemes. According to the British Department of Employment, the direct effect of these programs was to keep about 300,000 persons (1.1 percent of the labor force) off the June 1982 unemployment register.³ In Sweden, although the number in training programs for labor market reasons declined in 1981, the total enrolled in the various public works and training programs actually exceeded the number of unemployed by 8 percent and accounted for 2.7 percent of the labor force (versus an unemployment rate of 2.5 percent).

In France, West Germany, Great Britain, and Italy, employment was supported by wide-reaching programs to subsidize employees placed on shorter hours for economic reasons. In France, an average of nearly 320,000 workers, equivalent to approximately 14.3 million work days, were covered in the first 10 months of 1981. The number of workers covered, 1.4 percent of the labor force, was up 130 percent from the first 10 months of 1980. In West Germany, the number of persons on short-time increased 150 percent in 1981 to nearly 350,000 workers, about 1.3 percent of the labor force. In Great Britain, the number covered by the Temporary Short-Term Working Compensation Scheme in 1981 ranged from a high of nearly one million in March to 190,000 in December. The average for the year, about 540,000, was 2.2 percent of the labor force. In the first half of 1982, the number receiving benefits declined further, to under 150,000 persons. In Italy, the number of hours subsidized by the Wage Supplement Fund rose 85 percent to 550 million hours in 1981. If the number of hours subsidized were spread among all employed persons, then approximately 27 hours per person were subsidized in 1981; or, assuming 1,800 hours worked per person, the equivalent of 1.4 percent of the labor force was subsidized.

Employment-population ratios. Although employment rose in 1981 in five of the countries, the employment-population ratio rose only in Canada. In the other four countries—the United States, Japan, Australia, and Italy—employment growth matched growth in the working age population, and employment ratios were

virtually unchanged. The employment ratio fell sharply from 1980 in Great Britain, along with the 1-million decline in employment. Employment-population ratios also fell in France, West Germany, the Netherlands, and Sweden. (See table 2.) Sweden still had by far the highest employment ratio, 65 percent. By comparison, the 1981 ratios were around 60 percent in the United States, Canada, Japan, and Australia; 50 to 55 percent in France, West Germany, and Great Britain; and about 45 percent in the Netherlands and Italy.⁴

Labor force participation stable

With the exceptions of Canada and Great Britain, there was little or no change in 1981 in labor force participation rates—the proportion of the civilian working-age population in the labor force. In Canada, the participation rate rose to 64.7 percent in 1981 from 64.0 percent in 1980, the increase resulting entirely from continued growth in the female participation rate. In Great Britain, by contrast, the overall participation rate declined for the third consecutive year as both male and female participation continued to move downward. In most countries, changes in participation were characterized by secular downtrends for men and increases for women.

Labor force participation rates continued to be highest in Sweden, 67 percent, and lowest in Italy, 48 percent. In West Germany and the Netherlands, slightly more than 50 percent of the working age population were employed or looked for work in 1981, compared to 57 percent in France and 62 to 65 percent in the other five countries. (See table 2.)

Discouraged workers. Data on discouraged workers—persons who state a current desire for work but who are not actively seeking a job because they think they cannot find one—are available only for the United States, Canada, Sweden, and Italy. In the United States, the number of discouraged workers doubled from 1979 to 1.5 million (compared with around 10 million unemployed persons). The Canadian definition of discouraged workers is somewhat more restrictive than the U.S. definition.⁵ Nevertheless, the number of discouraged workers, as in the United States, is currently equivalent to about 15 percent of the unemployed. In Sweden, the number of discouraged workers had been about half the number of unemployed since 1978.

In Italy, the number of persons not in the labor force who were classified, by Italian definitions, as discouraged jobseekers in 1981 was only about 80,000—equivalent to less than 10 percent of the number unemployed. In addition, however, approximately half the Italians who stated they were unemployed said they had not actively sought work within the last 30 days. These persons have been excluded from the unemployed by BLS, because U.S. concepts require active workseeking

Table 2. Civilian labor force, employment, and unemployment approximating U.S. concepts, 10 countries, 1974-81

[Numbers in thousands]

Year	United States	Canada	Australia	Japan	France	West Germany	Great Britain	Italy	Netherlands	Sweden
Labor force										
1974	91,949	9,639	6,053	52,440	21,590	26,050	24,850	20,060	4,760	4,037
1975	93,775	9,974	6,169	52,530	21,620	25,640	25,150	20,270	4,830	4,123
1976	96,158	10,206	6,244	53,100	21,800	25,400	25,350	20,490	4,890	4,149
1977	99,009	10,498	6,358	53,820	22,130	25,360	25,510	20,530	4,950	4,168
1978	102,251	10,882	6,399	54,600	22,300	25,520	25,650	20,630	¹ 5,000	4,203
1979	104,962	11,207	6,480	55,210	22,500	¹ 25,780	25,550	20,910	¹ 5,100	4,262
1980	106,940	11,522	6,655	55,740	22,580	¹ 26,030	25,380	21,210	¹ 5,240	4,314
1981	108,670	11,830	6,771	56,320	¹ 22,710	¹ 26,190	¹ 25,310	¹ 21,360	¹ 5,390	4,326
Labor force participation rate²										
1974	61.3	60.5	63.0	63.0	57.2	54.4	62.6	47.9	48.2	64.9
1975	61.2	61.1	63.2	62.4	56.7	53.4	63.2	47.9	49.3	65.9
1976	61.6	61.1	62.7	62.3	56.7	52.8	63.4	48.2	49.1	66.0
1977	62.3	61.5	62.7	62.5	57.1	52.4	63.4	48.0	49.0	65.9
1978	63.2	62.6	62.0	62.8	57.1	52.3	63.4	47.7	¹ 48.8	66.1
1979	63.7	63.3	61.7	62.7	57.3	¹ 52.3	62.8	47.8	¹ 49.0	66.6
1980	63.8	64.0	62.2	62.6	57.1	¹ 52.5	62.0	48.0	¹ 49.5	67.1
1981	63.9	64.7	62.0	62.6	¹ 57.1	¹ 52.4	¹ 61.4	¹ 48.0	¹ 50.5	¹ 67.1
Employment										
1974	86,794	9,125	5,891	51,710	20,960	25,630	24,080	19,500	4,580	3,957
1975	85,846	9,284	5,866	51,530	20,710	24,750	24,000	19,620	4,580	4,056
1976	88,752	9,479	5,946	52,020	20,800	24,510	23,840	19,760	4,630	4,083
1977	92,017	9,648	6,000	52,720	21,040	24,460	23,890	19,790	4,700	4,093
1978	96,048	9,972	5,997	53,360	21,100	24,650	24,040	19,870	¹ 4,740	4,109
1979	98,824	10,369	6,075	54,040	21,120	¹ 25,000	24,100	20,100	¹ 4,830	4,174
1980	99,303	10,655	6,250	54,600	21,120	¹ 25,260	23,530	20,380	¹ 4,920	4,228
1981	100,397	10,933	6,380	55,060	¹ 20,970	¹ 25,100	¹ 22,440	¹ 20,460	¹ 4,910	4,218
Employment-population ratio³										
1974	57.8	57.3	61.3	62.2	55.5	53.5	60.7	46.6	46.3	63.6
1975	56.0	56.9	60.1	61.2	54.3	51.5	60.3	46.4	46.7	64.8
1976	56.8	56.7	59.7	61.1	54.1	50.9	59.6	46.5	46.5	64.9
1977	57.9	56.6	59.2	61.2	54.3	50.5	59.4	46.3	46.5	64.8
1978	59.3	57.4	58.1	61.3	54.1	50.5	59.4	45.9	¹ 46.2	64.6
1979	59.9	58.6	57.9	61.4	53.8	¹ 50.8	59.2	46.0	¹ 47.4	65.3
1980	59.2	59.2	58.4	61.3	53.4	¹ 50.9	57.4	46.1	¹ 46.5	65.8
1981	59.0	59.8	58.4	61.2	¹ 52.7	¹ 50.2	¹ 54.4	¹ 46.0	¹ 46.0	¹ 65.4
Unemployment										
1974	5,156	514	162	730	630	420	770	560	180	80
1975	7,929	690	302	1,000	910	890	1,150	650	250	67
1976	7,406	727	298	1,080	1,000	890	1,510	730	260	66
1977	6,991	850	358	1,100	1,090	900	1,620	740	250	75
1978	6,202	911	402	1,240	1,200	870	1,610	760	¹ 260	94
1979	6,137	838	405	1,170	1,380	¹ 780	1,450	810	¹ 270	88
1980	7,637	867	405	1,140	1,460	¹ 770	1,850	830	¹ 320	86
1981	8,273	898	390	1,260	¹ 1,760	¹ 1,090	¹ 2,870	¹ 900	¹ 480	108
Unemployment rate										
1974	5.6	5.3	2.7	1.4	2.9	1.6	3.1	2.8	3.8	2.0
1975	8.5	6.9	4.9	1.9	4.2	3.5	4.6	3.2	5.2	1.6
1976	7.7	7.1	4.8	2.0	4.6	3.5	6.0	3.6	5.4	1.6
1977	7.1	8.1	5.6	2.0	5.0	3.5	6.4	3.6	5.1	1.8
1978	6.1	8.4	6.3	2.3	5.4	3.4	6.3	3.7	¹ 5.2	2.2
1979	5.8	7.5	6.2	2.1	6.1	¹ 3.0	5.7	3.9	¹ 5.3	2.1
1980	7.1	7.5	6.1	2.0	6.5	¹ 3.0	7.3	3.9	¹ 6.1	2.0
1981	7.6	7.6	5.8	2.2	¹ 7.7	¹ 4.2	¹ 11.3	¹ 4.2	¹ 8.9	2.5
Unemployment rate (as published)⁴										
1974	5.6	5.3	2.7	1.4	2.8	2.6	2.6	⁵ 5.4	3.5	2.0
1975	8.5	6.9	4.9	1.9	4.2	4.7	4.1	⁵ 5.9	5.0	1.6
1976	7.7	7.1	4.8	2.0	4.6	4.6	5.6	⁵ 6.7	5.3	1.6
1977	7.1	8.1	5.6	2.0	4.9	4.5	6.1	7.2	5.1	1.8
1978	6.1	8.4	6.3	2.2	5.3	4.3	6.0	7.2	5.0	2.2
1979	5.8	7.5	6.2	2.1	6.1	3.8	5.6	7.7	5.0	2.1
1980	7.1	7.5	6.1	2.0	6.4	3.8	7.3	7.6	5.8	2.0
1981	7.6	7.6	5.8	2.2	¹ 7.5	5.5	11.3	8.4	9.0	2.5

¹ Preliminary estimate based on incomplete data.

² Civilian labor force as a percent of civilian working age population.

³ Civilian employment as a percent of civilian working age population.

⁴ Published and adjusted data for the United States, Canada, and Australia are identical. For France, unemployment as a percent of the civilian labor force; for Japan, Italy, and Sweden, unemployment as a percent of the civilian labor force plus career military personnel; for West Germany, Great Britain, and the Netherlands, registered unemployed as a percent of employed wage and salary workers plus the unemployed. With the exception of France, which does not publish an unemployment rate, these are the usually published unemployment rates for each country.

⁵ Italian Central Institute of Statistics estimate made for comparability with the revised labor force survey, introduced in 1977.

Note: Data for the United States relate to the population 16 years of age and over. Published data for France, West Germany, Italy, and the Netherlands relate to the population 14 years of age and over; for Sweden, to the population aged 16 to 74; and for Canada, Australia, and Japan, to the population 15 years of age and over. For Great Britain, the lower age limit was raised from 15 to 16 in 1973. The statistics have been adapted, insofar as possible, to the age at which compulsory schooling ends in each country. Therefore, the adjusted statistics for France relate to the population 16 and over and for West Germany and the Netherlands, to the population 15 years of age and over. The age limits of the statistics for Canada, Australia, Japan, Great Britain, and Italy coincide with the age limits of the published statistics. Statistics for Sweden remain at the lower age limit of 16, but have been adjusted to include persons 75 years of age and over.

in the last 4 weeks (unless on temporary layoff or waiting to begin a new job). Under U.S. concepts, however, many of these persons would be classified as discouraged workers.

Foreign worker joblessness high

Foreign workers continue to be an important factor in the unemployment rates in Western Europe, particularly in West Germany, France, and Sweden. In 1981, foreign workers made up 9.2 percent of the labor force in West Germany, 6.3 percent in France, and 5.4 percent in Sweden; and in all three countries, foreign nationals had substantially higher unemployment rates than native-born workers.

In France, the foreign worker unemployment rate was nearly twice the overall rate in March 1981. Unemployment among both foreign workers and the native born increased at similar rates from 1980. In West Germany, the foreign worker unemployment rate had been increasing more rapidly than the overall rate. In the first quarter of 1982, the rate for foreigners was 50 percent higher than the overall jobless rate; in 1980, it was about one-third higher. Jobless rates for migrant workers in Sweden had been about double the overall rates since the labor force survey began collecting the data in 1977. In the first quarter of 1982, the foreign worker rate reached 6 percent, while the overall rate rose to 3 percent.

----- FOOTNOTES -----

¹ For further information, see *International Comparisons of Unemployment*, Bulletin 1979, Appendix B (Bureau of Labor Statistics, 1978); and Supplement to Bulletin 1979, Appendix B (Bureau of Labor Statistics, 1982).

² Seasonally adjusted quarterly unemployment rates approximating U.S. concepts are not available for the Netherlands. However, the seasonally adjusted registered unemployment rate for the first quarter of 1982 indicates that the Dutch unemployment rate approximating U.S. concepts would probably be higher than the first-quarter U.S. rate.

³ Department of Employment, "Special Employment and Training

Measures," Press Notice, July 20, 1982, p. 1.

⁴ In Italy, the employment ratio is understated because of the large pool of "black labor"—persons with an unreported job and whose labor force status is reported as unemployed or not in the labor force. For further information, see *International Comparisons of Unemployment*, p. 134.

⁵ In Canada, discouraged workers must have actively sought work within the last 6 months. In the United States, recent jobseeking is not required in order to be classified as discouraged.