

LONG-TERM UNEMPLOYMENT IN THE EUROPEAN UNION DURING THE LAST FIVE TURBULENT YEARS.

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Abstract. The European Union has undergone an economic cycle in the last past five years. Strong output growth changed into a deep recession in 2009. Fluctuations of the GDP had, of course, an impact on the labour market. The labour market in some Member States of the European Union has traditionally been characterized by high levels of unemployment and also of long-term unemployment. It appears that long-term unemployment falls mainly on certain specific groups of workers. This paper deals with the impact of recent economic development on the incidence of long-term unemployment in the Member States of the European Union.

JEL classification: J64, O11.

Keywords: economic recession, duration of unemployment, incidence of long-term unemployment, labour market, long-term unemployment, unemployment rate.

Raktažodžiai: ekonominė recesija, nedarbo trukmė, ilgalaikis nedarbas, nedarbo lygis.

1. Introduction

One of the basic characteristics of the labour market in most Member States of the European Union is a high proportion of unemployed people who are unemployed for longer than one year.

Considerable attention to long-term unemployment is devoted in economic literature. The reason is that long-term unemployment brings significant costs not only to the individuals, but also to the whole society. It is important to realize that long-term unemployment particularly affects some specific population groups. These include persons at the beginning and the end of working age, and also those with lower levels of education. There are many publications that deal with the impact of long-term unemployment on different groups of the population in different countries. For example, detailed analysis of the Czech Republic can be found in the publications of Pavelka, Löster, Makovský and Langhamrová.¹

¹ Pavelka, T. Löster, T., Makovský, P., Langhamrová, J. Dlouhodobá nezaměstnanost v České republice. Slaný: Melandrium, 2011.

A key contribution, which is concerned with the impact of long-term unemployment, is an article by Blanchard and Summers, which highlights the risk of the existence of hysteresis in the labour market.² In his second article,³ Professor Blanchard investigates how the rise in unemployment in the 1970's impacted the amount and duration of unemployment in the subsequent period. In this article, Blanchard mentions the impact of unemployment on the natural rate of unemployment in the European Union, the amount of which was influenced, among other things, by the hysteresis effect. Long-term unemployment through the natural rate of unemployment also affects the potential output of a country. This problem is discussed, for example, in the publications of OECD⁴ and the European Central Bank.⁵ Generally, a number of other professional essays are devoted to the labour market and the existence of unemployment in the European Union. Some of them are trying to find the causes of the European Union's high incidence of long-term unemployment in the existence of strong employment protection.⁶ In this context, an interesting comparison of three countries, Spain, France and Great Britain can be found in the article by Petrongolo and Pissarides.⁷

Some scholarly articles deal directly with the impact of the economic cycle on unemployment and its duration. The sharp decline in unemployment inflow in the period before the economic crisis was associated with an increase in the incidence of long-term unemployment.⁸ At the end of the economic crisis there was also a significant increase in the incidence of long-term unemployment, which increased the risk of hysteresis.⁹ Or, in other words, the average duration of unemployment behaves counter-cyclically.¹⁰

The purpose of this paper is to analyse how the recent economic development impacted the existence of long-term unemployment in the European Union. This pa-

² Blanchard, O.; Summers, L. *Hysteresis and Unemployment Problem*. Cambridge: NBER Working paper No. 1950, 1986.

³ Blanchard, O. "European unemployment: the evolution of facts and ideas." *Economic Policy, CEPR, CES, MSH*. 2006, vol. 21(45): 5–59.

⁴ OECD. *Beyond the Crisis: Medium-Term challenges relating to Potential Output, Unemployment and Fiscal Positions*. Chapter 4, Economic Outlook No. 85, 2009a, p. 211–241.

OECD. *Adjustments to the OECD's method of projecting the NAIRU*. 2009b.

OECD. *The long-term unemployed and measures to assist them*. Labour market and social policy occasional papers No 7, Paris: OECD, 1992.

⁵ Llaudes, R. *The Phillips Curve and Long-term Unemployment*. Frankfurt am Main: ECB Working papers series, No. 441, 2005.

⁶ Ljungqvist, L.; Sargent, T.J. "Two Questions about European Unemployment." *Econometrica*, 2008, Vol. 76, No. 1: 1–29.

OECD. "Employment Protection Regulation and Labour Market Performance." Chapter 2, OECD Employment Outlook, 2004, p. 61–125.

⁷ Petrongolo, B.; Pissarides, Ch. A. "The Ins and Outs of European Unemployment." *The American Economic Review, Papers and Proceedings of the One Hundred Twentieth Annual Meeting of the American Economic Association*. 2008, Vol. 98, No. 2: 256–262.

⁸ Elsby, M. W. L., Hobijn, B., Sahin, A. "The Labor Market in the Great Recession." *Brookings Papers on Economic Activity*. 2010, Spring: p. 4.

⁹ OECD. *Persistence of high unemployment: What risks? What Policies?* Chapter 5, Economic Outlook, Preliminary Version, 2011, p. 261.

¹⁰ Aaronson, D., Mazumder, B., Schechter, S. "What is Behind the Rise in Long-Term Unemployment?" *Economic Perspectives*, Federal Reserve Bank of Chicago, 2010: p. 29.

per compares the data for the period 2007–2011. The year 2007 was a year of high economic growth. In 2009 the European Union reached its economic bottom, and in 2010 and 2011 we could see signs of recovery. All data in this paper that are related to unemployment are taken from the Eurostat database and come from Labour survey.¹¹

2. Recent economic development

This article examines the impact of economic development on the incidence of long-term unemployment. Therefore it is necessary to briefly mention the development of the gross domestic product during the reference period. In 2007, European Union member states had a 3,2% growth of real gross domestic product. As shown in Table 1, the three countries, Lithuania, Latvia and Slovakia had a very high growth rate, about 10%. In 2008, real gross domestic product throughout the European Union grew only by 0.3%. Most member states reported a modest but positive growth. However, nine Member States have already reported declines in real gross domestic product. The largest drop was recorded in Estonia (-3,7%), Latvia (-3,3%) and Ireland (-3,0%).

Table 1: Annual change of real gross domestic product (%)

	2007	2008	2009	2010	2011
Belgium	2,9	1,0	-2,8	2,2	1,9
Bulgaria	6, 4	6, 2	- 5, 5	0, 4	1, 7
Czech Republic	5,7	3,1	-4,7	2,7	1,7
Denmark	1,6	-0,8	-5,8	1,3	1,0
Germany	3,3	1,1	-5,1	3,7	3,0
Estonia	7,5	-3,7	-14,3	2,3	7,6
Ireland	5,2	-3,0	-7,0	-0,4	0,7
Greece	3,0	-0,2	-3,3	-3,5	-6,9
Spain	3,5	0,9	-3,7	-0,1	0,7
France	2,3	-0,1	-2,7	1,5	1,7
Italy	1,7	-1,2	-5,5	1,8	0,4
Cyprus	5,1	3,6	-1,9	1,1	0,5
Latvia	9,6	-3,3	-17,7	-0,3	5,5
Lithuania	9,8	2,9	-14,8	1,4	5,9
Luxembourg	6,6	0,8	-5,3	2,7	1,6
Hungary	0,1	0,9	-6,8	1,3	1,7
Malta	4,3	4,1	-2,7	2,3	2,1

¹¹ Eurostat. Employment and unemployment database. [accessed 2012-05-05].
http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_ifs/data/database.

	2007	2008	2009	2010	2011
Netherlands	3,9	1,8	-3,5	1,7	1,2
Austria	3,7	1,4	-3,8	2,3	3,1
Poland	6,8	5,1	1,6	3,9	4,3
Portugal	2,4	0,0	-2,9	1,4	-1,6
Romania	6,3	7,3	-6,6	-1,6	2,5
Slovenia	6,9	3,6	-8,0	1,4	-0,2
Slovakia	10,5	5,8	-4,9	4,2	3,3
Finland	5,3	0,3	-8,4	3,7	2,9
Sweden	3,3	-0,6	-5,0	6,1	3,9
United Kingdom	3,5	-1,1	-4,4	2,1	0,7
EU - total	3,2	0,3	-4,3	2,0	1,5

Source: Eurostat. National Accounts Database. [accessed 2012-05-05].

<http://epp.eurostat.ec.europa.eu/portal/page/portal/national_accounts/data/database>.

The global economic recession hit the European Union fully in 2009. Real gross domestic product in the European Union fell, as a whole, by 4.3%. The only country in which real gross domestic product increased in 2009 was Poland. The global recession especially hit the Baltic States this year. In Latvia real gross domestic product fell by 17.7%, in Lithuania by 14.8% and in Estonia by 14.3%. In 2010, the real gross domestic product in the European Union as a whole increased by 2.0%. A decline in real gross domestic product occurred in five countries this year: Greece (-3.5%), Romania (-1.6%), Ireland (-0.4%), Latvia (-0.3%) and Spain (-0.1%). Modest recovery continued in most European Union countries also during the last year, yet the rate of real GDP of the European Union as a whole decreased by 0.5 percentage points. In 2011, real GDP declined only in three countries, Greece (-6.9%), Portugal (-1.6%) and Slovenia (-0.2%). On the contrary, relatively high growth reached the Baltic States, Estonia (7.6%), Lithuania (5.9%) and Latvia (5.5%). For these three countries, of course, a statistically low base effect from last year played its role.

3. Development of unemployment and incidence of long term unemployment

Table 2 shows data about the overall unemployment rate and incidence of long-term unemployment in the EU Member States between 2007 and 2011. The incidence of long-term unemployment indicates the percentage share of long-term unemployment in total unemployment. All data refers to the population aged 15 to 64 years.

In 2007, the unemployment rate in the European Union was 7.2%. The highest unemployment rates were in Slovakia (11.2%) and Poland (9.7%). The lowest unemployment rates this year were in the Netherlands (3.2%), Denmark (3.8%) and Cyprus

(4.0%). The highest proportion of long-term unemployment, 74.2%, was found in Slovakia. In seven countries the proportion of long-term unemployment in total unemployment has exceeded 50%. The incidence of long-term unemployment in the European Union as a whole was 42.7%.

The slowdown in economic growth was not substantially reflected in the unemployment rate of 2008. It is well known that unemployment responds to GDP development with some delay. The unemployment rate in the European Union as a whole declined by 0.1 percentage points to 7.1% in 2008. In seventeen countries the unemployment rate decreased this year. The largest decline occurred in Poland, by 2.5 percentage points. Conversely, the biggest increase occurred in Spain, by 3 percentage points. The incidence of long-term unemployment in the European Union as a whole fell by 5.8 percentage points to 36.9% in 2008. Out of the twenty-seven EU member states, the incidence of long-term unemployment grew in 2008 only in four of them. These were Luxembourg, Malta, Portugal and the United Kingdom. In Luxembourg there was a rise in the incidence of long-term unemployment by 3.5 percentage points, while there was also an increase in the overall unemployment rate by 1 percentage point. This suggests that the number of long-term unemployed in Luxembourg this year grew faster than the number of all unemployed persons. It should be noted that Luxembourg showed a lower unemployment rate this year and also a lower incidence of long-term unemployment than the average of the European Union as a whole. The largest annual decline in the incidence of long-term unemployment occurred in Estonia, Latvia and Poland in 2008. While in the case of Estonia and Latvia, overall unemployment rates increased this year as well; in the case of Poland, the decline of long-term unemployment incidence occurred with a decline of the overall unemployment rate.

Table 2: Total unemployment rate and incidence of long term unemployment

	2007		2008		2009		2010		2011	
	Total UR	LTU incidence	Total UR	LTU incidence	Total UR	LTU incidence	Total UR	LTU incidence	Total UR	LTU incidence
Belgium	7,5	50,4	7,0	47,5	8,0	44,2	8,4	48,8	7,2	48,4
Bulgaria	6,9	58,9	5,7	51,6	6,9	43,1	10,3	46,4	11,3	56,1
Czech Republic	5,4	52,3	4,4	49,3	6,8	30,1	7,4	41,0	6,8	40,6
Denmark	3,8	16,1	3,5	13,5	6,1	9,5	7,6	20,2	7,7	24,4
Germany	8,8	56,6	7,6	52,5	7,9	45,5	7,2	47,4	6,0	48,0
Estonia	4,8	49,2	5,6	30,1	14,1	27,4	17,3	45,3	12,8	56,8
Ireland	4,6	29,6	6,1	27,1	12,0	29,2	13,9	49,3	14,7	59,4
Greece	8,4	49,9	7,8	47,5	9,6	40,8	12,7	45,0	17,9	49,6
Spain	8,3	20,4	11,4	17,8	18,1	23,7	20,2	36,6	21,8	41,6
France	8,0	40,2	7,4	37,4	9,2	35,2	9,4	40,2	9,3	41,4
Italy	6,2	47,4	6,8	45,6	7,9	44,4	8,5	48,4	8,5	51,9
Cyprus	4,0	18,6	3,8	13,6	5,4	10,3	6,4	20,3	7,9	20,9

	2007		2008		2009		2010		2011	
	Total UR	LTU incidence	Total UR	LTU incidence	Total UR	LTU incidence	Total UR	LTU incidence	Total UR	LTU incidence
Latvia	6,1	26,3	7,7	25,7	17,5	26,7	19,0	45,1	15,6	54,6
Lithuania	4,4	32,0	5,9	21,1	13,9	23,2	18,0	41,4	15,6	51,9
Luxembourg	4,1	28,7	5,1	32,2	5,2	23,2	4,4	29,3	4,9	28,6
Hungary	7,4	46,8	7,9	46,5	10,1	41,6	11,2	49,3	11,0	47,9
Malta	6,5	41,9	6,1	42,2	7,0	43,5	7,0	46,3	6,5	46,2
Netherlands	3,2	39,3	2,7	34,4	3,4	24,2	4,5	27,5	4,4	33,5
Austria	4,5	26,8	3,9	24,2	4,9	21,3	4,5	25,2	4,2	25,9
Poland	9,7	51,4	7,2	33,5	8,3	30,3	9,7	31,1	9,8	37,2
Portugal	8,5	47,1	8,1	47,4	10,0	44,2	11,4	52,3	13,4	48,1
Romania	6,8	50,0	6,1	41,3	7,2	31,6	7,6	34,9	7,7	41,9
Slovenia	5,0	45,7	4,5	42,2	6,0	30,1	7,4	43,3	8,3	44,2
Slovakia	11,2	74,2	9,5	69,5	12,1	54,0	14,4	64,0	13,6	67,8
Finland	6,9	22,8	6,4	18,4	8,4	16,7	8,5	24,0	7,9	22,2
Sweden	6,2	13,9	6,3	12,7	8,5	13,2	8,6	17,8	7,7	18,6
United Kingdom	5,4	23,7	5,7	24,1	7,7	24,5	7,9	32,6	8,2	33,4
EU - total	7,2	42,7	7,1	36,9	9,0	33,1	9,7	39,9	9,7	42,9

Source: Eurostat. *Employment and unemployment database*. [accessed 2012-05-05].

http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_lfs/data/databas

In 2009, the year when the European economy was fully hit by the global economic recession, the unemployment rate was 9.0% in the European Union as a whole, which represented an annual increase by 1.9 percentage points. The unemployment rate this year increased in all Member States of the European Union. The highest annual increase was evident in the Baltic States, Latvia, Estonia and Lithuania (between 8 to 10 percentage points). In seven states of the European Union the unemployment rate reached double-digit numbers. In total, the highest unemployment rate was in Spain (18.1%), followed by Latvia (17.5%). The lowest increase in the unemployment rate occurred in Germany (annual growth by 0.3 percentage points). The lowest unemployment rate, however was, as in the previous two years, in the Netherlands. Although the unemployment rate rose in 2009, the incidence of long-term unemployment fell. The explanation for this is obvious. Although the absolute number of long-term unemployed increased, there was a significantly faster growth of short-term unemployment. The incidence of long-term unemployment in the European Union as a whole was 33.1%. In twenty EU member countries the share of long-term unemployment in total unemployment decreased, while in the remaining seven countries it increased. In five of these seven countries, there was an increase in the overall unemployment rate in the previous year. In 2009, the largest reduction in the proportion of long-term unemployment occurred in the Czech Republic (-19.2 percentage points) and Slovakia (-15.6 percentage points).

In 2010, there was a partial recovery of the economies of the Member States of the European Union, but a positive impact on the labour market had not yet come. Companies were still cautious. In summary, companies reduced the number of their employees. The overall unemployment rate rose by 0.7 percentage points and reached 9.7%. Only three countries had a decrease in the unemployment rate, Germany (-0.7 percentage points), Luxembourg (-0.8 percentage points) and Austria (-0.4 percentage points). The highest increase of the unemployment rate was in Spain, Latvia, Lithuania and Estonia. The share of long-term unemployment in total unemployment rose significantly to 39.9%. The data from this year demonstrates the fact that some people who became unemployed in 2009 did not find a new job during the year and so they moved into the category of long-term unemployed. The highest increase of the proportion of long-term unemployment occurred in Ireland (by 20.1 percentage points) and in all three Baltic States Estonia, Latvia and Lithuania (by about 18 percentage points).

In 2011, while real output growth in the European Union as a whole had slowed slightly, it was positive in 24 EU countries. The unemployment rate in the European Union as a whole had not changed, but the rate of long-term unemployment increased by 3 percentage points. In 14 countries the unemployment rate fell in 2011, in one it remained unchanged and in the remaining 12 countries it increased. The largest decline of unemployment was recorded in the Baltic States. The highest increase in unemployment occurred in Greece, by 5.2 percentage points. Least successful in tackling long-term unemployment were Greece, Ireland and Lithuania. The incidence of long-term unemployment in these three countries increased by more than 10 percentage points.

3.1 Relation between the incidence of long term unemployment and the total unemployment rate

There is data about the total unemployment rate and extent of the incidence of long-term unemployment in the EU Member States between 2007 and 2011 in the Figure 1. This figure can be used for expression of the relationship between the overall unemployment rate and the incidence of long-term unemployment in the EU Member States. Both quantities are average values for the period 2007–2011.

From Figure 1 a generally valid statement about the relationship between the total unemployment rate and the proportion of long-term unemployment in total unemployment cannot be derived. However, some partial conclusions can be reached. Slovakia in the reference period showed a high average unemployment rate (12.2%), which was associated with a high proportion of long-term unemployment (65.9%). In other words it can be said that in the Slovak Republic, out of 100 unemployed persons nearly 69 people were unemployed for longer than one year. It can be therefore argued that the Slovak labour market policy is not able to effectively fight long-term unemployment. The highest unemployment rate was in Spain (16.0%). The incidence of long-term unemployment in this period was only 28.0%. It would therefore seem

that the employment policy is effective in Spain, because it managed to find jobs for unemployed persons already in the first year. With a closer look at Table 2, however, we can find that this claim is not correct. From Table 2 it is evident that the total unemployment rate in Spain was growing significantly throughout the whole reference period. Also, the incidence of long-term unemployment was increasing, but low values in the first two years reduced the average value for the whole reporting period.

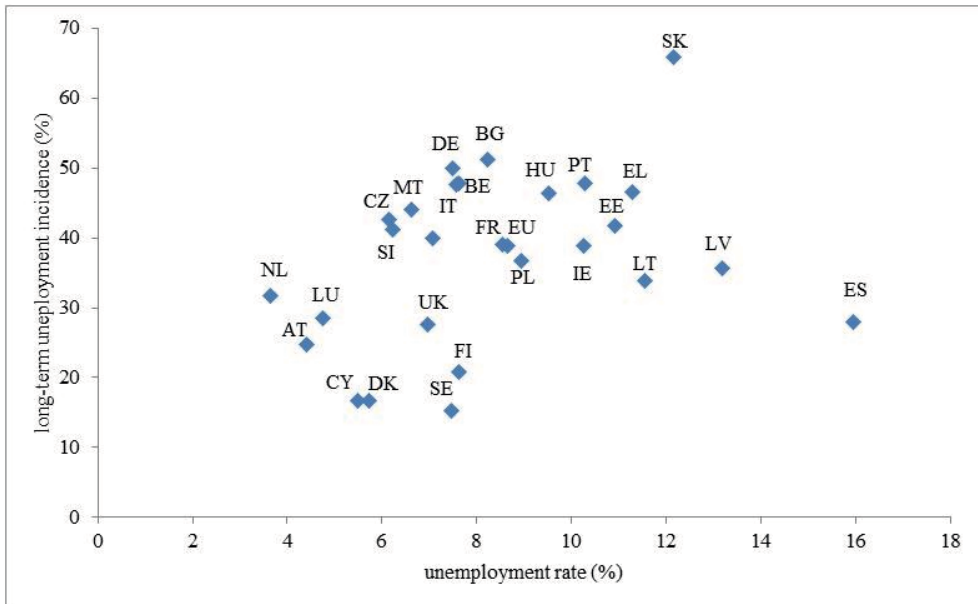


Figure 1: Relationship between the incidence of long-term unemployment and total unemployment rate (average 2007–2011).

Source: Eurostat. *Employment and unemployment database*. [accessed 2012-05-05].

http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_lfs/data/database, own calculation.

To examine the relationship between the incidence of long-term unemployment and the total unemployment rate, regression analysis can be used. We compared the annual changes of the incidence of long term unemployment and annual changes in the total unemployment rate for all member countries of the European Union. Since long-term unemployed are those unemployed who are jobless for longer than one year, we compared the data of the change of the incidence of long-term unemployment with a one year delay against the annual change in the total unemployment rate. Table 3 shows the results of this regression analysis.

Our analysis is quite simplified, since it includes the annual data for only three reporting periods. However, we can note that if the overall unemployment rate changes by 1 percentage point, the incidence of long-term unemployment changes by 2.8 percentage points with a year's delay.

Table 3: Dependence of changes in incidence of long-term unemployment on total unemployment changeRegression Analysis - Linear model: $Y = a + b * X$

Dependent variable: B

Independent variable: A

Parameter	Estimate	Standard Error	T Statistic	P-Value
Intercept	-1,05745	0,570719	-1,85284	0,0676
Slope	2,75649	0,233202	11,8202	0,0000

Analysis of Variance

Source	Sum of Squares	Df	Mean Square	F-Ratio	P-Value
Model	2733,08	1	2733,08	139,72	0,0000
Residual	1545,36	79	19,5616		
Total (Corr.)	4278,44	80			

Correlation Coefficient = 0,799251

R-squared = 63,8802 percent

Standard Error of Est. = 4,42285

Source: own calculation

Considerable attention in economic literature is given to the dependence between the total unemployment rate and long-term unemployment rate. E.g. De Lucia for the analysis of data for the Eurozone member countries used a simple dynamic equation:

$$LNU_t = \sum_{i=1}^n \alpha_i LNU_{t-i} + \sum_{i=0}^n \beta_i UN_{t-i} + \varepsilon_i$$

Where LUN is long-term unemployment and the UN is the current unemployment rate. De Lucia states that after the permanent shock in unemployment, 60% of the unemployed became long-term unemployed in the Euro area.¹² Similarly, the OECD states that there was a positive correlation between the rate of long term unemployment and total unemployment rate. More precisely, the OECD says that in Europe up to 70% of unemployed people became long-term unemployed.¹³

4. Long-term unemployment by age group

In addition to long-term unemployment as a whole, attention should also be paid to the structure of long term unemployment. What is important for example is a structure of long-term unemployment by age. Some age groups are affected by the occurrence of long-term unemployment more, some less. In this regard, we can consider three age groups. The first age group consists of young people aged from 15 to 24 years. In this age group a high incidence of long-term unemployment is high risk, because

¹² De Lucia, C. *Financial crisis and potential output*. Paris: Conjecture, BNP Paribas, 2010, p. 10.

¹³ OECD. *Adjustments to the OECD's method of projecting the NAIRU*. 2009b, p. 4.

these young unemployed often never had a job. They do not create work habits, and some of them even think that “no work is normal.” Some of them often attended high school, so costs for society as a whole are very high. These young people are frustrated by their situation and there is the danger of their radicalization. The second group are people aged from 25 to 49 years, i.e. people in the main working age. And the last group are the elderly, or persons aged from 50 to 64 years. These people are in the last period of their productive age. There is a risk of social exclusion and the associated risk of falling into poverty for these elderly people.

Table 4 contains data on how the long-term unemployed of a particular age group participate in the total number of the unemployed in this age group. Or, in other words, it is the incidence of long-term unemployment for each particular age group.

In 2007, at a time when the economic situation of member countries improved, the average incidence of long-term unemployment in the European Union as a whole was 42.7%. The greatest incidence of long-term unemployment was seen in older workers. Nearly 60.4% of all unemployed people aged 50-64 years were unemployed for longer than 12 months.

Slovakia and Belgium had around 80% incidence of long-term unemployment among the oldest persons. The lowest incidence of long-term unemployment was shown among the young, only 26.1%. With a closer look at individual countries we can find that the highest incidence of long-term unemployment was in the oldest group of workers in all countries surveyed in 2007. It is worth noting that Slovakia had the highest incidence rate of long-term unemployment for all age groups. Even the youngest group of unemployed exceeded a 50% incidence of long-term unemployment.

In 2008 the overall unemployment rate fell slightly and the incidence of long-term unemployment decreased to 36.9%. The decline of long-term unemployment in the European Union as a whole occurred in all observed age groups. The order of age groups in terms of incidence of long-term unemployment had not changed. Also in 2008 the highest incidence of long-term unemployment was in the oldest group of people, while the lowest was in the group of the youngest people.

In 2009, the overall unemployment rate in the European Union increased to 9.0% and partly due to this, the incidence of long-term unemployment decreased to 33.1%. The incidence of long-term unemployment had decreased in age groups 15-24 and 50-64 years. In the group of persons 25-49, the incidence of long-term unemployment increased slightly, despite the fact that the overall unemployment rate in this age group increased by nearly 2 percentage points.

In 2010 the overall unemployment rate in the European Union further increased to 9.7%, but the incidence of long-term unemployment increased to almost 40%. We can see the increasing incidence of long-term unemployment in all three age groups. The largest annual incidence of long-term unemployment occurred in the age group 25-49 years. Increasing incidence of long-term unemployment in all three age groups was associated with an increase in the overall rate of unemployment in these groups. In other words, the number of long-term unemployed in all three groups increased more than the total increase of the number of unemployed in these groups. Slovakia in 2010

showed the highest incidence of long-term unemployment in the first two age groups. Belgium had the highest incidence of long-term unemployment in the oldest group.

Table 4: Incidence of long-term unemployment by age groups

	2007			2008			2009			2010			2011		
	15-24	25-49	50-64	15-24	25-49	50-64	15-24	25-49	50-64	15-24	25-49	50-64	15-24	25-49	50-64
Belgium	29,7	51,9	78,1	27,4	49,5	72,1	26,0	45,8	68,1	30,1	49,7	74,1	32,1	49,1	69,8
Bulgaria	41,7	60,8	68,3	39,0	53,3	57,8	32,1	42,8	54,0	41,8	45,8	51,6	49,1	56,6	60,8
Czech Republic	32,2	55,8	57,7	31,2	51,1	58,7	19,8	31,3	36,2	31,7	43,7	42,1	29,2	41,7	47,4
Denmark	n/a	14,8	35,7	n/a	15,8	28,1	n/a	10,3	17,5	6,4	22,8	34,0	9,9	25,2	44,2
Germany	32,2	55,2	73,6	29,3	51,2	69,1	27,3	44,2	59,5	26,9	46,2	61,2	23,9	47,3	62,7
Estonia	n/a	50,8	n/a	n/a	n/a	n/a	26,7	25,6	33,1	37,1	47,5	46,9	39,4	58,0	67,2
Ireland	20,3	31,8	42,8	19,8	28,6	39,2	25,4	29,1	37,9	41,5	50,1	57,6	45,8	62,1	66,0
Greece	41,6	51,3	57,7	36,0	49,3	56,8	31,0	42,4	46,3	35,6	46,3	50,6	42,4	50,6	52,4
Spain	10,2	19,7	40,6	10,4	16,8	35,2	18,1	22,3	38,4	29,3	35,5	50,2	32,4	40,9	54,6
France	24,3	41,1	60,7	24,3	38,3	55,1	25,7	35,0	51,2	29,9	40,6	53,7	28,3	41,9	57,4
Italy	40,7	49,4	51,1	38,2	47,3	51,7	40,1	44,9	50,6	44,4	48,7	55,2	47,8	52,6	55,4
Cyprus	23,5	14,5	24,0	n/a	12,5	n/a	9,7	8,9	15,6	16,9	20,8	23,8	17,2	20,9	27,6
Latvia	n/a	29,0	36,9	14,1	24,8	41,0	21,2	26,4	34,1	33,3	47,6	50,0	32,9	57,6	65,1
Lithuania	n/a	31,4	44,5	n/a	20,3	34,5	17,3	21,8	33,7	30,9	42,8	46,8	35,0	53,8	60,4
Luxembourg	n/a	26,6	n/a	n/a	34,9	n/a	n/a	24,8	n/a	n/a	27,7	n/a	n/a	29,3	n/a
Hungary	36,8	48,0	53,2	32,2	48,0	56,0	29,9	42,6	50,6	39,2	50,6	53,8	35,9	48,4	56,1
Malta	n/a	48,4	n/a	n/a	49,8	n/a	n/a	48,5	n/a	n/a	53,9	n/a	n/a	54,9	n/a
Netherlands	12,6	40,7	69,3	11,0	34,7	63,2	10,7	23,3	46,5	11,6	28,6	47,4	13,7	33,8	54,6
Austria	12,9	28,0	50,1	13,7	24,2	49,4	12,7	21,3	39,1	17,3	24,0	45,3	14,1	26,0	46,9
Poland	34,6	55,4	62,7	22,0	35,5	43,9	21,1	31,5	40,0	20,6	32,1	42,2	26,4	38,8	46,8
Portugal	27,7	47,1	67,0	25,5	47,1	70,7	26,8	43,4	63,1	30,5	52,3	71,1	26,5	48,8	66,2
Romania	48,1	50,5	52,9	43,4	40,0	42,0	29,5	31,8	35,4	34,0	33,4	43,7	41,5	41,3	45,8
Slovenia	29,2	49,3	54,1	20,2	46,1	62,1	20,3	30,2	44,3	33,8	42,9	58,0	35,3	44,2	52,3
Slovakia	56,9	77,2	83,6	52,8	72,1	79,7	41,9	55,6	63,2	54,7	65,4	70,1	54,4	70,0	75,4
Finland	5,4	23,5	42,9	n/a	18,9	38,1	4,5	16,9	33,6	7,5	26,2	40,7	5,1	23,3	41,7
Sweden	4,0	15,8	31,4	3,5	15,0	29,2	4,7	15,1	27,1	7,4	20,9	32,3	6,7	22,5	35,3
United Kingdom	15,7	27,5	35,6	16,0	27,9	36,1	19,0	26,6	31,5	23,7	36,6	41,8	24,7	37,4	43,4
EU - total	26,1	44,4	60,4	22,8	37,9	53,9	23,2	33,4	46,5	28,5	40,7	52,1	30,1	44,1	55,1

Source: Eurostat. *Employment and unemployment database*. [accessed 2012-05-05].

http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_lfs/data/databases, own calculation

Last year, the overall rate of unemployment in the European Union as a whole did not change, but the incidence of long-term unemployment increased. The incidence of long-term unemployment increased in all age groups. Economic growth was very weak, and so unemployed persons from the previous year did not find new jobs. The worst situation was in the Slovak Republic. For all age groups, Slovakia had the highest incidence of long-term unemployment.

It is worth noting that the lowest incidence of long-term unemployment of young persons for the entire period was in the Nordic countries, Denmark, Finland and Sweden. This is consistent with the known fact that the employment policy in the Nordic countries achieves very high levels of effectiveness.

5. Conclusion

Long-term unemployment is a major problem for the European Union as a whole and especially for some of its Member States. Long-term unemployment was strongly influenced by the recent economic recession. At the time before the economic crisis, the total number of unemployed declined, but the incidence of long-term unemployment increased. In several EU countries, the incidence of long-term unemployment exceeded 50% before the recession. The fall in gross domestic product affected the labour market with some time delay. The rapid increase of new unemployed people was associated with a decrease of the incidence of long-term unemployment. Last year, although there was a slight economic recovery, employers were still cautious about recruiting new employees. Many people who became unemployed in the time of economic decline remained unemployed and moved into the category of long-term unemployed. Long-term unemployment affects, with varying intensity, different age groups. The highest incidence of long-term unemployment could be found in the group of older workers.

Because of the large economic and non-economic costs caused by long-term unemployment, it is necessary that the employment policy focus just on this group of people. There is no one general measure that is effective at all times and everywhere. It depends especially on the situation of the labour market, or precisely, if there is greater supply or demand. In the case of excess of demand, it is necessary to increase the motivation of long-term unemployed to find work. In the case of excess supply, it is necessary to activate the demand for labour.

Finally, it should be noted that the reported statistics of long-term unemployment are not always completely informative. Long-term unemployment has to be put into the context of other labour market characteristics, such as unemployment frequency and the development of an economically inactive population.

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ILGALAIKIS NEDARBAS EUROPOS SĄJUNGOJE PER PASTARUOSIUS PENKERIUS NERAMIUS METUS

Tomáš PAVELKA

Santrauka. Per pastaruosius penkerius metus Europos Sąjunga išgyveno ekonominį ciklą. Didelį ekonomikos augimą pakeitė gili recesija 2009 m. bendrojo vidaus produkto svyravimai taip pat turėjo įtakos situacijai darbo rinkoje. Darbo rinka kai kuriose ES šalyse narėse tradiciškai pasižymi aukštu nedarbo lygiu bei ilgalaikiu nedarbu. Pasirodo, ilgalaikis nedarbas paliečia tik tam tikras darbuotojų grupes. Straipsnyje nagrinėjama pastarųjų metų ekonominės plėtros įtaka ilgalaikiam nedarbui ES šalims narėms.

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