

Comparative Unemployment Rates

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1. Introduction

Comparisons of unemployment rates across countries are very useful to measure the economic performance of one country relative to that of other countries. According to the statistics Canada study, surprisingly significant differences between U.S. and Canadian measures of unemployment for which no adjustment are being made by any of the comparable programs. Therefore it is very important to find out how much of gap between two countries is real and how much in unemployment rates is attributable to measurement differences that have not been accounted for.

2. ILO definition and its specific interpretation

According to the International Labor Office(ILO) guidelines, the unemployed are persons over a certain specified age who are ;

- without work
- available for work, and
- actively seeking work

All countries agree that an unemployed person should be without any work at all : that is, employment takes precedence over unemployment. They also agree that unemployed persons should be available for work and actively seeking work. However, on these latter two points countries have chosen variations in their methods of implementation that cause certain incompatibilities in the measurement of unemployment internationally. There are a number of other areas in which the ILO definition has been interpreted differently - such as in regard to treatment of unpaid family worker, lower age limit and layoffs etc. The following differences in interpretations of the ILO guidelines are apparent.

- 1) Lower age limit
- 2) Unpaid family worker
- 3) Reference period for job search
- 4) Lay-offs
- 5) Armed forces
- 6) Active job search

3. Korean unemployment rate under U.S. concepts

Differences in labor force and unemployment concepts between the U.S and Korea can be summarized as follows :

1) Lower age limit

The U.S. lower age limit is 16 years, while Korea use 15 years as lower age limit. Youths aged 15 tend to have higher-than-average unemployment rates.

2) Unpaid family workers

In the U.S., only family workers who worked 18 or more hours per week are included in the labor force denominator.

3) Reference period for job search

The reference period for job search in U.S. is four week, while in Korea official unemployment rate is on the basis of one-week reference period. If we extend the period for job search, unemployment rates would adjust upward.

Table 1. presents adjustments of Korean unemployment rates to U.S. concepts for 1998. To summarize, greater comparability is achieved by applying the following three measures :

- Removing 15 year-olds from the labor force
- Including among the employed unpaid family workers who worked between 15 and 17 hours
- Including among the unemployed those persons who took a step to obtain a job during 3 weeks after the reference period.

Table1. The Korean unemployment rate adjusted to U.S. concepts, 2000

Korean Unemployment rate(2000)	4.05
Removal of 15 year-old	0.00
Addition of Unpaid Family Worker	-0.01
Expend Job search period to four weeks	0.29
Total modifications	0.28
Official gap to U.S. rate(4.01%, 2000)	0.04
Modified gap	0.32

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