WORKSHOP

Understanding Unemployment in Australia, Japan and the USA
A Cross Country Analysis
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Differing labour market concepts, definitions and measurements
Japan, USA, Australia

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Introduction

Economists and policy makers are often confronted with changes in data series which make the task of examining and comparing labour markets over time a difficult one. Changes in definitions and conceptual issues may precede or follow changes occurring in the economy, such as the increase in female labour force participation or an increasing incidence of part-time work. The definitions adopted will reflect particular national conditions, in particular the prevailing legal framework. Such matters will, of course, differ between countries. Adopting or even creating standard international definitions can thus be a difficult task. Reliable international comparisons, however, require the use of comparable data. Despite the existence of international standards on labour statistics, important conceptual and methodological differences remain when comparing employment, unemployment and underemployment data from different countries. Issues of comparability between measures of underutilisation have been examined in other CofFEE work (Mitchell and Carlson, 2001) and the measures that have been developed there are the subject of ongoing work. This paper attempts to examine the issues giving rise to differences in concepts, definitions and measurement of the key labour market concepts of employment, unemployment and underemployment.

The international statistical framework for labour market data

Some history

The ILO was created in 1919 “primarily for the purpose of adopting international standards to cope with the problem of labour conditions involving "injustice, hardship and privation".” (ILO, 2000b) The Organisation is responsible for international labour standards which are essentially expressions of international tripartite agreement on matters relating to labour, taking into account social policy, human rights and civil rights aspects.

The ILO has two main forms of standards:

- International labour Conventions
- International labour Recommendations

The International Labour Conventions are adopted by the International Labour Conference, held every year in Geneva in June. Conventions are international treaties, subject to ratification by ILO member States. Recommendations are “non-binding
instruments -- typically dealing with the same subjects as Conventions -- which set out
guidelines which can orient national policy and action. Both forms are intended to have a
concrete impact on working conditions and practices in every country of the world.”
(ILO, 2000b) The Recommendations often supplement the Conventions by providing
additional or more detailed provisions to the underlying principles of the Convention.

Other ILO bodies prepare and agree on various background and discussion documents
that eventually result in these formal labour standards. These may take the form of codes
of conduct, resolutions and declarations for example. These documents are not referred
to as part of the ILO's system of international labour standards but they are generally
intended to have a “normative effect” (ILO, 2000b)

In the area of labour statistics, for example, the meetings of Experts in Labour Statistics
confer on country practice and experience and determine ‘best-practice’ for statistical
standards in various subject matters. These expert’s meetings provide background for
major conferences, notably the International Conference of Labour Statisticians (ICLS).

The ICLS has been held 16 times, the first in 1923, most recently in 1998. The ICLS
periodically meets to consider statistical best-practice and to review and update or to
introduce statistical standards. This may be necessary as a result of changes in work,
methodological advances or technical advances of statistical measurement. The most
frequent topics which have been examined by the ICLS are wages and income from
employment (discussed at nearly all the ICLS), the classification of occupations,
occupational injuries and various aspects of the definition and measurement of
unemployment. (ILO, 2001)

Unemployment and labour statistics

One of the first Conventions put by the ILO for adoption concerned statistics on
unemployment. This was C2 the Unemployment Convention of 1919. (ILO, 1919) Fifty-
five countries ratified this, including Japan on 23:11:22 and Australia on 15:06:72. It is
interesting that having been “convened at Washington by the Government of the United
States of America on the 29 October 1919”, the USA has not ratified this Convention.

Notable in the context of this paper is Article 1:

Article 1

Each Member which ratifies this Convention shall communicate to the International
Labour Office, at intervals as short as possible and not exceeding three months, all
available information, statistical or otherwise, concerning unemployment, including
reports on measures taken or contemplated to combat unemployment. Whenever
practicable, the information shall be made available for such communication not later
than three months after the end of the period to which it relates. (ILO, 1919)

The next Convention to deal specifically with unemployment was C44 the
Unemployment Provision Convention, 1934 relating to unemployment benefits and
allowances. Fourteen countries only, not including Australia, Japan nor the USA, have
ratified this Convention.
In 1938 the ILO adopted C63, the *Convention concerning Statistics of Wages and Hours of Work, 1938*. Each member which ratified the Convention undertook to compile and publish “statistics relating to wages and hours of work”, specifically to statistics of average earnings and of hours actually worked in mining and manufacturing industries. Thirty-four countries ratified, including Australia on 05:09:39 but most have since ‘denounced’ it since it has been supplanted by later agreements.

In 1982 the 13th International Conference of Labour Statisticians revisited the question of employment and unemployment statistics specifically. This meeting gave rise to a resolution in which the statistics of the economically active population, employment, unemployment and underemployment were defined. (ILO, 1982) It also lead into the Labour Statistics Convention (C160) of 1985 which was ratified by 45 countries. Australia and the USA have ratified this convention with acceptance of all the articles therein, Australia on the 15/5/87 and the USA on the 11/6/90. Japan has not ratified this Convention.

Relevant excerpts from this Convention are:

### I. General Provisions

#### Article 1

Each Member which ratifies this Convention undertakes that it will regularly collect, compile and publish basic labour statistics, which shall be progressively expanded in accordance with its resources to cover the following subjects:

(a) economically active population, employment, where relevant unemployment, and where possible visible underemployment;

(b) structure and distribution of the economically active population, for detailed analysis and to serve as benchmark data;

(c) average earnings and hours of work (hours actually worked or hours paid for) and, where appropriate, time rates of wages and normal hours of work;

(d) wage structure and distribution;

(e) labour cost;

(f) consumer price indices;

(g) household expenditure or, where appropriate, family expenditure and, where possible, household income or, where appropriate, family income;

(h) occupational injuries and, as far as possible, occupational diseases; and

(i) industrial disputes.

#### Article 2

In designing or revising the concepts, definitions and methodology used in the collection, compilation and publication of the statistics required under this Convention, Members shall take into consideration the latest standards and guidelines established under the auspices of the International Labour Organisation.

### II. Basic Labour Statistics
Article 7
Current statistics of the economically active population, employment, where relevant unemployment, and where possible visible underemployment, shall be compiled in such a way as to be representative of the country as a whole.

Article 8
Statistics of the structure and distribution of the economically active population shall be compiled in such a way as to be representative of the country as a whole, for detailed analysis and to serve as benchmark data.

Other data such as average earning and hours of work etc as listed above, are to be compiled “covering all important categories of employees and all important branches of economic activity, (and/or) in such a way as to be representative of the country as a whole.”

As aforementioned, the general provisions in the Convention are backed up by Recommendations which set out in more detail what is to be compiled and how.

Thus the Labour Statistics Recommendation of 1985 (ILO, 1985) specifies the following:

I. Basic Labour Statistics
Statistics of the Economically Active Population, Employment, Unemployment and Underemployment

1.
(1) Current statistics of the economically active population, employment, where relevant unemployment, and where possible visible underemployment should be compiled at least once a year.

(2) These statistics should be classified according to sex and, where possible, age group and branch of economic activity.

2.
(1) With a view to meeting long-term needs for detailed analysis and for benchmark purposes, statistics of the structure and distribution of the economically active population should be compiled at least once every ten years.

(2) These statistics should be classified at least according to sex, age group, occupational group or level of qualifications, branch of economic activity, geographical area and status in employment (such as employer, own-account worker, employee, unpaid family worker, member of producers' co-operative).

Recent meetings of Experts on Labour Statistics have examined a report on the comparison and reconciliation of employment and unemployment data from different sources (e.g. administrative vs survey based methods). Based on these experts’ meetings, a proposal on the framework and scope of draft international guidelines on the subject will be considered by the 17th International Conference of Labour Statisticians. (ILO, 2000a) We might therefore expect some further changes to international standards in
labour statistics. In the meantime however, the 1985 Convention and Recommendation remain the central element in terms of labour statistics standards.

**Framework and definitions**

The definitions of the indicators referred to in the 1985 Convention and Recommendation were largely enshrined in the *Resolution concerning statistics of the economically active population, employment, unemployment and underemployment*, which was adopted by the Thirteenth International Conference of Labour Statisticians (ILO, 1982).

In 1998 the 16th International Conference of Labour Statisticians considered further the measurement of underemployment and the treatment of persons on extended absences from work. These deliberations gave rise to two items: the *Resolution concerning the measurement of underemployment and inadequate employment situations*, (ILO, 1998 a) and *Guidelines concerning treatment in employment and unemployment statistics of persons on extended absences from work* (ILO, 1998b). The guidelines were intended to clarify the treatment of certain persons in the earlier 1985 resolution, while the later resolution on underemployment was intended to formally address and define the issue of underemployment, which was alluded to but not defined in the 1985 resolution.

The general framework may be conceptualised as follows:

<table>
<thead>
<tr>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currently active</td>
</tr>
<tr>
<td>Currently inactive</td>
</tr>
<tr>
<td>Unemployed</td>
</tr>
<tr>
<td>Employed</td>
</tr>
<tr>
<td>In the labour force</td>
</tr>
<tr>
<td>Not in the labour force</td>
</tr>
</tbody>
</table>

The rules contained within the labour force framework have the following features (see ABS 2001a, para 2.15):

- the activity principle, which is used to classify the population into one of the three basic categories in the labour force framework;
- a set of priority rules, which ensure that each person is classified into only one of the three basic categories in the labour force framework; and
- a short reference period to reflect the labour supply situation at a specified moment in time.

The system of priority rules are applied such that labour force activities take precedence over non-labour force activities and working or having a job (employment) takes precedence over looking for work (unemployment). Also, as with most statistical measurements of activity, employment in the informal sectors, or black-market economy, is outside the scope of activity measures.

Paid activities take precedence over unpaid activities such that for example “persons who were keeping house” as used in Australia, on an unpaid basis are classified as not in the labour force while those who receive pay for this activity are in the labour force as
employed. Similarly persons who undertake unpaid voluntary work are not in the labour force, even though their activities may be similar to those undertaken by the employed. The category of “permanently unable to work” as used in Australia also means a classification as not in the labour force even though there is evidence to suggest that increasing “disability” rates in some countries merely reflect an attempt to disguise the unemployment problem.

In terms of those out of the labour force, but marginally attached to it, the ILO (Hussmanns, et al 1990) states that persons marginally attached to the labour force are those not economically active under the standard definitions of employment and unemployment, but who, following a change in one of the standard definitions of employment or unemployment, would be reclassified as economically active. (ABS, 2001a:7.5) Thus for example, changes in criteria used to define availability for work (whether defined as this week, next week, in the next 4 weeks etc) will change the numbers of people classified to each group. This also provides a great potential for volatility in series and thus there can be endless argument about the limits applied to define the core series.

It is true that different national circumstances and needs and legislative frameworks will determine the varying interpretations of unemployment and the labour force (employed and unemployed) that are applied in different countries. These differences, however, provide difficulties for international comparisons. The ILO recommends that those countries which choose to deviate from the guidelines collect data that permit one to convert from the national to the international standards. This is not always adhered to and international comparisons are not always entirely comparable. An indication of the main programs of international comparisons of unemployment rates is given in Annex 1. Suffice to note here that while main items of differences are accounted for in these programs, such as working age and civilian populations, some of the international comparisons do not make the type of other adjustments that will be discussed below.

In the following section we consider the application of the main items of the basic framework for the core series in each of the three countries under consideration.

**Main sources of data**

Table 1 shows the main surveys and their characteristics that are used for the collection of employment and unemployment data in Australia, Japan and the USA. In all countries, these surveys are supplemented by other surveys conducted on a less frequent basis, either quarterly, semi-annually or annually.

From Table 1, it can be seen that comparability issues arise particularly in the coverage of the surveys and in the reference populations. Some of the more important differences are discussed below.
### Table 1  Main sources of employment and unemployment data, Australia, Japan, USA

<table>
<thead>
<tr>
<th></th>
<th>Australia</th>
<th>Japan</th>
<th>USA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Frequency</strong></td>
<td>1960-Feb 1978 – quarterly 1978 on - monthly</td>
<td>September 1946 on - monthly</td>
<td>1940 on - monthly</td>
</tr>
<tr>
<td><strong>Reference period</strong></td>
<td>during the two weeks beginning on the Monday between the 6th and the 12th of each month. The information obtained relates to the week before the interview (i.e. the reference week).</td>
<td>the week ending the last day of the month (except December, the week from 20th - 26th); survey actually conducted the last day of the month (the 26th of December for December).</td>
<td>the week that includes the 12th of the month; survey actually conducted the following week</td>
</tr>
<tr>
<td><strong>Method</strong></td>
<td>Telephone</td>
<td>Questionnaire</td>
<td>Interview (directly into laptop)</td>
</tr>
<tr>
<td><strong>Coverage</strong></td>
<td>a multi-stage area sample of private dwellings (currently about 30,000 houses, flats, etc.) and a list sample of non-private dwellings (hotels, motels, etc.), and covers about 0.5% of the population of Australia.</td>
<td>each month 60,000 occupied units are eligible for interview (of which about 4500 not obtained for various reasons) and a further 12000 are not eligible for interview</td>
<td></td>
</tr>
<tr>
<td><strong>Population</strong></td>
<td>15 +</td>
<td>15 +</td>
<td>16 +</td>
</tr>
<tr>
<td><strong>Treatment of institutional population</strong></td>
<td>excluded</td>
<td>excluded</td>
<td>excluded</td>
</tr>
<tr>
<td><strong>Treatment of defence forces</strong></td>
<td>excluded</td>
<td>included</td>
<td>excluded</td>
</tr>
<tr>
<td><strong>Treatment of unpaid family workers</strong></td>
<td>15 hour threshold until April 1986. Previously 1-14 hours were ud or NILF depending if actively looked for work. Now ILO consistent i.e. employed if work more than 1 hour in enterprise operated by a related person. Not in LF or unemployed if did not work during reference week</td>
<td>Employed if work more than 1 hour</td>
<td>Employed if work more than 15 hours per week in enterprise operated by member of the family; Not in the labour force if less than 15 hours per week</td>
</tr>
<tr>
<td><strong>Hours worked is</strong></td>
<td>actual</td>
<td>actual</td>
<td>usual</td>
</tr>
<tr>
<td><strong>Unemployment:</strong></td>
<td>without a job and</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Actively looked</strong></td>
<td>Yes (see below for activities included)</td>
<td>Yes (see below for activities included)</td>
<td>Yes (see below for activities included)</td>
</tr>
<tr>
<td><strong>Job search reference period</strong></td>
<td>4 weeks up to the end of the reference week</td>
<td>4 weeks preceding the survey week</td>
<td></td>
</tr>
<tr>
<td><strong>Exceptions to job search criteria</strong></td>
<td>unemployed and waiting to start within 4 weeks from end of reference week, job search activity required until April 2001; not required since then.</td>
<td>unemployed (no time limit for start of new job applied)</td>
<td>unemployed (job search activity required)</td>
</tr>
<tr>
<td><strong>Waiting to start new job</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Temporarily laid off

Temporary lay off because of insufficient work - prior to April 2001 unemployed; post April 2001 employed, on the basis of their job attachment. Aligns with treatment of other reasons for temporary absence from work.

If given a date of return or expect to return to work within 6 months are counted as unemployed. Must be available for work but no job search activity required.

Availability for work

Available to work in the reference week

‘Currently’ available for work (no time criteria specified)

‘Currently’ available

Exceptions to availability criteria

If not available b/c of temporary illness were unemployed until April 2001; not in the labour force from May 2001. Availability criteria also waived if waiting to start a new job within 4 weeks from the end of the reference week and could have started if the job had been available then.

If not available because of temporary illness still counted as unemployed.

Civilian vs total population

The 1982 Resolution stated that in regard to employment:

(9) Members of the armed forces should be included among persons in paid employment. The armed forces should include both the regular and the temporary members as specified in the most recent revision of the International Standard Classification of Occupations (ISCO).

The monthly estimates for Japan include the Self-Defence Forces in the employment measures. However, in contrast, the bi-annual Special Survey, which also supplies data on employment, unemployment, underemployment and not in the labour force, uses a different population basis and excludes the Self-Defence Forces from employment estimates. (Japan Statistics Bureau, 2001) Data from the two surveys thus need to be reconciled for comparative purposes.

Australia and the US both exclude the defence forces, compiling monthly data on the civilian population only. In the case of Australia it has been noted that “Practical collection difficulties and the low numbers involved have resulted in the exclusion of Australian defence personnel from the Labour Force Survey. Where an estimate is required of the total labour force, for example in international comparisons collated by the ILO, survey estimates are supplemented by administrative counts of the defence forces.” (ABS, 2001a)

The lower estimate of employment resulting from the exclusion of the armed forces, will result in a lower total labour force and therefore will cause an overestimate of the unemployment rate.

The question of the inclusion or otherwise of the institutionalised population is also relevant. The institutional population is persons in hospitals, jails, sanatoria, etc. Although
all three countries exclude this population, it is of increasing importance in the USA and in Australia, with a big growth in the female prison population particularly in the latter.

**Working age population**

In the US Current Population survey, persons 14 and over were included from 1940 to 1947, then 16 and over from 1948. In Japan the population 14 years old and over was used until 1952 after which the population of 15 years and over has been used. Australia also covers persons 15 years and over. Eurostat standard measures also cover those aged 15 and above.

Table 2 below shows the effect of removing 15 year olds from the Australian labour market aggregates of February 1978 and August 2001.

The last column of the table shows that removing 15 year olds from Australia’s unemployment measure would result in increases in participation rates and employment to population ratios (greater in 1978 than in 2001). It would also result in a drop in the unemployment rate of 0.4 percentage points in 1978 and 0.1 percentage points in August 2001.

**Table 2** Labour market aggregates with and without 15 year olds, Australia, Feb 1978 and August 2001 (thousands)

<table>
<thead>
<tr>
<th></th>
<th>15 year olds</th>
<th>Total</th>
<th>Removing 15 year olds</th>
<th>Percentage point difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed Full Time</td>
<td>Feb-78 24</td>
<td>5098</td>
<td>5074</td>
<td></td>
</tr>
<tr>
<td>Employed Full Time</td>
<td>Aug-01 3</td>
<td>6544</td>
<td>6541</td>
<td></td>
</tr>
<tr>
<td>Employed Part Time</td>
<td>Feb-78 28</td>
<td>884</td>
<td>856</td>
<td></td>
</tr>
<tr>
<td>Employed Part Time</td>
<td>Aug-01 67</td>
<td>2579</td>
<td>2512</td>
<td></td>
</tr>
<tr>
<td>Employed Total</td>
<td>Feb-78 53</td>
<td>5986</td>
<td>5933</td>
<td></td>
</tr>
<tr>
<td>Employed Total</td>
<td>Aug-01 70</td>
<td>9124</td>
<td>9054</td>
<td></td>
</tr>
<tr>
<td>Unemployed - f/t</td>
<td>Feb-78 19</td>
<td>403</td>
<td>384</td>
<td></td>
</tr>
<tr>
<td>Unemployed - f/t</td>
<td>Aug-01 3</td>
<td>494</td>
<td>491</td>
<td></td>
</tr>
<tr>
<td>Unemployed - p/t</td>
<td>Feb-78 11</td>
<td>81</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>Unemployed - p/t</td>
<td>Aug-01 16</td>
<td>150</td>
<td>134</td>
<td></td>
</tr>
<tr>
<td>Unemployed Total</td>
<td>Feb-78 30</td>
<td>482</td>
<td>452</td>
<td></td>
</tr>
<tr>
<td>Unemployed Total</td>
<td>Aug-01 19</td>
<td>646</td>
<td>627</td>
<td></td>
</tr>
<tr>
<td>Labour Force</td>
<td>Feb-78 82</td>
<td>6467</td>
<td>6385</td>
<td></td>
</tr>
<tr>
<td>Labour Force</td>
<td>Aug-01 89</td>
<td>9766</td>
<td>9677</td>
<td></td>
</tr>
<tr>
<td>Not in Labour Force</td>
<td>Feb-78 180</td>
<td>4020</td>
<td>3840</td>
<td></td>
</tr>
<tr>
<td>Not in Labour Force</td>
<td>Aug-01 178</td>
<td>5673</td>
<td>5495</td>
<td></td>
</tr>
<tr>
<td>Civilian Population</td>
<td>Feb-78 262</td>
<td>10488</td>
<td>10226</td>
<td></td>
</tr>
<tr>
<td>Civilian Population</td>
<td>Aug-01 268</td>
<td>15443</td>
<td>15175</td>
<td></td>
</tr>
<tr>
<td>Unemployment Rate (%)</td>
<td>Feb-78 36.59</td>
<td>7.47</td>
<td>7.08</td>
<td>-0.39</td>
</tr>
<tr>
<td>Unemployment Rate (%)</td>
<td>Aug-01 21.35</td>
<td>6.59</td>
<td>6.48</td>
<td>-0.11</td>
</tr>
<tr>
<td>Participation Rate (%)</td>
<td>Feb-78 31.30</td>
<td>61.66</td>
<td>62.44</td>
<td>0.77</td>
</tr>
<tr>
<td>Participation Rate (%)</td>
<td>Aug-01 33.21</td>
<td>63.26</td>
<td>63.77</td>
<td>0.51</td>
</tr>
<tr>
<td>Employment-population ratio</td>
<td>Feb-78 57.07</td>
<td>58.02</td>
<td>0.94</td>
<td></td>
</tr>
<tr>
<td>Employment-population ratio</td>
<td>Aug-01 59.08</td>
<td>59.66</td>
<td>0.58</td>
<td></td>
</tr>
</tbody>
</table>
In terms of unemployment rate comparisons between Australia, Japan and the USA, the exclusion of 15 year olds in US measures thus may understate the US unemployment rate relative to those of Japan and Australia. Unpublished BLS data indicate that including 15-year-olds would raise the unemployment rate by 0.08 percentage point. (Sorrentino, 2000: 14)

As with coverage of the civilian population, the scope of the main surveys may also be different within countries. For example, in Australia the monthly Labour Force Survey covers those of working age 15 and above while the Persons Not in the Labour Force Survey covers person 15-69 years. This latter survey produces estimates of persons marginally attached to the labour force, discouraged jobseekers and of persons not in the labour force by reason for inactivity. Thus while it is useful to have the wider scope for measures of total inactivity, it means that when comparing estimates of, for example, unemployment from the LFS and marginal attachment from the Special Survey, adjustments need to be made to the denominator in order to make the measures consistent.

**Treatment of unpaid family workers**

The ILO Resolution of 1982 says:

9. (5) Unpaid family workers at work should be considered as in self-employment irrespective of the number of hours worked during the reference period. Countries which prefer for special reasons to set a minimum time criterion for the inclusion of unpaid family workers among the employed should identify and separately classify those who worked less than the prescribed time.

Thus the ILO resolution suggests that *all* unpaid family workers should be included in employment, and therefore the labour force.

In Australia prior to April 1986, contributing family workers who worked between 1–14 hours, or who had such a job but were not at work, were defined as either unemployed or not in the labour force, depending on whether they were actively looking for work. After April 1986, Australia applied the criterion of one hour's work.

Japan also applies the criterion of one hour's work.

Thus unpaid (or contributing) family workers are classified as ‘employed’ if they worked one hour or more in the reference week, and as ‘unemployed’ or ‘not in the labour force’ if they did not work during the reference week. This has the effect of aligning the definition with that used for paid employment.

It should be noted that ILO guidelines (Hussmanns et al 1990) indicate that an unpaid family worker is a person working without pay in an economic enterprise operated by a related person living in the same household, in Australia there is no requirement for the related person to be living in the *same* household. (ABS, 2001a)

In the US only those family workers who worked more than 15 hours are included in the labour force, and therefore in the denominator of the unemployment rate.
The effect of excluding unpaid family workers who worked between 0 (or 1) and 14 hours from the US estimates, would thus overstate the US unemployment rates relative to those of Australia and Japan.

Unemployment and availability for work

As shown in Table 1, the unemployed must be ‘currently’ available for work in Japan and the USA and in the survey reference week for Australia. In Japan there is no number of days criteria assigned to “currently” being available for work. (Japan Statistics Bureau, 2001). In Australia the availability criteria is waived if persons are waiting to start a new job within 4 weeks from the end of the reference week and could have started if the job had been available then. Similarly in Japan those who are waiting to start a new job are unemployed, although there is no time limit specified within which the job must start (OECD 2000). For comparative purposes note that in the EU, the criterion for availability to start work is in the two weeks following the survey. (Eurostat, 1999)

The availability for work criteria is one of the most important in determining whether persons are unemployed and therefore in the labour force, or outside the labour force, since cut-off points used to determine availability for work (this week, next week, in the last 4 weeks etc) will make a critical difference to the count of the unemployed.

Indeed there are different treatments and therefore results used in different surveys in the same country. In Australia, for most surveys other than the LFS, a reduced questionnaire module is used to determine labour force status. The reduced questionnaire module does not ask respondents who were not available to start work the reasons they were not available. Thus for example, those persons who looked for work in the four weeks to the end of the reference week, but were not available to start work in the reference week because they were waiting to start a new job within four weeks from the end of the reference week and could have started in the reference week if the job had been available then, will be classified from these surveys as not in the labour force rather than as unemployed. This group equates to about 1% of unemployed. (ABS, 2001a: para 6.16)

In terms of availability to start work, the ILO guidelines recommend that illness be treated similarly to other reasons for not being available to start work. Thus persons who are not working, actively seeking work but unavailable to start in the reference week due to temporary illness should be classified as not in the labour force.

Both the USA and Australia have made exceptions to this criteria. That is persons unavailable for work in the reference week because of temporary illness have still been counted as unemployed. There is indeed some logic to this as, like in the case of layoffs examined later in the paper, this would avoid volatility to the series by having persons classified as in then out of the labour force from month-to-month.

Australia has, however, recently changed its treatment such that persons unavailable to start work because of temporary illness are now excluded from the unemployed. This reduces the number of unemployed and increases the number counted as not in the labour force. Applying the new definition to monthly data for 1986–2001 results in between 1,200 and 8,300 persons per month (with a mean of 4,300 persons) being reclassified from unemployed to not in the labour force. This decreases the unemployment rate by
approximately 0.05 percentage points, and decreases the participation rate by 0.03 percentage points. ABS (2001b; para 24)

It is also instructive to consider the numbers of persons overall who would be classified as unemployed except for not being available for work in the reference week (that is not available for any reason, including temporary illness).

ABS provides information concerning those classified as not in the labour force but who were looking for work, who took active steps to find work and who were not available to start work in the reference week (as required in order to be classified as unemployed) but who were available to start work in the next 4 weeks. These persons are classified as not in the labour force. The data are shown in Table 3.

It can be seen that adding the group of persons who are classified as not in the labour force only because they were not available for work in the reference week but were available in the next 4 weeks would add for October 2001, 0.4 percentage points to the unemployment rate. If those who fulfill all other criteria but were not available in the next 4 weeks are also included it would add 0.66 percentage points to the unemployment rate.

### Table 3 In the labour force and Not in the labour force, but available to work, Australia October 2001 (‘000s)

<table>
<thead>
<tr>
<th><strong>In the Labour Force</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>9204.6</td>
</tr>
<tr>
<td>Unemployed</td>
<td>660.1</td>
</tr>
<tr>
<td>Labour Force</td>
<td>9864.7</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>6.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Not in the Labour Force</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons Looking for work</td>
<td>142.6</td>
</tr>
<tr>
<td>Took active steps to find work (but not available to start work in the reference week)</td>
<td>71.3</td>
</tr>
<tr>
<td>Available to start work within four weeks</td>
<td>46.3</td>
</tr>
<tr>
<td>Unavailable to start within four weeks</td>
<td>25.0</td>
</tr>
<tr>
<td>Did not take active steps to find work</td>
<td>71.3</td>
</tr>
<tr>
<td>Not looking for work</td>
<td>5,065.1</td>
</tr>
<tr>
<td>Permanently unable to work</td>
<td>149.7</td>
</tr>
<tr>
<td>In institutions</td>
<td>256.8</td>
</tr>
<tr>
<td>Total NILF</td>
<td>5,614.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Adjustment</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployed + NILF but available to start in 4 weeks</td>
<td>(660.1 + 46.3) = 706.4</td>
</tr>
<tr>
<td>Labour force + available to start in 4 weeks</td>
<td>9864.7 + 46.3 = 9911</td>
</tr>
<tr>
<td>New unemployment rate</td>
<td>7.13</td>
</tr>
<tr>
<td>Unemployed + NILF but available to start in 4 weeks + NILF not available in 4 weeks</td>
<td>706.4 + 25.0 = 731.4</td>
</tr>
<tr>
<td>Labour force + available to start in 4 weeks + NILF not available in 4 weeks</td>
<td>9911 + 25.0 = 9936</td>
</tr>
<tr>
<td>New unemployment rate</td>
<td>7.36</td>
</tr>
</tbody>
</table>

Source ABS, The Labour Force Australia, Cat No. 6203.0, October 2001, Tables 1 and 27.
Although not shown here, it should be noted that these effects are more pronounced for women who are more likely to be unavailable for an immediate start due to child care and family responsibilities and are therefore more likely to be counted as not in the labour force rather than as unemployed.

Results from many countries support the hypothesis that persons who are looking for work, took active steps to find work but were not available in the reference period used to define them as unemployed, are more likely to be employed than others in subsequent periods. That is, their labour force attachment is strong, yet they are classified as not in the labour force.

Some examples:
- results reported for Italy using 1999 data show that passive job seekers and to a lesser extent, persons who are not looking for a job but who are available to work are more likely to be employed one quarter later than others outside the labour force
- analyses undertaken by the Norwegian statistical bureau in 1997 showed that persons who want a job are more likely to be employed one quarter or one year later than those who did not
- in Canada using data from 1997-99 persons who want a job but are not currently looking for a job are more likely to be employed one month later than others outside the labour force (Jones and Riddell, 1999)
- in the US about a third of those who had not been looking for a job but nevertheless wanted a job in 1998 were employed a year later; on the contrary, only one in nine who had not wanted a job were employed one year later.

As well as the point in time estimates shown above, a forthcoming project in CofFE is to analyse gross flows data for Australia, and to reinvestigate the information shown above for the US, to try to obtain some indication of the constancy or otherwise of these effects over time. We are also hoping that data availability will enable Japan to be included in these analyses.

**Actively seeking work and passive jobseekers**

The 1982 Resolution stated the following in regard to the criteria of seeking work for classification as unemployed:

(c) "seeking work", i.e. had taken specific steps in a specified recent period to seek paid employment or self-employment. The specific steps may include registration at a public or private employment exchange; application to employers; checking at worksites, farms, factory gates, market or other assembly places; placing or answering newspaper advertisements; seeking assistance of friends or relatives; looking for land, building, machinery or equipment to establish own enterprise; arranging for financial resources; applying for permits and licences, etc.
Definitions of *actively looking for work* are similar across Australia, Japan and the USA and all three exclude passive jobseekers.

In Australia it covers:
- writing, telephoning or applying in person to an employer for work;
- answering an advertisement for a job;
- checking factory noticeboards or the touchscreens at Centrelink offices;
- being registered with Centrelink as a jobseeker;
- checking or registering with any other employment agency;
- advertising or tendering for work;
- contacting friends or relatives;
- looking for self-employment jobs (such as looking for a business or to purchase a lease).

In Japan, examples of active job search are provided in the survey. These are:
- applying to public/private employment office;
- applying to an employer through advertisements or magazines with job vacancies;
- applying to an employer through school or acquaintances;
- applying to a prospective employer directly;
- preparation for starting a business.

In the USA actively looking for work may consist of any of the following activities:
- contacting an employer directly or having a job interview;
- contacting a public or private employment agency;
- contacting friends or relatives;
- contacting a school or university employment centre;
- sending out resumes or filling out applications;
- placing or answering advertisements;
- checking union or professional registers; or
- some other means of active job search.

All three countries thus exclude passive jobseekers. In the US only methods that could result in a job offer without any further action on the part of the jobseeker are considered ‘active’. “Passive methods of jobsearch, such as attending a job training program or course or merely reading the want ads, are not acceptable for classifying persons as unemployed.” (BLS, 2001b) The ABS view is similar “that ‘only looked in newspapers’ does not meet the active search criterion, nor does simply looking at job advertisements on the Internet. For example, ‘only looked in newspapers’ is clearly incapable of finding work without some additional, active, job search step (for example, contacting the employer).” (ABS, 2001a: para 6.12)

It is, however, possible to argue that simply “checking factory noticeboards” which in the Australian case is ‘active job search’ is also “incapable of finding work without actively contacting the employer” (there appears to be an assumption that because the notice board is on site, that the jobseeker would then apply, although this may not be a reasonable assumption).
An unpublished BLS analysis based on 1997 data and reported in Sorrentino (2000:14) found that “if passive jobseekers who were without work and available for work had been included in the unemployed, they would have composed about 3.4 percent of total U.S. unemployment. Their inclusion would have increased the unemployment rate only marginally, by about 0.15 percentage point.”

It is important also to note that the types of survey questions used will influence outcomes, in particular whether survey instruments ask for data on main method of job search or all methods of job search. Information from the EU is instructive in this regard. Until 1997, Eurostat asked for main job-search method used, and from that date all methods of job search used. Thus in 1998 46% of unemployed studied job advertisements as at least one of their job search activities, while only 2.2% used that search method exclusively (Sorrentino, 2000: 12) Excluding the latter passive jobseekers from the unemployment rate would have reduced the unemployment rate for the European Union by about 0.2 percentage points. (Sorrentino, 2000: 13)

There may also be cultural differences which give rise to differences in observed unemployment because of differences in attitudes to reporting. It was recently reported for example that Japan’s jobless rate had hit 5.4 per cent, the highest level since records began after the World War II with more than 3.5 million people looking for work in October 2001. The report stated: “The full extent of the problem is even worse than the official figures indicate. … Economists believe the real figure is probably double that because many Japanese are too ashamed to admit they are looking for work.” (ABC, 2001)

The restriction of search to active methods may also exclude some important categories of job-seekers. Notably, passive job seekers may include those who are awaiting the results of a previous job search effort, such as a call from an employment office or the results of an application for a job. In Japan and the USA, an exception is made for this group. That is, those awaiting the results of past job-search activity are included in estimates of the unemployed, even if they do not fulfill the criteria of having searched for a job. In Australia, those awaiting the results of past job-search activity are excluded from unemployment estimates if they do not undertake active job-search.

Waiting to start new job - need to be actively seeking work

The ILO Resolution of 1982 says:

10. (4) Notwithstanding the criterion of seeking work embodied in the standard definition of unemployment, persons without work and currently available for work who had made arrangements to take up paid employment or undertake self-employment activity at a date subsequent to the reference period should be considered as unemployed.

Thus the ILO guidelines do not require ‘future starters’ to be actively looking for work in order to be classified as unemployed. This is the approach adopted in the EU.

In Australia, however, this group is excluded from the unemployment estimates. They are only included as unemployed if they satisfy all the unemployment criteria, that is had
actively looked for work in the four weeks to the end of the reference week; otherwise they are classified as not in the labour force.

Changing the criteria to conform to ILO standards would thus result in an increase in the number of people classified as unemployed and a decrease in those not in the labour force.

The ABS intended implementing this change with the May 2001 estimates. However, comparative work undertaken in March-July 2000 to assess the impact of the change indicated that the effects of the change would be significant. Applying the ILO definition of future starters by allocating them all to unemployed, would have resulted in between 10,500 and 14,700 persons per month (with a mean of 13,700 persons) being reclassified from not in the labour force to unemployed. This would have increased the unemployment rate by 0.10 to 0.14 percentage points (average 0.13 percentage points) over the period examined. The employment to population ratio would have also increased by approximately 0.09 percentage points over the period examined. As a result ABS will not implement this change until the entire series are revised with the five yearly rebenchmarking of the LFS data due in 2004. (see ABS, 2001b)

The US like Australia, also does not include those waiting to start a new job as unemployed unless active jobsearch is undertaken. The effect of adding this group in the US however, appears to be smaller than in Australia. For example unpublished BLS data show that the impact of adding to the unemployed those persons waiting to start a new job but who are not seeking work would be of the order of 0.05 percentage point. (Sorrentino, 2000: 14).

**Temporary absence from work**

The ILO Resolution of 1982 says in regard to employment:

9. (3) Persons temporarily not at work because of illness or injury, holiday or vacation, strike or lockout, educational or training leave, maternity or parental leave, reduction in economic activity, temporary disorganisation or suspension of work due to such reasons as bad weather, mechanical or electrical breakdown, or shortage of raw materials or fuels, or other temporary absence with or without leave should be considered as in paid employment provided they had a formal job attachment.

And in regard to unemployment:

10. (5) Persons temporarily absent from their jobs with no formal job attachment who were currently available for work and seeking work should be regarded as unemployed in accordance with the standard definition of unemployment. Countries may, however, depending on national circumstances and policies, prefer to relax the seeking work criterion in the case of persons temporarily laid off. In such cases, persons temporarily laid off who were not seeking work but classified as unemployed should be identified as a separate subcategory.
The case of lay offs and other employer initiated absences

ILO guidelines (ILO, 1998b) recommend classifying persons on layoff as employed if they have a strong attachment to their job (as determined by national circumstances and evidenced by payment of salary or the existence of a recall date, for example). If they are only weakly or not at all attached to their job, they are to be counted as unemployed. The ILO standards allow the job search to be optional in such cases, but require that the person be available to work.

Countries have made different decisions on these points.

In the USA workers expecting to be recalled from lay-off, that is if given a date of return or they expect to return to work within 6 months, are counted as unemployed. They must be available for work but no specific job-seeking activity is required. In 1998 the number of persons on temporary layoff in the US made up 14 percent of total unemployment. (Sorrentino, 2000: 14)

Eurostat requires that persons on layoff should be available for work and be seeking work in order to be classified as unemployed; otherwise, they are counted as not in the labour force. Interesting to compare US rate to the EU definition i.e. of having undertaken job search. This comparison shows that 40 percent of those classified as laid off said that they had been looking for work in the previous 4 weeks. “Assuming that the entire 40 percent were actively seeking work (and therefore should continue to be counted as unemployed), the adjustment removes 60 percent of those on layoff from the U.S. unemployed, lowering the U.S. rate by 0.38 percentage point.” (Sorrentino, 2000:14)

In Australia there has been a change in the treatment of persons laid off, that is away from their job on particular types of short-term unpaid leave initiated by the employer. Prior to April 2001, persons who had been away from their job without pay for less than four weeks up to the end of the reference week, because of insufficient work (that is, persons temporarily stood down), were classified as unemployed. Under the new questionnaire, these persons are classified as employed, on the basis of their job attachment, in accordance with ILO guidelines.

In particular, there was also an anomaly between the treatment of this group stood-down for insufficient work and those away from their job without pay for less than four weeks for other employer-initiated reasons who were classified as employed, in accordance with the ILO guidelines. Other employer initiated reasons include bad weather, plant breakdown, or lockouts. This change will ensure that all persons on short-term unpaid leave initiated by the employer will be classified as employed. Importantly empirical evidence showed that on average approximately 63 % of persons stood-down for insufficient work, (previously classified as unemployed) had a labour force status of employed in the following month. Importantly, this lead to a degree of monthly volatility in unemployment series, simply due to a temporary change in circumstances of some respondents.

Introducing consistency in the treatment reduces the number of unemployed persons and increases the number of employed. The ABS notes that:

Applying the new definition to monthly data for 1986–2001 results in between 7,600 and 38,300 persons per month (with a mean of 19,900) being reclassified from
unemployed to employed. This decreases the unemployment rate by 0.07 to 0.44 percentage points (average 0.23 percentage points) over that period. There is an increase in the employment to population ratio of approximately 0.14 percentage points. (ABS, 2001b: para 22)

Job training programs

As noted above, the BLS includes “attending a job training program or course” in passive job search and therefore such people may be excluded from unemployment. (BLS, 2001b) On the other hand if an employed person is temporarily absent because of job training they are counted as employed whether or not they were paid for the time of or seeking other jobs.

In Australia participants in training programs are counted as employed, unemployed or not in the labour force according to the work-related activity undertaken in the survey week. “The labour force measure, based on economic activity tests, is thus consistent over time and independent of administrative changes to labour market programs or their eligibility rules.” (ABS, 2001a: 2.39) 40-2.41). That is, the criteria relate to paid employment.

This gives an interesting result in terms of the Work for the Dole scheme. Work for the Dole’ is a government program aimed at providing work experience to improve the skills, and future (paid) employment prospects, of people registered for unemployment benefits. Under ‘Work for the Dole’ schemes, to maintain their eligibility for benefits, persons are required to work on not-for-profit community-based projects for a number of hours per week.

ABS states that ”Superficially, such persons might be regarded as ‘employed’ as they are working for one hour or more and receive a payment. However, they are not paid for their work by the organisations undertaking the community projects. The participants are receiving only their unemployment benefit entitlement, paid directly by the administering government agency. As the community organisations do not have employer/employee relationships with the scheme participants, activity in a ‘Work for the Dole’ scheme is considered to be unpaid work.” (ABS, 2001a.: 2.43)

Participants can thus be classified as not in the labour force even though their status prior to joining the scheme was unemployed and they are still ‘job-seekers’ while on Work for the Dole. This would lead to a certain volatility in the monthly unemployment series.

Underemployment

The unemployment rate as derived above does not of course capture other avenues of labour resource wastage. It is possible to distinguish for example underutilisation and underemployment.

Underutilisation relates to workers who are currently not working but who are willing and able to undertake work whether they are classified as being in or out of the labour force. The unemployed as defined above constitute a subset of the underutilised labour and, as shown above, persons may be allocated to one or the other group according to criteria upon which arguable boundaries have been defined.
Underemployment refers to employed workers who are constrained by the demand side of the labour market to work fewer hours than they desire. In conceptual terms, a part of an underemployed worker is employed and a part is unemployed, even though they are wholly classified among the employed. (Mitchell and Carlson 2001) An economy with many part-time workers who desire but cannot find full-time work or more hours is arguably less efficient than an economy with labour preferences for work hours satisfied. In this regard, involuntary part-time workers share characteristics with the unemployed.

Despite its theoretical importance, the development of international guidelines regarding the measurement of underemployment have only recently begun to be considered. Implementation of consistent measures was discussed for example at the 16th ICLS in 1998 (ILO, 1998a)1 Eurostat is only now in the process of developing indicators of time-related underemployment as complementary indicators to their regular employment and unemployment measures. The ILO now considers the integration of the concept of underemployment into the labour force framework as important, in order to align it with internationally accepted definitions of employment and unemployment.

The first issue in the measurement of underemployment and its comparability relates to the definitions that are applied to the 'standard' forms of work of part-time and full-time. This is discussed below.

Part-time – full-time cut-offs and actual vs usual hours worked

The ILO standards on employment and unemployment statistics (Hussmanns et al 1990) suggests that actual hours worked in a given job should be defined to cover all types of employment in labour force surveys. The international guidelines on time-related underemployment (ILO 1998a) also suggest that these measures cover those who were employed, are willing to work additional hours, available to work additional hours and who "worked less than a threshold relating to working time", i.e. persons whose "hours actually worked" in all jobs during the reference period, as defined in current international guidelines regarding working time statistics, were below a threshold, to be chosen according to national circumstances. This threshold may be determined by e.g. the boundary between full-time and part-time employment, median values, averages, or norms for hours of work as specified in relevant legislation, collective agreements, agreements on working time arrangements or labour practices in countries. (ILO, 1998a; para 8(1c)).

Notwithstanding this, definitions of part-time work are generally based on usual hours cut-offs comprising normal working hours as well as the overtime or extra time usually worked, whether it is paid or not. (van Bastelaer et al, 1997)

The level of part-time employment in total employment is, compared with all OECD countries, very high in Australia and Japan and in the medium range for the US (van Bastelaer et al, 1997). In all three countries a national hours cut-off of 35 hours is used.

In Japan part-timers are persons who were at work and who worked less than 35 hours during the reference week – that is actual hours of work are used.

In the US information on usual hours worked is used. Note however that in the US, the total hours usually worked in different jobs by the respondent must exceed 35 hours if
this worker is to be considered a full-timer”. That is, *all jobs* count towards part-time or full-time status rather than just the main job.

This means that the number of part-time workers does not equate with the number of part-time jobs. As noted by the BLS “Monthly estimates of the number of part-time workers however, do not include all persons with part-time jobs. In the CPS, persons who have more than one job are counted only once in the employment estimates. Such workers are classified as either full or part time based on their total usual weekly hours. So, workers who have both a full and a part-time job, for example, are classified as full-time workers, as are those whose combined hours in two or more part-time jobs total at least 35.” (BLS 1996)

In Australia it is somewhat a hybrid - that is, part-time workers are those who *usually* work less than 35 hours a week but this must *actually be the case during* the reference week for a job to be considered part-time. This may lead to some volatility. For example with information that working hours are generally increasing, there will be a significant number of part-timers whose *usual* hours are less than 35 but who would be classified as full-time because they *actually worked* more than 35 hours in the reference week. (see also van Bastelaer et al, 1997)

These differences in the measurement of part-time work indicate that extension of international data standards to comparable measures of time-related underemployment will require further alignment of core measures in the labour force framework.

**Conclusion and on-going work**

In this paper an attempt has been made to look at conceptual and definitional issues in three key labour indicator areas of employment, unemployment and underemployment. The issues raised show the difficulties involved in making international comparisons. As has been shown, the international labour force framework has its limitations relating to coverage of activities and priority rules that are applied. It has been shown that relatively small definitional changes can impact on the measures. Cumulatively the effects may be significant.

It should also be noted that the analyses and examples provided in this paper have mostly been undertaken using data from one point in time. Sometimes only the statistical offices themselves have access to unpublished data which could be re-coded to fit different criteria. It would, however, be instructive to consider these changes over time. While data constraints limit the analyses that can be conducted, we can use judgement about important changes in the economies under consideration to examine those which might be expected to have had the greatest impact over time. Thus the increasing incidence of part-time work in all three countries considered would be likely to also give rise to increases in time-related underemployment over time, both within and between each of the three countries. As aforementioned, some data enabling these comparisons is available for Australia, the US and Japan and CoffEE is extending its indicators in this direction. CoffEE’s labour market indicators on underutilisation, currently computed for the US and Australia (Mitchell and Carlson 2001), are also being extended to include Japan. Relatedly another major avenue of work on which some work for the US already exists, will be the analyses of gross flows data for Australia and if possible Japan to
determine monthly movements between status of not in the labour force and employed, in order to examine probabilities of employment and the impact this may have on accepted measures of unemployment.

Endnotes

1. Due to the difficulties in measuring underemployment, the October 1998 ILO Resolution concerning the measurement of underemployment and inadequate employment situations (ILO, 1998a), only considers time-related underemployment. As noted in the resolution (para 5). “Indicators of inadequate employment situations that affect the capacities and well-being of workers and which may differ according to national conditions, relate to aspects of the work situation such as use of occupational skills, degree and type of economic risks, schedule of and travel to work, occupational safety and health and general working conditions. To a large extent, the statistical concepts to describe such situations have not been sufficiently developed.” And in paragraph 16 “Countries may want to consider as persons in inadequate employment situations, all those in employment who during the reference period, wanted to change their current work situation, or (particularly for the self-employed) to make changes to their work activities and/or environment, for any of a set of reasons, chosen according to national circumstances. Such reasons might include, for example: inadequate use and mismatch of occupational skills; inadequate income in current job(s); excessive hours of work; precarious job(s); inadequate tools, equipment or training for the assigned tasks; inadequate social services; travel to work difficulties; variable, arbitrary or inconvenient work schedules; recurring work stoppages because of delivery failures of raw material or energy; prolonged non-payment of wages; long overdue payments from customers. It should be noted that these reasons will not be mutually exclusive nor exhaustive of inadequate employment situations. Workers' availability to change their current work situation, as well as their active job search, as understood in the definition of time-related underemployment, may also be applied.”

References


ILO (1998b) *Guidelines concerning treatment in employment and unemployment statistics of persons on extended absences from work*, endorsed by the Sixteenth


Annex 1: International unemployment rate comparisons

Four organisations compile internationally ‘comparable’ series of unemployment rates for groups of developed countries:

- OECD, *Standardised Unemployment Rates*, (SURS) published in each issue of *Quarterly Labour Force Statistics*; published for 24 member countries, which are based on the ILO concepts.


- Statistical Office of the European Communities (EUROSTAT), has its own interpretation of ILO concepts, and publishes *harmonized* unemployment rates for European Union countries. EUROSTAT Harmonized Unemployment rates, [www.europa.eu.int/comm/eurostat](http://www.europa.eu.int/comm/eurostat).

- BLS, “Unemployment rates approximating US Concepts”, Foreign Labor Statistics Program, [http://www.bls.gov/flshome.htm](http://www.bls.gov/flshome.htm). The Bureau of Labor Statistics (BLS) provides unemployment rates that are adjusted “as closely as possible” to U.S. concepts, which are narrower than the ILO concepts. They state: “The foreign country data are adjusted as closely as possible to U.S. concepts, with the exception of age limits and the treatment of layoffs, for which no adjustments are made. In addition, for some countries, no adjustment is made for deviations from U.S. concepts in the treatment of unpaid family workers, persons waiting to start a new job, and passive job seekers (for example, persons only reading newspaper ads as their method of job search). In the United States, job search must be "active," such as placing or answering advertisements, and simply reading ads is not enough to qualify as active search.” (BLS, “Unemployment rates approximating US Concepts”, Foreign Labor Statistics Program, [ftp://ftp.bls.gov/pub/special.requests/ForeignLabor/flsjec.txt](ftp://ftp.bls.gov/pub/special.requests/ForeignLabor/flsjec.txt)).