

## UNEMPLOYMENT DECLINED DUE TO AN INCREASE IN AGRICULTURAL EMPLOYMENT

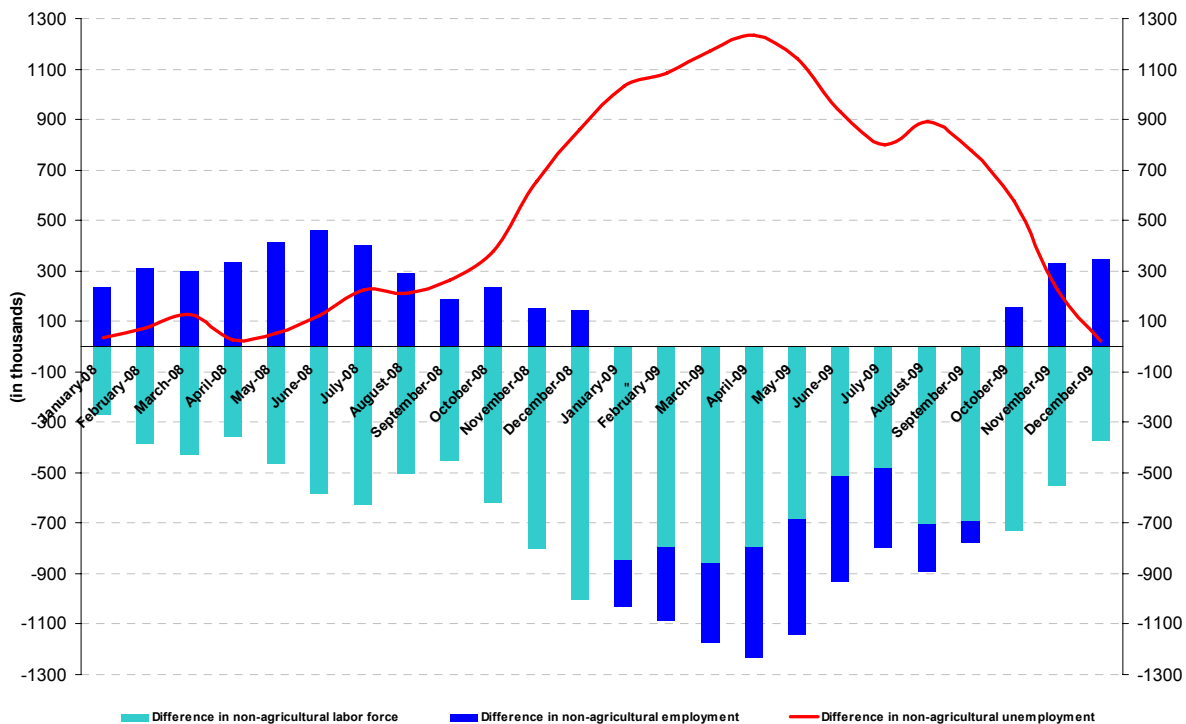
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### Year-on-year figures

According to the labor market statistics released by TurkStat on 15 March, non-agricultural employment has increased by 371 thousand whereas non-agricultural labor force has risen by 348 thousand. As a consequence, non-agricultural unemployment has increased by 23 thousand and the non-agricultural unemployment rate decreased to 16.6 percent in December 2009 from 16.8 percent in December 2008. Figure 1 depicts the year-on-year differences in certain labor market statistics.

Since the first increase in October 2009 after 9 months of successive falls, non-agricultural employment is recovering. In December 2009, non-agricultural employment level reached 16,307 thousand. The increase in the non-agricultural employment almost offsets the increase in labor force and the increase in unemployment is limited to 23 thousand (Figure 1).

**Figure 1 Differences in non-agricultural labor force, non-agricultural employment and non-agricultural unemployment (year-on-year change)**



\* Rise in the labor force increases the number of the unemployed hence has a negative sign on the graph

Source: TurkStat, betam

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Nevertheless, note that the monthly increase of the labor force of 371 thousand in December 2009 remains under trend which has typically been between 500-500 thousands (month-on-month). This is primarily due to a base effect and an increase in the agricultural employment. The base effect, which will even be stronger in January 2010, will linger until June 2010. Therefore, it will be impossible to determine the path of unemployment before the second half of 2010.

**Table 1 Agricultural employment (in thousands)**

	2004	2005	2006	2007	2008	2009	Dec. 2008	Dec. 2008
<b>Agricultural emp.</b>	5713	5154	4907	4867	5016	5254	4507	5144
<b>Yearly difference</b>		-559	-247	-40	149	238		637

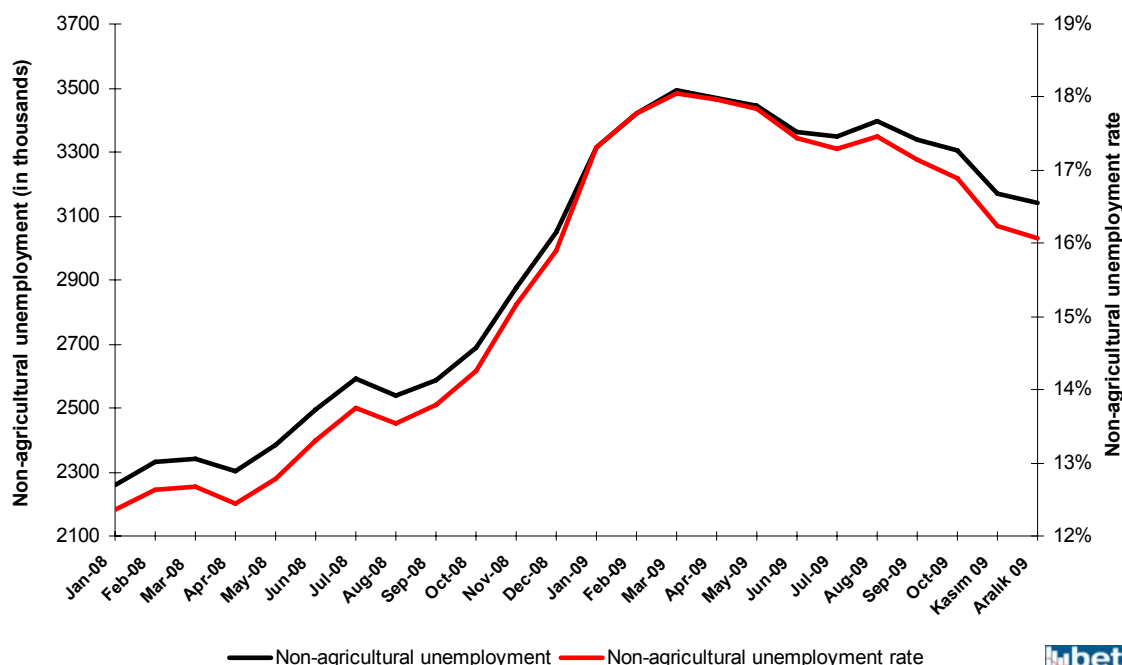
Source: TurkStat

Table 1 shows year-on-year changes of the agricultural employment. While the agricultural employment consistently falls between 2004 and 2007, it steps up during the recession in 2008 and 2009. Due to the fact that job opportunities in the non-agricultural sector declines, the transition from agriculture to non-agricultural sector contracts and we observe an artificial increase in the agricultural employment. As indicated in Table 1, From December 2008 to December 2009, agricultural employment unusually increases by 637 thousands and stabilizes the unemployment rate.

### Seasonally adjusted month-on-month figures<sup>1</sup>

In order to study the effects of the economic recovery on employment, we provide the seasonally adjusted figures in Figure 2. From November to December 2009, the non-agricultural unemployment falls by 31 thousand from 3,170 thousand to 3,139 thousand. Additionally, the seasonally adjusted non-agricultural unemployment rate decreases to 16.1 percent from 16.2 percent in December 2008. This corresponds to an increase of 56 thousand in the non-agricultural employment (Table 2). The rise in the non-agricultural employment confirms the expectations of a positive growth rate in the fourth quarter of 2009.

**Figure 2 Non-agricultural unemployment (seasonally adjusted series)**



Source: TurkStat, **betam**

<sup>1</sup> Turkstat has recently revised the labor market statistics back to January 2006. Therefore, in this brief, we could use 48 data point. In the older research briefs, we could use only 36 data due to the lack of data. Therefore, there are significant differences between the seasonally adjusted estimations in this research brief and the former ones. We believe that 48 data points allow for a more precise and stable estimation.

**Table 2 Seasonally Adjusted Labor Market Statistics**

		<b>Non-Agricultural Labor Force</b> (in thousands)	<b>Non-Agricultural Employment</b> (in thousands)	<b>Non-Agricultural Unemployment</b> (in thousands)	<b>Non-Agricultural Unemployment Rate</b> (in percent)	<b>Difference in Non-Agricultural Labor Force (M-o-M)</b> (in thousands)	<b>Difference in Non-Agricultural Employment (M-o-M)</b> (in thousands)	<b>Difference in Non-Agricultural Unemployment (M-o-M)</b> (in thousands)
<b>2008</b>	<b>January</b>	18302	16041	2261	12.4%	134	40	94
	<b>February</b>	18457	16124	2333	12.6%	155	83	72
	<b>March</b>	18485	16143	2342	12.7%	29	19	9
	<b>April</b>	18507	16203	2304	12.5%	22	60	-38
	<b>May</b>	18635	16253	2382	12.8%	128	50	78
	<b>June</b>	18777	16280	2497	13.3%	142	27	115
	<b>July</b>	18859	16266	2592	13.7%	82	-13	95
	<b>August</b>	18762	16223	2539	13.5%	-97	-44	-53
	<b>September</b>	18773	16185	2588	13.8%	11	-37	49
	<b>October</b>	18833	16147	2686	14.3%	60	-38	98
	<b>November</b>	18967	16091	2877	15.2%	134	-57	191
	<b>December</b>	19173	16125	3047	15.9%	205	35	171
<b>2009</b>	<b>January</b>	19149	15832	3317	17.3%	-24	-293	269
	<b>February</b>	19251	15830	3421	17.8%	102	-2	104
	<b>March</b>	19341	15850	3491	18.1%	90	20	71
	<b>April</b>	19304	15837	3467	18.0%	-37	-12	-25
	<b>May</b>	19320	15874	3446	17.8%	16	36	-20
	<b>June</b>	19290	15927	3363	17.4%	-30	53	-83
	<b>July</b>	19343	15997	3346	17.3%	53	70	-17
	<b>August</b>	19463	16066	3397	17.5%	121	70	51
	<b>September</b>	19467	16131	3337	17.1%	4	64	-60
	<b>October</b>	19563	16259	3305	16.9%	96	128	-32
	<b>November</b>	19519	16349	3170	16.2%	-45	90	-135
	<b>December</b>	19544	16405	3139	16.1%	25	56	-31

Source: TurkStat, **betam**