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PART B

CHANCELLOR'S PAPERS ON
EMPLOYMENT POLICY AND
LABOUR MARKET STATISTICS

PO -CH /NL/0220
PART B

Begin: 8/1/88
End: 16/2/88 (CONTINUED)

DD: 25 years
Bymes 13/9/95

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bf to m prp
~~///~~

FROM: MOIRA WALLACE
DATE: 8 JANUARY 1988

J ODLING-SMEE

Call 0-5

- cc Chief Secretary
- Financial Secretary
- Paymaster General
- Economic Secretary
- PCC
- MEF
- Mr Burgner
- Mrs Lomax
- Miss Peirson
- Mr Spackman
- Mr S Davies
- Mr Hibberd
- Mr MacAuslan
- Mr Melliss
- Mr Parsonage
- Mr Riley
- Mr Bredenkamp
- Mr Corry
- Mr Price
- Mr Stern
- Mr Young
- Mr Mills
- Mr Cropper
- Mr Call
- Mr Tyrie

UNEMPLOYMENT: ECONOMIC ANALYSIS AND POLICY IMPLICATIONS

The Chancellor has seen and was grateful for your minute of 6th January. He read the attached paper with interest.

Mpw.

MOIRA WALLACE

To All RECIPIENTS OF
LABOUR MARKET STATISTICS
PRIME MINISTER'S NOTE.

I enclose 4 revised pages for PM's note distributed yesterday.
Page c4, YTS Participants outside employed labour force: November
figure has been amended to 371 thousand, and October JTS
should read 24 thousand. Pages c5a-c5c latest figures available
for US for December are updated and the rankings of
Portugal and UK has been reversed on page c5b.

NATU PAGEZ
STATS B2
12 JANUARY.

PERSONAL AND CONFIDENTIAL
 UNTIL 11.30 am ON 14 JANUARY 1988
 AND THEREAFTER CONFIDENTIAL

C4

*To nearest thousand

Department of Employment Scheme Participants GB with and without the employed labour force (to nearest thousand)

=====

Scheme Participants in the GB employed Labour Force

Scheme Participants outside employed labour force

	EAS	CP	CI	NWS*	YOP+	YTS++	YTS++	JTS	JRS
March 83	2	39	8	103	234	0	0		79
June 83	2	64	8	93	154	2	19		81
Sept. 83	8	97	8	103	69	17	156		85
Dec 83	20	115	8	105	22	26	231		88
Mar 84	27	113	8	98	22	25	227		95
June 84	37	120	8	70	4	24	220		91
Sept 84	39	123	8	63		29	258		86
Dec 84	39	130	8	57		28	251		78
Mar 85	41	133	8	52		25	227		70
June 85	48	138	8	43		24	212		61
Sept 85	49	151	8	50		30	266		54
Dec 85	52	174	8	57		28	250		48
Mar 86	55	200	8	51		24	219		43
June 86	60	221	8	31		27	243		37
Sept 86	66	235	8	28		33	300		32
Dec 86	74	248	8	33		32	291	1	27
March 87	81	244	8	34		30	269	2	24
Apr 87	85	238	8	32		30	272	3	23
May 87	87	235	8	29		29	263	8	22
June 87	90	232	8	24		35	316	13	22
July 87	93	231	8	18		38	341	17	21
Aug 87	94	229	8	18		39	353	20	21
Sep 87	96	229	8	18		43	384	22	21
Oct 87	97	224	8	19		42	373	24**	20
Nov 87	96	222	8	20		41	371	25	20

* Figures prior to June 1986 relate to similar Young Workers Scheme

+ Excludes trainers

++ Excludes trainers, figures for latest months subject to revisions: participants in employed labour force have contracts of employment.

** Stats B Estimate.

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International Comparisons of Unemployment Levels

Although unemployment in the UK has been falling more rapidly than in other countries, the unemployment rate remains relatively high. The following table gives the latest figures on national definitions, which are not strictly comparable owing to national differences in coverage and concepts of unemployment, together with the available OECD standardised rates which are recommended for comparing levels of unemployment.

RECOMMENDED

	OECD STANDARDISED RATES		UNEMPLOYMENT, NATIONAL DEFINITIONS				
	<u>Seasonally adjusted</u>		<u>Seasonally adjusted</u>		<u>Unadjusted</u>		<u>Latest month</u>
	<u>Latest month</u>	<u>% rate</u>	<u>Number (000s)</u>	<u>% rate</u>	<u>Number (000s)</u>	<u>% rate</u>	
Spain	May	20.1	2,924	20.9*	2,879	20.6		Sep
Ireland	..	..	245	19.1	241	18.8	Nov
Belgium	Oct	10.6	425 ^e	15.5 ^e	417	15.2	Nov
France	Oct	10.5	2,546	10.4 ^a	2,670	10.8 ^a	Nov
Netherlands	Oct	9.5	682	14.0	680	13.9	Nov
<u>United Kingdom</u>	Oct	9.4	2,614	9.4	2,696	9.7	Dec
Italy ^a	1985	(10.5 ⁺)	2,945	12.4	2,871	12.0	July
Canada ^a	Oct	8.4	1,081	8.2	1,024	7.8	Nov
Australia ^a	Oct	8.1	619	8.0	567	7.3	Nov
Denmark	..	..	216	7.9	202	7.4	Sep
Portugal	May	7.1	290	6.7	283	6.6	Sep
Germany	Oct	7.0	2,262	8.0	2,308	8.2	Dec
United States ^a	Oct	5.9	6,978	5.8	6,526	5.4	Dec
Greece	..	..	..	..	184	4.6	Aug
Austria	1985	3.6	166 ^e	5.6	147	4.9	Oct
Japan ^a	Sep	2.8	1,670	2.7	1,660	2.7	Sep
Norway	Aug	1.9	32	2.1	30	2.2	Sep
Sweden ^a	Oct	1.8	77	1.8	76	1.7	Oct
Luxembourg	..	..	..	..	3	1.7	Sep
Switzerland	1985	0.9	..	..	20	0.7	Aug
OECD ^b	1985	7.9 ^e					

e estimated

a Survey Sources

b Includes all countries with Standardised rates

+ This rate to be revised shortly, probably downwards using new information from EC Labour Force Survey.

* August figures

Sources:- OECD "Main Economic Indicators" supplemented by Labour Attached reports etc

The following table shows the changes in unemployment, both in terms of percentage increases and, more significantly, changes in percentage rates. The latter are recommended for comparison.

UNEMPLOYMENT, LATEST MONTH COMPARED WITH A YEAR EARLIER

<u>Unadjusted unemployment, national definitions</u>				
<u>RECOMMENDED</u>				
	<u>Change in</u> <u>% rate</u>	<u>Change</u> <u>(000s)</u>	<u>% Change</u> <u>in total</u>	<u>Latest</u> <u>month</u>
Spain	+ 0.9	+ 169	+ 6	Sep
Ireland	+ 0.4	+ 4	+ 2	Nov
Luxembourg	+ 0.3	+ 1	+ 24	Sep
Germany	+ 0.3	+ 90	+ 4	Dec
Austria	+ 0.1	+ 6	+ 4	Oct
Denmark	+ 0.1	+ 5	+ 3	Sep
Italy	NC	+ 2	NC	Oct
France	NC	- 3	NC	Nov
Greece	NC	+ 3	+ 4	Aug
Switzerland	NC	NC	- 1	Aug
Japan	NC	- 10	- 1	Sep
Norway	- 0.1	- 4	- 13	Sep
Netherlands	- 0.2	- 12	- 2	Nov
Sweden	- 0.3	- 13	- 15	Oct
Australia	- 0.4	- 17	- 3	Nov
Belgium	- 0.6	- 14	- 3	Nov
USA	- 0.9	- 935	- 13	Dec
Canada	- 1.3	- 149	- 13	Nov
Portugal	- 1.8	- 78	- 22	Sep
<u>United Kingdom</u>	- 1.9	- 53	- 19	Dec

NC = No Change

e = estimated

Sources:- OECD "Main Economic Indicators" supplemented by Labour Attache reports etc

When assessing the change in unemployment in more recent periods than over the past year, seasonally adjusted figures need to be used. The following table compares seasonally adjusted figures for the latest three months with the previous three months. An additional table C4d shows monthly figures for selected countries.

UNEMPLOYMENT, LATEST 3 MONTHS COMPARED WITH PREVIOUS 3 MONTHS

Seasonally adjusted, national definitions

RECOMMENDED

	<u>Change in</u> <u>percentage rate</u>	<u>Change</u> <u>Number</u> <u>(000s)</u>	<u>Percentage</u> <u>Changes</u>	<u>Latest</u> <u>month</u>
Italy	+ 0.7	+ 146	+ 5	Sep
Spain	+ 0.1	+ 20	+ 1	Aug
Norway	+ 0.1	- 1	- 4	Sep
Germany	NC	+ 2	NC	Dec
Netherlands	NC	- 1	- 0.1	Nov
Austria	NC	- 3	- 2	Oct
Denmark	- 0.1	- 2	- 1	Sep
United States	- 0.1	- 98	- 1	Dec
Australia	- 0.2	- 14	- 2	Nov
France	- 0.3	- 73	- 3	Nov
Belgium	- 0.3	- 12	- 3	Nov
Japan	- 0.3	- 170	- 9	Sep
Sweden	- 0.3	- 8	- 10	Oct
Ireland	- 0.4	- 5	- 2	Nov
Canada	- 0.5	- 65	- 5	Nov
<u>United Kingdom</u>	- 0.6	- 168	- 6	Dec
Portugal	- 0.8	- 34	- 11	Sep

Note Seasonally adjusted figures not available for Greece, Luxembourg and Switzerland.

NC = No change

e = estimated

Sources:- OECD "Main Economic Indicators" supplemented by Labour Attache reports etc

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Paul

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Paul Gray Esq
10 Downing Street
LONDON
SW1A 0AA

12 January 1988

Dear Paul,

LABOUR MARKET STATISTICS

... I attach an amendment to the Labour Market Statistics briefing which was sent to you yesterday, to correct an error in page C4, for which I apologise. We have also taken the opportunity to revise pages C5a-C5c in the light of latest US figures which have just become available.

I am copying this to Alex Allan (Treasury), Sir Peter Middleton (Treasury), Mr Hibbert (CSO), Mr Footman (Bank of England), Trevor Woolley (Cabinet Office), Alison Brimelow (DTI), Sir Brian Hayes (DTI), David Crawley (Scottish Office), Sir William Fraser (Scottish Office), John Shortridge (Welsh Office), David Watkins (Northern Ireland Office, David Fell (Department of Economic Development, Northern Ireland Office) and Brian Griffiths (No 10 Policy Unit).

Yours sincerely,

Angela.

ANGELA WILKINS
Private Secretary

COVERING PERSONAL AND CONFIDENTIAL



ring Hibbert.
He content.

Caxton House Tothill Street London SW1H 9NF

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CH/EXCHEQUER	
REC.	12 JAN 1988 ✓ 12/1
ACTION	MR HIBBERT
COPIES TO	SIR P. MIDDLETON
	SIR T. BURNS
	DAME A MUELLER
	MR P SEDGWICK
	MR CLIKELLY
	MR MACANLAN

Moira Wallace
Private Secretary
Chancellor of the Exchequer
HM Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

Ch/Content with 12 January 1988
Mr Fowler's line?

I have suggested
a few changes
to the
para
shank 10
MPW 12/1

Dear Moira,

As promised tonight, here is the draft press statement on Labour Market Statistics which my Secretary of State proposes to release on Thursday.

He has asked that the Chancellor be given an opportunity to comment on the draft to ensure that he is content with the message on the earnings growth figure.

Perhaps you would telephone me tomorrow morning to let me know if there are any comments on the draft.

Yours,

Angela.

ANGELA WILKINS
Private Secretary

Unemployment continues to fall
Statement by Secretary of State for Employment

Unemployment (seasonally adjusted) fell again in December, by 35,000. It has now fallen in each of the last 18 months and the unemployment rate has now reduced to 9.4%. In the last 12 months unemployment has fallen by 505,000 and by (311,000) in the last 6 months. Over the last year the UK rate has fallen faster than in any other major industrialised country and ~~many of our European partners, like France, Belgium and the Netherlands, now have a higher rate.~~ *(is how slow that it)* Unemployment has continued to fall throughout the country with the largest fall in the unemployment rate in the West Midlands, Wales, North West and the North. The number of school-leavers, at 64,000, was the lowest December figure since 1979.

The employed labour force continued to grow strongly in the third quarter of 1987, by 84,000. It is now 404,000 higher than a year ago. 239,000 of these jobs were full-time and 165,000 part-time. 1.45 million extra jobs have now been created since 1983. The latest figures available show that between 1983 and 1986 employment in the UK increased by more than the rest of the EC put together.

Prospects for employment remain good but ~~the continuing buoyant picture on jobs~~ *then [encouraging]?* could be undermined by excessive pay awards. The $\frac{1}{4}$ % increase in average earnings growth, ~~largely attributable to the recent pay award to local authority manual workers, is a~~ *a sign that* further warning sign ~~[we cannot ignore]~~ *substantive* Settlements in both the public and private sectors are running at too high a level, and it is important that wage growth is restrained if the improvement in the jobs market is to continue. ~~Excessive earnings growth will mean that employers take less advantage of the opportunities to create jobs which the British economy is now providing.~~

FROM: P L PATTERSON
DATE: 13 January 1988

- 1. MR PICKFORD cc Chief Secretary Mr Hibberd
 - 2. CHANCELLOR (+1 for No 10) Financial Secretary Mr MacAuslan
- Paymaster General Mr Bush
Economic Secretary Mr Dyer
Sir P Middleton Mr Hudson
Sir T Burns Mr O'Brien
Mr Monck Mr Cropper
Mr Scholar Mr Tyrie
Mr Odling-Smee Mr Call
Mr Sedgwick HB/001
Mr R I G Allen

The employment and unemployment figures are good, but less so than recently. However most attention is likely to focus on the second successive increase in earnings, and may well arise at first order. Spitzly 13/1

COMBINED RELEASE OF LABOUR MARKET STATISTICS ON 14 JANUARY

Summary Statistics (seasonally adjusted GB unless otherwise stated)

	Thousands	Level	Change on previous period	Change on previous year
<u>Unemployment (UK)</u>				
Total (excl. school leavers) December		2,614	-35	-505
Total (not seasonally adjusted) December: 'Headline Total'		2,696	+10	-533
<u>Vacancies (UK) December</u>				
		257	-12	+46
<u>Employed labour force 1987Q3</u>				
		24,446	+84	+404
<u>Manufacturing employment November</u>				
		5,077	+11	-34
<u>Percentage change on previous year</u>				
<u>Index of average earnings, November</u>				
Whole economy, underlying (actual)			8 1/4 (8.3)	
Manufacturing, underlying (actual)			8 1/4 (8.0)	
<u>Wage and salary costs per unit of output</u>				
Whole economy 1987Q3			3.3	
Manufacturing 3 months to October			1.1*	
<u>Output per head</u>				
Whole economy 1987Q3			3.5	
Manufacturing 3 months to October			7.2*	

* No change from previously published figures. Revised figures available at 11.30am on Tuesday 19 January with November index of output of the production industries.

Assessment

2. The employment and unemployment statistics this month are less favourable than in recent months, but, given the strength of other economic indicators, DE think there is no reason to see this as a sign that the buoyancy of the labour market is coming to an end. Although the fall in unemployment in December, at 35,000, is lower than in recent months, DE think this is a normal monthly variation around a continuing downward trend of around 50,000 a month. They say that "most" of the recent fall is probably due to the general strength of the economy, with traditional employment and training measures, as well as the well established Restart and availability testing, having little overall effect on the count (although claimant advisers are continuing to exert a small but significant downward impact).

3. Employment rose less quickly in the third quarter than in the first two quarters of 1987, but this is probably also a slight fluctuation in the strong upward rate of growth. The number of manufacturing employees rose by 11,000 in November which, even allowing for the erratic nature of the monthly series, gives clear indication that the rate of decline of this series has slowed. The stock of vacancies fell in December for the first time in ten months but, after a number of sharp increases in recent months, DE think that this series is still distorted by the activities of Jobcentre staff and rather overstates the effect of the economy on the labour market.

4. The provisional estimate of the underlying increase in whole economy average earnings in the year to November has risen by $\frac{1}{4}$ per cent for the second month running and is now at $8\frac{1}{4}$ per cent. This rise reflects two substantial settlements - for the teachers and, more importantly, the local authority manual workers. This figure is likely to attract a certain amount of attention, in view of the almost unanimous expectation of 8 per cent growth amongst city commentators. The line DE are taking is that the November figure does not represent a sustained acceleration of wages, but rather it is a step change upwards to an $8\frac{1}{4}$ per cent underlying rate because of the teachers' and LA manuals' settlements.

Unemployment

5. Seasonally-adjusted adult unemployment (excluding school leavers) fell by a further 35,000 in December to 2.614 million (9.4 per cent of the working population). The average monthly fall in the seasonally adjusted total is a record 52,000 over the last six months.

6. The 'headline' total rose by 10,000 to 2.696 million, 9.7 per cent of the working population. There was a rise of 16,000 among adult claimants partly offset by a fall of 6,000 among school leavers.

7. The stock of vacancies at Jobcentres (seasonally adjusted) fell in December by nearly 12,000 to 257,000.
8. Points of interest:
- (a) Seasonally adjusted total at lowest level for over 5½ years (since June 1982).
 - (b) Seasonally adjusted total has fallen for eighteen months in succession since June 1986, by 599,000 in total, the largest sustained fall on record.
 - (c) Fallen by over ½ million (505,000) over past year, largest twelve-month fall since similar records began; fall over last six months also a record.
 - (d) Fall in 'headline' total of 533,000 compared with year ago, also largest on record.
 - (e) School leaver unemployment (under 18s), at 64,000 in December, was 25,000 (or 28 per cent) lower than a year ago and lowest December total since 1979.
 - (f) Unemployment continues to fall in all regions. Over the past twelve months the unemployment rate has fallen most in the West Midlands, Wales, the North West and the North, closely followed by other regions. Northern Ireland stands out with the smallest fall, but the trend here has recently been more in line with the rest of the UK.
 - (g) UK unemployment rate fallen more in past year than in any other major industrialised country. Latest figures (national definitions) show fall in UK rate of 1.9 percentage points over past year, compared with fall of 0.9 in US, no change in Japan and rise of 0.3 in Germany.
 - (h) The stock of vacancies fell by 11,600 in December to 256,600, but was still 22 per cent higher than a year ago.
 - (i) There is normally a sharp seasonal rise in the unadjusted headline total in January, of the order of 75,000. The headline total is therefore likely to rise in January even if the current downward trend is maintained.

Employment

9. New employment figures are available this month for the number of employees in manufacturing industries in November and the whole economy employed labour force in 1987Q3.

10. The number of employees in employment in manufacturing is estimated to have increased by 11,000 between October and November. Monthly figures are erratic, but in recent months there has been a clear slowdown in the downward trend in the number of manufacturing jobs; in November manufacturing employment was 34,000 lower than a year ago but unchanged from the level six months ago.

11. The GB employed labour force rose by an estimated 84,000 in the third quarter of 1987, a little below the increases of over 100,000 in each of the two preceding quarters. Manufacturing employment fell in Q3 after a small rise in Q2, and the rate of growth of employment in service industries also fell back a little. Nevertheless the strong upward trend continues; since March 1983, the employed labour force has now increased for eighteen consecutive quarters, by 1,449,000 in total. The increase in the year to 1987Q3 was 404,000.

Other features

12. The provisional estimate of the underlying increase in whole economy average earnings in the year to November has risen to $8\frac{1}{4}$ per cent from 8 per cent in October and $7\frac{3}{4}$ per cent in September. For manufacturing industries the figure remains unchanged from October at $8\frac{1}{4}$ per cent (the October figure has been revised down from $8\frac{1}{2}$ per cent), but in service industries it has risen by $\frac{1}{2}$ per cent to $8\frac{1}{2}$ per cent. This series has risen by a whole percentage point in the past two months. This reflects two substantial increases covering nearly $1\frac{1}{2}$ million employees (or 10 per cent of the services sector's employment) - the 8.2 per cent second stage of the teachers' settlement in October and the 10.7 per cent local authority manuals' settlement in November (last year's settlement was 6.7 per cent). The high level of overtime working in manufacturing (see below) is also likely to have raised underlying earnings growth.

13. The level of overtime working in manufacturing in November, at 13.78 million hours a week, remains at a high level following its sharp increase in October. This is the highest level since the start of the decade and well above the average level of 12.4 million hours a week in the first 9 months of 1987.

14. Whole economy output per head in 1987Q3 was 3.5 per cent higher than a year earlier, reflecting an increase in output of over 5 per cent but only a $1\frac{1}{2}$ per cent rise in employment. Unit wage and salary costs rose by 3.3 per cent over the same period.

Peter Patterson

PETER L PATTERSON

prop X *is not good - but strong*
Entire due to ~~LA~~ Repulse strike
(teachers & LA unions). W/O

PERSONAL AND CONFIDENTIAL UNTIL 11.30 ON 14 JANUARY 1988 THEREAFTER

CONFIDENTIAL

Labour Market Statistics

W/M had to work this.

Summary

Unemployment fell less sharply in December, by 35,000. This fall is not inconsistent with a continuing downward trend of about 50,000 a month but comes in a month when other Labour market indicators are also less favourable. Employment rose less quickly in the third quarter than in the first two quarters of 1987, the stock of vacancies fell in December for the first time in 10 months and there was a further ¼ per cent rise in the underlying index of average earnings. Even so, the picture of a buoyant labour market remains - falling unemployment, rising employment and high level of vacancies - and it would be premature to see these latest indicators as heralding a major shift in the labour market.

Unemployment

UK unemployment (seasonally adjusted claimants, excluding school leavers) fell again, by 35,000 between November and December, bringing the total to 2.614 million, the lowest for 5½ years (on a consistent basis). The unemployment rate fell to 9.4 per cent. The series has now fallen for 18 consecutive months since the peak in June 1986 and the fall since then has now reached 599,000, the largest sustained fall on record. Other comparisons and records are given in 'key facts'.

The fall of 35,000 follows a run of very sharp monthly falls, and given the normal variations in the series, is not inconsistent with a continuing downward trend of about 50,000 per month.

Most of the latest fall is probably due to the general strength of the economy. Employment and training measures such as CP, JTS and EAS have recently been having a broadly neutral impact on the trend in adult unemployment and their effect may now be declining slightly. Restart and availability testing are now well established and are probably adding little extra at the moment but claimant advisers are continuing to make a significant contribution to the downward trend, although small in comparison to the overall fall in unemployment.

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UNTIL 11.30 a.m. ON 14.1.88

Regional Comparisons

Unemployment continues to fall in all regions. Over the past 12 months the unemployment rate has fallen most in the West Midlands, Wales, the North West and the North, although now closely followed by other regions including East Anglia and the South West. Northern Ireland has had the smallest fall over the period, but the trend has recently been more in line with Great Britain.

Headline total

The UK 'headline' claimant total (unadjusted including school leavers) increased by 10,000 to 2.696 million in December, 9.7 per cent. This was 533,000 lower than a year ago, yet again a record 12 month fall. There was a rise of 16,000 among adult claimants partly offset by a fall of 6,000 school leavers. The school leaver total, at 64,000 was 25,000 or 28 per cent lower than a year ago. This improvement at least partly reflects last year's school leavers recently starting their second year of training on YTS.

January headline total

There is normally a sharp seasonal rise in the unadjusted total in January, of the order of 75,000, mostly confined to adults with little change among school leavers. Therefore the headline total is likely to rise in January even if we have a figure closer to the recent trend.

Employment

The employed labour force (employees in employment, the self employed and HM Forces) is estimated to have increased by 84,000 in the third quarter of 1987. This continues the upward trend which started in March 1983, since when the employed labour force is estimated to have increased by 1,449,000. This is the 18th successive quarterly increase. The rate of increase, which had been strengthening between March 1986 and June 1987, slowed in the September quarter; the increase of 84,000 in the September quarter compares with 136,000 in the June quarter. The total increase in the year ending September 1987 is estimated at 404,000.

The number of employees in employment in manufacturing industries increased by an estimated 11,000 in November. The monthly estimates can fluctuate

UNTIL 11.50 a.m. ON 14.1.88

erratically and a clearer picture may be given by considering averages over longer periods. Comparison of the November 1987 estimate with those for 12 and 6 months earlier gives respectively a reduction of 34,000 and no change. Thus the rate of reduction has clearly slowed compared with the previous year (there was a reduction of 135,000 between November 1985 and November 1986) and the trend may be levelling out.

Overtime working by operatives in manufacturing industries was again high, at 13.78 million hours a week, in November.

Hours lost through short-time working by operatives in manufacturing industries remain very low despite a slight increase, to 0.37 million hours a week, in November.

Vacancies

The stock of vacancies at jobcentres (UK, seasonally adjusted and excluding Community Programme) fell sharply by 11,600 to 256,600 in December. This fall, the first in 10 months, follows some sharp rises, particularly over the previous three months. The fall this month was mainly due to a rise in the recorded outflow (cancellations and placings).

The level of vacancy stocks in December was 22% higher than a year ago, and is probably still exaggerated despite the high outflow of vacancies between November and December. This is because outflows have been understated over recent months as jobcentres have been less active in following up placings.

In the month to December, inflows of notified vacancies were up by 6% on a year ago. Outflows were 11% higher than a year ago, but placings were up by only 2% although even this means they were at a record level.

Earnings

The provisional estimate of the underlying increase for the whole economy in November is up by $\frac{1}{4}$ per cent to $8\frac{1}{4}$ per cent. The provisional estimate for Manufacturing is unchanged from October at $8\frac{1}{4}$ per cent (the October figure has been revised down $\frac{1}{4}$ per cent) but the provisional estimates for the service industries shows an increase of $\frac{1}{2}$ per cent to $8\frac{1}{2}$ per cent.

UNTIL 11.50 a.m. ON 14.1.88

PERSONAL AND CONFIDENTIAL
UNTIL 11.00 a.m. ON 14.1.88

The rise of a whole percentage point in 2 months, from 7½ per cent, is fuelled by two substantial increases covering nearly 1½ million employees (10% of the services sector's employment). These are the 8.2% second stage of the teachers' settlement (450,000 employees) in October and the November 10.7% local authority manuals settlement (1,000,000 employees - last year's settlement was 6.7%). The underlying increase for the services sector is now estimated to be higher than that for manufacturing for the first time since the underlying series for services was begun in January 1985.

Next Labour Market figures

The next labour market briefing will be issued on Monday 15 February in advance of the press release on Thursday 18 February. It will contain unemployment figures to 14 January, manufacturing employment and average earnings to December and vacancies to 8 January.

PERSONAL AND CONFIDENTIAL
UNTIL 11.00 a.m. ON 14.1.88

pyf

PERSONAL AND CONFIDENTIAL UNTIL 11.30AM THURSDAY 14 JANUARY 1988
LABOUR MARKET STATISTICS - KEY FACTS

Unemployment

Seasonally adjusted (excluding school leavers)

- fall of 35,400 in December to 2.614 million, 9.4 per cent

- fall of 505,000 over past 12 months, largest since similar records began in 1948

- Unemployment down for 18 months running. Fall since June 1986 now 599,000, the largest sustained fall on record.

Record average fall of 52,000 per month over past six months.

- Unemployment now the lowest for over 5½ years (since June 1982)

Unadjusted including school leavers

- Now 2.696m, 9.7%, rise of 10,000 since November

- fall of 533,000 compared with a year ago, largest 12 month fall since similar records began in 1948.

Unemployed school leavers (under 18) 64,000 in December, 25,000 (28 per cent) lower than a year ago and the lowest December total since 1979.

Employment - employed labour force increased by 84,000 in Q3 1987

- increased by 404,000 in year to September and 1,449,000 since March 1983

- manufacturing employment increased by 11,000 in November and unchanged over past six months.

Earnings - Underlying increase in average earnings in year to November up a further ¼% to 8¼%. Increases in manufacturing 8¼% increase in services 8½%.

14 January 1988 A2b

PERSONAL AND CONFIDENTIAL UNTIL 11.30am THURSDAY 17 DECEMBER 1987

<u>ADDITIONAL POINTS</u>		<u>Reference</u>
<u>Vacancies</u>	(seasonally adjusted, excluding CP) Unfilled vacancies at jobcentres 256,600 in December, 22% higher than a year ago.	Press Notice table 6, 7 & 8
<u>Regional unemployment figures</u>	Seasonally adjusted unemployment fell in all regions in December.	Press notice table 3
	Unemployment rate fell in all regions over last 12 months with largest falls in West Midlands Wales, North West and the North. In the 18 months since June 1986, falls have also been largest in these regions.	C2
<u>Long term unemployment quarterly figures)</u>	Fell by 169,000 in year to October Biggest annual fall on record Largest fall in Wales.	C3
<u>Youth unemployment</u>	Unemployment among under 18 year olds now nearly halved compared with 5 years ago. Under 25's also lowest for more than 5 years, down nearly a quarter compared with October 1982. Under 25's unemployment rate in October 15%. Latest EC comparisons for 1986 showed UK 18% compared with EC average 23% (Italy 34%, France 23%, Belgium 20%, Ireland 27%, Greece 24%, Portugal 29%, Spain 48%)	
<u>Flows into and out of unemployment</u>	Unemployed not a static pool - some 400,000 a month enter and leave. A quarter leave within a month, half leave within 3 months.	D5
<u>International comparisons</u>	In recent months, UK rate fallen faster than any other major industrialised country. Latest OECD standardised rate for UK now 9.4% (October). Unemployment higher in France (10.5%) Belgium (10.6%), Spain (20.1%) Netherlands (9.5%) and Ireland (19.1%).	C5a,b,c
<u>Employment</u>	Increased every quarter for 4½ years. Over 1.4 million jobs created since 1983.	Press Notice table 5 D10a

PERSONAL AND CONFIDENTIAL

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DEFENSIVE BRIEFING

Reference

<u>Effect of government measures on count</u>	Traditional measures (YTS, Community Programme etc) have not grown over recent months. Cannot estimate effects of Restart because gateway to other schemes which help into jobs eg Community Programme, Enterprise Allowance Scheme, Job Clubs. Successful because 'Pushing an open door' when economy growing. Availability testing will discourage some people who were not interested in getting work - cannot assess how many.	C4
<u>Fiddling the figures</u>	Only acknowledge 6 discernible changes since 1979; three administrative and three statistical including only two changes to method of compilation. Publish consistent back series to assess the trend in unemployment. Nothing to hide.	D3
<u>International definition of unemployment</u>	Based on those without work who are available and have actively looked for work in last month. Latest (1986) figures for GB 2.97 million when comparable claimant count was 3.17 million. Figures of 5 million sometime quoted include all those who say they would like work, even if they have done nothing to look for a job (include the early retired, those looking after home, and sick).	D2
<u>Employment growth 'not real jobs'</u>	<ul style="list-style-type: none">- Over half of growth in employment in last year was in full time jobs (239,000).- Over half of growth in past year was in jobs for women (239,000). Half those jobs were part-time (115,000), a much smaller proportion than in recent years.- Participants in a special measures eg Community Programme EAS are employed in precisely the same way as any other employee.	

LABOUR MARKET STATISTICS

JANUARY 14, 1988

SUMMARY STATISTICS

				<u>Thousands</u>		
				Level	Change on previous period	Change on previous year
<u>Unemployment (UK)</u>						
Total (not seasonally adjusted)	December	10		2,696	+ 10	- 533
Total (excluding school leavers)	December	10		2,614	- 35	- 505
<u>Employed Labour Force</u>	September;	Q3	1987	24,446	+ 84	+ 404
<u>Employees in employment</u>						
Services	September	Q3	1987	14,578	+ 85	+ 364
Manufacturing	September	Q3	1987	5,063	- 22	- 50
Manufacturing employment	November		1987	5,077	+ 11	- 34
<u>Vacancies (UK at jobcentres)</u>	December		4	257	- 12	+ 46

Percentage change on previous year
(underlying increase)

Index of Average Earnings

Whole Economy	November	8¼
Services	November	8½
Manufacturing	November	8¼

Notes

1. All figures seasonally adjusted GB except where otherwise stated.
2. The employed labour force comprise employees in employment; the self-employed and HM Forces.

The latest figures available on developments in the labour market are summarised below.

Summary

Unemployment (UK seasonally adjusted excluding school leavers) fell by 35,400 in the month to December. Male unemployment decreased by 28,400 and female unemployment decreased, by 7,000. Over the past six months there has been a fall of 51,900 on average compared with a fall of 32,400 per month over the previous six months to June 1987.

The unadjusted unemployment total, increased in December by 10,227 to 2,695,810. This includes 63,726 school leavers aged under 18. In December, total unemployment was 533,357 lower than a year ago.

The employed labour force in Great Britain has now increased for 18 consecutive quarters since March 1983. The new figures available for the third quarter of 1987 shows an increase of 84,000 which contributes to overall increases of 404,000 in the year ending September 1987 and of 1,449,000 since March 1983.

The latest monthly estimates of the number of employees employed in manufacturing industry increased by 11,000 in November 1987. The monthly figures can be erratic and over the year ending November 1987 the total number of employees in manufacturing industries decreased by 34,000.

The stock of vacancies (UK seasonally adjusted excluding Community Programme) decreased by 11,600 in December to 256,600. Over the past six months there has been an increase of 3,800 per month on average.

The underlying increase in average earnings in the year to November was 8½ per cent, an increase of ¼ per cent on the year to October.

Additional and more detailed information on unemployment, employment, vacancies, average earnings, unit wage costs, hours of work, productivity and industrial disputes is to be found in subsequent sections of the press notice.

LABOUR MARKET STATISTICS

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UNEMPLOYMENT

The seasonally adjusted level of unemployment in the UK (excluding school leavers) decreased by 35,400 to 2.614 million in December, 9.4 per cent of the working population*.

Over the past six months on average unemployment has fallen by 51,900 per month.

The recorded total of unemployed claimants, including school leavers, increased by 10,227 between November and December to 2,695,810 giving an unemployment rate of 9.7 per cent of the working population. Unemployment is 533,357 less than a year ago. The total included 63,726 school leavers, 25,254 lower than a year ago.

Recent figures are shown in tables 1, 2 and 3.

TABLE 1: UNEMPLOYMENT - UNITED KINGDOM

THOUSAND

TABLE 1: UNEMPLOYMENT - SEASONALLY ADJUSTED excl. school leavers - UNITED KINGDOM

	Male	Female	Number	Change since previous month	Unemployment rate: Percentage of working population*	Average change over 6 months ended	Average change over 3 months ended
1986 Dec	2152.8	966.6	3119.4	-24.0	11.2	-15.5	-21.3
1987 Jan	2146.9	967.4	3114.3	-5.1	11.2	-16.4	-15.1
Feb	2122.8	943.0	3065.8	-48.5	11.0	-23.9	-25.9
Mar	2107.9	931.8	3039.7	-26.1	10.9	-23.9	-26.6
Apr	2092.7	925.4	3018.1	-21.6	10.9	-23.6	-32.1
May	2053.6	898.7	2952.3	-65.8	10.6	-31.9	-37.8
Jun	2036.2	889.0	2925.2	-27.1	10.5	-32.4	-38.2
Jul	2004.6	871.6	2876.2	-49.0	10.4	-39.7	-47.3
Aug	1971.9	857.2	2829.1	-47.1	10.2	-39.5	-41.1
Sep	1939.7	833.6	2773.3	-55.8	10.0	-44.4	-50.6
Oct	1898.6	813.7	2712.3	-61.0	9.8	-51.0	-54.6
Nov(r)	1854.3	795.1	2649.4	-62.9	9.5	-50.5	-59.9
Dec(p)	1825.9	788.1	2614.0	-35.4	9.4 **	-51.9	-53.1

** The separate rate for males was 11.1 per cent, and for females 6.9 per cent.

* See note A5

(p) Provisional and subject to revision (see note A6)

(r) Revised

TABLE 2: UNEMPLOYMENT - UNADJUSTED incl. school leavers - UNITED KINGDOM

		Male	Female	Number	Unemployment rate:percentage of working population*	School leavers	
						Claimants	Non Claimants**
1986	Dec	2,221,545	1,007,622	3,229,167	11.6	88,980	. .
1987	Jan	2,272,426	1,024,810	3,297,236	11.9	89,190	. .
	Feb	2,233,932	991,877	3,225,809	11.6	79,936	. .
	Mar	2,181,037	962,333	3,143,370	11.3	72,281	. .
	Apr	2,158,222	948,906	3,107,128	11.2	66,572	. .
	May	2,080,369	906,084	2,986,453	10.8	74,930	. .
	Jun	2,022,964	882,361	2,905,325	10.5	69,397	103,552
	Jul	2,008,482	897,971	2,906,453	10.5	63,922	128,903
	Aug	1,970,318	895,484	2,865,802	10.3	56,135	115,669
	Sep	1,973,776	896,419	2,870,195	10.3	92,406	. .
	Oct	1,903,620	847,764	2,751,384	9.9	83,226	. .
	Nov	1,865,842	819,741	2,685,583	9.7	69,408	. .
	Dec	1,878,715	817,095	2,695,810	9.7+	63,726	. .

+ The separate rate for males was 11.4 per cent, and for females 7.2 per cent.

** Not included in totals, see note A4

*See note A5.

TABLE 3: UNEMPLOYMENT - REGIONS December 10 1987

THOUSAND

	SEASONALLY ADJUSTED (P) (EXCLUDING SCHOOL LEAVERS)				UNADJUSTED (INCLUDING SCHOOL LEAVERS)			
	Total	Change since previous month	Unemployment rate percent- age of working population*	Change since previous month	Total	Change since previous month	Unemployment rate percent- age of working population*	School leavers
South East (Greater London)	591.3 (326.4)	-12.6 (-4.7)	6.5 (7.6)	-0.1 (-0.1)	603.5 (332.2)	0.4 (1.5)	6.6 (7.8)	8.5 (4.9)
East Anglia	61.3	-1.3	6.4	-0.1	63.1	0.8	6.6	1.0
South West	156.6	-2.1	7.7	-0.1	165.2	2.4	8.1	2.3
West Midlands	268.6	-3.1	10.4	-0.1	275.3	-0.2	10.7	7.4
East Midlands	162.8	-2.3	8.5	-0.1	166.5	1.5	8.7	3.4
Yorks and Humberside	252.9	-3.2	10.8	-0.1	262.5	0.8	11.2	8.3
North West	360.4	-3.6	12.0	-0.1	371.1	1.8	12.3	9.6
North	191.4	-2.1	13.3	-0.1	198.0	-0.1	13.8	5.4
Wales	140.3	-2.0	11.7	-0.2	146.1	0.7	12.1	3.6
Scotland	308.6	-2.5	12.5	-0.1	324.0	2.6	13.1	12.3
GREAT BRITAIN	2,494.3	-34.4	9.2	-0.1	2,575.2	10.6	9.5	61.8
Northern Ireland	119.7	-1.0	17.4	-0.1	120.6	-0.4	17.6	1.9
UNITED KINGDOM	2,614.0	-35.4	9.4	-0.1	2,695.8	10.2	9.7	63.7

* See note A5

(P) Provisional see note A6

TABLE 4: UNEMPLOYMENT FLOWS - STANDARDISED, UNADJUSTED - UNITED KINGDOM THOUSANDS

		INFLOW				OUTFLOW			
Month ending		Total including school leavers		Total excluding school leavers	Change since previous year	Total including school leavers		Total excluding school leavers	Change since previous year
		School leavers				School leavers			
1986	Dec	356.6	8.7	347.9	- 9.1	343.2	13.3	329.9	- 6.8
1987	Jan	368.7	13.3	355.4	- 8.3	294.9	8.1	286.9	+ 61.4
	Feb	398.8	11.6	387.2	+ 11.8	460.8	14.5	446.3	+ 44.1
	Mar	342.1	8.5	333.7	- 23.7	431.4	11.5	419.9	+ 50.3
	Apr	357.1	7.0	350.1	- 3.8	396.4	8.4	388.0	+ 6.6
	May	320.8	21.9	298.9	- 38.2	425.4	10.7	414.7	+ 14.2
	Jun	315.5	10.2	305.3	- 38.3	403.4	11.7	391.8	+ 9.3
	Jul	429.1	10.7	418.4	- 35.2	427.9	12.1	415.7	+ 16.7
	Aug	384.4	8.0	376.4	- 14.8	419.6	10.1	409.6	+ 20.9
	Sep	456.6	55.5	401.1	- 41.9	451.8	12.9	438.9	- 3.9
	Oct	420.2	25.6	394.6	- 40.2	549.0	30.5	518.5	- 2.9
	Nov	375.3	10.8	364.5	- 38.5	432.3	18.4	413.9	+ 3.8
	Dec	328.6	7.5	321.1	- 26.8	317.5	10.1	307.4	- 22.5

EMPLOYMENT

Whole economy figures for the third quarter of 1987 are available for the first time this month.

The employed labour force in Great Britain is estimated to have increased by 84,000 in the September quarter; the eighteenth consecutive quarterly increase. The rate of increase which had been strengthening in each of the last five quarters, slowed in the September quarter. The increase of 84,000 in the September quarter comprises an estimated growth of 58,000 employees in employment and an assumed growth of 25,600 in the self-employed. The employed labour force is estimated to have increased by 404,000 in the year ending September 1987 and by 1,449,000 since March 1983, when the upward trend first began.

Employees in employment

In the September quarter the number of employees in service industries increased again by 58,000, while the number in manufacturing, the energy and water supply industries, and 'other' industries (agriculture and construction) decreased respectively by 22,000, 2,000, and 3,000.

The number of employees in employment in manufacturing industry in Great Britain increased by an estimated 11,000 in November. However the monthly figures can be erratic and over the three month period to November 1987, there was an average monthly increase of 2,000 compared with average monthly falls of 2,000 in the three months to August and 3,000 in the three months ending November 1986.

Recent figures are set out in Table 5.

PERSONAL AND CONFIDENTIAL
UNTIL 11.30 a.m. ON 14.1.88

TABLE 5
THE EMPLOYED LABOUR FORCE IN GREAT BRITAIN

Thousand: seasonally adjusted

		Employees in employment										Employed labour force including self-employed and HM Forces)				
		Manufacturing Industries			Energy & Water Supply Industries			Service Industries		Other Industries		All Industries and Services				
		Levels	Changes		Levels	Changes		Levels	Changes	Levels	Changes	Levels	Changes	Levels	Changes	
			Mon- thly	Three* monthly	Quar- terly		Mon- thly	Quar- terly								
1986	February	5,212	-26	-12		544	- 2									
	March	Q1 5,205	- 7	-13	- 39	540	- 4	-17	14,043	+ 75	1,291	- 9	21,079	+ 10	23,964	+ 13
	April	5,197	- 8	-14		537	- 3									
	May	5,167	-30	-15		534	- 3									
	June	Q2 5,151	-16	-18	- 54	530	- 4	-10	14,127	+ 84	1,292	+ 1	21,100	+ 21	23,988	+ 24
	July	5,132	-19	-22		526	- 4									
	August	5,120	-12	-16		522	- 4									
	September	Q3 5,113	- 7	-13	- 38	520	- 2	-10	14,214	+ 87	1,281	-11	21,128	+ 28	24,042	+ 54
8	October	5,110	- 3	- 7		517	- 3									
	November	5,111	+ 1	- 3		512	- 5									
	December	Q4 5,106	- 5	- 2	- 7	510	- 2	-10	14,280	+ 66	1,284	+ 3	21,180	+ 52	24,118	+ 76
1987	January	5,083	-23	- 9		503	- 7									
	February	5,082	- 1	-10		502	- 1									
	March	Q1 5,075	- 7	-10	- 31	496	- 6	-14	14,394	+114	1,298	+14	21,263	+ 83	24,226	+108
	April	5,070	- 5	- 4		490	- 6									
	May	5,077	+ 7	- 2		490	0									
	June	Q2 5,085	+ 8	+ 3	+ 10	491	+ 1	- 5	14,493	+ 99	1,305R	+ 7R	21,374R	+111R	24,362R	+136R
	July	5,072	-13	+ 1		488	- 3									
	August	5,071	- 1	- 2		487	- 1									
	September	Q3 5,063	- 8	- 7	- 22	489R	+ 2R	- 2R	14,578	+ 85	1,302	- 3	21,432	+ 58	24,446	+ 84
	October	5,066	+ 3	- 2		484	- 4									
	November	5,077	+11	+ 2		483	- 1									

* = Average monthly change over last three months
R = Revised to incorporate late data now available.

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UNTIL 11.30 a.m. ON 14.1.88.....

VACANCIES

The stock of unfilled vacancies at jobcentres (seasonally adjusted and excluding Community Programme vacancies) decreased by 11,600 in the month to December to reach 256,600. Over the past three months to December, seasonally adjusted vacancies have increased on average by 3,300 per month.

Unadjusted, there was a decrease of 32,246 unfilled vacancies in the month to 271,352. There was an increase of 26 Community Programme vacancies.

The inflow of notified vacancies increased on average by 2,400 per month in the three months ending December 1987, the outflow increased by 10,700 per month, and placings increased by 5,000 per month.

Recent figures are shown in tables 6, 7 and 8.

TABLE 6: UNFILLED VACANCIES - UNITED KINGDOM

THOUSAND

		VACANCIES AT JOBCENTRES+*			VACANCIES AT CAREERS OFFICES			
		UNADJUSTED		SEASONALLY ADJUSTED EXCLUDING COMMUNITY PROGRAMME			UNADJUSTED	
		Total	Community Programme Vacancies	Total excluding Community Programme	Number	Change since previous month	Average change over 3 months ended	
1986	Dec	223.3	29.0	194.3	210.6	-1.9	2.9	12.5
1987	Jan	218.1	30.1	188.1	212.0	1.4	0.8	11.9
	Feb	216.0	27.9	188.1	207.0	-5.0	-1.8	13.8
	Mar	226.1	25.4	200.7	214.2	7.2	1.2	13.9
	Apr	240.0	24.5	215.5	217.7	3.5	1.9	15.9
	May	265.4	26.0	239.5	230.5	12.8	7.8	19.0
	Jun	275.8	28.0	247.9	233.7	3.2	6.5	23.5
	Jul	272.3	28.6	243.7	235.2	1.5	5.8	23.9
	Aug	269.9	30.2	239.6	236.9	1.7	2.1	22.6
	Sep	295.2	31.9	263.3	246.6	9.7	4.3	23.7
	Oct	312.2	32.0	280.2	261.4	14.8	8.7	23.1
	Nov	303.6	31.6	272.0	268.2	6.8	10.4	22.0
	Dec	271.4	31.7	239.7	256.6	-11.6	3.3	20.5

* See note C1.

+ Vacancies at jobcentres are only about a third of all vacancies in the economy. See note C3.

TABLE 7: VACANCY FLOWS AT JOBCENTRES-SEASONALLY ADJUSTED (EXCLUDING COMMUNITY PROGRAMME)

		UNITED KINGDOM				THOUSAND	
		INFLOW		OUTFLOW		of which: PLACINGS	
		Level	Average change 3 Months ended	Level	Average change 3 months ended	Level	Average change 3 months ended
1986	Dec	222.4	0.0	224.0	2.8	165.6	1.7
1987	Jan	218.9	-0.7	217.0	-0.3	161.2	-0.4
	Feb	209.2	-5.4	213.9	-2.3	159.0	-1.8
	Mar	232.0	3.2	227.9	1.3	168.0	0.8
	Apr	230.2	3.8	225.0	2.7	162.4	0.4
	May	213.3	1.4	202.3	-3.9	147.6	-3.8
	Jun	229.9	-0.7	223.5	-1.5	162.5	-1.8
	Jul	220.0	-3.4	217.9	-2.4	154.3	-2.7
	Aug	222.7	3.1	218.5	5.4	154.8	2.4
	Sep	228.8	-0.4	215.9	-2.5	154.5	-2.7
	Oct	235.9	5.3	224.2	2.1	158.0	1.2
	Nov	237.5	4.9	230.9	4.1	159.7	1.6
	Dec	236.1	2.4	247.9	10.7	169.5	5.0

TABLE 8: *UNFILLED VACANCIES - REGIONS - 4 December 1987

THOUSAND

	VACANCIES AT JOBCENTRES UNADJUSTED*			SEASONALLY ADJUSTED (EXCLUDING COMMUNITY PROG VACANCIES)		VACANCIES AT CAREERS OFFICES
	TOTAL	Community Programme Vacancies	Total excluding Community Programme	Number	Change since previous month	UNADJUSTED
South East (Greater London)	104.2 (42.2)	5.2 (2.7)	99.0 (39.4)	104.0 (41.5)	-4.3 (-2.5)	13.3 (8.0)
East Anglia	8.8	0.6	8.2	8.8	-0.3	0.5
South West	20.0	2.6	17.4	19.9	-0.5	1.0
West Midlands	28.0	4.4	23.5	24.3	-0.9	1.6
East Midlands	13.3	1.5	11.8	12.6	-0.3	0.8
Yorks and Humberside	18.6	2.9	15.7	16.5	-0.6	0.6
North West	25.0	3.0	22.0	23.5	-2.8	0.9
North	15.6	4.2	11.4	12.2	-0.7	0.3
Wales	13.2	3.1	10.1	11.1	-1.0	0.3
Scotland	22.0	3.1	18.9	20.8	-0.6	0.5
GREAT BRITAIN	268.6	30.6	238.0	253.6	-12.1	19.7
Northern Ireland	2.7	1.0	1.7	3.0	0.5	0.8
UNITED KINGDOM	271.4	31.7	239.7	256.6	-11.6	20.5

* The proportion of total vacancies at Jobcentres varies by region. See note C3.

AVERAGE EARNINGS

8 326/386

The underlying increase in average weekly earnings in the year to November was about $8\frac{1}{2}$ per cent, an increase of $\frac{1}{4}$ per cent on the year to October.

The actual increase in the year to November was 8.2 per cent, about the same as the estimated underlying increase.

TABLE 9: INDEX OF AVERAGE EARNINGS OF EMPLOYEES IN GREAT BRITAIN: WHOLE ECONOMY

	Index January 1980 = 100	Seasonally adjusted		
		Index	Percentage increase over previous 12 months	Underlying percentage increase over previous 12 months
1986				
September	186.8	187.1	6.1	$7\frac{1}{2}$
October	188.3	188.7	8.3	$7\frac{1}{2}$
November	191.2	190.2	8.1	$7\frac{3}{4}$
December	193.4	191.3	7.4	$7\frac{3}{4}$
1987				
January	190.4	192.8	7.6	$7\frac{1}{2}$
February	191.2	193.4	7.4	$7\frac{1}{2}$
March	194.5	194.8	6.7	$7\frac{1}{2}$
April	196.0	197.4	6.5	$7\frac{3}{4}$
May	198.1	198.5	8.7	$7\frac{3}{4}$
June	200.0	198.1	7.7	$7\frac{3}{4}$
July	203.1	201.3	8.1	$7\frac{3}{4}$
August	201.6	201.3	7.6	$7\frac{3}{4}$
September	201.4	201.8	7.9	$7\frac{3}{4}$
October	203.4	203.8	8.0	8
November*	206.9	205.9	8.3	$8\frac{1}{4}$

* Provisional

UNTIL 11.30 a.m. ON ...14.1.88

In production industries, the underlying increase in average weekly earnings in the year to November was about $8\frac{1}{4}$ per cent, similar to the increase in the year to October. Within this sector, in manufacturing industries, the underlying increase in average weekly earnings in the year to October was about $8\frac{1}{4}$ per cent, similar to the increase in the year to October, which has been revised down from $8\frac{1}{2}$ per cent. These increases include the effect of higher overtime working this year than a year ago.

The actual increase for both production industries and manufacturing industries in the year to November was 8.0 per cent.

In service industries, the underlying increase in average weekly earnings in the year to November was about $8\frac{1}{2}$ per cent, an increase of $\frac{1}{2}$ per cent on the year to October. The underlying increase for September has been revised upwards from $7\frac{1}{4}$ per cent to $7\frac{1}{2}$ per cent. The actual increase in the year to November was 8.7 per cent.

TABLE 10: INDEX OF AVERAGE EARNINGS OF EMPLOYEES IN GREAT BRITAIN

MAIN SECTORS

Seasonally adjusted

	Production industries*			Manufacturing Industries**			Service Industries***		
	Index 1980=100	Percentage increases over January previous 12 months	Percentage underlying	Index 1980=100	Percentage increases over January previous 12 months	Percentage underlying	Index 1980=100	Percentage increases over January previous 12 months	Percentage underlying
1986									
September	193.9	6.7	$7\frac{3}{4}$	194.0	6.9	$7\frac{3}{4}$	186.0	5.7	$7\frac{1}{4}$
October	195.2	8.0	$7\frac{3}{4}$	195.2	7.9	$7\frac{3}{4}$	187.4	8.7	$7\frac{1}{4}$
November	196.6	7.8	8	197.1	7.8	$7\frac{3}{4}$	190.5	8.5	$7\frac{1}{2}$
December	199.6	8.4	8	200.0	8.3	8	189.2	6.7	$7\frac{1}{2}$
1987									
January	199.9	7.8	$7\frac{3}{4}$	200.0	7.8	$7\frac{3}{4}$	190.3	7.7	$7\frac{1}{2}$
February	200.6	7.9	8	201.0	8.1	8	189.7	7.2	$7\frac{1}{4}$
March	199.8	7.4	8	201.1	7.6	8	193.8	5.9	$7\frac{1}{4}$
April	203.6	7.2	8	204.4	7.0	8	196.4	5.8	$7\frac{3}{4}$
May	201.6	8.0	8	202.4	8.2	8	199.2	9.3	$7\frac{3}{4}$
June	203.9	8.0	$8\frac{1}{4}$	204.8	7.9	$8\frac{1}{4}$	198.7	7.5	$7\frac{1}{2}$
July	206.4	8.7	$8\frac{1}{4}$	207.6	9.0	$8\frac{1}{4}$	200.4	7.7	$7\frac{1}{4}$
August	207.8	8.2	$8\frac{1}{4}$	207.2	8.0	$8\frac{1}{2}$	200.9	7.3	$7\frac{1}{4}$
September	209.9	8.3	$8\frac{1}{4}$	210.3	8.4	$8\frac{1}{2}$	200.1	7.6	$7\frac{1}{2}$ R
October	212.1	8.7	$8\frac{1}{4}$	212.4	8.8	$8\frac{1}{4}$	201.7	7.6	8
November (prov)	212.3	8.0	$8\frac{1}{4}$	212.9	8.0	$8\frac{1}{4}$	207.0	8.7	$8\frac{1}{2}$

* DIVISIONS 1-4 of SIC 1980 covering Energy and water-supply and manufacturing.

** DIVISIONS 2-4 of SIC 1980. Included in production industries.

*** DIVISIONS 6-9 of SIC 1980 covering Distribution, hotels and catering, repairs; Transport and communication; Banking, finance, insurance, business services and leasing; Other Services (including public administration, education, medical and other health services, etc).

UNIT WAGE AND SALARY COSTS

LATER AND REVISED FIGURES FOR WAGES AND SALARIES PER UNIT OF OUTPUT WILL BE AVAILABLE ON REQUEST FROM THE DEPARTMENT OF EMPLOYMENT FROM 11.30 AM ON TUESDAY 19 JANUARY (SEE NOTES TO EDITORS).

In the three months ending October 1987, wages and salaries per unit of output in manufacturing industries were 1.1 per cent above the corresponding period a year earlier. This increase was below the rise in average earnings in manufacturing (see Table 10) as there was a rise of nearly 7½ per cent in productivity over this period (see Table 13).

In the second quarter of 1987, wages and salaries per unit of output in the whole economy were 4.1 per cent above the corresponding period of 1986. This increase was below the rise in average earnings in the whole economy as there was a rise of nearly 3 per cent in productivity over this period.

Recent figures are:

TABLE 11: WAGES AND SALARIES PER UNIT OF OUTPUT

	Manufacturing		Whole Economy	
	Index 1980 = 100	Percentage increase on a year earlier	Index 1980 = 100	Percentage increase on a year earlier
1985 Q3	125.6	6.4	133.1	6.1
Q4	128.4	6.0	134.3	4.4
1986 Q1	131.6	8.2	136.9	6.2
Q2	130.1	6.2	138.2	6.5
Q3	129.8	3.3	138.9	4.4
Q4	130.0	1.2	140.8	4.8
1987 Q1	131.5	-0.1	141.7	3.5
Q2	131.1	0.8	143.9	4.1
Q3	130.9	0.9	..	..
1987 July	131.0	1.6	..	..
Aug	129.9	-0.1	..	..
Sept	131.8	1.2	..	..
Oct	131.9	2.2	..	..
<u>3 months ending</u>				
1987 July	130.8	1.2	..	..
Aug	130.8	0.9	..	..
Sept	130.9	0.9	..	..
Oct	131.2	1.1	..	..

HOURS WORKED IN MANUFACTURING INDUSTRIES

Overtime working by operatives in manufacturing industries was in November again at the highest level since the start of the decade with an estimated 13.78 million hours per week. However current levels are still well below the level of 15 million hours a week and more observed in the late 1970s. There are now fewer operatives in manufacturing, but a higher proportion work overtime and the average weekly hours of overtime per operative in October were about 3.7 compared with about 3 in 1979. Over the same period the normal weekly hours (excluding overtime) of operatives have reduced by about 1 hour.

Hours lost through short-time working in manufacturing industries remain very low, despite a slight increase, to 0.37 million hours per week in November.

The index of average weekly hours worked by operatives in manufacturing industries (which takes account of hours of overtime and short-time as well as normal basic hours) was estimated at 104.1 in November 1987 giving an average of 104.0 over the three month period ending November 1987.

Recent figures are set out in Table 12.

TABLE 12: WORKING HOURS OF OPERATIVES IN MANUFACTURING INDUSTRIES

Great Britain, seasonally adjusted

		Hours of overtime worked	Hours lost through short-time working (stood off for whole or part of week)	Index of average weekly hours (average 1980 = 100)
		Millions per week	Millions per week	
1986	Jun	11.40	0.42	102.7
	Jul	11.61	0.40	102.8
	Aug	11.71	0.41	102.8
	Sep	11.68	0.39	102.8
	Oct	11.73	0.81	102.8
	Nov	12.08	0.52	103.0
	Dec	11.74	0.49	102.9
1987	Jan	11.18	0.61	102.6R
	Feb	12.11	0.41	103.1R
	Mar	12.43	0.35	103.3
	Apr	12.51	0.46	103.4
	May	12.34	0.38	103.2
	June	12.80	0.28	103.5
	Jul	12.41	0.36	103.2
	Aug	12.61	0.27	103.4
	Sep	12.95	0.21	103.6
	Oct	13.74	0.28	104.2
	Nov	13.78	0.37	104.1

R= Revised

PERSONAL AND CONFIDENTIAL
UNTIL 11.30 a.m. ON ...14.1.88....

PRODUCTIVITY

LATER AND REVISED FIGURES FOR OUTPUT PER HEAD WILL BE AVAILABLE ON REQUEST FROM THE DEPARTMENT OF EMPLOYMENT FROM 11.30 AM ON TUESDAY 19 JANUARY (SEE NOTES TO EDITORS)

Manufacturing output per head in the three months to October was 2.2 per cent higher than in the three months ending July and 7.2 per cent higher than in the same period a year earlier.

Output per head in the whole economy in the second quarter of 1987 was 0.8 per cent above the previous quarter and 2.9 per cent higher than in the second quarter of 1986.

Recent figures are:

TABLE 13: OUTPUT PER HEAD

seasonally adjusted, U.K.

		Manufacturing		Whole Economy	
		Index 1980 = 100	Percentage Increase on a year earlier	Index 1980 = 100	Percentage increase on a year earlier
1985	Q3	130.6	2.6	114.0	2.1
	Q4	130.3	2.3	114.7	2.2
1986	Q1	129.4	-0.3	114.9	1.5
	Q2	133.2	1.2	116.6	1.9
	Q3	135.5	3.8	117.8	3.3
	Q4	139.0	6.7	118.5	3.3
1987	Q1	139.7	8.0	119.0	3.6
	Q2	142.3	6.8	120.0	2.9
	Q3	145.6	7.5	..	..
1987	July	145.0	7.2	..	..
	Aug	145.9	8.0	..	..
	Sept	146.0	7.1	..	..
	Oct.	147.4	6.5	..	..
<u>3 months ending</u>					
1987	July	143.3	7.1	..	..
	Aug	144.4	7.3	..	..
	Sept	145.6	7.5	..	..
	Oct	146.4	7.2	..	..

UNTIL 11 30 a.m. ON 14.1.88...

Industrial stoppages

In November 1987, it is provisionally estimated that 106,000 working days were lost in the United Kingdom through stoppages of work due to industrial disputes. This compares with a provisional estimate of 68,000 in October 1987, 117,000 in November 1986 and an average of 882,000 for November during the ten year period 1977 to 1986.

During the twelve months to November 1987 a total of 910 stoppages have been provisionally recorded as being in progress, involving a total of 875,000 workers and resulting in a loss of 3,494,000 working days. The comparable figures for the twelve month period to November 1986 were 1,052 stoppages, 681,000 workers and 2,044,000 working days lost.

Table 14. Industrial stoppages in progress in the United Kingdom.

	Working days lost (thousand)	Number of Stoppages	Workers involved (thousand)
1986			
Nov	117	107	98
Dec	97	91	50
1987			
Jan	889	110	170
Feb	928	123	144
Mar	250	115	215
Apr	326	126	150
May	218	86	123
Jun	340	96	166
Jul	187	81	72
Aug	38	59	20
Sep(p)	48	67	16
Oct(p)	68	67	21
Nov(p)	106	60	68
<u>Cumulative totals</u>			
12 months to November 1986	2,044	1,052	681
12 months to November 1987(p)	3,494	910	875

UNTIL 11.30 a.m. ON 14.1.88...

The following symbols are used throughout: .. not available, - nil or negligible, p provisional, r revised. Occasionally, totals may differ from the sum of components because of rounding or separate seasonal adjustments of components.

UNEMPLOYMENT (Tables 1-4)

A1. The unemployment figures are derived from records of claimants of benefit held at Unemployment Benefit Offices. The term "claimants" in the unemployment count is used to include those who claim unemployment benefit", supplementary benefits or national insurance credits. The figures include the severely disabled but exclude students seeking vacation work and the temporarily stopped (see below). A full description of the system of compiling the figures appeared in the September 1982 *Employment Gazette*.

A2. The unemployment figures exclude students who are claiming unemployment benefit during a vacation but who intend to return to full-time education when the new term begins. From November 1986 most students have only been eligible for benefits in the summer vacation. On 10 December 1987 these numbered 1,738 in Great Britain and in the United Kingdom.

A3. The figures exclude temporarily stopped workers, that is, those who had a job on the day of the count but were temporarily suspended from work on that day and were claiming benefits. On 10 December 1987 these numbered 3,345 in Great Britain and 4,312 in the United Kingdom.

A4. The school leaver figures relate to people under 18 years of age who have not entered employment since completing full-time education. Part of the change in the count of school leavers between one month and the next reflects some of them reaching the age of 18. The unemployment count excludes school leavers not yet entitled to benefit; for June, July, and August, the months mainly affected, a special count of those registering at Careers Offices is provided.

A5. Regional unemployment rates are calculated by expressing the number of unemployed as a percentage of the estimated total working population (the sum of employees in employment, unemployed, self-employed and HM Forces) at mid-1986. These rates include the self-employed and armed forces in the base to provide a more reliable guide to the incidence of unemployment among the whole workforce. Until July 1986, all rates were expressed as a percentage of employees plus the unemployed only. These narrower based rates, continue to be used for local areas (travel-to-work areas and counties) because estimates for the self-employed and armed forces needed to calculate the new rates are not made below regional level. The UK narrower rates on 10 December 1987 were 13.3 per cent for males and 7.6 per cent for females, 10.9 per cent in total (unadjusted).

A6. The latest figures for national and regional seasonally adjusted unemployment are provisional and subject to revision, mainly in the following month. The seasonally adjusted series takes account of all past discontinuities to be consistent with the current coverage. (See the article 'Unemployment adjusted for discontinuities and seasonality' in the July 1985 *Employment Gazette*, and also page 422 of the October 1986 edition).

A7. The unemployment flows, in table 3 relate to people claiming and ceasing to claim benefit in the United Kingdom. A seasonally adjusted series cannot yet be estimated. The figures are standardised to a four and one third week month to allow for the varying periods between successive monthly count dates, and may, therefore, appear not to balance the monthly changes in unemployment levels. It may also be noted that while changes in the level of unemployed school leavers are affected by some of them reaching the age of 18 (see note A4), the outflow figures relate only to those aged under 18 leaving the count.

EMPLOYMENT (Table 5)

B1. Information on the number of employees in employment is for most industries collected quarterly and monthly from sample surveys addressed to individual establishments and for other industries from returns provided by major employers in the industry. These figures are used to calculate rates of change in employment since the last Census of Employment was held, and the rates of change are applied to comprehensive census results to provide current estimates.

B2. The surveys cover all large establishments and a proportion of small establishments (but none of the smallest employers). 30,000 establishments are surveyed each quarter month (e.g. in March, June etc.), and of these 12,000 are in manufacturing industries. 6,000 of the manufacturing establishments are also surveyed in non quarter months. Estimates for these months are less reliable than those for quarter months, and the first estimates are subject to revision when the following quarters figures become available (e.g. January and February estimates are revised in the light of figures for March). As the estimates of employees in employment are derived from employers' reports of the numbers of people they employ, individuals holding two jobs with different employers will be counted twice. Participants in government employment and training schemes are included if they have a contract of employment. HM forces, homeworkers and private domestic servants are excluded.

B3. The estimates of employees in employment presented in this press notice also take account of the results of the 1985 and 1986 sample Labour Force Surveys. The series include allowances for undercounting in the estimates of the number of employees in employment derived from the sample survey of employers. Since the second quarter of 1986, 47,400 per quarter has been added to the raw estimates of total employees in employment based on the sample. The reasoning behind such allowances is described in the *Employment Gazette* April 1987 (page 201).

B4. The self employed are those who in their main employment work on their own account, whether or not they have any employees. Second occupations classified as self employed are not included.

B5. Comprehensive estimates of the number of self-employed are taken from the Census of Population, the most recent of which was held in 1981. Estimates for the other years are made by applying rates of change, derived from the sample Labour Force Survey results, to the census benchmark. In this way self employment is estimated to have increased by 12,800 a quarter between mid 1981 and mid 1983, by 68,800 a quarter between mid 1983 and mid 1984, by 28,800 a quarter between mid 1984 and mid 1985, and by 4,100 a quarter between mid 1985 and mid 1986. Pending the results of the 1987 Labour Force Survey it is assumed that the numbers of self employed are continuing to increase at the rate of 25,600 a quarter observed between 1981. The date of the latest Census of Population which provides a benchmark for the self employment series, and 1986, the date of the latest available Labour Force Survey data. The derivation of recent estimates is described in the *Employment Gazette* April 1987 (page 205)

B6. Figures for HM Forces are provided by the Ministry of Defence.

B7. The employed labour force comprises employees in employment, the self employed and HM forces.

VACANCIES (Tables 6-8)

C1. The vacancy statistics include self-employed vacancies and exclude vacancies handled by Professional and Executive Recruitment. Community Programme vacancies at Jobcentres are included in the unadjusted total, but excluded from the seasonally adjusted series. Figures are available back to 1980. For further details see the October 1985 *Employment Gazette*.

C2. Vacancies at Jobcentres are mainly for adults aged 18 or over, but include some vacancies for persons under 18. Vacancies at Careers offices are mainly for young persons under 18 years of age, but include some vacancies suitable for adults. Where the vacancy is notified to both services by an employer, it will be included in both counts; for this reason, the two counts should not be added together to give a figure for total vacancies.

C3. The figures of vacancies published in this press notice do not represent the total number of vacancies in the economy. Latest estimates suggest that nationally about one third of all vacancies are notified to Jobcentres; and about one quarter of all engagements are made through Jobcentres. Inflow, outflow, and placings figures are collected for four or five week periods between count dates; the figures in this press notice are converted to a standard four and one third week month.

EARNINGS (Tables 9 and 10)

D1. The whole economy index of average earnings was introduced from January 1976. It was described in the April 1976 issue of *Employment Gazette*. The present series is based on January 1980 = 100. Separate indices for 26 industry groups of Standard Industrial Classification (1980) are published in the *Employment Gazette*.

D2. All the series are based on information obtained from the Department's monthly survey of a representative sample of firms in Great Britain, combined with information supplied by the Ministry of Agriculture Fisheries and Food about agricultural earnings in England and Wales. The survey obtains details of the gross wages and salaries paid to employees, in respect of the last pay week of the month for the weekly paid, and for the calendar month for the monthly paid. The earnings of the latter are converted into a weekly basis. The average earnings are obtained by dividing the total paid by the total number of employees paid, including those employees on strike. The sample of returns contains information relating to some 10 million employees.

D3. The analysis of underlying changes was described in *Employment Gazette*, April 1981, page 193, and the most recent analysis appeared in *Employment Gazette* in December 1987. The next analysis will appear in the March 1988 issue.

D4. The average earnings figures are not intended to measure solely the average increase in rates of pay for a standard week reflected in annual pay settlements. Changes in hours worked are not regarded as a temporary factor and therefore continue to influence the underlying rate. Irregular variations in bonuses, sickness, etc., on which no information is available, can also affect the underlying trend, as can changes in the composition of the labour force.

UNIT WAGE AND SALARY COSTS (Table 11)

E1. Exceptionally this month the release of this press notice precedes the release of the corresponding monthly index of manufacturing output, and so November figures for unit wage costs and productivity are not yet available. The output figures will be released on Tuesday 19 January at 11.30am by the Central Statistical Office and the November figures for both unit wage costs and productivity (together with any further revisions for earlier months) will be available on request from the Department of Employment from the same time.

E2. Wages and Salaries per unit of output in manufacturing is compiled using monthly series of average earnings, employment and output; it is described in *Employment Gazette*, June 1982, page 261. For wages and salaries per unit of output in the whole economy, the wages and salaries totals in the numerator are adjusted to incorporate the earnings of the self-employed, based on the ratio of the employed labour force to the number of employees in employment and HM Forces. The denominator is the output measure of gross domestic product at factor cost in constant prices. For further information, see *Employment Gazette*, May 1986, page 172.

HOURS OF WORK (Table 12)

F1. The hours of overtime and short-time worked by operatives in manufacturing industries are collected by the surveys of individual establishments which are used to collect numbers of employees. Figures are collected monthly; those for non-quarter months are based on a smaller sample, and are therefore subject to retrospective revisions in the same way as the employee estimates.

F2. The index of average weekly hours relates to average weekly hours worked by operatives in manufacturing industries. It is based on the normal weekly hours of full time operatives as in national agreements plus average net overtime. The calculation of this index is described on page 240 of *Employment Gazette*, June 1983.

PRODUCTIVITY (Table 13)

G1. See note E1.

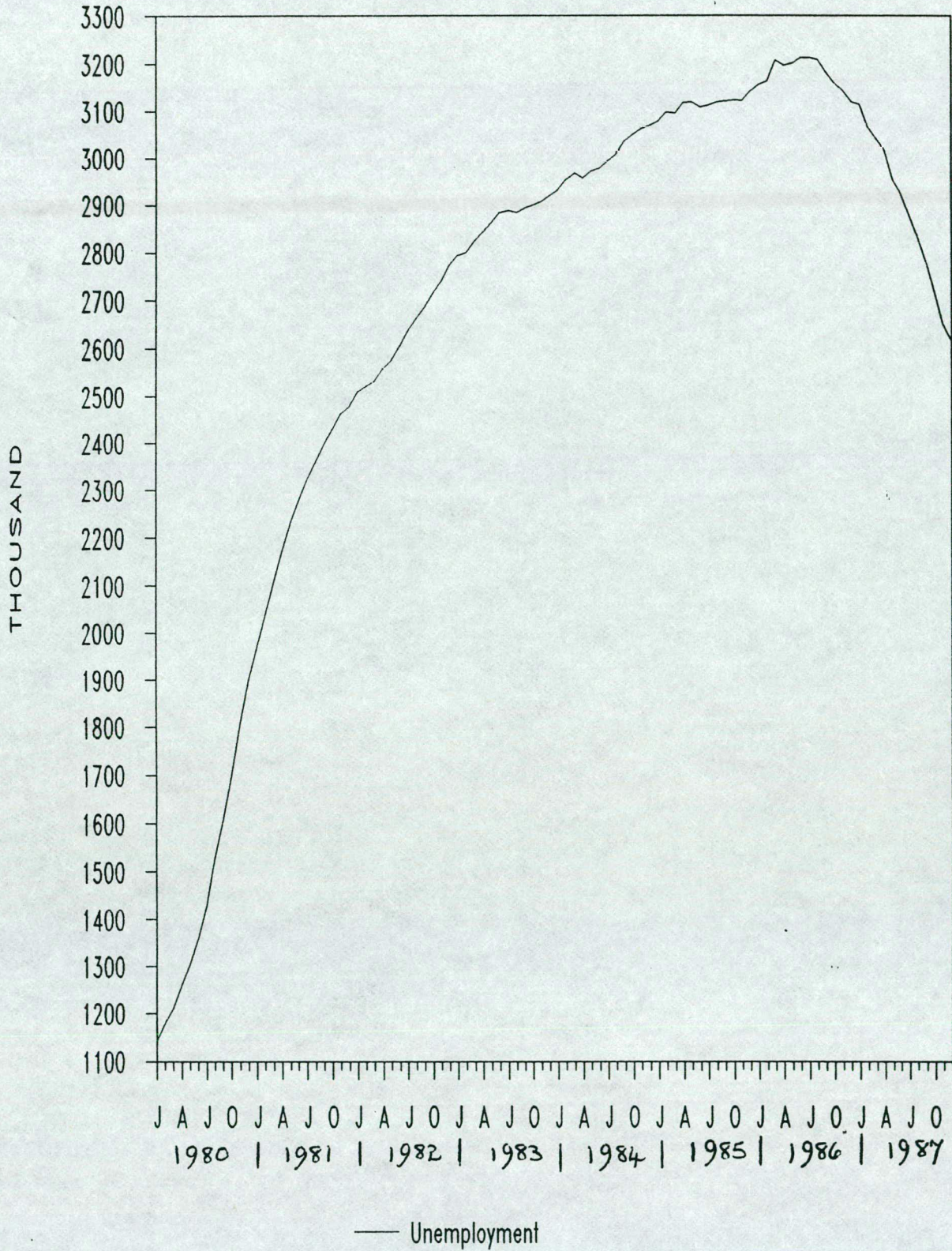
G2. Index numbers of output per person employed are calculated by dividing an index of output by an index of the numbers employed. The indices are all based on 1980 = 100. The output series for the economy as a whole is the output-based measure of gross domestic product and is consistent with the GDP press notice published by the CSO on 18 December. This series is used so as to achieve consistency with the industrial analysis for which the indices of output for the production industries are used. The indices for employment are based on the employed labour force in the United Kingdom as defined in para B4 above, after combining mid-month estimates to reflect average levels of employment in the month or quarter as a whole.

INDUSTRIAL STOPPAGES (Table 14)

H1. Statistics of stoppages of work due to industrial disputes in the United Kingdom relate only to disputes connected with terms and conditions of employment. Stoppage involving fewer than 10 workers or lasting less than one day are excluded except where the aggregate of working days lost exceeded 100. However, there are difficulties recording stoppages near the margin of this threshold and consequently greater emphasis should be placed on the figure for working days lost rather than on the number of stoppages. The monthly figures are provisional and subject to revision, normally upwards, to take account of additional or revised information received after going to press.

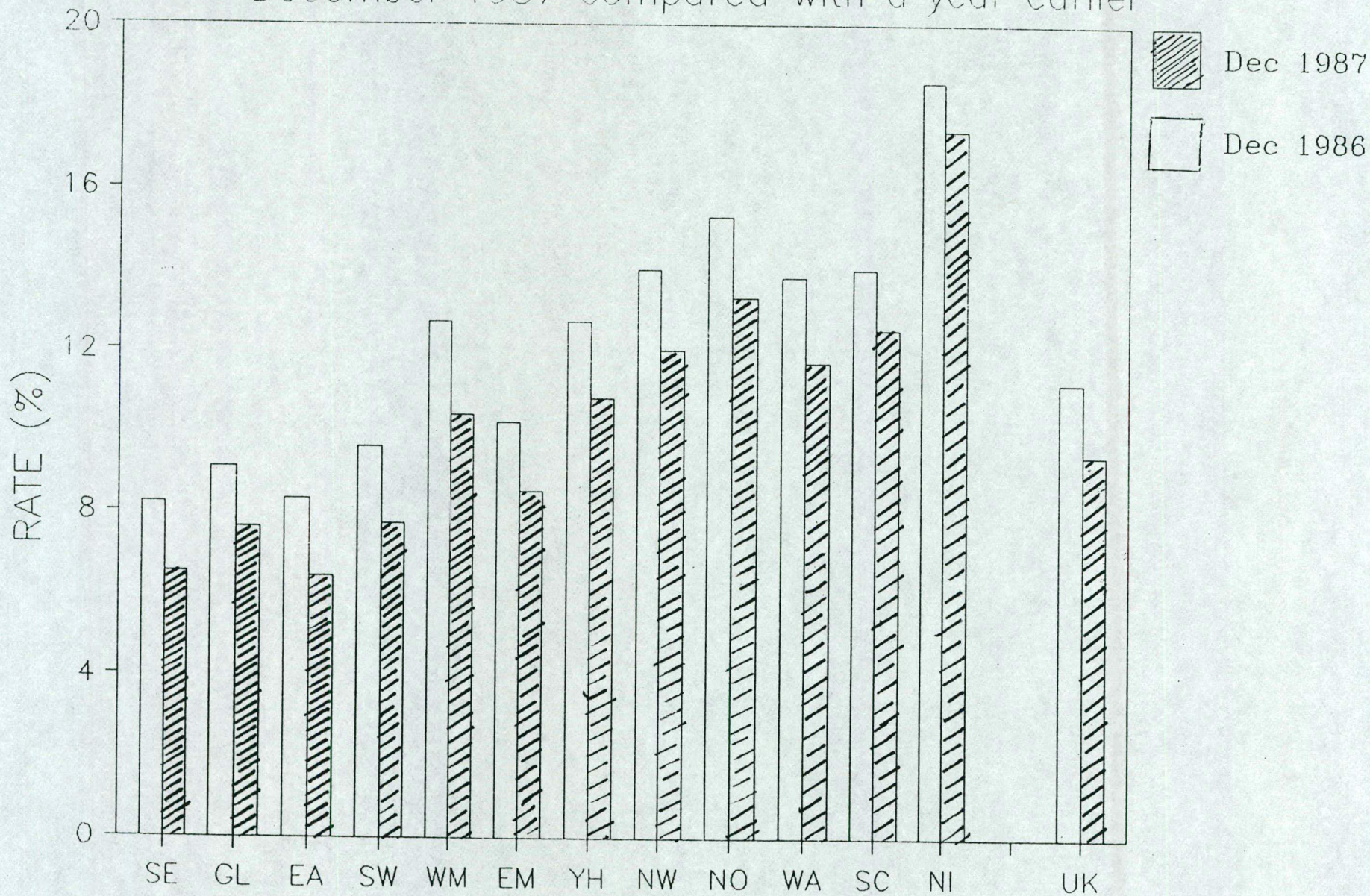
UNEMPLOYMENT: UK

seasonally adjusted exc school leavers



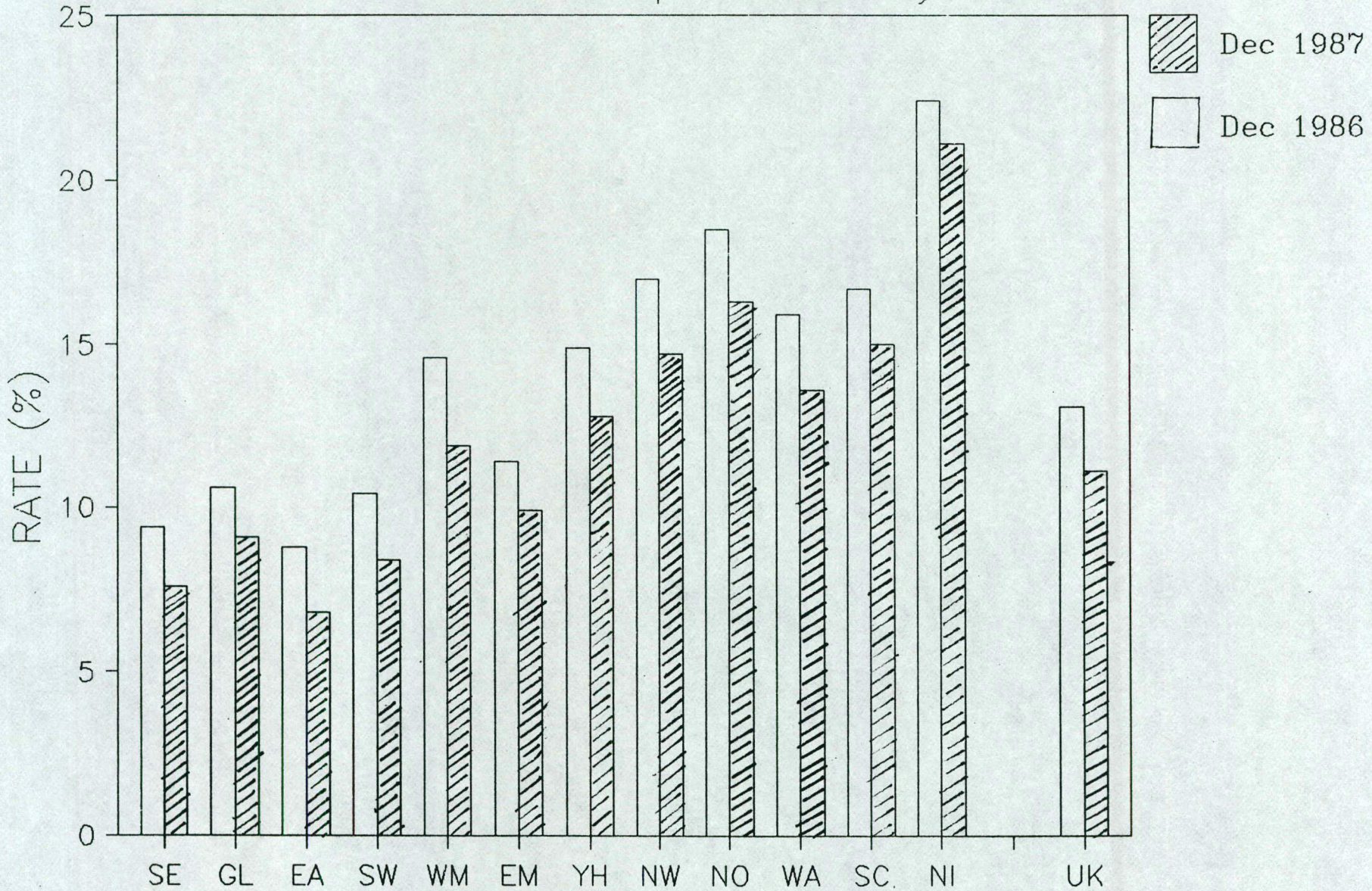
UNEMPLOYMENT RATES BY REGION: Totals

December 1987 compared with a year earlier



UNEMPLOYMENT RATES BY REGION: Males

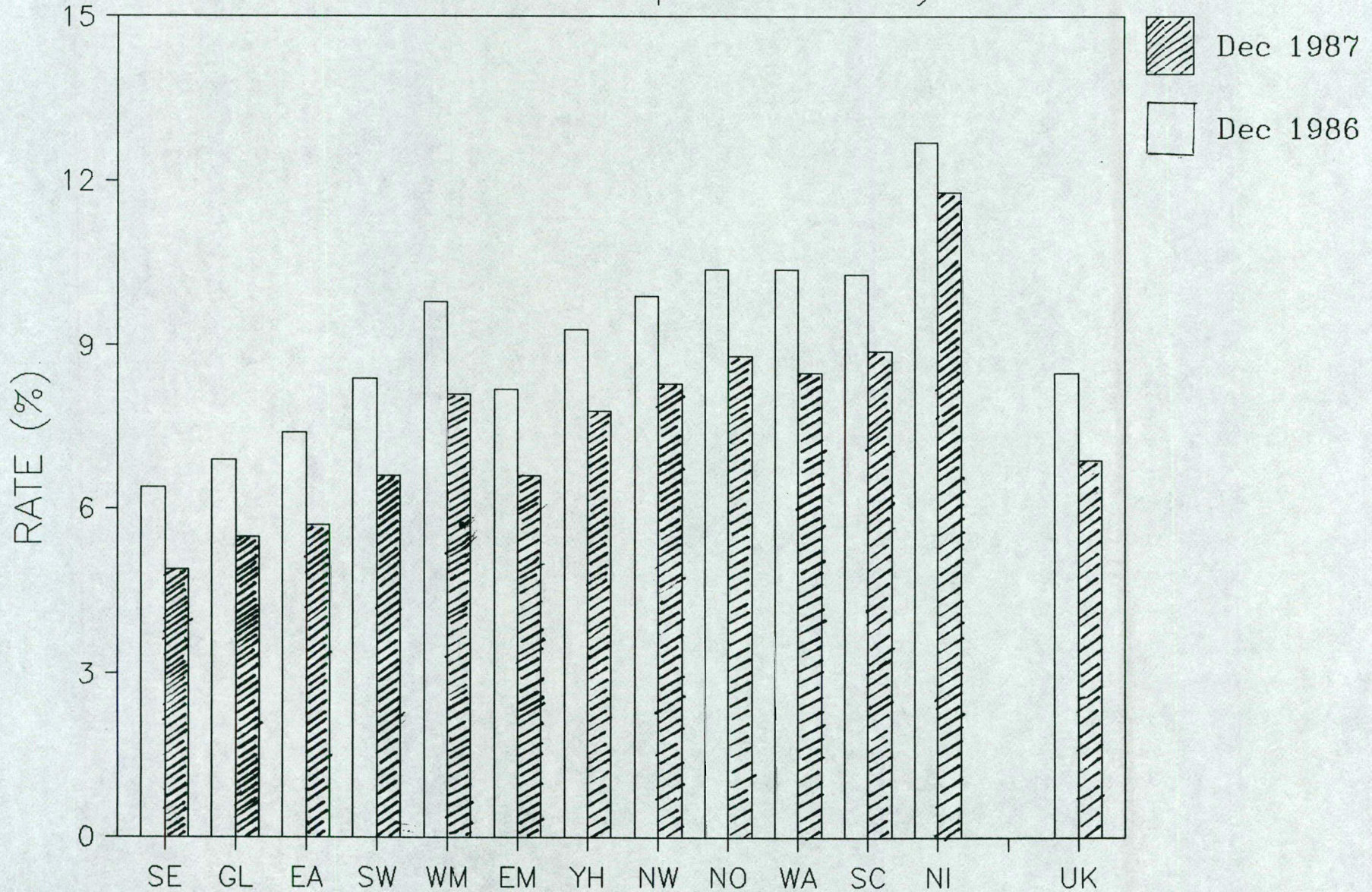
December 1987 compared with a year earlier



c 14 (ii)

UNEMPLOYMENT RATES BY REGION: Females

December 1987 compared with a year earlier



c 14 (ii)

Unemployment
-regions and sex

UNEMPLOYMENT - regions and sex: Dec 1987
SEASONALLY ADJUSTED EXCLUDING SCHOOL LEAVERS

REGIONS	NUMBER (Thousands)		UNEMPLOYMENT RATE (Per Cent)*		
	At Dec 1987	Change in month since Nov 1987	At Dec 1987	Change in month since Nov 1987	Change in year since Dec 1986
(1)					
South East	591.3	-12.6	6.5	-0.1	-1.7
(Greater Lond	(326.4)	-4.7	7.6	-0.1	-1.5
East Anglia	61.3	-1.3	6.4	-0.1	-1.9
South West	156.6	-2.1	7.7	-0.1	-1.9
West Midlands	268.6	-3.1	10.4	-0.1	-2.3
East Midlands	162.8	-2.3	8.5	-0.1	-1.6
Yorks & Humber	252.9	-3.2	10.8	-0.1	-1.9
North West	360.4	-3.6	12.0	-0.1	-2.0
North	191.4	-2.1	13.3	-0.1	-2.0
Wales	140.3	-2.0	11.7	-0.2	-2.2
Scotland	308.6	-2.5	12.5	-0.1	-1.6
GREAT BRITAIN	2494.3	-34.4	9.2	-0.1	-1.8
Northern I.	119.7	-1.0	17.4	-0.1	-1.1
UNITED KINGDOM	2614.0	-35.4	9.4	-0.1	-1.8
<u>MALES AND FEMALES</u>					
UK Males	1825.9	-28.4	11.1	-0.2	-2.0
UK Females	788.1	-7.0	6.9	-0.1	-1.6

* Percentage of whole working population (new basis, taking account of self-employed and armed forces)

Unemployment by Duration

THOUSANDS

Duration	Number at OCTOBER 1987	Change since OCTOBER 1986 (a)
All duration	2751	-486
Over 1 year	1172	-169
Over 2 years	756	-88
Over 3 years	538	-44
Over 4 years	391	-6
Over 5 years	276	+27 (+20)

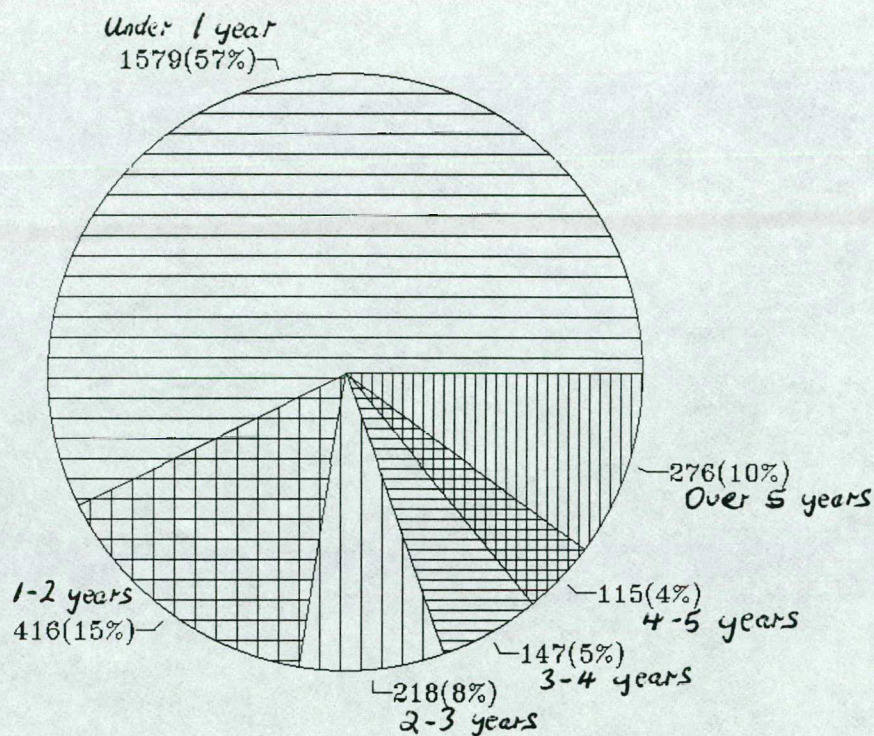
Up to 1 year	1579	-317
1 to 2 years	416	-80
2 to 3 years	218	-44
3 to 4 years	147	-38
4 to 5 years	115	-33 (-26)
Over 5 years	276	+27 (+20)

(a) Estimates in brackets allow for the civil service dispute in 1981 which delayed the recording of the starting date of unemployment for many claimants.

Unemployment by Age

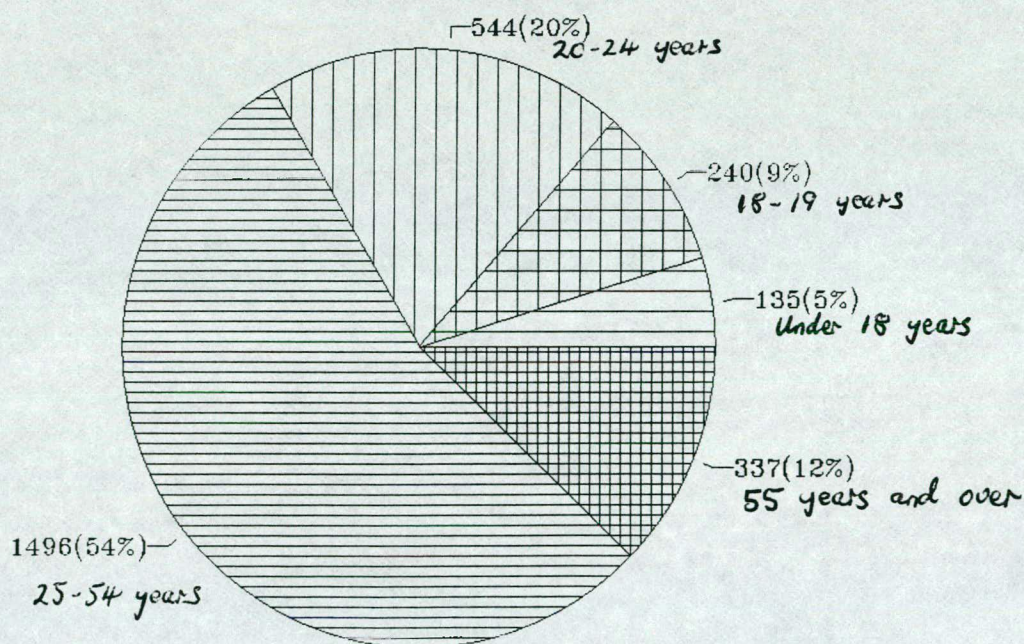
	Number at OCTOBER 1987	Change since OCTOBER 1986
Under 18	135	-52
18-19	240	-62
20-24	544	-113
25-54	1496	-220
55 and over	337	-39
All ages	2751	-486

U.K. UNEMPLOYMENT BY DURATION THOUSANDS



OCTOBER 1987

U.K. UNEMPLOYMENT BY AGE THOUSANDS



OCTOBER 1987

*To nearest thousand

Department of Employment Scheme Participants GB with and without the employed labour force (to nearest thousand)

	<u>Scheme Participants in the GB employed Labour Force</u>						<u>Scheme Participants outside employed labour force</u>		
	EAS	CP	CI	NWS*	YOP+	YTS++	YTS++	JTS	JRS
March 83	2	39	8	103	234	0	0		79
June 83	2	64	8	93	154	2	19		81
Sept. 83	8	97	8	103	69	17	156		85
Dec 83	20	115	8	105	22	26	231		88
Mar 84	27	113	8	98	22	25	227		95
June 84	37	120	8	70	4	24	220		91
Sept 84	39	123	8	63		29	258		86
Dec 84	39	130	8	57		28	251		78
Mar 85	41	133	8	52		25	227		70
June 85	48	138	8	43		24	212		61
Sept 85	49	151	8	50		30	266		54
Dec 85	52	174	8	57		28	250		48
Mar 86	55	200	8	51		24	219		43
June 86	60	221	8	31		27	243		37
Sept 86	66	235	8	28		33	300		32
Dec 86	74	248	8	33		32	291	1	27
March 87	81	244	8	34		30	269	2	24
Apr 87	85	238	8	32		30	272	3	23
May 87	87	235	8	29		29	263	8	22
June 87	90	232	8	24		35	316	13	22
July 87	93	231	8	18		38	341	17	21
Aug 87	94	229	8	18		39	353	20	21
Sep 87	96	229	8	18		43	384	22	21
Oct 87	97	224	8	19		42	373	25	20
Nov 87	96	222	8	20		41	412	25	20

* Figures prior to June 1986 relate to similar Young Workers Scheme
 + Excludes trainers
 ++ Excludes trainers, figures for latest months subject to revisions:
 participants in employed labour force have contracts of employment.

International Comparisons of Unemployment Levels

Although unemployment in the UK has been falling more rapidly than in other countries, the unemployment rate remains relatively high. The following table gives the latest figures on national definitions, which are not strictly comparable owing to national differences in coverage and concepts of unemployment, together with the available OECD standardised rates which are recommended for comparing levels of unemployment.

RECOMMENDED

	OECD STANDARDISED RATES		UNEMPLOYMENT, NATIONAL DEFINITIONS				
	<u>Seasonally adjusted</u>		<u>Seasonally adjusted</u>		<u>Unadjusted</u>		<u>Latest month</u>
	<u>Latest month</u>	<u>% rate</u>	<u>Number (000s)</u>	<u>% rate</u>	<u>Number (000s)</u>	<u>% rate</u>	
Spain	May	20.1	2,924	20.9*	2,879	20.6	Sep
Ireland	..	..	245	19.1	241	18.8	Nov
Belgium	Oct	10.6	425 ^e	15.5 ^e	417	15.2	Nov
France	Oct	10.5	2,546	10.4 ^a	2,670	10.8 ^a	Nov
Netherlands	Oct	9.5	682	14.0	680	13.9	Nov
<u>United Kingdom</u>	Oct	9.4	2,614	9.4	2,696	9.7	Dec
Italy ^a	1985	(10.5 ⁺)	2,945	12.4	2,871	12.0	July
Canada ^a	Oct	8.4	1,081	8.2	1,024	7.8	Nov
Australia ^a	Oct	8.1	619	8.0	567	7.3	Nov
Denmark	..	..	216	7.9	202	7.4	Sep
Portugal	May	7.1	290	6.7	283	6.6	Sep
Germany	Oct	7.0	2,262	8.0	2,308	8.2	Dec
United States ^a	Oct	5.9	7,116	5.9	6,802	5.6	Nov
Greece	..	..	..	..	184	4.6	Aug
Austria	1985	3.6	166 ^e	5.6	147	4.9	Oct
Japan ^a	Sep	2.8	1,670	2.7	1,660	2.7	Sep
Norway	Aug	1.9	32	2.1	30	2.2	Sep
Sweden ^a	Oct	1.8	77	1.8	76	1.7	Oct
Luxembourg	..	..	..	..	3	1.7	Sep
Switzerland	1985	0.9	..	..	20	0.7	Aug
OECD ^b	1985	7.9 ^e					

e estimated

a Survey Sources

b Includes all countries with Standardised rates

+ This rate to be revised shortly, probably downwards using new information from EC Labour Force Survey.

* August figures

Sources:- OECD "Main Economic Indicators" supplemented by Labour Attached reports etc

The following table shows the changes in unemployment, both in terms of percentage increases and, more significantly, changes in percentage rates. The latter are recommended for comparison.

UNEMPLOYMENT, LATEST MONTH COMPARED WITH A YEAR EARLIER

<u>Unadjusted unemployment, national definitions</u>				
<u>RECOMMENDED</u>				
	<u>Change in</u> <u>% rate</u>	<u>Change</u> <u>(000s)</u>	<u>% Change</u> <u>in total</u>	<u>Latest</u> <u>month</u>
Spain	+ 0.9	+ 169	+ 6	Sep
Ireland	+ 0.4	+ 4	+ 2	Nov
Luxembourg	+ 0.3	+ 1	+ 24	Sep
Germany	+ 0.3	+ 90	+ 4	Dec
Austria	+ 0.1	+ 6	+ 4	Oct
Denmark	+ 0.1	+ 5	+ 3	Sep
Italy	NC	+ 2	NC	Oct
France	NC	- 3	NC	Nov
Greece	NC	+ 3	+ 4	Aug
Switzerland	NC	NC	- 1	Aug
Japan	NC	- 10	- 1	Sep
Norway	- 0.1	- 4	- 13	Sep
Netherlands	- 0.2	- 12	- 2	Nov
Sweden	- 0.3	- 13	- 15	Oct
Australia	- 0.4	- 17	- 3	Nov
Belgium	- 0.6	- 14	- 3	Nov
USA	- 1.0	-1070	- 14	Nov
Canada	- 1.3	- 149	- 13	Nov
<u>United Kingdom</u>	- 1.9	- 53	- 19	Dec
Portugal	- 1.8	- 78	- 22	Sep

NC = No Change

e = estimated

Sources:- OECD "Main Economic Indicators" supplemented by Labour Attache reports etc

When assessing the change in unemployment in more recent periods than over the past year, seasonally adjusted figures need to be used. The following table compares seasonally adjusted figures for the latest three months with the previous three months. An additional table C4d shows monthly figures for selected countries.

UNEMPLOYMENT, LATEST 3 MONTHS COMPARED WITH PREVIOUS 3 MONTHS

Seasonally adjusted, national definitions

RECOMMENDED

	<u>Change in</u> <u>percentage rate</u>	<u>Change</u> <u>Number</u> <u>(000s)</u>	<u>Percentage</u> <u>Changes</u>	<u>Latest</u> <u>month</u>
Italy	+ 0.7	+ 146	+ 5	Sep
Spain	+ 0.1	+ 20	+ 1	Aug
Norway	+ 0.1	- 1	- 4	Sep
Germany	NC	+ 2	NC	Dec
Netherlands	NC	- 1	- 0.1	Nov
Austria	NC	- 3	- 2	Oct
Denmark	- 0.1	- 2	- 1	Sep
United States	- 0.1	- 109	- 2	Nov
Australia	- 0.2	- 14	- 2	Nov
France	- 0.3	- 73	- 3	Nov
Belgium	- 0.3	- 12	- 3	Nov
Japan	- 0.3	- 170	- 9	Sep
Sweden	- 0.3	- 8	- 10	Oct
Ireland	- 0.4	- 5	- 2	Nov
Canada	- 0.5	- 65	- 5	Nov
<u>United Kingdom</u>	- 0.6	- 168	- 6	Dec
Portugal	- 0.8	- 34	- 11	Sep

Note Seasonally adjusted figures not available for Greece, Luxembourg and Switzerland.

NC = No change

e = estimated

Sources:- OECD "Main Economic Indicators" supplemented by Labour Attache reports etc

Seasonally Adjusted levels and rates of registered unemployment

<u>Month</u>	<u>UK</u>		<u>France</u>		<u>Germany</u>		<u>Italy</u>		<u>Spain</u>	
	<u>Level</u>	<u>Rate</u>	<u>Level</u>	<u>Rate</u>	<u>Level</u>	<u>Rate</u>	<u>Level</u>	<u>Rate</u>	<u>Level</u>	<u>Rate</u>
Aug 1985	3119	11.3	2420	10.4	2301	8.3	2977	13.0	2649	19.5
Sep	3121	11.3	2467	10.6	2298	8.2	2989	13.0	2649	19.5
Oct	3124	11.3	2452	10.5	2297	8.2	3031	13.2	2650	19.4
Nov	3123	11.3	2448	10.5	2307	8.2	3040	13.3	2692	19.7
Dec	3143	11.4	2441	10.5	2299	8.2	3061	13.4	2688	19.7
Jan 1986	3156	11.4	2442	10.5	2282	8.2	3082	13.4	2706	19.8
Feb	3164	11.4	2446	10.5	2289	8.2	3127	13.6	2716	19.8
Mar	3207	11.5	2468	10.6	2269	8.1	3121	13.6	2730	19.9
Apr	3197	11.5	2490	10.7	2241	8.0	3158	13.7	2736	19.9
May	3201	11.5	2517	10.8	2243	8.0	3189	13.9	2730	19.9
June	3213	11.5	2523	10.8	2222	7.9	3207	14.0	2729	19.9
July	3212	11.6	2541	10.9	2208	7.9	3204	13.9	2743	19.9
Aug	3209	11.6	2557	11.0	2201	7.8	3212	14.0	2745	19.9
Sep	3183	11.6	2550	10.9	2191	7.8	3233	14.0	2772	20.1
Oct	3160	11.5	2544	10.9	2180	7.8	3243	14.0	2802	20.1
Nov	3143	11.4	2549	10.9	2166	7.7	3192	13.8	2834	20.4
Dec	3119	11.3	2574	11.0	2177	7.8	3268	14.0	2861	20.6
Jan 1987	3114	11.2	2613	11.2	2194	7.8	3238	13.9	2869	20.5
Feb	3066	11.0	2655	11.4	2190	7.8	3286	14.1	2889	20.6
Mar	3040	11.0	2676	11.5	2228	7.9	3263	14.0	2897	20.7
Apr	3018	10.9	2659	11.4	2227	7.9	3136	13.4	2900	20.7
May	2952	10.6	2661	11.4	2219	7.9	3233	13.8	2912	20.8
June	2925	10.5	2645	11.3	2240	7.9	3239	13.9	2920	20.9
July	2876	10.4	2638	11.3	2251	8.0	3297	14.1	2926	20.9
Aug	2829	10.2	2649	11.4	2247	8.0	3373	14.4	2924	20.9
Sep	2773	10.0	2597	11.1	2252	8.0	3376	14.4		
Oct	2712	9.8	2572	11.0	2249	8.0				
Nov	2649	9.5	2546	10.4	2243	7.9				
Dec	2614	9.4			2262	8.0				

UNEMPLOYMENT - comparison with the 1930s

1. The peak recorded pre-war was in January 1933, at 2,979,000 including temporary stopped.

2. It is not possible to make a fully valid and meaningful comparison with pre-war unemployment, for the following reasons.

- (1) the labour force is about one-third larger and different in character. A much larger proportion of women work. We do not have a continuous series of figures on employment against which to measure the unemployed.
- (2) Because of changes in entitlement to benefit, we cannot be sure to what extent unemployed people are now more or less likely to claim and to be included in the count.
- (3) There have been many administrative changes and changes in the methods used to count the unemployed.
- (4) Changes in Government employment measures including legislation on employees' rights will also have affected the figures. There may also have been significant changes in practice by employers, for example on temporary lay-offs, since the numbers recorded as 'temporarily stopped' were much higher before the war.

3. In any comparison with the 1930s it is also relevant that greater protection is now given to the unemployed through social security provisions, redundancy pay, and generally improved social conditions. Moreover, it is now more common for there to be more than one breadwinner in the family.

Unemployment - Coverage
of the countUNEMPLOYMENT - COVERAGE OF THE COUNT:COMPARISON WITH ESTIMATES FROM THE LABOUR FORCE SURVEY

1. Unemployment can be taken by different people to mean different things depending on the context in which the figures are used, and can be measured in different ways.
2. As in most other Western European countries, we use an administrative system to provide monthly unemployment figures, although we also use household surveys to provide less frequent information on a different basis. We use the count of claimants* at unemployment benefit offices because the figures are available frequently, quickly and cheaply, in particular providing detailed local figures which would be very costly to obtain from alternative sources.
3. The count necessarily reflects the administrative system on which it is based and cannot be ideal for every purpose eg. to measure labour slack or social hardship.
4. Instead of using the claimant count, alternative measures of unemployment can be obtained from household sample surveys such as the annual Labour Force Survey (LFS). The criteria for defining unemployment in surveys can of course be varied and there is no universally accepted definition of "true" unemployment; but according to the LFS in GB in spring 1986 there were 2.97 million unemployed according to internationally accepted definitions (ILO/OECD) (ie available and seeking work in the previous 4 weeks). ^{This compares with} 3.17 million included in the claimant count over the survey period. The difference of 200,000 between these figures is the net result of the difference between two partly offsetting groups. 1,070,000 claimants were either employed or not unemployed on the ILO/OECD measure, while, on the other hand, some 870,000 people were without jobs and unemployed on the ILO/OECD definition but not claiming benefits. The attached chart illustrates the comparison.

* those claiming unemployment benefits, supplementary benefits or national insurance credits as an unemployed person.

An alternative longer established measure of unemployment from the LFS has conventionally been used for the purposes of national estimates of the labour force, but is not so closely in line with international definitions. It essentially consists of those seeking work during the week of the survey. In Spring 1986 there were 2.82 million unemployed on this labour force definition, again significantly less than the claimant count.

Changes between 1981 and 1986

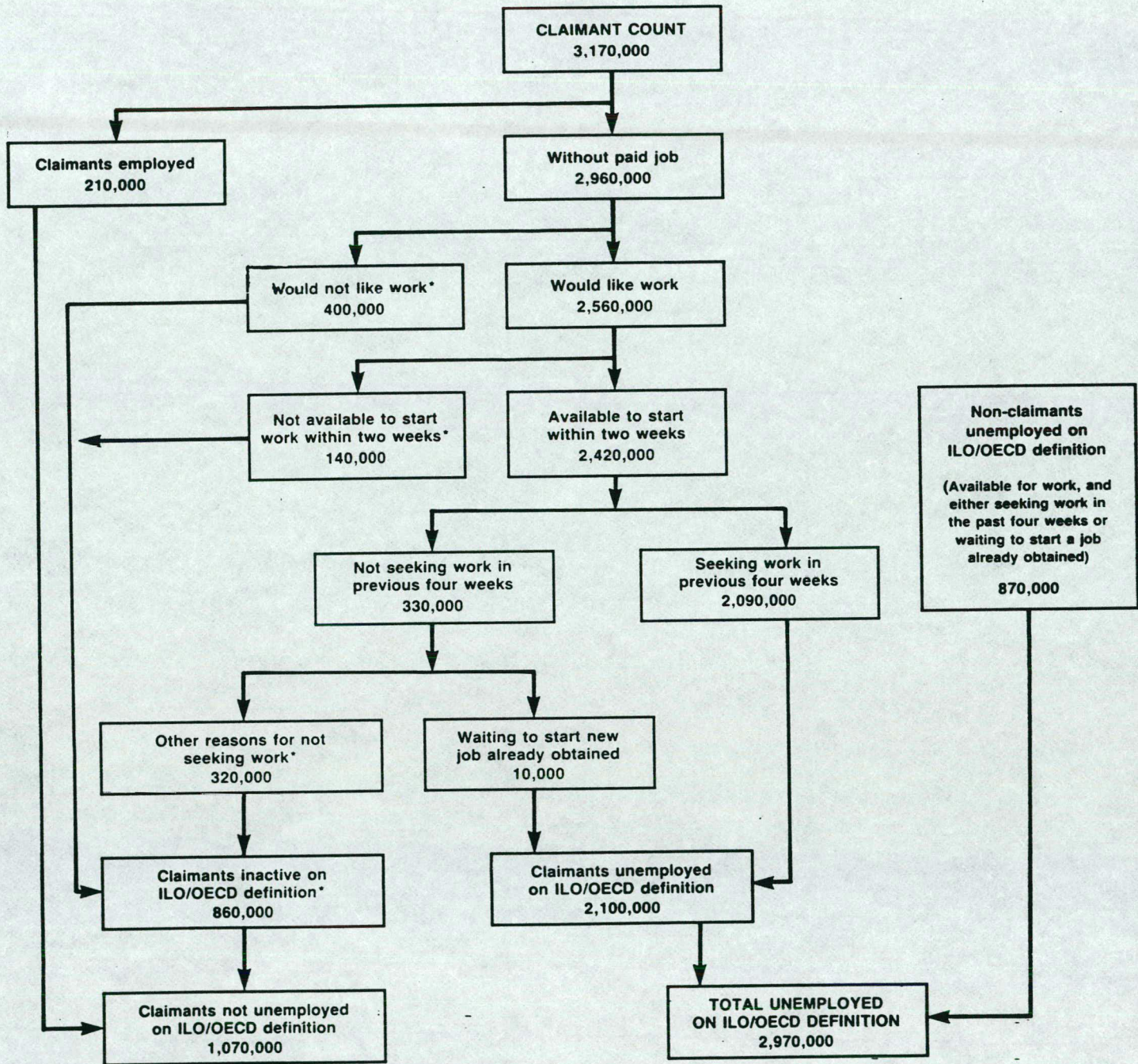
Between 1981 and 1986 the trend in unemployment, as measured through the LFS, has been very different from the trend in the claimant count.

The precise position in 1981 on a comparable basis is uncertain. At that time the unemployment count (then based on registration) was broadly in line with the labour force estimate. But allowing as far as possible for all the changes in coverage since then, it appears that the claimant count on today's basis would have been rather lower in 1981 than unemployment on the usual labour force definition, a position which was reversed by 1985.

Our best estimate is that between 1981 and 1986 the claimant count (consistent with the current coverage) has risen by over 900,000 while the survey figures indicated an increase of around a third of a million. The divergence of some 600,000 has occurred both among men and women.

Very significantly, between 1983, when employment started to grow, and 1986, there was little change in the survey based level of unemployment whereas the claimant count rose by a further 1/3 million. Detailed analysis of the figures suggests that part of the recent divergence between the claimant count and the survey estimates reflects some increasing propensity to claim benefits, rather than a tendency for claimants to give up seeking work because they believed no jobs were available.

The monthly claimant count compared with the ILO/OECD measure of unemployment:
GB spring 1986



Unemployment - changes in coverage

UNEMPLOYMENT - CHANGES IN THE COVERAGE OF THE UNEMPLOYMENT COUNT

Since 1979, there have been 6 changes which have had a discernible effect on the monthly unemployment count.

(1) Change in basis of count from registration to claimants (Approx - 190,000)

This was the most important change which occurred in October 1982, when registration at jobcentres became voluntary, saving administrative costs and eliminating the need for unemployed people to attend both a jobcentre and an unemployment benefit office in order to get their benefits. The previous count of registrants at jobcentres became incomplete and it was necessary to move to counting claimants at Unemployment Benefit Offices. This removed approximately 190,000* from the count as a result of three factors:

- (i) Computerisation of count and improved accuracy, removing old (ceased) claims more quickly (estimated effect - 76,000)
- (ii) exclusion of registrants not claiming benefits (- 135,000)
- (iii) inclusion of severely disabled (+ 23,000)

(2) Effect of 1983 Budget measures (- 162,000)

The second largest change arose from the 1983 Budget provisions which enabled 162 thousand men, mainly aged 60 and over, to receive National Insurance credits or the higher long term rate of supplementary benefit without attending an Unemployment Benefit Office. The effect accumulated between April and August 1983.

(3) Later compilation of unemployment statistics as from March 1986 (-50,000 average per month).

The change made in March 1986 was to take better account of claimants who did not inform benefit offices that they were no longer unemployed on the 'count date'. From October 1982, there was a waiting period of one week between the count date and the compilation of the figures to allow for these notifications. However, the change in July 1985 to the payment of benefit wholly in arrears revealed that the extent of overcounting (at over 60,000 per month) was larger than previously thought and unacceptably high. It is estimated that delaying the compilation of statistics to 3 weeks after the count date reduces overcounting by an average of about 50 thousand a month.

* A figure of 246,000 is often quoted, but this relates to October 1982 which was exceptional when the old system was running down. Assessment for the year up to October 1982 showed an average difference of 190,000.

(4) Higher long-term rate of supplementary benefit (- 37,000)

There was a previous similar change to (2) above in November 1981 when the higher long-term rate of supplementary benefit was introduced for men over 60 who had been on supplementary benefit for over one year. Over a twelve month period, this removed an estimated 37 thousand men both from the claimant series and from the count of registrations at jobcentres used at the time.

(5) Fortnightly attendance and payment (+ 20,000)

In October 1979, fortnightly attendance at Unemployment Benefit Offices was introduced and the estimated effect was to add about 20 thousand both to the claimant figures and to the count of registrations in use at the time.

(6) Discontinuity in Northern Ireland series (-5,000)

In July 1985, a reconciliation between DHSS records and the Department of Economic Development's computer records of claimants showed discrepancies. The corrective action resulted in the unadjusted figures for July and August, 1985 being 5,700 and 5,150 lower respectively than would otherwise have been the case.

The above six changes are the only ones to have significantly affected the seasonally adjusted unemployment figures, and each has been taken into account in the current series. Other minor effects are as follows.

Introduction of taxation of benefits in July 1982

which had no measurable effect on the unemployment figures.

Introduction of payment of unemployment benefit wholly in arrears from 15 July 1985

There may possibly have been some effect on the unemployment count from August 1985 onwards, but it appears to have been negligible.

Change in school leaving regulations, November 1980

Young people leaving school are now assumed to be in full-time education until the beginning of the following school term and not entitled to benefit. This affected the total claimant series (introduced later) and to a relatively minor extent, the registrant series in use at the time, but not the seasonally adjusted series which excludes school leavers. From 1982 a separate count of non-claimant school leavers registered at Careers Offices has been conducted in June, July and August.

Some commentators add some of the above effects back to the current unemployment count in an attempt to estimate what the unemployment figures would be now on a former basis, sometimes as part of their justification for claiming higher "true" totals of unemployment.

This approach usually involves the crude assumption that the effect of any change in definition remains constant over time.

The Department has used a different approach to provide a consistent series. This seasonally adjusted series of adult unemployment, which is produced to help assess the underlying trend, has been revised back to 1971 to be in line with the current coverage of the claimant count*. We have not adjusted the basic counts taken in the past, and the new series cannot be reasonably regarded as rewriting history, but helping to explain it

* The new series was introduced in an article 'Unemployment adjusted for discontinuities and seasonality' in the July issue of Employment Gazette. This series has been further revised to take account of the changes in the compilation of the figures from March 1986.

Changes to unemployment figures

So called '19 changes' misleading and exaggerated. Only six changes since 1979 have so far had discernible effect (details published in Employment Gazette). Three were minor. Only two were changes in method of compilation.

Four changes inevitably resulted from changes in procedures for paying benefits, while two were to correct inaccuracies. But the seasonally adjusted series is consistent and allows for these changes.

Claims of higher 'true' totals exaggerated for example by including people in jobs helped by Government programmes. They ignore evidence from Labour Force Survey which showed a lower total than claimant count in 1986 (2.98 million seeking work in GB on internationally comparable definition (ILO/OECD), compared with 3.17 million claimants.)

Other recent administrative changes from October 1986 (abolition of half and three quarters rates of unemployment benefit, and extension of disqualification period) could only have a very small effect. Most of those losing unemployment benefit will continue to sign on and be counted, because they will still be entitled to some supplementary benefit or (in the case of those losing the reduced rates of UB) national insurance credits.

Restart and availability tests: Rules for payment of benefits remain unchanged and neither initiative alters the way the figures are compiled.

CONFIDENTIAL**Other changes affecting the figures****New maternity allowance rules (from 6 April)**

There is no change in the way figures are compiled, and any effect on the unemployment count will be negligible and could only arise among a few expectant mothers who would not normally be regarded as available for work.

(There could be a slight net downward effect, but it would tend to be reduced by the new availability test. There could be some downward effect because some women who would previously have chosen to claim Unemployment Benefit rather than Maternity Allowance no longer have a choice and are only allowed to claim Maternity Allowance (if they are entitled to it). There could be some slight offsetting upward effect through extra UB claims among those not entitled to Maternity Allowance under the new rules.

Identification of people aged over 60 signing on when they need not be

There was some extra downward effect on the April and May counts of up to around 5,000 altogether through extra efforts to identify men over 60 who need not sign on for national insurance credits only or for supplementary benefit (which they should get at a higher long term rate more promptly.) There is nothing new about this seasonal effect, but it was stronger than in earlier years.

Civil Service strikes

There was some small upward effect on the unemployment count in April and again in June, as a result of the strikes, with outflows understated by the order of 5,000 in both those months.

CONFIDENTIAL

Reversal of Social Security Commissioners' decision re Easter school leavers (effect from May to August).

In 1985 and 1986 there was some temporary additional upward effect on the school leaver count of up to around 15,000 in summer months (May to August), through some school leavers signing on who were not previously eligible for benefit until September. This followed the 1985 ruling by Social Security Commissioners on the eligibility for supplementary benefit of certain Easter school leavers who were returning to school only to take exams. The regulations have now been changed to restore the principle that young people cannot be treated as entitled to benefit until their education is completed. The seasonal influences on the school leaver count this year (from May) will therefore more closely correspond to the former pattern prior to 1985.

6 SIGNIFICANT CHANGES IN UNEMPLOYMENT COUNT SINCE 1979

		Reason
<u>Changes in Compilation</u>		
October 1982 - Switch from registrations to claimants	- 190,000	To avoid incomplete figures following voluntary registration
March 1986 - Later count	- 50,000	To reduce over-recording
<u>Other Statistical Change</u>		
July 1985 - Correction of discrepancy for Northern Ireland	- 5,000	Correction
<u>Administrative Changes</u>		
October 1979 - Fortnightly attendance	+ 20,000	) Eliminate unnecessary procedures and make life easier for claimants
From November 1981 - Higher long term rate for men over 60	- 37,000	
From April 1983 - Further relaxed requirement for men over 60 to attend benefit offices and eligibility for higher long term rate	- 162,000	

Unemployment - coverage:
summary of possible
additions and exclusions

UNEMPLOYMENT - POSSIBLE ADDITIONS AND EXCLUSIONS

Following is a summary of the main additions or exclusions from the figures that are sometimes suggested.

POSSIBLE ADDITIONS

1. Add back previous changes in coverage of the unemployment count (see previous section 7). [Broadly 400,000]

Comment: The unemployment count inevitably reflects the administrative system on which it is based (as did the old registrant system) and this cannot remain fixed forever for the purposes of statistical continuity. Past changes in coverage of the count have been openly displayed in the published sources. If it is required to make valid comparisons with the past, a consistent series of unemployment figures is published showing how previous figures would have looked on the current basis, back to 1971.

2. People assisted by employment measures. [382,000 people assisted, end of November 1987]

Comment: This group has never been included in the unemployment figures because they are being helped in jobs or training.

3. Non-claimant unemployed (particularly women). [870,000 in 1986]

Comment: If it were reasonable to add this group to the unemployment count, then it would also be reasonable to subtract a greater number of claimants (1,070,000) who either had jobs or were not actively seeking work as shown by the 1986 Labour Force Survey.

4. Students on vacation. [Up to about 200,000 in the summer]

Comment: Those students who intend to return to full-time education after their holidays are not included in the main unemployment totals, but separate figures are always published. Students are generally only unemployed for short periods and seeking temporary jobs.

5. Temporarily stopped. [Variable, around 10,000]

Comment: These people have jobs to go back to although they are out of work on the day of the unemployment count, so they are counted separately.

6. Non-claimant school leavers (not entitled to benefits until the beginning of following school term). [100,000 to 130,000 in June, July and August]

These are excluded temporarily from the main unemployment totals while they are regarded as still being in full-time education. However, separate counts are taken of those registered at careers offices in June, July and August each year when the numbers are significant.

POSSIBLE EXCLUSIONS

7. Frictionally unemployed: people "between jobs"

(Without whom the labour market would not operate.) [No direct estimate available, but as a rough proxy, some 300,000 are unemployed for 4 weeks or less.]

8. Claimants not classed as unemployed in surveys

[1,070,000 claiming benefits, of which 210,000 employed and 860,000 without jobs but not seeking work, using 1986 Labour Force Survey.]

210,000 employed claimants may include some fraudulent claimants, although this figure will include some people legitimately claiming benefits eg. with low paid part-time jobs.

860,000 inactive claimants were not seeking work, often because of age, health or because they believed no jobs were available, although some, especially those with families, may be disinclined to take low paid jobs rather than benefits.

9. Overlapping with above) "Unemployables" or people hard to place

Little objective evidence, although judgements might be based on numbers unemployed for exceptionally long periods eg 276,000 unemployed continuously for more than 5 years (October 1987).

Labour market
- job changes
and flows

LABOUR MARKET - job changes and flows

1. TOTAL JOB CHANGES are running very broadly at about 7 million a year, or $\frac{1}{2}$ million per month, or about 30,000 per working day. These include movements of people with jobs as well as the unemployed taking up jobs.

2. VACANCY FLOWS run at lower levels than the above, eg the inflow in the year to December averaged 226,000 a month (UK seasonally adjusted), primarily because only about a third of all vacancies are notified to Jobcentres. Placings by jobcentres, in the year to December averaged about 159,000 a month (UK seasonally adjusted), are estimated to be broadly a quarter of all engagements or job changes in the economy.

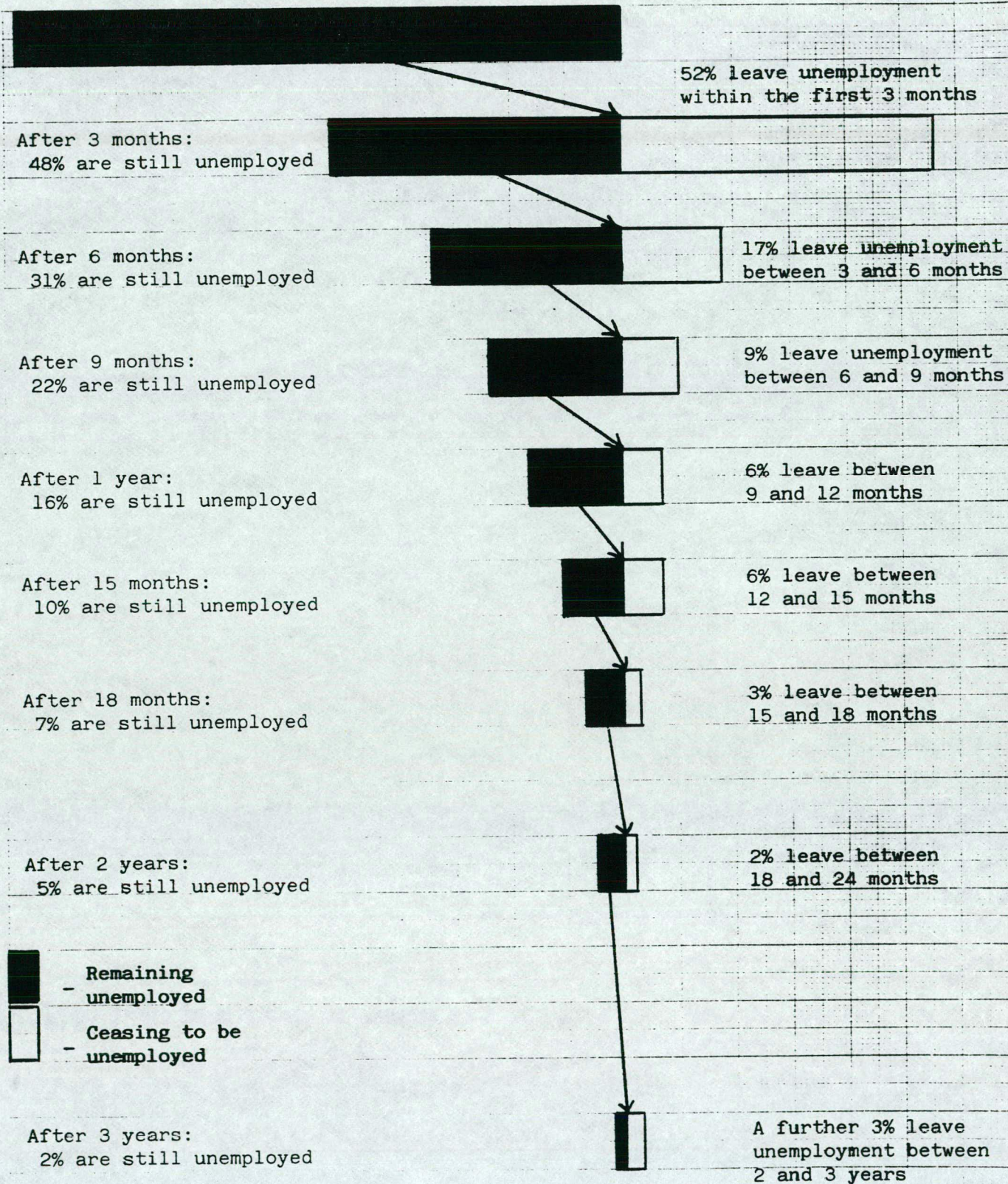
3. OUTFLOW from unemployment averaged about 417 thousand per month (404 thousand excluding school leavers) in the year to December 1987. This represents an annual outflow of 5 million. Many took up jobs, though some would be leaving unemployment for other reasons eg retirement, training, or otherwise leaving the labour force, or exhaustion of entitlement to benefit.

A quarter of those becoming unemployed flow off the register within a month of joining it, a half leave within 3 months, two-thirds within 6 months, and five-sixths leave within a year. The remaining sixth (around 65,000 per month) flow into long term unemployment. The attached chart illustrates these chances of remaining in the count or leaving it within certain durations of unemployment.

CHANCES OF REMAINING IN OR LEAVING UNEMPLOYMENT*

Great Britain Based on claimant data for period July 1986 - July 1987

On average, nearly 380,000 become unemployed* each month



* Percentages are based on outflows between July 1986 and July 1987 and therefore do not relate to the experience of a single group of individuals who all become unemployed over the same period.

Unemployment 11.
- demographic and
labour force
background

UNEMPLOYMENT - demographic and labour force (1) background

Great Britain : thousand

	Reaching school leaving age	Reaching retirement age and deaths	Net migration and adjustment	Population of working age		Labour force	
				Number	Change over year	Number	Change over year
ESTIMATES							
1971	737	-	-	31,686	-	24,895	-
1972	760	739	-9	31,698	+12	24,953	+58
1973	778	750	+9	31,735	+37	25,125	+172
1974	801	751	-45	31,740	+5	25,269	+144
1975	818	740	-33	31,785	+45	25,305	+36
1976	840	707	+2	31,920	+135	25,702	+396
1977	871	683	+2	32,110	+190	25,901	+200
1978	891	655	-12	32,334	+224	25,949	+48
1979	906	662	-8	32,570	+236	26,021	+72
1980	930	773	+1	32,728	+158	26,198	+177
1981	936	729	-30	32,905	+177	26,242	+43
1982	912	697	-69	33,051	+146	26,045	-196
1983	902	650	-3	33,300	+249	25,907	-138
1984	873	677	+67	33,563	+263	26,428	+522
1985	868	750	+60	33,741	+178	26,639	+211
PROJECTIONS (2)							
1986	840	715	+25	33,891	+150	26,741	+102
1987	850	693	+19	34,067	+176	26,936	+194
1988	797	667	-15	34,182	+115	27,082	+147
1989	748	665	-13	34,252	+70	27,180	+98
1990	697	664	-17	34,268	+16	27,219	+38
1991	673	659	-14	34,268	0	27,233	+15

Between mid-1985 and mid-1986 the population of working age is projected to have increased by 150,000, while the labour force is projected to have increased by around 100,000 as male activity rates fell. This labour force growth is much less than in the previous two years, when the population of working age rose rather more, male activity rates changed little overall and female activity rates rose much more sharply. Using a working assumption of a broadly stable level of unemployment after 1986, a further rise of some half a million is expected between 1986 and 1991. Most of this growth is projected to occur before 1989, and over half of it in the female labour force.

Notes :

(1) The civilian labour force includes those in employment (employees, employers and self-employed, but excluding members of the Armed Forces) and all those identified by censuses and surveys as seeking work whether or not they claim benefits.

(2) The projected changes beyond 1985 incorporate the latest (1985-based) population projections and projections of activity rates using preliminary information from the 1986 Labour Force Survey.

EMPLOYMENT - CHANGES IN THE METHOD OF ESTIMATION

Employees in Employment

1) Introduction of Supplementary series - June 1983

When provisional results from the 1981 Census of Employment became available they showed that the application to the previous census figure (1978) of changes estimated from sample survey data was producing substantial under-estimates. The methodology was reviewed and a supplementary set of estimates, which included an undercounting allowance was introduced in June 1983.

2) Use of 1981 and 1983 Labour Force Surveys (LFS) - July 1984

Data from the 1983 LFS confirmed that the supplementary figures provided more accurate estimates than the basic series. The estimates for employees in employment were revised, using LFS data for 1981 and 1983 to assess the current extent of underestimation from the sample survey of employers. Estimates could now be produced incorporating the adjustment for underestimation in industrial and regional detail, and so the estimates not incorporating the adjustment and the term "supplementary" were dropped.

3) Use of the 1984 LFS - March 1985

Data from the 1984 LFS was used to improve the assessment of underestimation from the sample survey of employees.

4) Use of the 1985 LFS - April 1986

Revised data from the 1984 LFS and new results from the 1985 LFS were used to revise the allowance for underestimation.

5) Introduction of 1984 Census of Employment - December 1986

The 1984 census results provided a new "benchmark" from which estimates for later dates are calculated, using the proportionate changes in employment derived from the sample surveys, adjusted using LFS data as previously. The series was also slightly adjusted to take account of revised data from the 1985 LFS and a small revision to the proportion of YTS participants with contracts of employment.

The estimates for dates between the censuses were also revised. Differences at the detailed industry and regional level between the previous estimates for September 1984 and the census estimates were interpolated back to the earlier census date. The census figures used for 1981, and the estimates for later dates based on them were first adjusted to improve the consistency of the industry coding in the two censuses. The estimates prior to September 1981 were also revised to improve the consistency of industry coding.

Some minor technical changes were also made to the method used to derive seasonally adjusted estimates.

6) Use of the 1985 and preliminary 1986 LFS results- March 1987

Data from the 1985 LFS and preliminary results from the 1986 LFS were used to improve the assessment of underestimation from the sample survey of employees. The quality of the estimates was improved by using national LFS data separately for full time and part time female employees, rather than a single overall adjustment for all females.

Self Employment

1) New method of estimating Self Employment - January 1982

The LFS data was used in place of the discontinued information from the National Insurance Card count. New estimates were produced for the period 1975 to 1979.

2) Introduction of an assumption of continued growth - June 1983

The conventional assumption that the level of self employment had remained constant since the date of the latest LFS data was reviewed. As there were reasons for expecting some continuation of the upward trend in self employment a supplementary series, was introduced; this assumed that growth at the rate observed between the last two surveys had continued subsequently.

3) Use of the 1981 and 1983 LFS results - July 1984

The self employment figures were updated to take account of the changes between the LFS in 1981 and 1983.

4) Change in the rate of growth assumption - March 1985

When the estimates for the self employed were updated for the 1984 LFS the figures for self employment showed exceptional growth between 1983 and 1984. It was considered inappropriate to make the assumption that this rate had continued. The estimates of self employment for dates after June 1984 incorporated the assumption that the average rate of increase between 1981 and 1984 had continued.

5) Use of the 1985 LFS - April 1986

The estimates were up-dated to take account of new results from the 1985 LFS and revised data from the 1984 LFS.

6) Use of the 1986 LFS - March 1987

The estimates were up-dated to take account of new results from the 1986 LFS; figures for dates after June 1986 are based on the assumption that the average rate of increase between 1981 and 1986 has continued.

EMPLOYMENT: DOUBLE JOBBING AND SPECIAL EMPLOYMENT MEASURES

The treatment of double jobbing in the employees in employment estimates

The estimates for employees in employment include some double counting of persons because some employees with two jobs are included twice. This cannot be avoided with figures collected from employers' reports of the number of people they employ. Since employers will generally not know if an employee is in fact filling a post as his second job, it would not be practical to exclude second jobs from these estimates

Evidence on the number of people with two jobs can be derived from household surveys - principally the Labour Force and General Household Surveys. However, these cannot provide reliable figures for the number of second jobs included in the employees in employment series because some work will be included which would not be covered by the employer based information, such as babysitting or gardening for a householder. Furthermore a particular survey's assessment of the number of second jobs will depend on the design and context of the survey. Adjustment of the employees in employment series to exclude second jobs would therefore be impracticable.

Coverage of Special Employment Measures

Estimates of employees in employment

1. Participants in a number of special measures are employed in precisely the same way as any other employee and are therefore included in the estimates of employees in employment. These measures include:

New Workers Scheme

Job Splitting Scheme - where both part-time jobs created by splitting a full-time job are counted

Job Release Scheme - the older worker who has given up his job is not included in the employees series but the previously unemployed person who has taken up the job is included

Training for Skills: Programme for Action

Community Programme

2. Of young people on the Youth Training Scheme those who have contracts of employment - currently estimated to be about 11 per cent of participants - are included in the employees in employment series.

3. Those on the Voluntary Projects and Training Opportunities Programmes are not employed and are hence not covered by the employed labour force series.

Estimates of self-employment

4. Those supported by the Enterprise Allowance Scheme are included in the Labour Force Survey based estimates of self-employment.

C-O-N-F-I-D-E-N-T-I-A-L until 11.30 am on 14 January 1988

INTERNATIONAL COMPARISONS OF EMPLOYMENT

1. Latest figures for the major industrial economies show that since March 1983, when employment began to rise in the United Kingdom, it has grown at a much faster rate than in Japan, Italy, Germany or France.

Table 1: Civilian employment seasonally adjusted
Change 1983 Q1 to 1987 Q3

	Thousands	Per cent
USA	+13704	+13.8
Canada	+ 1423	+13.5
UK	+ 1441	+ 6.2
Japan	+ 2021	+ 3.5
Germany	+ 596	+ 2.4
Italy [§]	- 283	+ 1.4
France*	- 295	- 1.4

Source: OECD 'Quarterly Labour Force Statistics' (except UK)

Note : * - 1983 Q4 to 1986 Q4.

§ - OECD estimate .

However the rate of employment growth has been higher in the United States and Canada.

2. Comparisons with other European Community countries show that between 1983 and 1985 employment in the UK increased by more than in the rest of the EC put together. Latest figures indicate that this was also true for the period 1983-86. Over the longer period 1979 to 1985, there was a fall in UK employment which was far greater than that in the rest of the Community; the latest estimates suggest that this was also true for the period 1979-86.

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Table 2: Total employment, annual average or mid-year figures
Changes 1983 to 1985 and 1979 to 1985

	1983 - 1985		1979 - 1985	
	Thousand	Per Cent	Thousand	Per Cent
United Kingdom	+ 832	+ 3.6 %	- 959	- 3.8 %
Germany	+ 218	+ 0.9 %	- 504	- 2.0 %
France	- 279	- 1.3 %	- 416	- 2.0 %
Italy	+ 159	+ 0.8 %	+ 452	+ 2.3 %
Netherlands	+ 156	+ 3.2 %	+ 262	+ 5.4 %
Belgium	+ 30	+ 0.8 %	- 137	- 3.7 %
Luxembourg	+ 3	+ 1.9 %	+ 4	+ 2.6 %
Ireland	- 52	- 4.7 %	- 73	- 6.5 %
Denmark	+ 133	+ 5.6 %	+ 83	+ 3.4 %
Greece	+ 48	+ 1.4 %	+ 229	+ 5.7 %
European Community (10)	+1248	+ 1.2 %	- 1059	- 1.0 %

Source: OECD 'Labour Force Statistics 1965-1985' (except UK)
Note : nc = no change.

3. Comparisons of the proportion of working-age population in work show the UK above our major European competitors but below the USA, Japan and some smaller countries.

Table 3: Total employment as a percentage of the population aged 15-64 : 1985

	Per Cent
Sweden	80
Denmark	75
Japan	71
USA	69
Canada	66
UK	66
Germany	60
France	59
Belgium	56
Netherlands	52
OECD Total	64
OECD Europe	58

Source: OECD 'Historical Statistics 1964-1985'

EMPLOYMENT:sex and hours of work

Whole economy estimates for the third quarter of 1987 are published for the first time this month and show an increase of 1,449,000 since March 1983, when the upward trend began.

The rate of increase in the employed labour force which had been strengthening in each of the last five quarters, slowed in the September quarter.

The number of employees in employment is estimated to have increased in each region of Great Britain, except Scotland, during the year to September 1987.

An assumed growth in the number self-employed of 25,600 per quarter for the four quarters since June 1986 is included in the above figures which compares with an increase of 4,100 per quarter between June 1985 and June 1986.

THE EMPLOYED LABOUR FORCE - TOTAL
Great Britain Thousands, seasonally adjusted

		Males		Females		Persons	
		All	of which part time	All	of which part time	All	of which part time

1983	March	13,663	668	9,334	3,976	22,997	4,844
	June	13,633	892	9,406	4,028	23,039	4,920
	Sept	13,670	908	9,496	4,078	23,165	4,986
	Dec	13,705	923	9,588	4,129	23,293	5,073
1984	March	13,741	939	9,657	4,161	23,399	5,100
	June	13,786	954	9,706	4,182	23,492	5,136
	Sept	13,817	936	9,757	4,202	23,574	5,138
	Dec	13,883	968	9,831	4,253	23,715	5,221
1985	March	13,915	960	9,887	4,282	23,802	5,242
	June	13,941	991	9,939	4,308	23,879	5,299
	Sept	13,927	976	9,990	4,354	23,917	5,330
	Dec	13,929	998	10,022	4,366	23,951	5,364
1986	March	13,902	984	10,061	4,410	23,964	5,394
	June	13,894	1,016	10,094	4,440	23,988	5,456
	Sept	13,902	1,009	10,140	4,467	24,042	5,476
	Dec	13,908	1,036	10,209	4,493	24,118	5,529
1987	March	13,965	1,041	10,261	4,544	24,226	5,585
	June	14,024	1,062	10,337	4,561	24,362	5,623
	Sept	14,067	1,059	10,379	4,582	24,446	5,641

Change							
	Mar 83-Sep 87	404	191	1,045	606	1,449	797
	Sept 86-sep 87	165	50	239	115	404	165

*Estimates of part-time male employees are not seasonally adjusted, therefore it is not possible to estimate full-time male employees.

THE EMPLOYED LABOUR FORCE - COMPONENTS

Great Britain

Thousands, seasonally adjusted

		Employees in Employment						Self Employment						HM Forces		
		Males		Females		Persons	All	Males		Females		Persons	All	Males	Females	Persons
		All	of which part time*	All	of which full time			All	of which part time	All	of which part time					
1983	March	11,706	745	8,823	5,110	3,713	20,529	1,651	123	496	263	2,147	306	15	321	
	June	11,674	766	8,882	5,121	3,761	20,556	1,652	126	508	267	2,160	306	16	322	
	Sept	11,659	772	8,952	5,151	3,801	20,611	1,702	136	527	277	2,229	309	16	325	
	Dec	11,645	798	9,025	5,184	3,841	20,670	1,751	145	547	289	2,298	309	16	325	
1984	March	11,631	784	9,075	5,213	3,862	20,706	1,801	155	566	299	2,367	310	16	326	
	June	11,627	790	9,104	5,233	3,871	20,731	1,849	164	586	311	2,435	310	16	326	
	Sept	11,637	771	9,145	5,258	3,887	20,782	1,868	165	596	315	2,464	312	16	328	
	Dec	11,686	801	9,209	5,276	3,933	20,895	1,886	167	606	320	2,493	311	16	327	
1985	March	11,700	791	9,254	5,298	3,956	20,954	1,905	169	617	326	2,522	310	16	326	
	June	11,709	821	9,295	5,318	3,977	21,003	1,923	170	628	331	2,550	309	16	326	
	Sept	11,692	808	9,345	5,319	4,026	21,037	1,926	168	629	328	2,554	309	16	326	
	Dec	11,693	832	9,376	5,336	4,040	21,069	1,929	166	630	326	2,558	307	16	323	
1986	March	11,664	819	9,414	5,327	4,087	21,079	1,932	165	631	323	2,563	306	16	323	
	June	11,654	853	9,446	5,325	4,121	21,100	1,935	163	631	319	2,567	305	16	322	
	Sept	11,645	843	9,482	5,338	4,144	21,128	1,950	166	642	323	2,592	306	16	323	
	Dec	11,640	867	9,540	5,374	4,166	21,180	1,965	169	653	327	2,618	304	16	320	
1987	March	11,682	869	9,581	5,368	4,213	21,263	1,979	172	664	331	2,643	304	16	320	
	June	11,728	887	9,646	5,420	4,226	21,374	1,994	175	675	335	2,669	302	16	319	
	Sept	11,755	881	9,677	5,434	4,243	21,432	2,009	178	686	339	2,695	303	16	320	

Change															
Mar 83-Sep 87	49	136	854	324	530	903	358	55	190	76	548	-3	1	-1	
Sep 86-Sep 87	110	38	195	96	99	304	59	12	44	16	103	-3	0	-3	

*Estimates of part-time male employees are not seasonally adjusted, therefore it is not possible to estimate full-time male employees.

CHANGES IN EMPLOYEES IN EMPLOYMENT

Great Britain

Thousands, not seasonally adjusted

Industry	Year ending Sept 1987		Region	Year ending Sept 1987	
	Change			Change	
	Absolute	Percent		Absolute	Percent
Agriculture forestry and fishing	- 5.7	-1.7	South East	147.5	2.0
Energy and water supply	- 31.3	-6.0	(Greater London)	43.2	1.2
Other mineral and ore extraction etc	- 1.7	-0.2	East Anglia	35.9	4.6
Metal goods, engineering and vehicles	- 48.6	-2.1	South West	16.9	1.1
Other manufacturing industries	0.6	0.0	West Midlands	32.7	1.6
Construction	27.1	2.8	East Midlands	30.3	2.0
Distribution, hotels, catering, repairs	68.4	1.6	Yorks & Humberside	23.0	1.3
Transport & Communication	20.7	1.6	North West	0.9	0.0
Banking, finance insurance	136.5	6.1	North	7.0	0.6
Other Services	138.2	2.2	Wales	11.2	1.3
			Scotland	- 1.1	-0.1
All Industries	304.1	1.4	Great Britain	304.1	1.4

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11 AVERAGE EARNINGS

1 Table A gives a breakdown of the average earnings index by broad sectors of industry. The full detail will not be published until the next issue of Employment Gazette (Table 5.3 of Labour Market Data). However, it is available on request from the date of the press release.

2 The monthly figures in Table A are not seasonally adjusted.

3 Table B shows the latest information on annual changes in average earnings in manufacturing industries in the main industrial countries. The periods covered and the definitions vary, although the comparison gives a broad idea of how the rate of change in average earnings in Great Britain is related to that of our principal overseas competitors.

TABLE A
INDUSTRY BREAKDOWN
INDEX OF AVERAGE EARNINGS (unadjusted)

Classes SIC 1980	Weights	Index (January 1980 = 100)						Percentage increase over previous 12 months					
		1987						1987					
		June	July	Aug	Sept	Oct	Nov*	June	July	Aug	Sept	Oct	Nov*
Metal processing and manufacture	14	204.8	234.4	201.4	208.2	236.0	208.8	6.9	14.0	6.1	9.8	13.5	9.4
Mineral extraction and manufacturing	14	205.4	205.0	201.2	206.2	203.8	207.2	7.3	9.9	8.5	8.2	8.0	8.5
Chemical and man-made fibres	20	208.8	212.9	209.6	205.2	210.3	230.9	8.3	10.7	8.9	6.3	7.0	9.1
Mechanical engineering	44	198.6	200.7	198.8	199.4	201.0	205.2	7.9	7.3	8.6	8.4	8.3	8.6
Electrical and electronic engineering	37	217.5	216.7	214.7	216.6	218.1	221.7	8.9	10.1	9.7	10.2	9.1	9.6
Motor vehicle and parts	17	208.6	201.8	197.4	199.8	201.8	201.8	9.4	9.4	8.1	9.1	10.2	6.4
Other transport and equipment	17	197.0	196.3	195.6	197.9	197.9	200.9	6.7	7.8	3.6	7.6	6.3	3.1
Metal goods and instruments	27	191.4	192.1	190.9	193.7	194.4	201.0	8.6	8.6	8.3	9.2	9.1	8.8
Food, drink and tobacco	33	204.7	205.1	203.2	207.0	205.7	210.0	6.1	8.0	8.9	8.3	7.7	5.1
Textiles	13	200.5	201.8	197.6	199.0	200.3	204.7	8.9	10.0	9.2	8.9	9.0	8.3
Leather, footwear and clothing	17	193.6	195.3	191.4	193.2	193.8	195.9	6.5	8.0	6.7	6.0	6.2	6.5
Timber and wooden furniture	11	188.0	184.8	189.7	190.9	207.0	199.5	12.6	7.8	0.3	3.0	20.1	11.5
Paper products, printing and publishing	26	217.3	215.6	215.3	219.8	218.2	221.0	7.3	7.9	9.3	9.1	7.6	7.9
Rubber, plastic and other manufacturing	14	199.7	201.1	196.2	198.1	199.4	207.8	7.1	7.9	8.2	8.0	8.2	9.8
Manufacturing industries	304	208.2	209.8	206.0	208.2	211.0	214.2	7.9	9.0	8.0	8.4	8.8	8.0
Coal and coke	15	178.0	177.0	178.6	177.9	181.8	183.5	11.7	10.1	10.5	5.4	6.3	6.3
Mineral oil and natural gas	1	214.0	223.1	212.5	209.3	210.9	239.6	9.5	14.5	9.4	6.1	8.4	9.3
Electricity, gas and other energy and water supply	19	202.8	211.9	226.4	216.1	215.4	218.5	5.9	3.5	9.3	9.1	8.1	9.5
Production industries ¹	339	206.9	208.9	206.5	207.8	210.4	213.6	8.0	8.7	8.2	8.3	8.7	8.0
Construction	55	199.4	200.2	196.0	199.4	200.4	204.2	7.6	7.3	9.3	7.6	7.9	7.0
Production ¹ and construction industries	394	205.8	207.6	205.0	206.5	209.0	212.3	7.9	8.5	8.3	8.2	8.6	7.9
Agriculture and forestry ²	19	206.0	210.2	218.0	229.0	225.5	∅	6.6	6.5	2.2	5.0	5.5	∅
Distribution and repairs	164	189.9	189.2	189.9	192.0	189.6	193.4	7.6	7.0	7.7	7.8	6.8	7.6
Hotel and catering	49	179.8	176.8	181.0	180.8	184.2	191.0	5.7	5.4	3.9	5.9	7.7	10.5
Transport and communication (except sea transport)	71	191.2	195.2	189.4	189.9	194.9	201.8	8.8	9.1	5.5	6.4	9.2	10.8
Banking, finance and insurance	44	235.4	221.7	219.0	222.8	228.0	247.6	17.0	6.7	8.4	12.4	12.3	11.2
Public administration	90	188.4	195.7	191.2	193.9	195.4	196.2	3.4	8.7	8.0	8.8	5.5	7.8
Education and health services	147	206.9	222.1	226.9	211.1	214.2	213.3	6.3	7.8	7.5	5.7	7.4	8.0
Other services	22	206.2	215.1	207.8	213.8	213.0	216.5	5.7	6.6	7.4	7.0	4.8	5.3
Service industries	587	198.4	202.6	201.7	199.8	201.7	206.0	7.5	7.7	7.3	7.6	7.6	8.7
Whole economy	1,000	200.0	203.1	201.6	201.4	203.4	206.9	7.7	8.1	7.6	7.9	8.0	8.3

* Provisional

¹ Manufacturing, coal and coke, mineral oil and natural gas, electricity, gas, other energy and water supply² England and Wales only

∅ Not available.

Stats A1

January 1988

TABLE B

INTERNATIONAL COMPARISONS

HOURLY EARNINGS IN MANUFACTURING (Percentage changes on a year earlier)

		Latest period available
Norway(d)	17.6	Q2 1987
Portugal(h)	16.6	Q2 1987
Spain (e)	10.7	Q2 1987
Denmark(g)	10.6	SEPTEMBER
Greece	10.4	Q2 1987
Great Britain ^(c)	8½	NOVEMBER
New Zealand (i)	7.2	Q2 1987
Finland	7.1	Q1 1987
Italy (b)	6.4	SEPTEMBER
Sweden (g)	6.4	SEPTEMBER
Ireland	6.3	Q4 1986
Australia (b)	5.7	JUNE
Japan (a)(f)	4.1	OCTOBER
Germany	3.6	Q3 1987
Austria(b)(g)	3.5	OCTOBER
France ^(b)	3.0	Q3 1987
Canada	3.0	SEPTEMBER
United States	2.4	OCTOBER
Netherlands ^(b)	1.0	SEPTEMBER
Belgium (j)	0.8	Q3 1987
OECD	4.9	SEPTEMBER
EEC	6.3	SEPTEMBER

- (a) Monthly Earnings
- (b) Hourly Rates
- (c) Weekly Earnings (Underlying)
- (d) Males
- (e) Not Seasonally Adjusted
- (f) 3 month ending
- (g) Mining and Manufacturing
- (h) Daily earnings
- (i) Weekly rates: all activities
- (j) Mining, manufacturing and transport

Source: OECD Main Economic Indicators:
DECEMBER 1987

2/14

COVERING PERSONAL AND CONFIDENTIAL UNTIL 11.30 AM ON 14.1.88 THEREAFTER CONFIDENTIAL

LABOUR MARKET STATISTICS: NOTES FOR PRIME MINISTER

A. 1. SUMMARY

2. KEY FACTS BRIEF

B. DRAFT PRESS NOTICE

C. DETAILED ANALYSIS AND BACKGROUND INFORMATION

1. GRAPHS: 1a UNEMPLOYMENT

1b UNEMPLOYMENT RATES BY REGION

2. UNEMPLOYMENT: ADDITIONAL DATA BY REGION

3. LONG TERM UNEMPLOYMENT AND UNEMPLOYMENT BY AGE

4. EMPLOYMENT MEASURES

5. UNEMPLOYMENT: INTERNATIONAL COMPARISONS

D. ADDITIONAL INFORMATION

1. Unemployment: comparisons with 1930s

2. Unemployment: coverage of the count: comparison with Labour Force Survey estimates.

3. Unemployment: changes in coverage of the count.

4. Unemployment: coverage of the count: summary of possible additions and exclusions.

5. Labour Market: job changes and flows.

6. Demographic and labour force background.

7. Employment: methodology.

8. Employment: double jobbing and special measures.

9. Employment: international comparisons.

10. Employment: additional data.

11. Earnings.

cc Sir P Middleton
Sir T Burns
Dame A Mueller
Mr P Sedgwick
Mr C W Kelly
Mr MacAuslan
Mr Hibbert



ppp

Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

13 January 1988

Ms Angela Wilkins
Private Secretary to the
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
LONDON
SW1H 9NA

Dear Angela,

The Chancellor was grateful for the opportunity to comment on your Secretary of State's proposed press statement, attached to your letter of 12 January. This letter confirms the amendments I passed to you by 'phone this morning.

The Chancellor's main comments relate to the third paragraph of the press release. He has suggested that this might be shortened, and slightly redrafted, to read:

"Prospects for employment remain good but they could be undermined by excessive pay awards. The $\frac{1}{4}$ per cent increase in average earnings growth is a sign that settlements in both the public and private sectors are running at too high a level. It is important that wage growth is restrained if the substantial improvement in the jobs market is to continue."

The Chancellor has also suggested a minor redrafting of the third sentence of paragraph 1, to read:

"Over the last year the UK rate has fallen faster than in any other major industrialised country and is now below that of many of our European partners, including France, Belgium and the Netherlands."

*Yours,
Moir*

MOIRA WALLACE
Assistant Private Secretary



CH/EXCHEQUER	
REC.	15 JAN 1988 15/1
ACTION	CST
COPIES TO	

PRIME MINISTER

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amendations*

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me,
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n*

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note behind*

Employment Strategy

At our meeting on 11 November, the Chancellor of the Exchequer drew attention to the way a change from the present Community Programme to a benefit plus scheme would reduce the figures for employment. **Coincidentally,** at that time my statisticians were **considering the treatment of scheme participants in our employment statistics, following international discussions in Geneva under the auspices of the ILO.** As a result, they have recommended that the definition of those in employment be extended to include participants in schemes, provided those schemes contain an element of work experience. This treatment will be fully in line with the ILO's recommended practice and I have therefore accepted the recommendation.

What do the numbers actually do?

Because this will widen the coverage of those in employment, it will be necessary to alter the terminology used in presenting the statistics in order to avoid confusion. The following table illustrates current and proposed practice:-

<u>Current</u>	<u>Proposed</u>
<hr/> Employees in employment + Self-employed + HM Forces = Employed Labour Force + Unemployment <hr/> = Working Population	<hr/> Employees in employment + Self-employed + HM Forces + Work related government training programme <hr/> = Workforce in employment + Unemployment <hr/> = Workforce



The effect of this wider definition is that all YTS participants and the vast majority of those in the new training programme will be included in the new "workforce in employment" series; this contrasts with the present employed labour force series which only includes those with a contract of employment (ie those on the Community Programme and about 10% of those on YTS). One consequence will be that the national unemployment rate, which will include employment on the new definition in its denominator, will be reduced by about 0.1%.

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As to the timing of the change, I intend to introduce the new definitions together with a detailed explanation in February, when the results of the 1987 Labour Force Survey and revised employment estimates are released. This is the most obvious time to introduce such a change and it is sufficiently in advance of the introduction of the new training programme to enable us to present it as a statistical initiative following the ILO recommendation rather than a reaction to the introduction of the new programme.

A change of this nature is bound to provoke criticism from our opponents but I believe that the position of the ILO offers a sound defence.

I am coping this to the Chancellor of the Exchequer, the Chief Secretary and the Secretaries of State for Northern Ireland, Scotland and Wales. I am also sending a copy to Mr Hibbert, Head of the Government Statistical Service, who will wish to consider the implications of the change for other statistical series (eg productivity and the income measure of GDP).

N F

15 January 1988

CONFIDENTIAL



Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 273...5803.....

Switchboard 01-213 3000 GTN Code 213

Facsimile 01-213 5465 Telex 915564

Paul Gray
10 Downing Street
London
SW1A 2AA

19/1

CH/EXCHEQUER	
REC.	19 JAN 1988
ACTION	CST
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18 January 1988

Dear Paul,

My Secretary of State minuted the Prime Minister on 15 January about a proposed change to the coverage of the employment statistics.

Page 1 included a table illustrating the current and proposed positions: this is more clearly stated in the attached version which you may like to substitute for the original.

I am copying this letter, with attachment, to the Private Secretaries of the Ministers who received copies of the original and to Mr Hibbert at the Central Statistical Office.

Yours,

Angela.

ANGELA WILKINS
PRIVATE SECRETARY

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PRIME MINISTER

Employment Strategy

At our meeting on 11 November, the Chancellor of the Exchequer drew attention to the way a change from the present Community Programme to a benefit plus scheme would reduce the figures for employment. Coincidentally, at that time my statisticians were considering the treatment of scheme participants in our employment statistics, following international discussions in Geneva under the auspices of the ILO. As a result, they have recommended that the definition of those in employment be extended to include participants in schemes, provided those schemes contain an element of work experience. This treatment will be fully in line with the ILO's recommended practice and I have therefore accepted the recommendation.

Because this will widen the coverage of those in employment, it will be necessary to alter the terminology used in presenting the statistics in order to avoid confusion. The following table illustrates current and proposed practice:-

<u>Current</u>	<u>Proposed</u>
<hr/> Employees in employment + Self-employed + HM Forces	<hr/> Employees in employment + Self-employed + HM Forces + Work related Government training programmes
<hr/> = Employed Labour Force + Unemployment	<hr/> = Workforce in employment + Unemployment
<hr/> = Working population	<hr/> = Workforce



CABINET OFFICE
Central Statistical Office

With the compliments of
J. Hibbert

Great George Street, London SW1P 3AQ
Telephone 01-270 6155

A01732

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CH/EXCHEQUER	
REC.	18 JAN 1988
ACTION	CST
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PRIME MINISTER

**STATISTICAL TREATMENT OF PARTICIPANTS IN
WORK RELATED TRAINING SCHEMES**

I have seen a copy of the Secretary of State for Employment's minute to you dated 15 January about the proposed treatment in his Department's statistics of trainees in work related training schemes.

The proposal raises questions in a number of important areas, in addition to the simple employment total. We need to consider what effect the proposal would have on the measurement of output, domestic factor costs and productivity. This will now be explored as a matter of urgency in consultation with the Treasury.

One immediate concern which I have about the Department of Employment proposal is that its main justification rests heavily upon the ILO's recently formulated guidelines on the treatment of those in job related training. Other international guidelines appear to conflict with this, the European Communities system of national accounts, for example, referring to a contract of employment as the criterion for determining borderline cases of those deemed to be in receipt of a wage or salary. We need to be satisfied that the case for treating participants in UK job related training schemes as being in employment, irrespective of whether they have a contract of employment, is watertight.

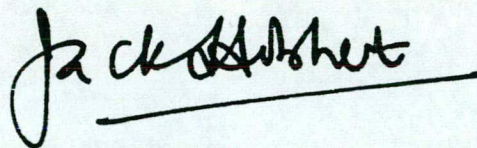
The Department of Employment's intention to introduce the proposed change next month leaves us very little time to consider the wider implications of the proposal as fully as I would wish.

A01732

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It is unfortunate that the CSO and Treasury were not involved sooner in considering all implications of the proposal. Be that as it may, we shall now look at these immediately and try to reach a considered view quickly.

I am copying this minute to the Secretary of State for Employment, the Chancellor of the Exchequer and other Ministers referred to in the final paragraph of the minute from the Secretary of State for Employment.

A handwritten signature in black ink, reading "Jack Hibbert", written in a cursive style. The signature is underlined with a single horizontal line.

J HIBBERT

18 January 1988

CONFIDENTIAL



10 DOWNING STREET
LONDON SW1A 2AA

CH/EXCHEQUER	
REC.	18 JAN 1988
ACTION	CST
COPIES TO	

18 January 1988

From the Private Secretary

Dear Jack,

EMPLOYMENT STRATEGY

I see that you have been sent a copy of the Secretary of State for Employment's minute to the Prime Minister of 15 January concerning the proposed change of treatment of the employment statistics. Before I put this paper to the Prime Minister, it would be helpful if you could let me have any comments you have. I should be grateful for a response by Thursday 21 January please.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, Chief Secretary and the Secretaries of State for Scotland, Northern Ireland and Wales, with the same request.

*Yours sincerely,
Paul Gray*

PAUL GRAY

J. Hibbert, Esq.,
Central Statistical Office.

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CONFIDENTIAL



FROM: MOIRA WALLACE
 DATE: 20 January 1988

mpw

MR MONCK

cc *PS / Chief Secretary*
 Sir P Middleton*
 Sir T Burns*
 Mr Anson
 Mr Kemp
 Mr Burgner
 Mr Odling-Smee*
 Mr Sedgwick*
 Mr Spackman*
 Mr R I G Allen*
 Mr Hibberd*
 Mr MacAuslan
 Mr Pickford*
 Mr Corry*
 Mr Dodds*

(* with Mr Gray's letter of 18 Jan,
 Mr Hibbert's minute of 18 Jan,
 Ms Wilkins' letter of 18 Jan)

**STATISTICAL TREATMENT OF PARTICIPANTS IN WORK RELATED TRAINING
 SCHEMES**

The Chancellor has seen Mr Fowler's minute to the Prime Minister of 15 January. He has noted Mr Fowler's comment that the proposed treatment would be fully in line with the ILO's recommended practice, and he has asked whether other countries actually follow these recommendations. The Chancellor has also commented that we will want to see what the figures (and back-figures) look like on the proposed new basis as soon as possible.

... 2. I attach further papers on this subject, for those who have not seen them. I should be grateful if you could coordinate advice on this subject, which should be routed directly to this office, as the Chancellor has indicated that he would like to deal with this himself.

mpw.

MOIRA WALLACE

CONFIDENTIAL

FROM: N MONCK

DATE: 28 January 1988

CHANCELLOR OF THE EXCHEQUER

cc Chief Secretary
 Sir P Middleton
 Sir T Burns
 Mr Anson
 Mr Kemp
 Mr Burgner
 Mr Odling-Smee
 Mr Sedgwick
 Mr Spackman
 Mr R I G Allen
 Mr Hibberd
 Mr MacAuslan
 Mr Pickford
 Mr Corry
 Mr Dodds

Ch/ General consensus seems to
 be that Mr Fowler's minute
 to PM is acceptable. (I
 would have liked to see
 his not sure if it is her).
 But we should continue at
 official level. mpr 28/1

STATISTICAL TREATMENT OF PARTICIPANTS IN WORK-RELATED TRAINING SCHEMES

Miss Wallace's note of 20 January asked me to co-ordinate advice on this subject. After talking to Sir Terence Burns, I held a meeting on Tuesday with DE and CSO and others concerned here. My main aim was to ensure that all the issues were properly considered before any change is made, so that they can be reported on to Ministers and the change can then be effectively presented. This note, for information only, describes the outcome.

2. At the Prime Minister's meeting on 11 November you drew attention to the fact that DE's new programmes for the unemployed would reduce the figures for employees in employment over the winter of 1988-89, without taking account of them elsewhere in employment statistics. Measured employees and total employment would thus be seen to fall. Mr Fowler's minute to the Prime Minister of 15 January proposed a classification change to mitigate this problem. There would be a new aggregate, the workforce in employment, which would separately identify and include participants on Government training schemes, along with employees and self-employed. Employees in employment would still be published (and be seen to fall) - so the problem would not go away altogether. But those movements would be more than offset within aggregate measured employment by the new category.

3. The proposal seems to have merits. We would therefore expect, subject to further work, to recommend that it should go ahead.

4. But it had not been discussed with CSO or Treasury. The proposal means treating participants on work-related training schemes as being in employment. There are a number of issues here (as you noted): the intrinsic validity of the classification proposed; what other countries do; what the new series will look like for the past and for the future; and the effects on national accounts treatment of output, productivity etc. None of these issues is straightforward. We agreed at my meeting that CSO would explore them with DE and Treasury. A fuller paper would be put to Ministers as soon as possible covering the whole picture.

5. We agreed that it does not look sensible to aim to make the change in February as Mr Fowler proposed, though DE officials will naturally want to consult him about that. The date for the change might be April but July is more likely.

6. To sum up, I think we have got agreement on the important points. The only uncertainty is whether it will be Mr Fowler or Mr Hibbert who minutes No 10. But there should be a minute from one of them tomorrow or on Monday, suggesting the April or July dates in place of February.



N MONCK

B PWP



CH/EXCHEQUER	
REC.	29 JAN 1988 ✓ 29/1
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PRIME MINISTER

EMPLOYMENT STRATEGY

I wrote to you on 15 January about a proposal to change the way in which participants on work related training schemes are treated in our employment statistics. I envisaged introducing the change in February.

I copied my minute to the Head of the Government Statistical Service, because the proposal had implications for statistical series outside the employment field. He has since discussed it with officials of my Department and the Treasury, and it has become clear that February is too soon to work out all the implications of my proposal for other statistical series potentially affected.

It would clearly be better to announce a complete package rather than act piecemeal; and I have therefore decided to wait accordingly. The preferred aim might be to announce in mid-April, when I shall be publishing the next set of quarterly employment estimates.

I am copying this minute to colleagues as before and to Mr Hibbert who would oversee the necessary work.

N F

28 January 1988

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10 DOWNING STREET
LONDON SW1A 2AA

CHIEF SECRETARY	
REC.	= 1 FEB 1988
ACTION	Mr McGowan
COPIES TO	CX, Mr Assau
	Mr Kerr, Sir P. Moore
	Sir T. Bell, Mr Burgess
	Miss Pearson, Mr Pickford, Mr R. Adams
	29 January 1988
	Mr Cooper, Mr T. H. E., Mr Call

*Ch/Whole
correspondence
Sat on by Mr Gray.
Work proceeding
at official level.
From the Private Secretary*

*Comments from
Mr March behind - & Mr.
mpw 1/2*

EMPLOYMENT STRATEGY

As you know, I have not shown your Secretary of State's note of 15 January to the Prime Minister pending receipt of comments from other interested Departments. I have now seen your Secretary of State's further note of 28 January which indicates that further inter-Departmental work is now under way. I do not, therefore, propose to trouble the Prime Minister with the issue at this stage but will put the papers to her when a revised proposal is available.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Chief Secretary and the Secretaries of State for Northern Ireland, Scotland and Wales. A copy also goes to Mr. Jack Hibbert, Head of the Government Statistical Service.

PAUL GRAY

Nicholas Wilson, Esq.,
Department of Employment.

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mpw

FROM: MISS M P WALLACE

DATE: 2 February 1988

MR MONCK

cc PS/Chief Secretary
Sir P Middleton
Sir T Burns
Mr Anson
Mr Kemp
Mr Burgner
Mr Odling-Smee
Mr Sedgwick
Mr Spackman
Mr R I G Allen
Mr Hibberd
Mr MacAuslan
Mr Pickford
Mr Corry
Mr Dodds

**STATISTICAL TREATMENT OF PARTICIPANTS IN WORK-RELATED
TRAINING SCHEMES**

The Chancellor was most grateful for your minute of 28 January. He is glad that there will be an opportunity for the further inter-departmental work which you consider necessary before the issue is put to the Prime Minister.

mpw

MOIRA WALLACE

CONFIDENTIAL

FROM: J MACAUSLAN

DATE: 3 FEBRUARY 1988

CHANCELLOR

- cc Chief Secretary
- Financial Secretary
- Paymaster General
- Economic Secretary
- Sir P Middleton
- Sir T Burns
- Mr Anson
- Mr Kemp
- Mr Monck
- Mr Burgner
- Mr Odling-Smee
- Ms Peirson
- Mr Sedgwick
- Mr Spackman
- Mr R I G Allen
- Mr Burr
- Mr Hibberd
- Mr Instone
- Mr Pickford
- Mr Waller
- Mr Corry
- Mr Dodds
- Mr Finnegan
- Mr Kalen
- Mr Cropper
- Mr Tyrie

Ch
 I have indicated a drastic shortening to be draft letter.

AA
 Much improved.

DE WHITE PAPER ON UNEMPLOYMENT

1. Mr Fowler's minute of 28 January to the Prime Minister covered a draft White Paper on unemployment and training. It had been agreed at the PM's meeting on 11 November that DE would publish, early in the New Year, a White Paper announcing the new measures agreed at that meeting. Mr Fowler proposes publication in the week beginning 15 February.
2. This submission recommends that you write to welcome the general tenor of the White Paper and the policies it contains, subject to some detailed amendments. Mr Fowler asks for comments by the close on Thursday, since he intends to finalise the text on Friday. I apologise for the short notice; although Mr Fowler says that a draft had been circulated at official level, it did not arrive until 29 January.
3. You may want to read Chapter 1, look at the charts in Chapter 2, read Chapter 3, 4.19-21, 6.21-29, skim Chapter 7 (which

Plugged
 ?!

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Mr Fowler is still redrafting) and read Chapter 8.

4. The White Paper sets the new measures in the context of an analysis of the labour market and of unemployment. It highlights the difficulties the long term unemployed have in getting jobs. It stresses that new job opportunities in the future are likely to require increasing levels of specific skills. It notes that the long term unemployed are disproportionately less well educated and tend to be council house tenants. It reports evidence that some become demotivated and others are not available for work. It sets all this in the context of the recent rapid decline in unemployment and the continuing high level of vacancies. It notes sharp local variations. This analysis leads to the conclusion that the long term unemployed need to be challenged, motivated, and given help with basic remedial and skill training if they are to compete successfully for the increasing numbers of jobs: "we need nothing less than a revolution in our thinking and action on jobs and on training."

5. EB, EA, and MP are broadly content with the analysis. But we think it overstated in places; and we have suggested a great many amendments at official level in order to moderate its tone and to:

(a) Set the analysis in the context of the Government's overall economic policies (amendments to 1.2, 1.10, 4.1)

(b) Stress the importance of pay moderation (1.4, 4.1)

(c) Stress the UK's good record on unemployment compared to the EC average (2.11)

(d) Play up rather than running down what the Government has already achieved (3.8, 4.21)

(e) Avoid appearing to set as targets for the Government unachievable objectives, or aims which properly fall to others (especially employers) (3.9, 3.11, 8.17, 8.20)

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(f) And in particular emphasise employer responsibility for most training (3.9, 5.35, 8.16, 8.18, 8.20)

(g) Tone down the material on housing tenure (2.17, 3.6)

(h) Be more tentative, and less alarmist, in describing labour market developments (1.6, 2.9, 4.7, 4.11, 4.17, 8.1, and 8.5).

6. The new measures announced in the White Paper are the stricter benefit regime and the new training programme for the long term unemployed. Both were agreed at the Prime Minister's meeting on 11 November; and the details have subsequently been agreed with the Treasury. But we have suggested amendments to the White Paper to:

(a) Say that they will be implemented within existing resources (1.10)

(b) Redraft a sentence which looked as if it implied continuing PES transfers from DHSS to DE (1.5)

(c) Ensure there is no implied extension of the Manifesto guarantees for unemployed people (2.22, 3.12, 5.9)

(d) Ensure that statements about YTS are in line with previous statements of policy (8.16)

(e) Tone down the announcement of a major review of training for those in employment: a review would not necessarily be a bad thing, but we need to be clearer about what we are letting ourselves in for before we announce it in public (8.18)

(f) tone down the references in 6.27 to publicity on in-work benefits.

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7. I attach the amendments we have given DE at official level (top copy only). These lists (there are 2 of them, I'm afraid) are attached for your information and reference only, and you need only look at them if any particular paragraphs interest you - no need otherwise to plough through them! DE have agree virtually all of these amendments.

8. The timing suggested for publication of the White Paper is before the Inner Cities White Paper in early March, and before the MSC Commission meet to authorise the new training programme for the long term unemployed on 25 February. It is well before the Budget. I am aware of no difficulties in this timing.

9. I recommend that you write to make in general terms the points noted above, and to refer to (without attaching) the amendments we have suggested at official level. I attach a draft.

10. This submission has been agreed with EB, EA, MP, EI, HE and ST.



J MACAUSLAN

CONFIDENTIAL

DRAFT LETTER TO SECRETARY OF STATE FOR EMPLOYMENT

WHITE PAPER ON UNEMPLOYMENT AND TRAINING

Thank you for sending me a copy of your minute of 28 January to the Prime Minister. [I welcome the new measures announced in the draft White Paper, which I hope will usefully develop the debate on the nature of long term unemployment and how the Government can best respond to the problem.]

2. This White Paper will no doubt attract a lot of comment. I think it important therefore that it is balanced and free of overstatement; that its proposals are set firmly in the context of the continuation of the Government's overall economic and other policies including the continued importance of pay moderation; and that it gives due credit for the achievements of the past few years. These comments affect for instance 1.2, 1.3, 1.4, 1.10, 3.8, 3.9, 3.11, 4.1, 4.8-12, 4.16-21, 8.2 and 8.5-6.

3. Similarly, a more tentative picture of possible labour market changes might seem less alarmist - and might better reflect the difficulties of forecasting. This would suggest changes to 1.6, 4.1, 4.7-12, 4.16-21, 8.1-2, and 8.5-6.

4. I welcome the clarity with which the White Paper stresses in paragraph 8.18 that employers are responsible

2. I am generally content with the ^{draft} text you circulated, subject to a number of drafting points which my officials have put to you.

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for the training of those in employment. I think it would be helpful to distinguish the responsibilities of Government and employers throughout the White Paper; this affects 3.9, 3.11, 4.21, 5.35, 8.16-18, and 8.20.]

Revises a few points I would wish to stress here.

5. [As for the passages on your new measures,] I understand your reasons for wanting to say in 5.8 that you have accepted the Commission's recommendations "in full". But I could only agree to such a statement on the basis that ^{you accept} [it is understood between us] that it does not override the agreements about the programme reached between you and John Major (your letter to him of 13 January and his reply of 19 January). It is ^{also} [of course] important to make it clear ^(for example in paragraph 1.10) that the measures will be contained within ^{your} existing provision, with no increase in public expenditure. ~~(this could go in 1.10)~~. Finally, on ^{paragraph} 8.18, I ^{do not believe} [am sure] that [it would not be sensible for us to] ^{we should} announce [such] a review of training for those in employment before we have agreed on its nature and aims.

6. [I believe that amendments reflecting these and other points have been offered to your officials by mine and I gather that agreement has been reached on most. Subject to agreement on the remaining issues, I agree to publication of your White Paper, and see no objection to a publication date in the week beginning 15 February.]

7. I am copying this letter to the Prime Minister, to other members of the Cabinet and to Sir Robin Butler.

SUGGESTED AMENDMENTS TO DE WHITE PAPER ON UNEMPLOYMENT AND TRAINING

1.2 "Work force in employment": concept may not exist by February. For "largest" read "longest". Third sentence: read

"Maintain~~y~~ the falling trend of unemployment depends above all on the continuation of the improvements of recent years in the performance of the economy, to which the Government's economic and financial policies have contributed."

1.3 Delete "jobs growth and" in line 2. For "has been slow" read "took some time".

1.4 It would be helpful to stress a fourth point: that more moderation in pay settlements would mean more jobs.

1.5 Line 3, delete: "and how we can use their prospects of work" (the resources paid out in benefit remain as income support and do not go towards training).

1.6 Line 2, insert: "and continuing" before "trends". Delete last sentence: such predictions are difficult and dangerous!

1.7-9 These paragraphs could be set in context. We could rewrite 1.10 as follows (deleting the first sentence):

"These steps must be seen in the context of the Government's overall policies. By maintaining sound finance and a stable economic framework the Government will continue to ensure the conditions for steady growth with low inflation; it will also continue its effort to improve the efficiency of the economy and to stimulate enterprise. This White Paper sets out how the resources available to the Department of Employment Group will be used to complement those overall policies and to help unemployed people get jobs. Better training for the unemployed is at the centre of these efforts".

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2.2 Line 4, delete "a massive" (compare 4.6).

2.3 Figure 2, delete caption: no other figures has one such and this caption gives a distorted picture.

2.5 Line 2, DE will have to be careful about the regional employment aspect: there are not many periods across which "throughout the country" in line 2 is right.

2.6 The effect of the switch of effort into Restart on the stock of vacancies has been acknowledged in the past; perhaps it should be here too.

2.8 These figures could arouse fears of overheating. See also the point made on 2.6 above.

2.11 Perhaps we should qualify "at a high level" as true compared to the 1950s and 1960s but not to current EC average. The paragraph could be recast to avoid asking difficult questions which may or may not have been satisfactorily answered.

2.13 Last sentence, insert "some of" before "the long term unemployed".

2.14 Re-examine the balance of this paragraph in the light of the Government's view of the recent economic work. Should the paragraph show more awareness of the work on unemployment and long term unemployment and pay; or of evidence on employer prejudice against the long term unemployed?

2.15 Line 4, this is the same thin ice as in 2.5, but this paragraph seems nearer the truth.

2.17 Delete second sentence: we probably should not look surprised at *this*. It may be better to play down or even omit the material on housing tenure. It is not essential to the argument, and draws attention to the financial difficulties owner occupiers would face in long term unemployment.

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2.18 Line 3, for "contradictions" put "paradoxes". Since SE is easily the biggest region, the second leg of the third sentence is not surprising and should be deleted.

2.19 Line 6, insert "skill" before "requirements" (I believe there is evidence of substantial occupational change).

2.22 Line 3, delete "them": there is no guarantee of an offer of training for all unemployed people.

2.23 I think the penultimate sentence might be better if it finished at "... looking for work". A possible redraft, which would be rather less grudging about the 880,000 would be:

[not accepted by BE] "Of course, many people who do not claim benefit - 880,000 in Spring 1987 - are also looking for work and so it would not be correct to argue that the total number of people who are out of work but available is less than total claimants to the full extent of the 950,000 in the three groups listed above."

3.6 Delete last sentence; this must beg a lot of questions about other characteristics of council tenants and of the LTU, and about causal links. (We have anyway suggested playing down tenure, so the whole paragraph might go).
→ not accepted by BE

3.7 Figure 8, delete in the heading "key": the word comes up too much in this White Paper and many people might deny that these were their key characteristics.

3.8 Start with a sentence or two on the Government's current efforts for the long term unemployed; then replace existing paragraph with:

"The Government now intends to build on its efforts to help long term unemployed people compete successfully for the jobs which the economy is generating. Two key challenges must be met".

3.9 Replace last sentence with:

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"Training for specific skill needs' is primarily the responsibility of employers. But without initial training, the chances of long term unemployed people getting these new jobs are slim, and the Government has a part to play here."

3.10 Should we acknowledge employer prejudice?

3.11 Delete first sentence; it is not the Government's strategic objective, and we could not achieve it anyway.

3.12 First indent, second line should read "unemployed for between 6 and 12 months".

4.1 Redraft second sentence:

"Clearly the prospects for continued strong reductions in unemployment depend on the continuation of the improvements in the performance of the economy that we have seen in recent years. This in turn requires the maintenance of the Government's sound economic and financial policies. An important aspect of better performance, especially in the context of reductions in unemployment, is the need for a more flexible and rapid adjustment to change in the labour market. Nothing is more certain than that there will be rapid change. Greater moderation in pay settlements is one essential aspect of that flexibility and adjustment."

4.4 &

4.8 Are these paragraphs not inconsistent with our line on the links between labour supply, pay, and jobs?

4.6 Line 3, delete "a mere" (compare 2.2!).

4.7 Does our past forecasting record justifies the word "firm" in line 3?

4.8-

10 There is scope here for a short plug for the Government's

CONFIDENTIAL

Education reforms.

4.10 Third last line, for "the key" read "a key".

4.11 Should we not start by saying that we don't know where the jobs will come from in the future and then go onto introduce this section by saying that we base it on the assumption that present trends will continue? The section looks inconsistent with 8.1 on two counts: it (rightly) implies the possibility of an increase in manufacturing employment, which 8.1 does not allow for; and in 4.17 it suggests a decline in demand for semi-skilled workers. The basic problem is that it is trying to be much too definite.

4.12 Highlighting leisure and tourism seems dis-proportionate, (as does the word "key" at the beginning of the penultimate sentence of 4.11 in the same context).

4.16 Last sentence, should we delete "at a time of such rapid and profound change"?

4.17 Redraft first sentence as only "This points to a key challenge that Britain now faces". In the second sentence delete "unremitting". The rest of this paragraph is much too definite; and see under 4.11 above for semi-skilled workers. It is also a bit too starkly pessimistic about low skill jobs (see comment under 8.5). There will be jobs with a low skill content. We could mention here the benefits of basic remedial training for the unskilled to help them fit such jobs.

4.18 Line 5, delete "the key decisions are ours" (whose?).

4.19 Line 4, read: "Britain needs a culture of training through life ...".

4.21 First sentence, it must be a mistake to run down the past 8 years so thoroughly. A similar thought applies to the last sentence, which invites the response "in that case, why have you waited so long?". Delete first and last sentences. Second

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sentence read:

"If the unemployed are to get back into work in this future jobs market, training for them must emphasise flexibility and adaptability," (some of the responsibility rests with employers; and I think "employment and training strategy" is counter-cultural).

[not accepted by PE] 5.8 Line 4, read "which we have accepted as set out below" (I do not think that the recommendations are accepted in full).

5.9 We should substitute the formulation:

"5.9 The major objectives of the new programme will be:

- to give long term unemployed people the skills they need to get and keep jobs;

-to make it possible to meet the Government's guarantee of an opportunity to those aged 18-24 unemployed 6-12 months, and its aim of making available opportunities to all those aged 18-50 unemployed for more than 2 years;

In addition, the new programme will aim

[third, fourth and fifth indents as now]

It will thus represent a major investment in the motivation, adaptability and skills of the long term unemployed."

5.10 Third last line: insert "in some cases" before "also be eligible".

5.35 Redraft last sentence to read:

"This Programme can at one and the same time transform the prospects of many hundreds of thousands of people, and represent a major investment in the adaptability and skills of the long term unemployed - a base on which employers and individuals can build in order to secure

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life long training for all."

6.5 Line 3-7 should read:

"... placing the long term unemployed into jobs, through the planned development of the Restart programme, the further enhancement of the Claimant Adviser Service and the continuing extension of Jobclubs, through EAS and other programmes for the unemployed, and through placing the long term unemployed in".

6.7 The last sentence might be improved if it read:

"Many people have been able to return to employment as a result of joining Jobclubs and taking advantage of other help available to them through Restart, and this is reflected in the rapid decline in long-term unemployment over the last 18 months.

6.14 Line 2: "has changed the position".

6.29 Figure 11: three typing errors; and I wondered if this was clear enough: it is not obvious how the conclusions are derived.

7.9 Line 2, delete "in".

8.1 The five "key features" looks much too definite. Should "and the service" in the second indent read "and private services"?

8.3 First sentence: some people will say "What have we been telling you all this time?". The paragraph should begin: "The figures for the numbers of people who have been out of work for some time represent many different individuals,".

8.5 I think this overstates the case. Even if the net increase in new jobs is more than accounted for by higher level jobs, there are still a lot of openings arising all the time in lower level jobs. Perhaps the paragraph should read:

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"Many jobs becoming available are unlikely to be the kinds of jobs unemployed people have experienced. Skills and knowledge requirements are changing and increasing".

(ie, deleting the last sentence).

8.7 & side heading:

Ambiguity about the meaning of "our". I think both the first word and the side heading should read "The Government's".

8.13 Personally, I would delete the last sentence.

8.16 & side heading:

A bit too grand: perhaps it should read more simply "the future". Line 3, for "our" read "Britain's". Fourth sentence:

"As youth unemployment falls, the objective must be to establish such training firmly as a normal start to working life for all young people - an investment to which employers demonstrate full commitment in terms of effort and finance".

8.17 Line 6, ".. and growth of this country that investment in training and re-training for those in employment be increased."

8.18 End of first sentence: "... will now keep the issue of training for those in employment under close review." Third and fourth sentences: redraft as:

"In this area, what is crucial is whole-hearted employer commitment to making that investment. But individuals must also take much greater responsibility for their own development".

End of the penultimate sentence: "... enter the 1990s: it is by no means ...".

8.20 Redraft from second sentence:

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"If Britain invests in people and their skills, and does so through life, we can be confident of seeing greater and greater returns - to the country, to the economy and to individuals themselves. This White Paper is another major stage in the development of the Government's policies in this field. But training for all must become a reality for all, not just for some. The Government will continue to work to that end; others - employers, individuals, unions - must also play their parts."

FURTHER TREASURY AMENDMENTS TO DE WHITE PAPER ON UNEMPLOYMENT AND TRAINING

1.1 Line two: "to a total of 2,614,000 in December 1987 ...", for "employed population" read "working population".

1.9 Last sentence, is the reference to "programmes which provide temporary work as an alternative to unemployment" too disparaging?

2.1 Second sentence: this reads as if it refers to numbers unemployed. But it is the unemployment rate that is falling faster than in other countries. Last sentence: add "in December 1987".

→
2.8 Line one: "In January 1988".

2.5 Last sentence, "biggest reductions since records began".

2.8 The last sentence is too categoric.

2.9 This is not completely consistent with the latest CBI Survey which shows virtually no increase in the number of firms reporting labour shortages as a constraint on output. Redraft as:

"There are always reports of some skilled labour shortages. This was true even when the recession was at its trough. Reports of shortages have increased in some sectors recently, for instance professional engineers, particularly in the electronics field, and even at some craft and trade levels, for instance for skilled machinists, welders and fitters. But such reported shortages, which may arise for a number of different reasons, and be more or less persistent,

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are still at levels well below those of the early 1970s."

2.12 Is the validity of this analysis undermined because, as the footnote to the table reveals, the figures do not relate to the experience of a single group of individuals?

2.23 Is the LFS definition of "available" the same as in the current availability test? Would it be prudent to explain the conclusions from the LFS somewhat more cautiously (for instance explaining that it asked a question about activities in a particular week)?

3.1 Sentence three: "we have seen since records began".

3.3 Line one: "... to believe that all of the long term unemployed".

3.5 You may want to check the logic of this paragraph carefully. Does the data presented lead to the conclusion in the last sentence?

3.7 You could delete this entire paragraph.

Figure 8

As we have suggested, you could drop the point about housing tenure, and retitle the figure "Éducational characteristics of the long term unemployed".

3.9 First sentence: "a fundamental need ...". Second sentence: "in nearly all advanced industrial economies, there has recently been a decrease in the number of jobs in manufacturing".

3.11 Third sentence, apparently the rate of job creation is not unprecedented; perhaps we should write: "our economy has created 1½ million jobs over the last 4½ years".

4.1 Line one, delete "radical".

4.8 Delete whole paragraph.

(not accepted by HE)

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4.19 Last sentence: "education and training providers will need to offer opportunities for a broad range of clients of all ages, levels of technical competence, and backgrounds". First sentence, "There are important implications for employers, for all at work or seeking work and for education and training providers".

4.17 In line with our previous comments, we should not be implying so starkly that there are no low skill jobs.

Chapter 5

Should we say more clearly somewhere in this paragraph how it is that the new programme will overcome the problems of the new job training scheme?

6.1 First sentence: "represents a major improvement in the training opportunities" (I am not sure that we could justify talking of a massive improvement in scale).

6.21 Last sentence, third line from bottom: "... such as Family Income Supplement; from this April the reformed social security system will also help to ensure that people will generally be better off in work than when unemployed".

6.27 Line one: "first, we will be doing more to explain the facts ...". Second sentence: "there will be advertising targeted specifically ...".

8.1 Line one, delete "all".

8.2 Line one: delete "profound".

8.4 Delete last sentence.

8.6 Last sentence: "That, together with the fall in the numbers of young school leavers is bound to turn employers' attention increasingly towards the training and retraining of older people".

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8.6 Fourth sentence: "... throughout the country that Britain needs to invest more in the skills and competences of its people...".

8.18 Line three: "to open up opportunities for adults".

cc: Chief Secretary
 Financial Secretary
 Paymaster General
 Economic Secretary
 Sir P Middleton
 Sir T Burns
 Mr Anson
 Mr Kemp
 Mr Monck
 Mr Burgner



Treasury Chambers, Parliament Street, SW1P 3AG
 01-270 3000

4 February 1988

The Rt Hon Norman Fowler MP
 Secretary of State for Employment
 Department of Employment
 Caxton House
 Tothill Street
 LONDON
 SW1H 9NA

Mr Odling-Smee
 Ms Peirson
 Mr Sedgwick
 Mr Spackman
 Mr R I G Allen
 Mr Burr
 Mr MacAuslan
 Mr Hibberd
 Mr Instone
 Mr Pickford
 Mr Waller
 Mr Corry
 Mr Dodds
 Mr Finnegan
 Mr Kalen
 Mr Cropper
 Mr Tyrie

Norman Fowler

WHITE PAPER ON UNEMPLOYMENT AND TRAINING

Thank you for sending me a copy of your minute of 28 January to the Prime Minister.

I am generally content with the draft text you circulated, subject to a number of drafting points which my officials have put to yours.

There are a few points I would like to stress here. I understand your reasons for wanting to say in paragraph 5.8 that you have accepted the Commission's recommendations "in full". But I could only agree to such a statement on the basis that you accept that it does not override the agreements about the programme reached between you and John Major (your letter to him of 13 January and his reply of 19 January). It is also important to make it clear (for example in paragraph 1.10) that the measures will be contained within your existing provision, with no increase in public expenditure. Finally, on paragraph 8.18, I do not believe that we should announce a review of training for those in employment before we have agreed on its nature and aims.

I am copying this letter to the Prime Minister, to other members of the Cabinet and to Sir Robin Butler.

Nigel Lawson

NIGEL LAWSON

PWP

C O N F I



Northern Ireland Office
Stormont Castle
Belfast BT4 3ST

Rt Hon N Fowler MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

CH/EXCHEQUER	
REC.	09 FEB 1988 ✓ 9/2
ACTION	CST
COPIES TO	

8. February 1988

D. N.
EMPLOYMENT STATISTICS

Thank you for copying to me your minutes of 15 and 28 January to the Prime Minister. In these you advised first of your proposed changes to employment statistics and subsequently of your intention to delay the changes.

I believe that it would be desirable to introduce comparable changes in Northern Ireland concurrent with changes in Great Britain statistics. Any failure to introduce the change in Northern Ireland could be publicly - but wrongly - interpreted as a sign of some difference of principle between us.

However, you will appreciate that these changes have different implications for employment statistics in Northern Ireland. Your decision to delay the change is helpful in that it gives me an opportunity to take a considered view of the advantages and disadvantages for the change. My officials will be in touch with yours about the implications.

I am copying this letter to the recipients of yours.

2 →
law

C O N F I D E N T I A L

JW 8585

WMP BF 12/12

WMP



CH/EXCHEQUER	
REC.	09 FEB 1988 <i>1/2</i>
ACTION	MR MACAUSLAN
COPIES TO	CST MAANSON MR MONCK MR BIRGNER MISS PEARSON MR GILMORE MR TURNBULL MR MCINTYRE MR SAUNDERS MR CALL

PRIME MINISTER

*He must survive
STEP - Special
Training for Employment
Programme.*

WHITE PAPER: TRAINING FOR EMPLOYMENT

I sent you a copy of my draft White paper on 28 January. I am grateful for the comments and suggestions I have received in response to my minute.

I propose to publish the White Paper at the beginning of next week and, with the agreement of the Lord President, to make a statement on the same day. I plan to hold a press conference later that day.

I have been considering what name to give to the new training programme for unemployed adults, the details of which will be set out in the White Paper. I have commissioned professional research to test possible new names with both unemployed people and employers. What has come through very strongly is that names like "Employment Training Programme" sound too like previous programmes and evoke a negative response.

The researchers tested a number of possible brand names, each in conjunction with possible short descriptions of the new programme. Two of these brand names - "Steps" and "Venture" - came out very well as denoting something which was new and different and at the same time appropriate to the general approach of the new programme. My own view is that "Venture" is a word which has strong associations with self-employment and starting a business and should be used in that context.

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I have therefore decided that the new programme should be called "Steps: The Training for Employment Programme". This will make it clear that the programme constitutes a new approach.

As the new programme will not start until September, I shall not be marketing the new name until the summer. I do not want to divert people from entering existing programmes, including the Community Programme and the new Job Training Scheme. I shall not use the full version of the new name in the White Paper but I would propose to announce it at my press conference next week.

I shall of course arrange for copies of the White Paper to be circulated in the normal way. I am sending copies of this minute to the other members of the Cabinet and to Sir Robin Butler.

A handwritten signature in black ink, consisting of a large, stylized initial 'N' followed by a smaller 'F' and a long horizontal stroke extending to the right.

N F

9 February 1988

CONFIDENTIAL

dti

the department for Enterprise

myp-

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

Rt Hon Norman Lamont MP
Financial Secretary to the Treasury
Treasury Chambers
Parliament Street
LONDON SW1P 3AQ

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 5422
Our ref DC1ADT
Your ref
Date 9 February 1988

ANGELA RHODES I.C.
PPS, Mr. Culpin.
Mr. MACAULAN.
Mr. Creppel
Mr. Tydie P.S./I.C.

Norman

I enclose a letter I have received from Paddy Ashdown MP, enclosing one from his constituent, Mr Taylor; together with the reply I have sent to Mr Ashdown.

You will see that I have told Mr Ashdown that the handling of Mr Taylor's case by the Tax Offices locally and elsewhere in the country is a matter for the Inland Revenue, on which it is proper for the reply to come from you. I would be grateful if you would send me a copy of your reply.

My concern is with the wider implications. This can provide a striking illustration of the kind of circumstances in which the distinction between being employed and being self-employed can be extremely difficult to draw. This appears to be so not only for Mr Taylor and his colleagues but for the local Tax Office, over a period of time, and for different Tax Offices faced with essentially the same facts.

John Taylor



the department for Enterprise

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

Paddy Ashdown MP
House of Commons
LONDON SW1A 0AA

**Department of
Trade and Industry**

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Our ref 215 5422

Your ref DC1ADR

Date

9 February 1988

Thank you for your letter of 25 January 1988, enclosing one from your constituent Mr W J D Taylor, about difficulties he is experiencing over questions of tax status.

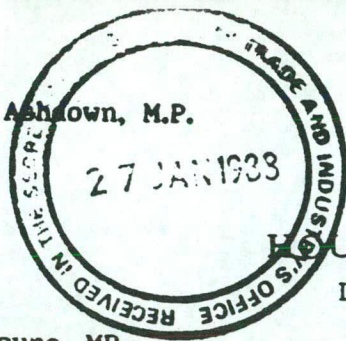
The arrangements which Mr Taylor summarises are complex and involve a variety of issues, some of which are difficult to evaluate without the full facts.

The way in which the Tax Office has handled the case, the rulings they have given, and how these square with rulings on similar activities elsewhere in the country, are matters for the Inland Revenue. I am therefore copying this letter, with yours, to Norman Lamont for reply.

For my part, I am concerned to read that Mr Taylor feels that the existing tax rules on employment status, or the way they are applied, can have damaging effects on business interests and activities and can act as a disincentive to enterprise. I have asked my officials in the Enterprise and Deregulation Unit to explore this broader aspect with the Inland Revenue, to see what scope there might be for improvements.

the
Enterprise
initiative

Paddy Ashdown, M.P.



HOUSE OF COMMONS
LONDON SW1A 0AA

Lord Young, MP,
Secretary Of State
Dept of Trade and Industry
1 Victoria Street
LONDON
SW1H 0ET

Our ref :- CMB/Pending
Date :- 25 January 1988

Dear Lord Young,

I enclose a copy of a letter which I have received from Mr. Taylor who is a constituent.

As you will see I have been involved with Mr. Taylor's problems for some time. His estate was made famous because it was the location of the TV series "To the Manor Born".

Mr. Taylor is an exceptionally good businessman who is making a fair living and contributing to our prosperity. I am horrified to see how he has been further harrassed by the tax office. This seems to me to stand totally at variance with the Government's view about the encouragement of business and enterprise. You will, in particular, note that Mr. Taylor believes as I do (and as I thought the Government did) in creating conditions for a responsible workforce who can help share in the profits which they create.

I would be grateful for your comments on this and in particular to know why it is that the Tax Office is now working in a way which

- A. Is going to undermine the financial viability of Mr. Taylor's firm, and
- B. Seems to run counter to overall Government policy.

I will be meeting Mr. Taylor shortly. In the light of discussions with him I may well ask to meet with you or officials in your Department on this matter. I look forward to receiving your reply.

Yours sincerely,

Paddy Ashdown, M.P.

Enc.

CRICKET ST. THOMAS ESTATE

FARM OFFICE: }
PARK OFFICE: } WINSHAM (046030) 758
DAIRY OFFICE: }

VAT REGISTRATION NO. 185 5710 44

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CRICKET ST. THOMAS,

CHARD,

SOMERSET, TA20 4DB.

Our Ref: CT/81A

20th January 1988

Paddy Ashdown, MP,
House of Commons,
London, SW1A 0AA.

Dear Mr. Ashdown,

Further to our previous letters regarding our problems with the Tax man, these are now getting quite serious and in fact could well jeopardise our business here at Cricket St. Thomas.

If I can just give you a resumé of the situation to date you will see our reason for concern.

1. Herdsman

Our four Herdsman have always been remunerated for their work by being paid ten per cent of the Milk cheque that we receive. We make available the Herd of Cows and the facilities to do the job and from that point on they are responsible. This situation has gone on for the last twenty-two years and three or four years ago when the Tax man challenged that we fought it and won and he backed down.

2. Milk Roundsmen

When we started the Milk Round Business in 1980 we agreed to pay the men to deliver the milk fifteen per cent of the money they brought into the Office. They were all to be self-employed and if they required days off or holidays then they would either find someone to do this for them or they would use a person out of our pool of labour and a percentage would be deducted from their income.

This meant that the men had a direct interest in the business and in fact also had an interest in growing the business as they received commission on customers gained and likewise lost money for any customers lost. The incentives being very direct meant that the system worked well and we had very few labour problems. We basically supplied a Milk Van, the Milk and a list of Customers and the rest was up to the man involved.

Paddy Ashdown, MP.

20th January 1988

This method of payment has now been challenged and having fought the Tax man for some two years we have, very reluctantly, agreed to stop the present system and employ these men. Some of them did not wish to be employed and therefore left us and the result is that our labour costs have gone up from somewhere around eighteen per cent in total to around twenty-three to twenty-four per cent for delivering the Milk, which has made the whole of our Delivery Business totally uneconomic and could in fact throw it into jeopardy, with the result that it would have to be sold.

When we originally agreed to make the Roundsmen employees the Tax man wanted us to do it from the 1st April, 1986 but due to extreme difficulty in negotiating new terms with these men we could not conclude the deal until November, 1986 and in fact at that time we nearly had a complete walkout of all the Staff and we had to take emergency measures to deliver the Milk with our Management.

The Tax man is now saying that if he agrees to allow us to make them employees as from November, 1986. Then we have also got to make all our Shop Management in the Wild Life Park employees as well.

3. Shop Managers

We have three Shops in the Wild Life Park and here again the Management, who only work for six months of the year basically take the shop and we provide the Stock and they receive ten per cent of the Gross Turnover of the Shop in return for staffing it, managing it and doing all the buying in the Winter Season and attending Trade Fairs etc.. So once again each of these individuals has their own little business and in fact employs other people to help them.

Once again we are faced with having to try and make them employees and face losing many of our Managers because they really want to be running their own businesses, not treated as employees.

The upshot of all this that we have not agreed to bring the Shop Managers into employee status and the Tax man has now withdrawn all his previous concessions on the Milk Roundsmen and has sent us Demands for £95,000 for back PAYE Tax for the Milk Rounds and £62,000 for back Tax on the Shop Keepers.

Paddy Ashdown, MP.

20th January 1988

This is inspite of these people already having paid Tax as self-employed people and in one or two cases the Tax man has actually refused to accept their own Tax Returns.

We have already spent about £60,000 over the last few years in Accountants and Expert Tax Advice in dealing with the requirements of the Tax Office and it has now got to a stage where we cannot go on accepting this continual harrassment from the Tax Office. The other Businesses that I am connected with elsewhere in the country run in exactly the same way and we have no similar problems and have got agreements with the Tax man that our method of paying other people in similar positions is quite acceptable. How, in one country, can we have different Tax Laws in different areas?

I cannot see how we can go on affording to fight the Tax Office on all these fronts, especially in view of the first instance, had we not fought them they would not have been proved wrong on the first count with the Herdsmen.

I should very much appreciate a meeting with you to discuss what can be done about this intolerable situation and I feel it is only right for us to be able to turn to our Member of Parliament in the first instance.

Perhaps we could arrange to meet here at Cricket for either Breakfast, Lunch or Supper, whichever is more convenient for you.

I look forward to hearing from you.

Kind regards,

Yours sincerely,

WJ John Taylor
W.J.D. TAYLOR. *gl*

Dictated by Mr. John Taylor
but signed in his absence.



mpw

Make a statement on
Mon, in the afternoon
will clear the air
Tue. 11

Ch/ These figures will be released on Monday or Tuesday with DE White Paper. (Timing unclear as No 10 may wish to make a Euro-statement on Monday in which case Mr Fowler will have to wait). We will ensure that briefing line on North-South pts etc is co-ordinated between us & D.EMP first thing on Monday if necessary.

SS to quote
on 20
KCM pts.
for

mpw

12/2

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Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-273 5803.....
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CH/EXCHEQUER	
REC.	11 FEB 1988 R/R
ACTION	MR MACAULAN
COPIES TO	CST SIR P. MIDDLETON MR ANSON SRT BARRIS MR MONCK MR KEMP MR BURENER MRS PERSON MR CROPPER MRYRIE

WITH ATTACHMENT

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
LONDON
SW1

Handwritten signatures and notes:
Nigel
February 11

X During the week commencing 15 February my Department will be publishing, on the same day as the White Paper, revised employment estimates taking account of the results of the 1987 Labour Force Survey. I enclose a copy of the paper which will present these estimates; it will be released, together with a paper presenting preliminary results of the Labour Force Survey, under cover of a press notice and will be reproduced (with minor amendments as appropriate) in the Employment Gazette in March.

Our estimates of the growth in self-employment since 1986 are revised upwards while those for employees in employment are revised downwards. As the first of these revisions is the larger, the estimate for the total labour force is revised upwards. The new figures put the growth between March 1983 and September 1987 at 1,509,000 compared with the present estimate of 1,449,000.

The confirmation that the number of jobs is increasing is, of course, welcome. However, the regional figures, in the attached table, may be used by some commentators as evidence that the so-called "North/South divide" is wider than had previously been thought. The upward revision is entirely in the South; the estimate for the North - in particular for Wales and Scotland and also for the North West and Northern regions - has been revised downwards. If this point is raised we can continue to point out that unemployment rates have fallen most quickly in some of the regions of the North and that employment is increasing in most of the regions of the North (though not, on the revised estimates, in Scotland or Wales).

I am copying this letter to the Secretaries of State for Scotland and Wales.

Handwritten signature: Norman Fowler
NORMAN FOWLER
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Revised Employment Estimates for 1986 and 1987

This paper describes revisions which have been made to the employment estimates - both employees and self-employed - to take account of the preliminary results of the 1987 Labour Force Survey which are now available.

1. The use of data from Labour Force Surveys (LFS), to make allowance for the persistent tendency for the figures derived from the regular sample enquiries of employers to underestimate the number of employees, in deriving the estimates of employees in employment was introduced in July 1984. The LFS also provides the estimates of annual change in the number of self employed which are used to update the benchmark figure provided by the Census of Population. These uses of LFS data have been described in a number of articles in Employment Gazette(1). The preliminary results of the 1987 survey have been used to derive the revised estimates described below in the same way as the results of the 1986 survey were used when they became available(2). The estimates for recent dates will be reviewed again when the results of the 1988 Labour Force Survey become available.
2. The revised estimates show an increase of 454,000 in the employed labour force between September 1986 and September 1987 contributing to an increase of 1,509,000 between March 1983, when the current upward employment trend began, and September 1987; the previous estimates were 404,000 and 1,449,000.
3. This paper continues with an account of the effect of the new LFS data on the employment estimates and commentary on the new series.

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The effect of the 1987 LFS

4. The 1987 LFS data have been used to calculate revised employment statistics in the same way, described in the April 1987 edition of Employment Gazette(2), as the 1986 LFS data were used when they became available. That is, the previous preliminary projection of the scale of the growth in self employment between 1986 and 1987 has been replaced by an estimate based on the LFS, and the size of the quarterly adjustment to the employees in employment series has also been revised.

5. As a result the growth in self employment between June 1986 and June 1987 is estimated at 234,000 compared with the previous preliminary projection of 102,000. Following past practice, provisional estimates of self employment for dates after June 1987 have been derived by projecting forward the average rate of growth observed between 1981 (the date of the benchmark from the Census of Population) and the date of the most recent LFS, thus evening out the annual variations. The assumed rate of growth of 31,000 a quarter since June 1987 derived in this way compares with the assumed rate of 25,600 a quarter used for dates after June 1986 in the previous estimates.

6. The revised additions incorporated in the estimates of total employees in employment to allow for the persistent underestimation in the sample enquiry of employers are 38,400 in the second quarter of 1986 and 33,900 a quarter from then on. These figures compare with the previous additions, based on extrapolation from the evidence of the 1986 LFS, of 47,400 a quarter from the third quarter of 1985.

7. New denominators for unemployment rates incorporating the latest employment estimates for June 1987, taking account of the 1987 Labour force Survey and replacing the previous June 1986 denominators, will be introduced in the Labour Market Press Notice to be issued on 18 February. The effect of this revision will be to reduce the national rate by about 0.1 of a percentage point. At the same time the routine annual revisions to the seasonal adjustment of the unemployment series will be carried out.

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8. The new employment estimates will also be used in calculating the productivity and unit wage cost series to be included in the Labour Market Press Notice to be issued on 18 February.

Commentary on the new estimates

9. **Table 1** compares the revised series with the previously published estimates. Both show an increase in employment since March 1983 following the earlier decline. For September 1987 the revised series show 77,000 fewer employees in employment and 137,000 more self employed than the previous estimates. This reflects 1987 LFS data which suggested a slower rate of employee growth between 1986 and 1987 than had been indicated by the previous estimates and a considerably faster growth in self employment than the provisional projection which assumed continuation of the average rate of growth between 1981 and 1986. The employed labour force in September 1987 is now estimated to be 24,506,000 (seasonally adjusted), that is 60,000 greater than the previously published estimate. The employed labour force is estimated to have increased by 1,509,000 between March 1983 and September 1987 with an increase of 168,000 between March and September 1983 followed by increases of 409,000 in the year to September 1984; 343,000 between September 1984 and September 1985; 135,000 between September 1985 and September 1986 and 454,000 in the year to September 1987.

10. The increase of 1,509,000 in the employed labour force between March 1983 and September 1987 comprises increases of 685,000 self employed and 826,000 employees in employment and a reduction of 2,000 HM Forces. The increase in employees in employment is the net result of an increase of 1,517,000 in services and decreases of 456,000 in manufacturing and 235,000 in other industries.

11. The self employment estimates for selected industries are presented in **Table 2**. Self employment is estimated to have increased between 1986 and 1987 in each of the industries identified except hotels and catering, and agriculture. There were increases of 36,000 (17 per cent) in manufacturing and 145,000 (9 per cent) in services. Self employment estimates for regions are included in **Table 4**.

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12. The revised series is presented with separate estimates for men and women and for full and part time jobs in **Table 3**. Between March 1983, when employment began to increase, and September 1987 the male employed labour force increased by 395,000 and the female employed labour force by 1,114,000. The increase in the most recent year for which estimates are available, September 1986 to September 1987, was 454,000 comprising 164,000 men and 290,000 women. These increases can also be broken down as follows:

Increases in GB employed labour force

	Thousands (seasonally adjusted)				
	Male		Female		Total
	Full time	Part time	Full time	Part time	
March 1983 - September 1987	173	222	439	675	1509
September 1986 - September 1987	92	73	124	167	454

13. Civilian employed labour force estimates for regions are shown in **Table 4**. The estimates show increases since 1983 in each region of GB except Wales with East Anglia, East Midlands, South East, South West and West Midland regions experiencing a growth between June 1983 and June 1987 faster than the GB average of 6 per cent.

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REFERENCES

- (1) "1986 Labour Force Survey and revised employment estimates", Employment Gazette, 1987 April, p 201.

"1984 Census of Employment and revised employment estimates", Employment Gazette, 1987 January, p 31.

"Revised employment estimates for 1983 to 1985", Employment Gazette, 1986 May, p 161.

"Revised employment estimates for 1981 to 1984", Employment Gazette, 1985 March, p 114.

"Revised employment estimates", Employment Gazette, 1984 July, p 319.

"Employment and the working population, adjustments for underestimation", Employment Gazette, 1983 June, P 242.

- (2) "1986 Labour Force Survey and revised employment estimates", Employment Gazette, 1987 April, p 201.

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Table 1: Employed Labour Force in Great Britain: previous and revised estimates

Thousands

Seasonally
Adjusted

		Employees in Employment				Self-	Employed
		Manufacturing	Services	Other	Total	Employed	Labour Force

Previously published estimates							
1986	March	5205	14043	1832	21079	2563	23964
	June	5151	14127	1822	21100	2567	23988
	September	5113	14214	1801	21128	2592	24042
	December	5106	14280	1794	21180	2618	24118
1987	March	5075	14394	1794	21263	2643	24226
	June	5085	14493	1796	21374	2669	24362
	September	5063	14578	1791	21432	2695	24446
	Change Sep 86-Sep 87	-50	364	-10	304	103	404
	Change Mar 83-Sep 87	-422	1547	-222	903	548	1449

Revised estimates							
1986	March	5205	14043	1832	21079	2563	23964
	June	5147	14123	1821	21091	2567	23979
	September	5104	14205	1797	21105	2625	24052
	December	5090	14266	1788	21144	2683	24147
1987	March	5054	14375	1785	21214	2742	24276
	June	5058	14468	1786	21312	2801	24431
	September	5029	14548	1778	21355	2832	24506
	Changes:						
	Sep 86-Sep 87	-75	343	-19	250	207	454
	Mar 83-Sep 87	-456	1517	-235	826	685	1509

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Table 2 Self employed* people - industrial analysis

			Thousand			
Division	Great Britain		June 1984	June 1985	June 1986	June 1987
0-9	All industries and services	Male	1,850	1,923	1,937	2,100
		Female	586	627	630	701
		Total	2,435	2,550	2,567	2,801
2-4	Manufacturing industries	Male	147	158	161	195
		Female	34	48	48	51
		Total	181	206	209	245
6-9	Service industries	Male	1,027	1,084	1,081	1,163
		Female	514	540	541	604
		Total	1,541	1,624	1,622	1,767
<hr/>						
0	Agriculture, forestry, fishing	Male	221	220	220	217
		Female	28	28	28	28
		Total	249	249	248	245
3	Metal goods, engineering, vehicles	Male	47	50	58	65
		Female	2	3	4	7
		Total	49	53	62	72
1, 2, 4	Other production industries	Male	101	110	104	131
		Female	32	44	43	44
		Total	133	154	147	175
5	Construction	Male	454	458	474	523
		Female	10	12	13	19
		Total	464	470	487	542

Division	Great Britain		June 1984	June 1985	June 1986	June 1987
6	Distribution, hotels, catering, repairs	Male	530	529	516	527
		Female	266	263	265	280
		Total	796	792	782	807
	Of which:					
	Retail distribution	Male	278	274	271	296
		Female	164	163	158	174
		Total	442	437	429	470
	Hotels and catering	Male	90	92	101	96
		Female	84	84	90	90
		Total	174	176	191	186
7	Transport and communication	Male	111	98	102	147
		Female	7	6	9	8
		Total	118	103	111	155
8	Banking, finance, insurance, etc	Male	171	207	217	233
		Female	55	53	58	69
		Total	226	260	275	302
	Of which:					
	Business services	Male	151	183	196	201
		Female	32	32	38	43
		Total	183	215	234	244
9	Other services	Male	215	251	245	256
		Female	186	218	209	247
		Total	401	469	454	504

* Self-employed, with and without employees.

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Table 3: The Employed Labour Force in Great Britain

Thousands, seasonally adjusted

		Employees in Employment (1)				Self Employed (2)				HM Forces		Employed Labour Force (3)	
		Males		Females		Males		Females		Males	Females	Males	Females
		full time	part time	full time	part time	full time	part time	full time	part time				
1983	March	10961	745	5110	3713	1528	123	233	263	306	15	13663	9334
	June	10908	766	5121	3761	1526	126	241	267	306	16	13632	9406
	Sept	10887	772	5151	3801	1566	136	250	277	309	16	13670	9495
	Dec	10847	798	5184	3841	1606	145	258	289	309	16	13705	9588
1984	March	10847	784	5213	3862	1646	155	267	299	310	16	13742	9657
	June	10837	790	5233	3871	1685	164	275	311	310	16	13786	9706
	Sept	10866	771	5258	3887	1703	165	281	315	312	16	13817	9757
	Dec	10885	801	5276	3933	1719	167	286	320	311	16	13883	9831
1985	March	10909	791	5298	3956	1736	169	291	326	310	16	13915	9887
	June	10888	821	5318	3977	1753	170	297	331	309	16	13941	9939
	Sept	10884	808	5319	4026	1758	168	301	328	309	16	13927	9990
	Dec	10861	832	5336	4040	1763	166	304	326	307	16	13929	10022
1986	March	10845	819	5327	4087	1767	165	308	323	306	16	13903	10060
	June	10786	853	5326	4125	1772	163	312	319	305	16	13881	10097
	Sept	10767	843	5342	4153	1804	173	317	331	306	16	13893	10159
	Dec	10717	867	5378	4182	1835	183	322	343	304	16	13906	10241
1987	March	10736	869	5375	4234	1865	194	328	355	304	16	13968	10308
	June	10743	887	5427	4254	1895	205	334	367	302	16	14032	10398
	Sept	10756	881	5442	4278	1910	209	340	373	303	16	14059	10449
Change													
Sep 86-Sep 87		-11	38	100	125	107	35	23	42	-3	0	166	290
Mar 83-Sep 87		-205	136	332	565	382	86	107	110	-3	1	396	1115

(1) The full and part time female employee estimates are seasonally adjusted versions of those regularly published in table 1.1 of the Labour Market Data section of Employment Gazette. The part-time male employee estimates for dates from September 1984 are those regularly published in table 1.1; because only a short time series is available, these estimates have not been seasonally adjusted. The approximate estimates for dates prior to September 1984 have been derived by interpolation of the proportion of male employees who were part-time. The full time male employee estimates are derived by subtracting the part-time estimates from the seasonally adjusted figures for all male employees in employment.

(2) The self-employment estimates, separately for males and females, for the June of each year are split between full and part-time in the proportions indicated by The Labour Force Survey for the year concerned. Estimates for other dates are, as for total self-employment, calculated by interpolation and extrapolation.

(3) Employees in employment plus self employed plus HM Forces.

Table 4: The Civilian Employed Labour Force in Regions of Great Britain

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Thousands: (not seasonally adjusted)

	June 1983			June 1984			June 1985			June 1986			June 1987		
	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total
SOUTH EAST:															
Employees in employment	3995	3087	7082	4003	3179	7182	4030	3253	7283	4022	3326	7348	4025	3418	7443
Self employed	567	163	730	647	211	858	686	217	903	667	238	904	778	255	1032
Civilian Employed Labour Force	4562	3250	7812	4650	3390	8040	4716	3470	8186	4689	3564	8252	4803	3673	8475
of which Greater London															
Employees in employment	1979	1475	3454	1967	1491	3459	1960	1498	3457	1954	1515	3469	1934	1540	3474
Self employed	220	60	280	256	73	329	280	80	360	260	86	346	303	95	399
Civilian Employed Labour Force	2199	1535	3734	2223	1564	3788	2240	1578	3817	2214	1601	3815	2237	1635	3873
EAST ANGLIA															
Employees in employment	401	287	688	407	297	704	425	310	735	441	322	763	458	338	796
Self employed	72	22	94	83	26	109	86	28	114	81	24	105	88	38	127
Civilian Employed Labour Force	473	309	782	490	323	813	511	338	849	522	346	868	546	376	923
SOUTH WEST															
Employees in employment	857	658	1515	864	678	1542	871	692	1563	862	706	1567	865	727	1593
Self employed	161	52	213	171	62	233	186	65	251	193	63	256	206	73	278
Civilian Employed Labour Force	1018	710	1728	1035	740	1775	1057	757	1814	1055	769	1823	1071	800	1871
WEST MIDLANDS															
Employees in employment	1127	815	1942	1131	834	1965	1142	856	1998	1146	871	2017	1156	896	2051
Self employed	137	40	177	151	36	187	145	40	185	144	43	187	164	45	209
Civilian Employed Labour Force	1264	855	2119	1282	870	2152	1287	896	2183	1290	914	2204	1320	941	2260
EAST MIDLANDS															
Employees in employment	819	607	1426	818	625	1443	862	650	1511	856	662	1518	852	677	1529
Self employed	127	30	157	129	38	166	124	33	157	127	40	167	144	45	189
Civilian Employed Labour Force	946	637	1583	947	663	1609	986	683	1668	983	702	1685	996	722	1718
YORKSHIRE AND HUMBERSIDE															
Employees in employment	1019	753	1772	1001	767	1768	996	784	1780	992	795	1787	987	815	1802
Self employed	130	39	169	159	44	203	162	61	222	163	53	216	176	60	236
Civilian Employed Labour Force	1149	792	1941	1160	811	1971	1158	845	2002	1155	848	2003	1163	875	2038
NORTH WEST															
Employees in employment	1276	1026	2302	1255	1034	2289	1239	1048	2286	1206	1055	2262	1191	1071	2262
Self employed	163	61	224	183	74	258	193	75	267	196	71	267	209	71	279
Civilian Employed Labour Force	1439	1087	2526	1438	1108	2547	1432	1123	2553	1402	1126	2529	1400	1142	2541
NORTH															
Employees in employment	605	451	1057	593	466	1059	599	473	1072	599	487	1086	600	490	1090
Self employed	64	27	91	73	19	92	79	26	104	79	25	105	78	30	108
Civilian Employed Labour Force	669	478	1148	666	485	1151	678	499	1176	678	512	1191	678	520	1198
WALES															
Employees in employment	510	377	888	503	383	886	496	381	877	483	378	861	479	385	863
Self employed	94	32	126	108	36	144	111	34	146	120	34	154	105	43	148
Civilian Employed Labour Force	604	409	1014	611	419	1030	607	415	1023	603	412	1015	584	428	1011
SCOTLAND															
Employees in employment	1060	839	1899	1043	858	1901	1040	864	1904	1022	866	1888	1006	880	1886
Self employed	137	42	179	145	40	185	151	49	200	165	40	205	152	42	194
Civilian Employed Labour Force	1197	881	2078	1188	898	2086	1191	913	2104	1187	906	2093	1158	922	2080
GREAT BRITAIN															
Employees in employment	11670	8900	20570	11618	9121	20739	11699	9312	21011	11629	9467	21096	11619	9697	21316
Self employed	1652	508	2160	1849	586	2435	1923	628	2550	1937	630	2567	2100	701	2801
Civilian Employed Labour Force	13322	9408	22730	13467	9707	23174	13622	9940	23561	13566	10097	23663	13719	10398	24117

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Paul Gray Esq
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15 February 1988

Dear Paul

LABOUR MARKET STATISTICS

... I am enclosing our standard brief on the labour market statistics which are to be issued on Thursday. The brief is of course personal and confidential until 11.30 on 18 February and confidential thereafter.

I am copying this to **Allex Allan** (Treasury), Sir Peter Middleton (Treasury), Mr Hibbert (CSO), Mr Footman (Bank of England), Trevor Woolley (Cabinet Office), Alison Brimelow (DTI), Sir Brian Hayes (DTI), David Crawley (Scottish Office), Sir William Fraser (Scottish Office), John Shortridge (Welsh Office), David Watkins (Northern Ireland Office), David Fell (Department of Economic Development, Northern Ireland Office) and Peter Stredder (No 10 Policy Unit).

Sincerely,

Angela Wilkins

for

ANGELA WILKINS
Private Secretary

COVERING PERSONAL AND CONFIDENTIAL

map

Labour Market Statistics

Summary

Unemployment fell by 51,000 in January, very close to the average fall over the last six months. However, some other labour market indicators are not as encouraging. The revised employment estimates do not alter the previous position, that the rate of growth in employment slowed in the third quarter; also both the stock and inflow of vacancies fell in January; and in December there was a further 1/4 per cent increase in the underlying index of average earnings, now 8 1/2% higher than a year ago.

Unemployment

Uk unemployment (seasonally adjusted claimants, excluding school leavers) fell sharply again, by 50,800 between December and January, to 2.563 million, the lowest for 5 3/4 years (on a consistent basis). The unemployment rate fell to 9.2 per cent. The series has now fallen for 18 consecutive months, bringing the total fall since July 1986* to 647,000. Key comparisons and records are attached separately.

The fall in January was very close to the the average fall over the last six months, around 50,000 per month. Over the last few months most of this fall appears to have been due to the general improvement in the labour market. Employment and training measures are declining very slightly and other administrative measures - Restart, availability testing and claimant advisers - are now well established and are probably not contributing to the monthly reduction in the count. The recent relative movements among men and women claimants provide support for the assessment. The measures had a disproportionate effect on women and in the last few months the rate of fall among women has shown signs of slowing down. Over the past three months the fall in unemployment has averaged 11,000 per month among women (and 39,000 per month among men), compared with 19,000 among women (and 34,000 among men) in the previous three months to October.

*The seasonally adjusted series has been up-dated this month to take account of the latest seasonal factors. One consequence of this routine revision is that a fall of 100 between June and July 1986 has been revised to a rise of 1500.

Regional comparisons

Unemployment continues to fall in all regions. Over the past 12 months, the unemployment rate has fallen most in the West Midlands, Wales, the North West and the North, although the falls have recently become more evenly spread across the whole country.

Headline total

The UK 'headline' claimant total (unadjusted including school leavers) increased by 26,000 to 2,722 million in January, 9.8 per cent. This was 575,000 lower than a year ago, yet again a record 12 month fall. There was a rise of 27,000 among adults and a fall of 1,000 among school leavers. The school leaver total at 63,000 was 26,000 or 30 per cent lower than a year ago.

Long-term unemployment

A full analysis of January's figures by age and duration is not yet available, but preliminary estimates suggest there has been a further sharp reduction over the latest quarter, with a fall over the past 12 months of the order of 230,000, again a record.

February headline total

Seasonal influences on the unemployment count between January and February are downward, so given the current trend, a fall in the headline total is very likely.

Employment

Employment estimates for dates since March 1986 have been revised to incorporate the results of the 1987 Labour Force Survey. Estimates of the numbers of employees in manufacturing and production industries in December are available for the first time.

The employed labour force (employees in employment, the self employed and HM Forces) is estimated to have increased by 75,000 in the third quarter of 1987. This continues the upward trend which started in March 1983, since when the employed labour force is estimated to have increased by 1,509,000. This is the 18th successive quarterly increase. The rate of increase, which had been strengthening between March 1986 and June 1987, slowed in the September quarter; the increase of 75,000 in the September quarter compares with 156,000 in the June quarter. The total increase in the year ending September 1987 is estimated at 453,000, of which 213,000 were full time and 240,000 part-time.

The upward revision of employment growth is concentrated in the South, but the North (as a whole but not every individual region) is experiencing employment growth - though less rapidly than the South.

The number of employees in employment in manufacturing industries decreased by an estimated 5,000 in December. In 1987 as a whole the number of employees in manufacturing reduced by 55,000 (compared with 154,000 in 1986). While the monthly figures can fluctuate erratically those for the last five months suggest an appreciable further slowing in the rate of reduction and possibly a levelling of the trend.

Overtime working by operatives in manufacturing industries was again high, at 13.42 million hours a week, in December.

Hours lost through short-time working by operatives in manufacturing industries remain very low; 0.28 million hours a week in December.

Vacancies

There was a further fall in unfilled vacancies at jobcentres (UK, seasonally adjusted and excluding Community Programme) of 7,100 to 249,500 in January, They remained at a relatively high level being 18% higher than a year ago, although they may still be exaggerated because of the tendency over recent months for outflows to be understated as jobcentres have been less active in following up placings.

The January reduction in the stock was the net result of a fall in both inflows and outflows of notified vacancies, although placings fell less sharply. Compared with a year ago the inflow of notified vacancies was 2% higher than a year ago, the outflow increased by 6% while placings were up by 2%.

Earnings

The provisional estimate of the underlying increase for the whole economy in December is up by $\frac{1}{4}$ per cent to $8\frac{1}{2}$ per cent. The provisional estimate for manufacturing is unchanged from October at $8\frac{1}{4}$ per cent but the estimate for the service industries shows a further increase of $\frac{1}{4}$ per cent to $8\frac{3}{4}$ per cent.

The further $\frac{1}{4}$ per cent increase in the whole economy is largely due to the effect of continued high overtime and increased bonus payments in December, the latter being some 15% higher than in the equivalent period of 1986.

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UNTIL 11.30 a.m. ON ...18.2.88...

Next labour market figures

The next labour market briefing will be issued on Monday 14 March in advance of the press release on Thursday 17 March. It will contain unemployment figures for 11 February, manufacturing employment and average earnings to January and vacancies to 5 February.

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UNTIL 11.30 a.m. ON ...18.2.88...

- A. 1. SUMMARY
- 2. KEY FACTS BRIEF

- B. DRAFT PRESS NOTICE

- C. DETAILED ANALYSIS AND BACKGROUND INFORMATION
 - 1. GRAPHS: 1a UNEMPLOYMENT
 - 1b UNEMPLOYMENT RATES BY REGION
 - 2. UNEMPLOYMENT: ADDITIONAL DATA BY REGION
 - 3. LONG TERM UNEMPLOYMENT AND UNEMPLOYMENT BY AGE
 - 4. EMPLOYMENT MEASURES
 - 5. UNEMPLOYMENT: INTERNATIONAL COMPARISONS

- D. ADDITIONAL INFORMATION
 - 1. Unemployment: comparisons with 1930s
 - 2. Unemployment: coverage of the count: comparison with Labour Force Survey estimates.
 - 3. Unemployment: changes in coverage of the count.
 - 4. Unemployment: coverage of the count: summary of possible additions and exclusions.
 - 5. Labour Market: job changes and flows.
 - 6. Demographic and labour force background.
 - 7. Employment: methodology.
 - 8. Employment: double jobbing and special measures.
 - 9. Employment: international comparisons.
 - 10. Employment: additional data.
 - 11. Earnings.

PERSONAL AND CONFIDENTIAL UNTIL 11.30AM ON 18 FEBRUARY 1988
Recent Labour Market Statistics

Unemployment in January
seasonally adjusted

Down 50,800 in January

Now 2.563 million, 9.2%
Down 18 months running

Fall in last 12 months largest
on record (549,000). Largest
sustained fall in over 50 years
(pre 1948 figs not consistent).
Down 647,000 since July 1986

Record fall of 52,000 per month
over last six months
Lowest for 5³/₄ years (since
April 1982)

Total (including school leavers)
Now 2.722 million (9.8%)

Up 26,000 since December
Fall in last 12 months largest
since records kept (575,000)

Regional unemployment
Fall in all regions of UK in
month and over last year: rates
fallen most in West Midlands,
Wales, North West and the North

Youth unemployment
School leavers in January 63,000
26,000 lower than a year ago,
and lowest January figures
since 1980.

Halved in last 5 years
(Jan 1983 138,000)

Under 25s also lowest for more
than 5 years and down nearly
a quarter compared with
October 1982.

International comparisons
UK rate recently fallen faster
than any other major industrialised
country.

Unemployment now higher in France
(10.5%), Belgium (10.5%)
Netherlands (9.5%), Spain (19.0%)
and Ireland (18.9%)

Employed labour force

Increase of 75,000 in Q3 1987

Increase of 453,000 in year to September of which:

	Men	Women	Total
Full time	89	125	213
Part-time	73	166	240
Total	191	292	453

Increase every quarter since March 1983 (4¹/₂ years); by
1.51 million.

Manufacturing employment

Down 5,000 in December
Fell 4,000 per month on average in last 6 months
Appears to be levelling out.

Vacancies

Unfilled vacancies at Jobcentres 250,000 in January.
18% higher than a year ago.

Over 700,000 vacancies in the economy overall.
Only about 1/3 vacancies report to jobcentres.

Average Earnings

Underlying increase in average earnings in year
to December 8¹/₂%. Increase in services higher than
in manufacturing.

Labour Force Survey
Again shows claimant count above survey estimate
of unemployment using international definitions.
(ILO/OECD)
(2.95m in Spring 1987 compared to 2.88 million).

Lesser fall in survey estimate compared with claimant
count between 1986 and 1987 reflects response among
claimants to extra job opportunities, with more
frequent job seeking among those yet to find work
(210 thousand fall in count compared to 80 thousand
(ILO/OECD)

Long term unemployment

(January figures next week)
Fell by 169,000 in year to October:
largest 12 months fall on record

Effect of measures

- participants in employment measures hardly changed overall in last year, when unemployment fallen rapidly.
- YTS has increased in size but has little impact on seasonally adjusted adult count.
- Effect of Restart in helping long term unemployed back into work (through other schemes and job opportunities) cannot be estimated separately from effect of rapid improvements in labour market. Programme more successful when more jobs available.
- Availability testing will discourage some people not interested in getting work; cannot estimate how many.

Fiddling the figures

Only 6 changes since 1979
3 statistical and 3 administrative
including only 2 changes to
compilation.

Seasonally adjusted series is consistent
and allows comparison of trend over time:
nothing to hide.

Flows into and out of unemployment

- Some 400,000 per month enter and leave the count. A quarter of those becoming unemployed leave within the first month, half leave within 3 months.
- job starts: 7½ million per year (includes employed and unemployed) equivalent to about 30,000 every working day.

Part-time Employment

- Rise in part-time employment (53% of increase in employment in year to September) sign of increased flexibility in the labour market.
- According to LFS, vast majority of those working part-time do not want full-time jobs.
- A part-time job can be up to 30 hours per week, so cannot describe as half a full-time job.
- Those on schemes such as CP are employed just like other workers. Those on EAS are self-employed.

International comparisons of employment

- increase since 1983 greater than rest of EC combined.

- UK proportion of population of working age in employment (66%) much greater than EC average (58%)

International comparisons of unemployment

Latest OECD standardised rates, show
UK unemployment at 9.0% (December)

Figures of 5 million from LFS sometimes quoted include all who say they would like work, even if not available for or seeking work (eg early retired, sick, looking after home.)

Comparisons for under 25s

Under 25s unemployment rate in October 15%
Latest EC comparison for 1986 showed UK 18% compared with EC average 23% (Italy 34%, France 23%, Belgium 20% Ireland 27% Greece 24%, Portugal 29%, Spain 48%)

LABOUR MARKET STATISTICS

FEBRUARY 18, 1988

SUMMARY STATISTICS

				<u>Thousands</u>		
				Level	Change on previous period	Change on previous year
<u>Unemployment (UK)</u>						
Total (not seasonally adjusted)	January	14		2,722	+ 26	- 575
Total (excluding school leavers)	January	14		2,563	- 51	- 549
<u>Employed Labour Force</u>	September;	Q3	1987	24,506	+ 75	+ 453
<u>Employees in employment</u>						
Services	September	Q3	1987	14,548	+ 80	+ 343
Manufacturing	December	Q4	1987	5,035	+ 6	- 55
Manufacturing employment	December		1987	5,035	- 5	- 55
<u>Vacancies (UK at jobcentres)</u>	January		8	250	- 7	+ 38

Percentage change on previous year
(underlying increase)

Index of Average Earnings

Whole Economy	December	8½
Services	December	8¾
Manufacturing	December	8¼

Notes

1. All figures seasonally adjusted GB except where otherwise stated.
2. The employed labour force comprise employees in employment; the self-employed and HM Forces.

The latest figures available on developments in the labour market are summarised below.

Summary

Unemployment (UK seasonally adjusted excluding school leavers) fell by 50,800 in the month to January. Male unemployment decreased by 42,400 and female unemployment decreased, by 8,400. Over the past six months there has been a fall of 51,700 on average compared with a fall of 39,900 per month over the previous six months to July 1987.

The unadjusted unemployment total, increased in January by 26,344 to 2,722,154. This includes 62,797 school leavers aged under 18. In January, total unemployment was 575,082 lower than a year ago.

Estimates of the employed labour force in Great Britain have been revised to incorporate the 1987 Labour Force Survey results. The employed labour force is now estimated to have increased by 75,000 in the third quarter which contributes to overall increases of 453,000 in the year to September 1987 and of 1,509,000 since March 1983.

The number of employees employed in manufacturing industry decreased by an estimated 5,000 in December 1987. Over the year ending December 1987 the total number of employees in manufacturing industries decreased by 55,000.

The stock of vacancies (UK seasonally adjusted excluding Community Programme) decreased by 7,100 in January to 249,500. Over the past six months there has been an increase of 2,400 per month on average.

The underlying increase in average earnings in the year to December was 8½ per cent, an increase of ¼ per cent on the year to November.

Additional and more detailed information on unemployment, employment, vacancies, average earnings, unit wage costs, hours of work, productivity and industrial disputes is to be found in subsequent sections of the press notice.

LABOUR MARKET STATISTICS

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UNEMPLOYMENT

The seasonally adjusted level of unemployment in the UK (excluding school leavers) decreased by 50,800 to 2.563 million in January, 9.2 per cent of the working population*.

Over the past six months on average unemployment has fallen by 51,700 per month.

The recorded total of unemployed claimants, including school leavers, increased by 26,344 between December and January to 2,722,154 giving an unemployment rate of 9.8 per cent of the working population. Unemployment is 575,082 less than a year ago. The total included 62,797 school leavers, 26,393 lower than a year ago.

Recent figures are shown in tables 1, 2 and 3.

TABLE 1: UNEMPLOYMENT - UNITED KINGDOM

THOUSAND

TABLE 1: UNEMPLOYMENT - SEASONALLY ADJUSTED ^(r) excl. school leavers - UNITED KINGDOM

	Male	Female	Number	Change since previous month	Unemployment rate: ^(r) Percentage of working population*	Average change over 6 months ended	Average change over 3 months ended
1987 Jan	2147.4	964.8	3112.2	-8.5	11.2	-16.4	-17.1
Feb	2122.5	944.0	3066.5	-45.7	11.0	-23.3	-28.1
Mar	2105.5	931.8	3037.3	-29.2	10.9	-24.7	-27.8
Apr	2095.3	926.1	3021.4	-15.9	10.8	-23.7	-30.3
May	2051.9	899.0	2950.9	-70.5	10.6	-33.3	-38.5
Jun	2033.2	889.0	2922.2	-28.7	10.5	-33.1	-38.4
Jul	2002.3	870.8	2873.1	-49.1	10.3	-39.9	-49.4
Aug	1970.4	855.1	2825.5	-47.6	10.1	-40.2	-41.8
Sep	1939.3	832.9	2772.2	-53.3	9.9	-44.2	-50.0
Oct	1899.5	814.1	2713.6	-58.6	9.7	-51.3	-53.2
Nov	1854.7	796.1	2650.8	-62.8	9.5	-50.0	-58.2
Dec (r)	1825.3	788.6	2613.9	-36.9	9.4	-51.4	-52.8
Jan(p)	1782.9	780.2	2563.1	-50.8	9.2 **	-51.7	-50.2

** The separate rate for males was 10.9 per cent, and for females 6.8 per cent.

* See note A5

(p) Provisional and subject to revision (see note A6)

(r) Revised - see notes A5 and A6

PERSONAL AND CONFIDENTIAL

UNTIL 11.30 a.m. ON 18 FEBRUARY 1988

TABLE 2: UNEMPLOYMENT - UNADJUSTED incl. school leavers - UNITED KINGDOM

		Male	Female	Number	Unemployment rate:percentage of working population ^(r)	School leavers Claimants	Non Claimants**
1987	Jan	2,272,426	1,024,810	3,297,236	11.8	89,190	. .
	Feb	2,233,932	991,877	3,225,809	11.6	79,936	. .
	Mar	2,181,037	962,333	3,143,370	11.3	72,281	. .
	Apr	2,158,222	948,906	3,107,128	11.1	66,572	. .
	May	2,080,369	906,084	2,986,453	10.7	74,930	. .
	Jun	2,022,964	882,361	2,905,325	10.4	69,397	103,552
	Jul	2,008,482	897,971	2,906,453	10.4	63,922	128,903
	Aug	1,970,318	895,484	2,865,802	10.3	56,135	115,669
	Sep	1,973,776	896,419	2,870,195	10.3	92,406	. .
	Oct	1,903,620	847,764	2,751,384	9.9	83,226	. .
	Nov	1,865,842	819,741	2,685,583	9.6	69,408	. .
	Dec	1,878,715	817,095	2,695,810	9.7	63,726	. .
1988	Jan	1,892,698	829,456	2,722,154	9.8+	62,797	. .

+ The separate rate for males was 11.6 per cent, and for females 7.2 per cent.

** Not included in totals, see note A4

*See note A5. (r) Revised - see note A5

TABLE 3: UNEMPLOYMENT - REGIONS January 14 1988

THOUSAND

	SEASONALLY ADJUSTED (P) (EXCLUDING SCHOOL LEAVERS)				UNADJUSTED (INCLUDING SCHOOL LEAVERS)			
	Total	Change since previous month	Unemployment rate percent- age of working population*	Change since previous month	Total	Change since previous month	Unemployment rate percent- age of working population*	School leavers
South East	572.5	-18.3	6.2	-0.2	597.6	-5.9	6.5	7.6
(Greater London)	(318.7)	(-7.5)	(7.4)	(-0.2)	(325.3)	(-6.9)	(7.6)	(4.4)
East Anglia	59.4	-1.9	5.9	-0.2	64.6	1.5	6.4	.9
South West	154.1	-2.6	7.5	-0.1	167.6	2.4	8.1	2.2
West Midlands	262.5	-6.0	10.1	-0.2	276.0	0.8	10.6	6.7
East Midlands	159.4	-3.7	8.3	-0.2	169.8	3.3	8.8	3.2
Yorks and Humberside	248.7	-4.4	10.6	-0.2	266.0	3.5	11.3	7.5
North West	356.0	-4.6	12.0	-0.2	375.6	4.6	12.6	8.9
North	188.3	-3.1	13.2	-0.2	200.9	2.9	14.1	4.9
Wales	137.7	-2.5	11.7	-0.2	148.5	2.4	12.6	3.5
Scotland	306.2	-2.5	12.5	-0.1	333.7	9.7	13.6	15.7
GREAT BRITAIN	2,444.8	-49.4	9.0	-0.2	2,600.4	25.2	9.6	61.1
Northern Ireland	118.3	-1.4	17.4	-0.2	121.8	1.2	17.9	1.7
UNITED KINGDOM	2,563.1	-50.8	9.2	-0.2	2,722.2	26.3	9.8	62.8

* See note A5

(P) Provisional see note A6

TABLE 4: UNEMPLOYMENT FLOWS - STANDARDISED, UNADJUSTED - UNITED KINGDOM THOUSANDS

		INFLOW				OUTFLOW			
Month ending		Total including school leavers		Total excluding school leavers	Change since previous year	Total including school leavers		Total excluding school leavers	Change since previous year
		School leavers				School leavers			
1987	Jan	368.7	13.3	355.4	- 8.3	294.9	8.1	286.9	+ 61.4
	Feb	398.8	11.6	387.2	+ 11.8	460.8	14.5	446.3	+ 44.1
	Mar	342.1	8.5	333.7	- 23.7	431.4	11.5	419.9	+ 50.3
	Apr	357.1	7.0	350.1	- 3.8	396.4	8.4	388.0	+ 6.6
	May	320.8	21.9	298.9	- 38.2	425.4	10.7	414.7	+ 14.2
	Jun	315.5	10.2	305.3	- 38.3	403.4	11.7	391.8	+ 9.3
	Jul	429.1	10.7	418.4	- 35.2	427.9	12.1	415.7	+ 16.7
	Aug	384.4	8.0	376.4	- 14.8	419.6	10.1	409.6	+ 20.9
	Sep	456.6	55.5	401.1	- 41.9	451.8	12.9	438.9	- 3.9
	Oct	420.2	25.6	394.6	- 40.2	549.0	30.5	518.5	- 2.9
	Nov	375.3	10.8	364.5	- 38.5	432.3	18.4	413.9	+ 3.8
	Dec	328.6	7.5	321.1	- 26.8	317.5	10.1	307.4	- 22.5
1988	Jan	344.4	11.0	333.3	- 22.1	321.5	8.4	313.1	+ 26.2

EMPLOYMENT

Employment estimates from March 1986 have been revised this month to incorporate the results of the 1987 Labour Force Survey.

Using the revised estimates, the employed labour force in Great Britain is now estimated to have increased by 75,000 in the third quarter - the eighteenth consecutive quarterly increase -; by 453,000 in the year to September 1987 and by 1,509,000 since March 1983. Following five consecutive quarters in which the rate of increase in the employed labour force strengthened, the rate of increase slowed in the September quarter. The increase of 75,000 in the September quarter comprises an estimated growth of 44,000 employees in employment and an assumed growth of 31,000 in the self-employed.

The new figures available this month relate to employees in employment in manufacturing industry in Great Britain in December 1987 and is estimated to have decreased by 5,000. Over the year ending December 1987, the number of employees in manufacturing industries decreased by 55,000.

Employees in employment

In the September quarter the number of employees in service industries increased again by 80,000, while the number in manufacturing, the energy and water supply industries, and 'other' industries (agriculture and construction) decreased respectively by 29,000, 3,000, and 4,000.

Recent figures are set out in Table 5.

TABLE 5
THE EMPLOYED LABOUR FORCE IN GREAT BRITAIN

Thousand: seasonally adjusted

		Employees in employment											Employed labour Force including self-employed and HM Forces)			
		Manufacturing Industries			Energy & Water Supply Industries			Service Industries		Other Industries		All Industries and Services				
		Levels	Changes		Levels	Changes		Levels	Changes	Levels	Changes	Levels	Changes	Levels	Changes	
			Mon- thly	Three* monthly	Quar- terly		Mon- thly	Quar- terly								
		R	R	R	R	R	R	R	R	R	R	R	R	R	R	
1986	March	Q1 5,205	- 7	-13	- 39	540	- 4	-17	14,043	+ 75	1,291	- 9	21,079	+ 10	23,964	+ 13
	April	5,197	- 8	-14		537	- 3									
	May	5,165	-32	-16		534	- 3									
	June	Q2 5,147	-18	-19	- 58	530	- 4	-10	14,123	+ 80	1,291	0	21,091	+ 12	23,979	+ 15
	July	5,127	-20	-23		525	- 5									
	August	5,112	-15	-18		521	- 4									
	September	Q3 5,104	- 8	-14	- 43	519	- 2	-11	14,205	+ 82	1,277	-14	21,105	+ 14	24,053	+ 74
	October	5,098	- 4	-10		516	- 3									
	November	5,097	- 1	- 5		510	- 6									
	December	Q4 5,090	- 7	- 5	- 14	508	- 2	-11	14,266	+ 61	1,280	+ 3	21,144	+ 39	24,147	+ 94
1987	January	5,065	-25	-11		501	- 7									
	February	5,062	- 3	-12		499	- 2									
	March	Q1 5,054	- 8	-12	- 36	493	- 6	-15	14,375	+109	1,292	+12	21,214	+ 70	24,275	+128
	April	5,047	- 7	- 6		487	- 6									
	May	5,051	+ 4	- 4		486	- 1									
	June	Q2 5,058	+ 7	+ 1	+ 4	488	+ 2	- 5	14,468	+ 93	1,298	+ 6	21,312	+ 98	24,431	+156
	July	5,042	-16	- 2		485	- 3									
	August	5,039	- 3	- 4		483	- 2									
	September	Q3 5,029	-10	-10	- 29	485	+ 2	- 3	14,548	+ 80	1,294	- 4	21,356	+ 44	24,506	+ 75
	October	5,031	+ 2	- 4		480	- 5									
	November	5,040	+ 9	0		478	- 2									
	December	Q4 5,035	- 5	+ 2	+ 6	478	0	- 7								

* = Average monthly change over last three months
R = Revised to incorporate the results of the 1987 Labour Force Survey

VACANCIES

The stock of unfilled vacancies at jobcentres (seasonally adjusted and excluding Community Programme vacancies) decreased by 7,100 in the month to January to reach 249,500. Over the past three months to January, seasonally adjusted vacancies have decreased on average by 4,000 per month.

Unadjusted, there was a decrease of 13,448 unfilled vacancies in the month to 257,904. There was an increase of 1,390 Community Programme vacancies.

The inflow of notified vacancies decreased on average by 4,100 per month in the three months ending January 1988, the outflow increased by 1,600 per month, and placings increased by 2,000 per month.

Recent figures are shown in tables 6, 7 and 8.

TABLE 6: UNFILLED VACANCIES - UNITED KINGDOM

THOUSAND

		VACANCIES AT JOBCENTRES+*					VACANCIES AT CAREERS OFFICES	
		UNADJUSTED		SEASONALLY ADJUSTED EXCLUDING COMMUNITY PROGRAMME			UNADJUSTED	
		Total	Community Programme Vacancies	Total excluding Community Programme	Number	Change since previous month	Average change over 3 months ended	
1987	Jan	218.1	30.1	188.1	212.0	1.4	0.8	11.9
	Feb	216.0	27.9	188.1	207.0	-5.0	-1.8	13.8
	Mar	226.1	25.4	200.7	214.2	7.2	1.2	13.9
	Apr	240.0	24.5	215.5	217.7	3.5	1.9	15.9
	May	265.4	26.0	239.5	230.5	12.8	7.8	19.0
	Jun	275.8	28.0	247.9	233.7	3.2	6.5	23.5
	Jul	272.3	28.6	243.7	235.2	1.5	5.8	23.9
	Aug	269.9	30.2	239.6	236.9	1.7	2.1	22.6
	Sep	295.2	31.9	263.3	246.6	9.7	4.3	23.7
	Oct	312.2	32.0	280.2	261.4	14.8	8.7	23.1
	Nov	303.6	31.6	272.0	268.2	6.8	10.4	22.0
	Dec	271.4	31.7	239.7	256.6	-11.6	3.3	20.5
1988	Jan	257.9	33.1	224.8	249.5	-7.1	-4.0	19.9

* See note C1.

+ Vacancies at jobcentres are only about a third of all vacancies in the economy. See note C3.

TABLE 7: VACANCY FLOWS AT JOBCENTRES-SEASONALLY ADJUSTED (EXCLUDING COMMUNITY PROGRAMME)

		UNITED KINGDOM				THOUSAND	
		INFLOW		OUTFLOW		of which: PLACINGS	
		Level	Average change 3 Months ended	Level	Average change 3 months ended	Level	Average change 3 months ended
1987	Jan	218.9	-0.7	217.0	-0.3	161.2	-0.4
	Feb	209.2	-5.4	213.9	-2.3	159.0	-1.8
	Mar	232.0	3.2	227.9	1.3	168.0	0.8
	Apr	230.2	3.8	225.0	2.7	162.4	0.4
	May	213.3	1.4	202.3	-3.9	147.6	-3.8
	Jun	229.9	-0.7	223.5	-1.5	162.5	-1.8
	Jul	220.0	-3.4	217.9	-2.4	154.3	-2.7
	Aug	222.7	3.1	218.5	5.4	154.8	2.4
	Sep	228.8	-0.4	215.9	-2.5	154.5	-2.7
	Oct	235.9	5.3	224.2	2.1	158.0	1.2
	Nov	237.5	4.9	230.9	4.1	159.7	1.6
	Dec	236.1	2.4	247.9	10.7	169.5	5.0
1988	Jan	223.6	-4.1	229.0	1.6	164.1	2.0

TABLE 8: *UNFILLED VACANCIES - REGIONS - 8 January 1988

		VACANCIES AT JOBCENTRES			THOUSAND		
		UNADJUSTED*		SEASONALLY ADJUSTED (EXCLUDING COMMUNITY PROG VACANCIES)		VACANCIES AT CAREERS OFFICES	
		TOTAL	Community Programme Vacancies	Total excluding Community Programme	Number	Change since previous month	UNADJUSTED
South East	98.1	5.3	92.8	100.9	-3.1	12.6	
(Greater London)	(39.1)	(2.8)	(36.4)	(39.2)	(-2.3)	(7.5)	
East Anglia	8.5	0.6	7.8	8.8	0.0	0.5	
South West	19.3	2.8	16.5	20.1	0.2	0.9	
West Midlands	27.3	4.5	22.8	24.4	0.1	1.3	
East Midlands	12.8	1.6	11.3	12.5	-0.1	0.9	
Yorks and Humberside	17.6	3.0	14.6	15.8	-0.7	0.8	
North West	23.5	3.3	20.2	22.2	-1.3	1.1	
North	14.4	4.2	10.2	11.3	-0.9	0.3	
Wales	13.3	3.2	10.1	11.1	0.0	0.3	
Scotland	20.2	3.5	16.8	19.4	-1.4	0.5	
GREAT BRITAIN	255.0	31.9	223.1	246.3	-7.3	19.1	
Northern Ireland	2.9	1.2	1.7	3.2	0.2	0.8	
UNITED KINGDOM	257.9	33.1	224.8	249.5	-7.1	19.9	

* The proportion of total vacancies at Jobcentres varies by region. See note C3.

The underlying increase in average weekly earnings in the year to December was about 8½ per cent, an increase of ¼ per cent on the year to November.

The actual increase in the year to December was 8.6 per cent, about the same as the estimated underlying increase.

TABLE 9: INDEX OF AVERAGE EARNINGS OF EMPLOYEES IN GREAT BRITAIN: WHOLE ECONOMY

	Index January 1980 = 100	Seasonally adjusted		
		Index	Percentage increase over previous 12 months	Underlying percentage increase over previous 12 months
1986				
September	186.8	187.1	6.1	7½
October	188.3	188.7	8.3	7½
November	191.2	190.2	8.1	7¾
December	193.4	191.3	7.4	7¾
1987				
January	190.4	192.8	7.6	7½
February	191.2	193.4	7.4	7½
March	194.5	194.8	6.7	7½
April	196.0	197.4	6.5	7¾
May	198.1	198.5	8.7	7¾
June	200.0	198.1	7.7	7¾
July	203.1	201.3	8.1	7¾
August	201.6	201.3	7.6	7¾
September	201.4	201.8	7.9	7¾
October	203.4	203.8	8.0	8
November	207.3	206.3	8.5	8¼
December*	210.1	207.8	8.6	8½

* Provisional

In production industries, the underlying increase in average weekly earnings in the year to December was about 8¼ per cent, similar to the increase in the year to November. Within this sector, in manufacturing industries, the underlying increase in average weekly earnings in the year to December was about 8¼ per cent, similar to the increase in the year to November. These increases include the effect of higher overtime working this year than a year ago.

The actual increases for production industries and manufacturing industries in the year to December were 8.2 per cent and 8.4 per cent respectively.

In service industries, the underlying increase in average weekly earnings in the year to December was about 8½ per cent, an increase of ¼ per cent on the year to November. The actual increase in the year to November was 9.1 per cent.

TABLE 10: INDEX OF AVERAGE EARNINGS OF EMPLOYEES IN GREAT BRITAIN
 MAIN SECTORS

Seasonally adjusted

	Production industries*			Manufacturing Industries**			Service Industries***		
	Index 1980=100	Percentage increases over previous 12 months		Index 1980=100	Percentage increases over previous 12 months		Index 1980=100	Percentage increases over previous 12 months	
		seas adj	underlying		seas adj	underlying		seas adj	underlying
1986									
September	193.9	6.7	7½	194.0	6.9	7½	186.0	5.7	7¼
October	195.2	8.0	7½	195.2	7.9	7½	187.4	8.7	7¼
November	196.6	7.8	8	197.1	7.8	7½	190.5	8.5	7½
December	199.6	8.4	8	200.0	8.3	8	189.2	6.7	7½
1987									
January	199.9	7.8	7½	200.0	7.8	7½	190.3	7.7	7½
February	200.6	7.9	8	201.0	8.1	8	189.7	7.2	7¼
March	199.8	7.4	8	201.1	7.6	8	193.8	5.9	7¼
April	203.6	7.2	8	204.4	7.0	8	196.4	5.8	7½
May	201.6	8.0	8	202.4	8.2	8	199.2	9.3	7½
June	203.9	8.0	8¼	204.8	7.9	8¼	198.7	7.5	7½
July	206.4	8.7	8¼	207.6	9.0	8¼	200.4	7.7	7¼
August	207.8	8.2	8¼	207.2	8.0	8½	200.9	7.3	7¼
September	209.9	8.3	8¼	210.3	8.4	8½	200.1	7.6	7½
October	212.1	8.7	8¼	212.4	8.8	8¼	201.7	7.6	8
November	212.2	7.9	8¼	212.7	7.9	8¼	207.3	8.8	8½
December (prov)	215.9	8.2	8¼	216.8	8.4	8¼	206.5	9.1	8½

* DIVISIONS 1-4 of SIC 1980 covering Energy and water-supply and manufacturing.

** DIVISIONS 2-4 of SIC 1980. Included in production industries.

*** DIVISIONS 6-9 of SIC 1980 covering Distribution, hotels and catering, repairs; Transport and communication; Banking, finance, insurance, business services and leasing; Other Services (including public administration, education, medical and other health services, etc).

UNIT WAGE AND SALARY COSTS

THIS PAGE WILL BE REVISED PRIOR TO PUBLICATION TO TAKE ACCOUNT OF UPDATED AND REVISED UNIT WAGE COST ESTIMATES WHICH WILL THEN BE AVAILABLE.

In the three months ending November 1987, wages and salaries per unit of output in manufacturing industries were 1.6 per cent above the corresponding period a year earlier. This increase was below the rise in average earnings in manufacturing (see Table 10) as there was a rise of over 6½ per cent in productivity over this period (see Table 13).

In the third quarter of 1987, wages and salaries per unit of output in the whole economy were 3.3 per cent above the corresponding period of 1986. This increase was below the rise in average earnings in the whole economy as there was a rise of about 3½ per cent in productivity over this period.

Recent figures are:

TABLE 11: WAGES AND SALARIES PER UNIT OF OUTPUT

	Manufacturing		Whole Economy	
	Index 1980 = 100	Percentage increase on a year earlier	Index 1980 = 100	Percentage increase on a year earlier
1985 Q3	125.7	6.4	133.1	6.1
Q4	128.4	6.0	134.3	4.4
1986 Q1	131.7	8.6	136.9	6.2
Q2	130.8	6.9	138.2	6.5
Q3	130.3	3.7	138.9	4.4
Q4	130.3	1.5	140.8	4.8
1987 Q1	132.7	0.8	141.7	3.5
Q2	131.9	0.8	143.9	4.1
Q3	131.1	0.6	143.5	3.3
1987 Aug	129.2	-1.1	..	..
Sept	132.3	0.9	..	..
Oct	131.8	1.6	..	..
Nov	133.1	2.4	..	..
<u>3 months ending</u>				
1987 Aug	131.1	0.8	..	..
Sept	131.1	0.6	..	..
Oct	131.1	0.5	..	..
Nov	132.4	1.6	..	..

HOURS WORKED IN MANUFACTURING INDUSTRIES

Overtime working by operatives in manufacturing industries was high again in December, at 13.42 million hours per week, and the fourth quarter average was at the highest level since the start of the decade. However current levels are still below the level of 15 million hours a week and more observed in the late 1970s. There are now fewer operatives in manufacturing, but a higher proportion work overtime and the average weekly hours of overtime per operative in December were about 3.7 compared with about 3 in 1979. Over the same period the normal weekly hours (excluding overtime) of operatives have fallen by about 1 hour.

Hours lost through short-time working in manufacturing industries remain very low, 0.28 million hours per week in December.

The index of average weekly hours worked by operatives in manufacturing industries (which takes account of hours of overtime and short-time as well as normal basic hours) was estimated at 104.0 in December 1987 giving an average of 103.9 over the three month period ending December 1987.

Estimates of overtime, short-time working, and index of average weekly hours have been revised to take account of updated seasonal adjustments and the revised estimates of employees in employment. Recent figures are set out in Table 12.

TABLE 12: WORKING HOURS OF OPERATIVES IN MANUFACTURING INDUSTRIES

Great Britain, seasonally adjusted

		Hours of overtime worked	Hours lost through short-time working (stood off for whole or part of week)	Index of average weekly hours (average 1980 = 100)
		Millions per week	Millions per week	
		R	R	R
1986	Jun	11.28	0.45	102.6
	Jul	11.66	0.39	102.9
	Aug	11.77	0.43	102.9
	Sep	11.68	0.43	102.8
	Oct	11.77	0.81	102.6
	Nov	12.06	0.48	102.9
	Dec	11.62	0.51	102.9
1987	Jan	11.47	0.57	102.7
	Feb	12.09	0.42	103.1
	Mar	12.27	0.36	103.3
	Apr	12.44	0.41	103.2
	May	12.38	0.37	103.2
	June	12.68	0.31	103.5
	Jul	12.49	0.35	103.3
	Aug	12.70	0.28	103.5
	Sep	12.96	0.24	103.6
	Oct	13.66	0.29	104.0
	Nov	13.58	0.38	103.8
	Dec	13.42	0.28	104.0

R= Revised

CONFIDENTIAL

UNTIL 11.30 a.m. ON 18.2.88

PRODUCTIVITY

THIS PAGE WILL BE REVISED PRIOR TO PUBLICATION TO TAKE ACCOUNT OF UPDATED AND REVISED PRODUCTIVITY ESTIMATES WHICH WILL THEN BE AVAILABLE.

Manufacturing output per head in the three months to November was 1.6 per cent higher than in the three months ending August and 6.6 per cent higher than in the same period a year earlier.

Output per head in the whole economy in the third quarter of 1987 was 1.7 per cent above the previous quarter and 3.5 per cent higher than in the third quarter of 1986.

Recent figures are:

TABLE 13: OUTPUT PER HEAD

seasonally adjusted, U.K.

		Manufacturing		Whole Economy	
		Index 1980 = 100	Percentage Increase on a year earlier	Index 1980 = 100	Percentage increase on a year earlier
1985	Q3	130.5	2.5	114.0	2.1
	Q4	130.3	2.3	114.7	2.2
1986	Q1	129.3	-0.6	114.9	1.5
	Q2	132.5	0.7	116.6	1.9
	Q3	134.9	3.4	117.8	3.3
	Q4	138.7	6.4	118.5	3.3
1987	Q1	138.4	7.0	119.0	3.6
	Q2	141.4	6.7	119.9	2.8
	Q3	145.5	7.9	121.9	3.5
1987	Aug	146.7	9.2	..	..
	Sept	145.5	7.5	..	..
	Oct	147.4	7.0	..	..
	Nov	146.4	5.5	..	..
<u>3 months ending</u>					
1987	Aug	144.2	7.5	..	..
	Sept	145.5	7.9	..	..
	Oct	146.5	7.9	..	..
	Nov	146.4	6.6	..	..

PERSONAL AND CONFIDENTIAL

UNTIL 11.30 a.m. ON 18.2.88.....

Industrial stoppages

During 1987 it is provisionally estimated that a total of 3,476 thousand working days were lost in the United Kingdom through stoppages of work due to industrial disputes. In the year a total of 899 stoppages have been provisionally recorded as being in progress, involving a total of 857 thousand workers. The comparable figures for 1986 were 1,920 thousand lost working days, 1,074 stoppages in progress and 720 thousand workers.

In December 1987, it is provisionally estimated that 38 thousand working days were lost through stoppages of work due to industrial disputes. This compares with a provisional estimate of 109 thousand in November 1987, 97 thousand in December 1986 and an average of 464 thousand for December during the ten year period 1977 to 1986.

Table 14. Industrial stoppages in progress in the United Kingdom.

	Working days lost (thousand)	Number of Stoppages	Workers involved (thousand)
1986			
Dec	97	91	50
1987			
Jan	889	110	170
Feb	928	123	144
Mar	250	115	215
Apr	326	126	150
May	218	86	123
Jun	341	98	167
Jul(p)	220	88	76
Aug(p)	40	65	21
Sep(p)	49	74	17
Oct(p)	69	73	23
Nov(p)	109	69	71
Dec(p)	38	41	24
<u>Cumulative totals</u>			
12 months to December 1986	1,920	1,074	720
12 months to December 1987(p)	3,476	899	857

(p) Provisional and subject to revision, normally upwards, see Note H1

The following symbols are used throughout: .. not available, - nil or negligible, p provisional, r revised. Occasionally, totals may differ from the sum of components because of rounding or separate seasonal adjustments of components.

UNEMPLOYMENT (Tables 1-4)

A1. The unemployment figures are derived from records of claimants of benefit held at Unemployment Benefit Offices. The term "claimants" in the unemployment count is used to include those who claim unemployment benefit", supplementary benefits or national insurance credits. The figures include the severely disabled but exclude students seeking vacation work and the temporarily stopped (see below). A full description of the system of compiling the figures appeared in the September 1982 *Employment Gazette*.

A2. The unemployment figures exclude students who are claiming ~~unemployment~~ benefit during a vacation but who intend to return to full-time education when the new term begins. From November 1986 most students have only been eligible for benefits in the summer vacation. On 14 January 1988 these numbered 1,783 in Great Britain and in the United Kingdom.

A3. The figures exclude temporarily stopped workers, that is, those who had a job on the day of the count but were temporarily suspended from work on that day and were claiming benefits. On 14 January 1988 these numbered 5,358 in Great Britain and 6,512 in the United Kingdom.

A4. The school leaver figures relate to people under 18 years of age who have not entered employment since completing full-time education. Part of the change in the count of school leavers between one month and the next reflects some of them reaching the age of 18. The unemployment count excludes school leavers not yet entitled to benefit; for June, July, and August, the months mainly affected, a special count of those registering at Careers Offices is provided.

A5. Regional unemployment rates are calculated by expressing the number of unemployed as a percentage of the estimated total working population (the sum of employees in employment, unemployed, self-employed and HM Forces) at mid-1987. These rates include the self-employed and armed forces in the base to provide a more reliable guide to the incidence of unemployment among the whole workforce. Until July 1986, all rates were expressed as a percentage of employees plus the unemployed only. These narrower based rates, continue to be used for local areas (travel-to-work areas and counties) because estimates for the self-employed and armed forces needed to calculate the new rates are not made below regional level. The UK narrower rates on 14 January 1988 were 13.6 per cent for males and 7.7 per cent for females, 11.0 per cent in total (unadjusted). The denominators for calculating unemployment rates have been revised this month and now relate to mid-1987. Rates for 1986, not in this Press Notice, have also been revised. The new denominators take account of the latest employment estimates including information available from the Labour Force Survey.

A6. The latest figures for national and regional seasonally adjusted unemployment are provisional and subject to revision, mainly in the following month. The seasonally adjusted series takes account of all past discontinuities to be consistent with the current coverage. (See the article 'Unemployment adjusted for discontinuities and seasonality' in the July 1985 *Employment Gazette*, and also page 422 of the October 1986 edition). The seasonally adjusted series have been up-dated this month back to 1984 to take account of ~~the usual annual update~~ of the seasonal adjustment factors. *routine revision*

A7. The unemployment flows, in table 3 relate to people claiming and ceasing to claim benefit in the United Kingdom. A seasonally adjusted series cannot yet be estimated. The figures are standardised to a four and one third week month to allow for the varying periods between successive monthly count dates, and may, therefore, appear not to balance the monthly changes in unemployment levels. It may also be noted that while changes in the level of unemployed school leavers are affected by some of them reaching the age of 18 (see note A4), the outflow figures relate only to those aged under 18 leaving the count.

EMPLOYMENT (Table 5)

B1. Information on the number of employees in employment is for most industries collected quarterly and monthly from sample surveys addressed to individual establishments and for other industries from returns provided by major employers in the industry. These figures are used to calculate rates of change in employment since the last Census of Employment was held, and the rates of change are applied to comprehensive census results to provide current estimates.

B2. The surveys cover all large establishments and a proportion of small establishments (but none of the smallest employers). 30,000 establishments are surveyed each quarter month (e.g. in March, June etc.), and of these 12,000 are in manufacturing industries. 6,000 of the manufacturing establishments are also surveyed in non quarter months. Estimates for these months are less reliable than those for quarter months, and the first estimates are subject to revision when the following quarters figures become available (e.g. January and February estimates are revised in the light of figures for March). As the estimates of employees in employment are derived from employers' reports of the numbers of people they employ, individuals holding two jobs with different employers will be counted twice. Participants in government employment and training schemes are included if they have a contract of employment. HM forces, homeworkers and private domestic servants are excluded.

B3. The estimates of employees in employment presented in this press notice also take account of the results of the 1985, 1986 and 1987 sample Labour Force Surveys. The series include allowances for undercounting in the estimates of the number of employees in employment derived from the sample survey of employers. Since the second quarter of 1986, 33,900 per quarter has been added to the raw estimates of total employees in employment based on the sample. The reasoning behind such allowances is described in the *Employment Gazette* April 1987 (page 201).

B4. The self employed are those who in their main employment work on their own account, whether or not they have any employees. Second occupations classified as self employed are not included.

B5. Comprehensive estimates of the number of self-employed are taken from the Census of Population, the most recent of which was held in 1981. Estimates for the other years are made by applying rates of change, derived from the sample Labour Force Survey results, to the census benchmark. In this way self employment is estimated to have increased by 12,800 a quarter between mid 1981 and mid 1983, by 68,800 a quarter between mid 1983 and mid 1984, by 28,800 a quarter between mid 1984 and mid 1985, by 4,100 a quarter between mid 1985 and mid 1986, by 58,500 a quarter between mid 1986 and mid 1987. Pending the results of the 1988 Labour Force Survey it is assumed that the numbers of self employed are continuing to increase at the rate of 31,000 a quarter observed between 1981, the date of the latest Census of Population which provides a benchmark for the self employment series, and 1987, the date of the latest available Labour Force Survey data. The derivation of recent estimates is described in a Press Notice issued on 15 February 1988 to be reprinted in the March edition of *Employment Gazette*.

B6. Figures for HM Forces are provided by the Ministry of Defence.

B7 The employed labour force comprises employees in employment, the self employed and HM forces.

VACANCIES (Tables 6-8)

C1. The vacancy statistics include self-employed vacancies and exclude vacancies handled by Professional and Executive Recruitment. Community Programme vacancies at Jobcentres are included in the unadjusted total, but excluded from the seasonally adjusted series. Figures are available back to 1980. For further details see the October 1985 *Employment Gazette*.

C2. Vacancies at Jobcentres are mainly for adults aged 18 or over, but include some vacancies for persons under 18. Vacancies at Careers offices are mainly for young persons under 18 years of age, but include some vacancies suitable for adults. Where the vacancy is notified to both services by an employer, it will be included in both counts; for this reason, the two counts should not be added together to give a figure for total vacancies.

C3. The figures of vacancies published in this press notice do not represent the total number of vacancies in the economy. Latest estimates suggest that nationally about one third of all vacancies are notified to Jobcentres; and about one quarter of all engagements are made through Jobcentres. Inflow, outflow, and placings figures are collected for four or five week periods between count dates; the figures in this press notice are converted to a standard four and one third week month.

EARNINGS (Tables 9 and 10)

D1. The whole economy index of average earnings was introduced from January 1976. It was described in the April 1976 issue of *Employment Gazette*. The present series is based on January 1980 = 100. Separate indices for 26 industry groups of Standard Industrial Classification (1980) are published in the *Employment Gazette*.

D2. All the series are based on information obtained from the Department's monthly survey of a representative sample of firms in Great Britain, combined with information supplied by the Ministry of Agriculture Fisheries and Food about agricultural earnings in England and Wales. The survey obtains details of the gross wages and salaries paid to employees, in respect of the last pay week of the month for the weekly paid, and for the calendar month for the monthly paid. The earnings of the latter are converted into a weekly basis. The average earnings are obtained by dividing the total paid by the total number of employees paid, including those employees on strike. The sample of returns contains information relating to some 10 million employees.

D3. The analysis of underlying changes was described in Employment Gazette, April 1981, page 193, and the most recent analysis appeared in *Employment Gazette* in December 1987. The next analysis will appear in the March 1988 issue.

D4. The average earnings figures are not intended to measure solely the average increase in rates of pay for a standard week reflected in annual pay settlements. Changes in hours worked are not regarded as a temporary factor and therefore continue to influence the underlying rate. Irregular variations in bonuses, sickness, etc., on which no information is available, can also affect the underlying trend, as can changes in the composition of the labour force.

UNIT WAGE AND SALARY COSTS (Table 11)

E1. Wages and Salaries per unit of output in manufacturing is compiled using monthly series of average earnings, employment and output; it is described in *Employment Gazette*, June 1982, page 261. For wages and salaries per unit of output in the whole economy, the wages and salaries totals in the numerator are adjusted to incorporate the earnings of the self-employed, based on the ratio of the employed labour force to the number of employees in employment and HM Forces. The denominator is the output measure of gross domestic product at factor cost in constant prices and is consistent with the GDP press notice published on 18 December. For further information, see *Employment Gazette*, May 1986, page 172.

HOURS OF WORK (Table 12)

F1. The hours of overtime and short-time worked by operatives in manufacturing industries are collected by the surveys of individual establishments which are used to collect numbers of employees. Figures are collected monthly; those for non-quarter months are based on a smaller sample, and are therefore subject to retrospective revisions in the same way as the employee estimates.

F2. The index of average weekly hours relates to average weekly hours worked by operatives in manufacturing industries. It is based on the normal weekly hours of full time operatives as in national agreements plus average net overtime. The calculation of this index is described on page 240 of *Employment Gazette*, June 1983.

PRODUCTIVITY (Table 13)

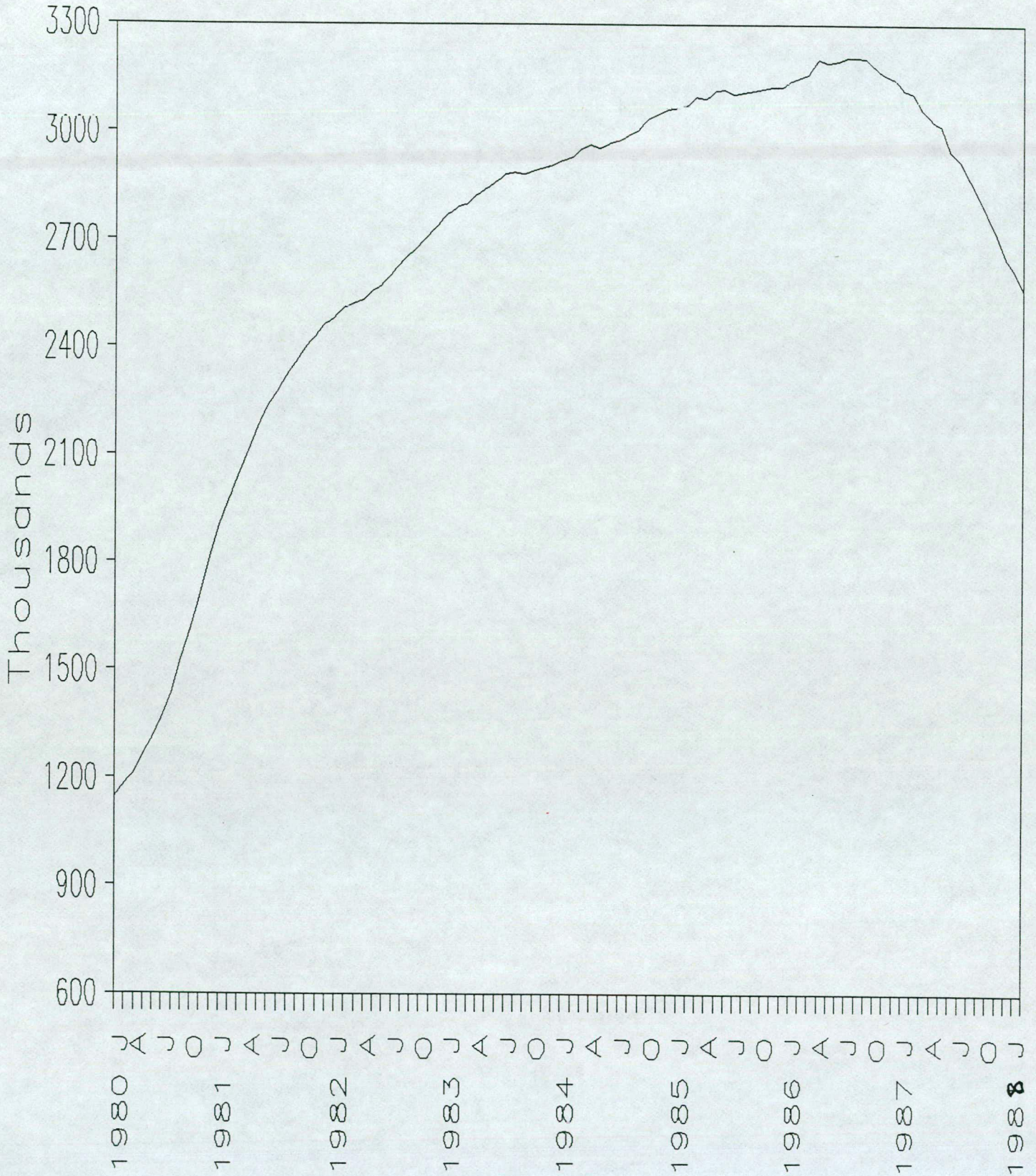
G1. Index numbers of output per person employed are calculated by dividing an index of output by an index of the numbers employed. The indices are all based on 1980 = 100. The output series for the economy as a whole is the output-based measure of gross domestic product and is consistent with the GDP press notice published by the CSO on 18 December. This series is used so as to achieve consistency with the industrial analysis for which the indices of output for the production industries are used. The indices for employment are based on the employed labour force in the United Kingdom as defined in para B4 above, after combining mid-month estimates to reflect average levels of employment in the month or quarter as a whole.

INDUSTRIAL STOPPAGES (Table 14)

H1. Statistics of stoppages of work due to industrial disputes in the United Kingdom relate only to disputes connected with terms and conditions of employment. Stoppage involving fewer than 10 workers or lasting less than one day are excluded except where the aggregate of working days lost exceeded 100. However, there are difficulties recording stoppages near the margin of this threshold and consequently greater emphasis should be placed on the figure for working days lost rather than on the number of stoppages. The monthly figures are provisional and subject to revision, normally upwards, to take account of additional or revised information received after going to press.

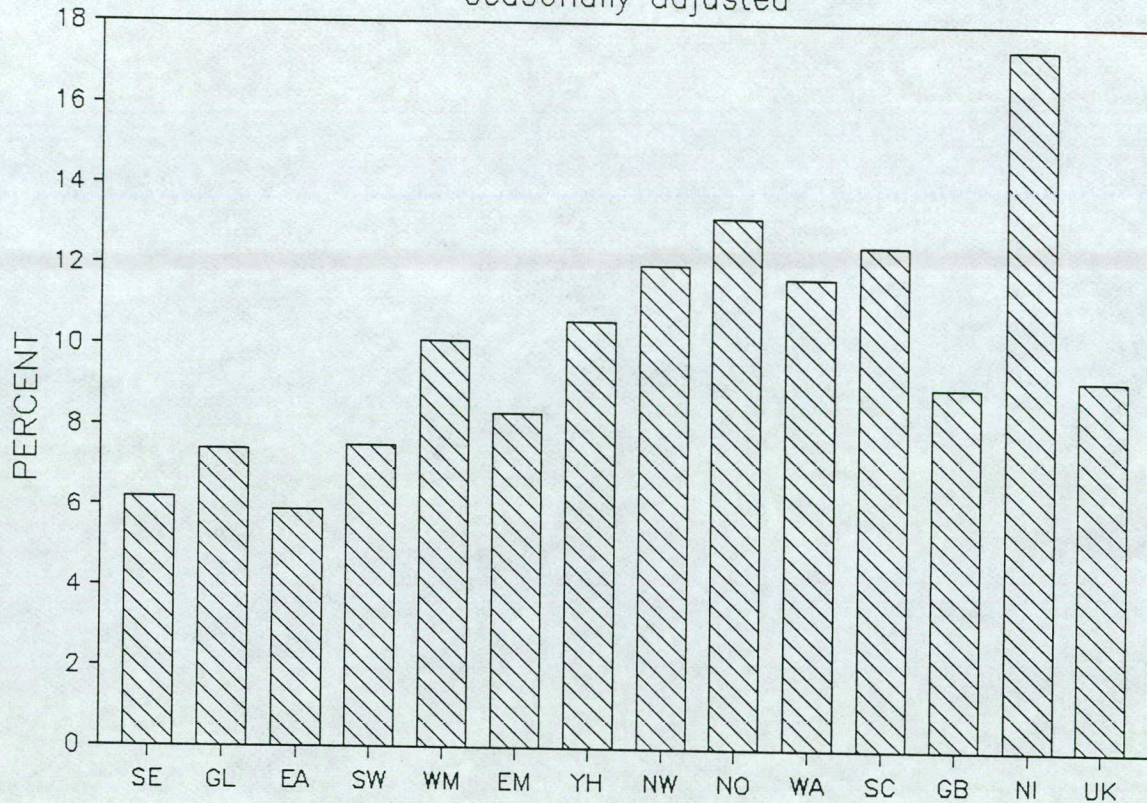
SEASONALLY ADJUSTED UNEMPLOYMENT

UNITED KINGDOM

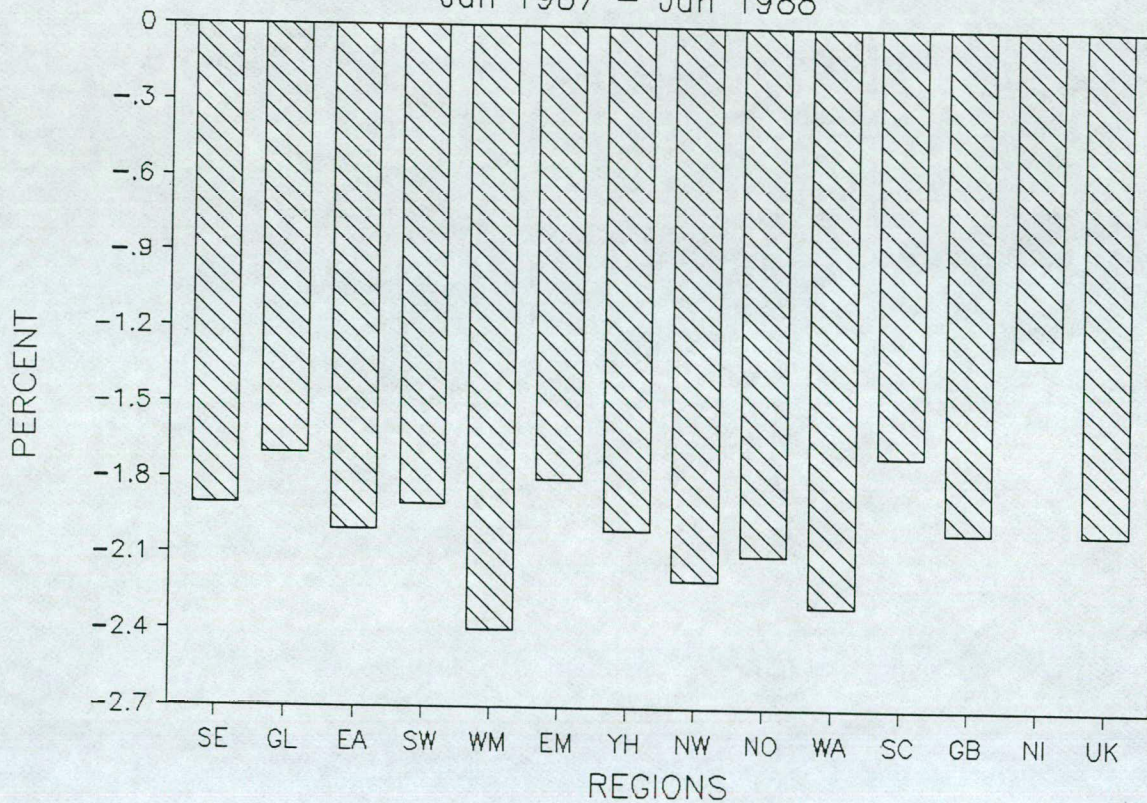


UNTIL 11.30 a.m. ON 18 FEB 1988

REGIONAL UNEMPLOYMENT RATES: Jan 1988 seasonally adjusted



ANNUAL CHANGE IN UNEMPLOYMENT RATES Jan 1987 - Jan 1988



UNEMPLOYMENT - regions and sex: Jan 1988
SEASONALLY ADJUSTED EXCLUDING SCHOOL LEAVERS

Unemployment
-regions and sex

	NUMBER (Thousands)		UNEMPLOYMENT RATE (Per Cent)*		
	At Jan 1988	Change in month since Dec 1987	At Jan 1988	Change in month since Dec 1987	Change in year since Jan 1987
<u>REGIONS</u>	(1)				
South East	572.5	-18.3	6.2	-0.2	-1.9
(Greater London)	(318.7)	-7.5	7.4	-0.2	-1.7
East Anglia	59.4	-1.9	5.9	-0.2	-2.0
South West	154.1	-2.6	7.5	-0.1	-1.9
West Midlands	262.5	-6.0	10.1	-0.2	-2.4
East Midlands	159.4	-3.7	8.3	-0.2	-1.8
Yorks & Humber	248.7	-4.4	10.6	-0.2	-2.0
North West	356.0	-4.6	12.0	-0.2	-2.2
North	188.3	-3.1	13.2	-0.2	-2.1
Wales	137.7	-2.5	11.7	-0.2	-2.3
Scotland	306.2	-2.5	12.5	-0.1	-1.7
GREAT BRITAIN	2444.8	-49.4	9.0	-0.2	-2.0
Northern I.	118.3	-1.4	17.4	-0.2	-1.3
UNITED KINGDOM	2563.1	-50.8	9.2	-0.2	-2.0
<u>MALES AND FEMALES</u>					
UK Males	1782.9	-42.4	10.9	-0.3	-2.2
UK Females	780.2	-8.4	6.8	-0.1	-1.6

Unemployment by Duration

THOUSANDS

Duration	Number at OCTOBER 1987	Change since OCTOBER 1986 (a)
All duration	2751	-486
Over 1 year	1172	-169
Over 2 years	756	-88
Over 3 years	538	-44
Over 4 years	391	-6
Over 5 years	276	+27 (+20)

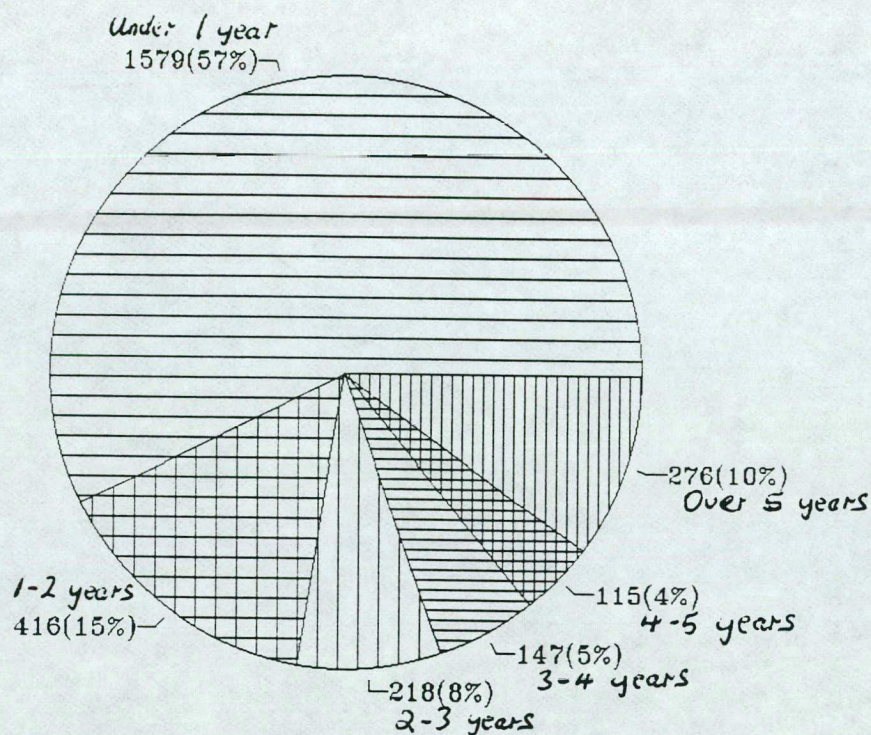
Up to 1 year	1579	-317
1 to 2 years	416	-80
2 to 3 years	218	-44
3 to 4 years	147	-38
4 to 5 years	115	-33 (-26)
Over 5 years	276	+27 (+20)

(a) Estimates in brackets allow for the civil service dispute in 1981 which delayed the recording of the starting date of unemployment for many claimants.

Unemployment by Age

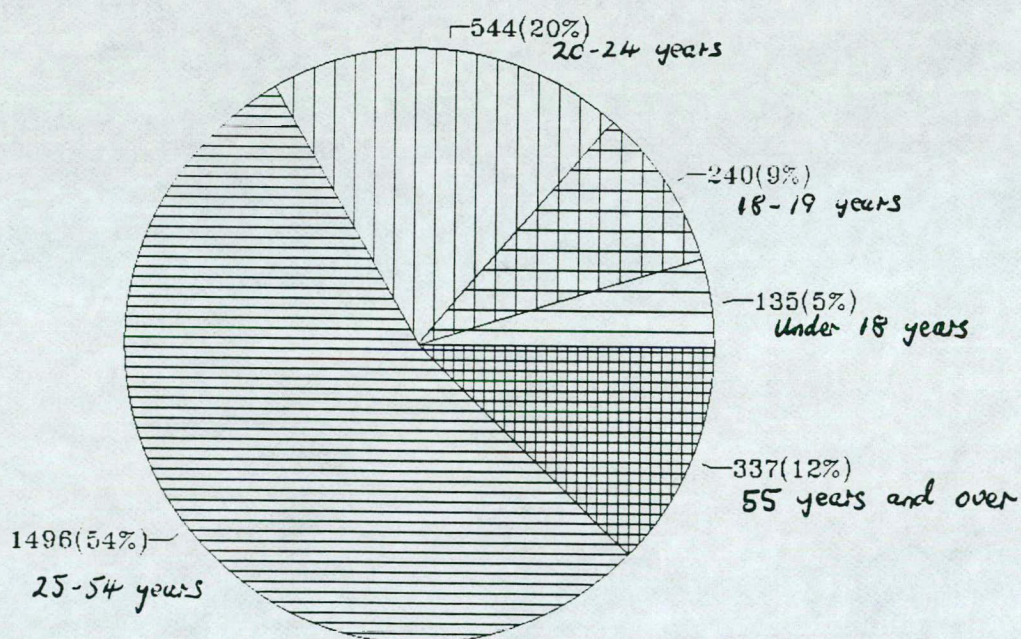
	Number at OCTOBER 1987	Change since OCTOBER 1986
Under 18	135	-52
18-19	240	-62
20-24	544	-113
25-54	1496	-220
55 and over	337	-39
All ages	2751	-486

U.K. UNEMPLOYMENT BY DURATION THOUSANDS



OCTOBER 1987

U.K. UNEMPLOYMENT BY AGE THOUSANDS



OCTOBER 1987

PERSONAL AND CONFIDENTIAL
 UNTIL 11.30 AM ON 18 February 1988
 AND THEREAFTER CONFIDENTIAL

*To nearest thousand

Department of Employment Scheme Participants GB with and without the employed labour force (to nearest thousand)

=====

Scheme Participants in the GB employed Labour Force

Scheme Participants outside employed labour force

	EAS	CP	CI	NWS*	YOP+	YTS++	YTS++	JTS	JRS
March 83	2	39	8	103	234	0	0		79
June 83	2	64	8	93	154	2	19		81
Sept 83	8	97	8	103	69	17	156		85
Dec 83	20	115	8	105	22	26	231		88
Mar 84	27	113	8	98	22	25	227		95
June 84	37	120	8	70	4	24	220		91
Sept 84	39	123	8	63		29	258		86
Dec 84	39	130	8	57		28	251		78
Mar 85	41	133	8	52		25	227		70
June 85	48	138	8	43		24	212		61
Sept 85	49	151	8	50		30	266		54
Dec 85	52	174	8	57		28	250		48
Mar 86	55	200	8	51		24	219		43
June 86	60	221	8	31		27	243		37
Sept 86	66	235	8	28		33	300		32
Dec 86	74	248	8	33		32	291	1	27
March 87	81	244	8	34		30	269	2	24
Apr 87	85	238	8	32		30	272	3	23
May 87	87	235	8	29		29	263	8	22
June 87	90	232	8	24		35	316	13	22
July 87	93	231	8	18		38	341	17	21
Aug 87	94	229	8	18		39	353	20	21
Sept 87	96	229	8	18		43	384	22	21
Oct 87	97	224	8	19		42	373	24**	20
Nov 87	96	222	8	20		41	371	25	20
Dec 87	96	221	8	19		41	365	24	19

* Figures prior to June 1986 relate to similar Young Workers Scheme

+ Excludes trainers

++ Excludes trainers, figures for latest months subject to revisions:
 participants in employed labour force have contracts of employment.

** Stats B Estimate

C4

International Comparisons of Unemployment Levels

Although unemployment in the UK has been falling more rapidly than in other countries, the unemployment rate remains relatively high. The following table gives the latest figures on national definitions, which are not strictly comparable owing to national differences in coverage and concepts of unemployment, together with the available OECD standardised rates which are recommended for comparing levels of unemployment.

RECOMMENDED

OECD STANDARDISED RATES

UNEMPLOYMENT, NATIONAL DEFINITIONS

	<u>Seasonally adjusted</u>		<u>Seasonally adjusted</u>		<u>Unadjusted</u>		<u>Latest month</u>
	<u>Latest month</u>	<u>% rate</u>	<u>Number (000s)</u>	<u>% rate</u>	<u>Number (000s)</u>	<u>% rate</u>	
Spain	Aug	19.0	2,965	20.7	2,998	21.0	Nov
Ireland	..	..	243	18.9	252	19.6	Jan
Belgium	Dec	10.5	421 ^e	15.4 ^e	422	15.4	Dec
France	Dec	10.5	2,563	10.4 ^a	2,677	10.9 ^a	Dec
Netherlands	Dec	9.5	685	14.0	697	14.3	Dec
<u>United Kingdom</u>	Dec	9.0	2,563	9.2	2,722	9.8	Jan
Italy ^a	..	..	2,945	12.4	2,871	12.0	July
Canada ^a	Dec	8.0	1,072	8.1	1,161	8.9	Jan
Denmark	..	..	218	8.0	208	7.6	Oct
Australia ^a	Dec	7.7	610	7.8	620	7.8	Dec
Germany	Nov	7.0	2,224	7.9	2,519	8.8	Jan
Portugal	Aug	6.8	291	6.8	290	6.7	Oct
United States ^a	Dec	5.7	7,046	5.8	7,603	6.4	Jan
Greece	..	..	..	..	137	7.3	Dec
Austria	..	..	174 ^e	6.1 ^e	201	7.1	Dec
Japan ^a	Nov	2.7	1,660	2.7*	1,560	2.5	Nov
Norway	Nov	2.3	33	2.3	31	2.1	Nov
Sweden ^a	Dec	1.6	71	1.7	71	1.8	Dec
Luxembourg	..	..	..	..	3	1.8	Nov
Switzerland	..	..	..	..	21	0.7	Nov

e estimated

a Survey Sources

b Includes all countries with Standardised rates

+ Recent standardised rates for Italy not available, pending review of new information from EC Labour Force Survey.

* October figures

Sources:- OECD "Main Economic Indicators" supplemented by Labour Attached reports etc

The following table shows the changes in unemployment, both in terms of percentage increases and, more significantly, changes in percentage rates. The latter are recommended for comparison.

UNEMPLOYMENT, LATEST MONTH COMPARED WITH A YEAR EARLIER

	<u>Unadjusted unemployment, national definitions</u>			
	<u>RECOMMENDED</u> Change in <u>% rate</u>	Change <u>(000s)</u>	% Change <u>in total</u>	<u>Latest</u> <u>month</u>
Italy	+ 0.6	+ 145	+ 5	Nov
Spain	+ 0.4	+ 131	+ 5	Nov
Luxembourg	+ 0.3	+ 1	+ 22	Nov
Denmark	+ 0.3	+ 9	+ 5	Dec
Austria	+ 0.2	+ 1	+ 1	Dec
Germany	+ 0.1	+ 22	+ 1	Jan
Switzerland	NC	- 1	- 5	Nov
France	- 0.1	- 12	- 1	Dec
Japan	- 0.1	- 30	- 2	Nov
Ireland	- 0.2	- 2	- 1	Jan
Greece	- 0.2	- 2	- 1	Dec
Netherlands	- 0.2	- 8	- 1	Dec
Norway	- 0.2	- 2	- 5	Nov
Australia	- 0.6	- 36	- 6	Dec
Sweden	- 0.6	- 26	- 30	Dec
Belgium	- 0.8	- 23	- 5	Dec
USA	- 1.0	-1017	- 12	Jan
Canada	- 1.6	- 181	- 14	Jan
Portugal	- 1.8	- 76	- 21	Oct
<u>United Kingdom</u>	- 2.1	- 575	- 17	Jan

NC = No Change

Sources:- OECD "Main Economic Indicators" supplemented by Labour Attache reports etc

When assessing the change in unemployment in more recent periods than over the past year, seasonally adjusted figures need to be used. The following table compares seasonally adjusted figures for the latest three months with the previous three months. An additional table C4d shows monthly figures for selected countries.

UNEMPLOYMENT, LATEST 3 MONTHS COMPARED WITH PREVIOUS 3 MONTHS

Seasonally adjusted, national definitions

RECOMMENDED

	Change in percentage rate	Change Number (000s)	Percentage Changes	Latest month
Norway	+ 0.2	+ 2	+ 7	Nov
Austria	+ 0.2	+ 7	+ 4	Dec
Italy	+ 0.2	+ 47	+ 1	Nov
Spain	+ 0.2	+ 34	+ 1	Nov
Netherlands	+ 0.2	+ 1	NC	Dec
Denmark	NC	- 1	NC	Dec
Germany	NC	- 7	NC	Jan
Sweden	NC	- 3	- 3	Dec
Australia	- 0.1	- 2	NC	Dec
United States	- 0.1	- 125	- 2	Jan
Ireland	- 0.2	- 2	- 1	Jan
Japan	- 0.2	- 123	- 7	Oct
France	- 0.3	- 68	- 3	Dec
Belgium	- 0.4	- 11	- 3	Dec
Portugal	- 0.4	- 18	- 6	Oct
Canada	- 0.5	- 56	- 5	Jan
<u>United Kingdom</u>	- 0.6	- 163	- 6	Jan

Note Seasonally adjusted figures not available for Greece, Luxembourg and Switzerland.

NC = No change

Sources:- OECD "Main Economic Indicators" supplemented by Labour Attache reports etc

Seasonally Adjusted levels and rates of registered unemployment

<u>Month</u>	<u>UK</u>		<u>France</u>		<u>Germany</u>		<u>Italy</u>		<u>Spain</u>	
	<u>Level</u>	<u>Rate</u>	<u>Level</u>	<u>Rate</u>	<u>Level</u>	<u>Rate</u>	<u>Level</u>	<u>Rate</u>	<u>Level</u>	<u>Rate</u>
Sep 1985	3121	11.3	2467	10.6	2298	8.2	2989	13.0	2648	19.5
Oct	3124	11.3	2452	10.5	2297	8.2	3031	13.2	2662	19.5
Nov	3123	11.3	2448	10.5	2307	8.2	3040	13.3	2700	19.8
Dec	3143	11.4	2441	10.5	2299	8.2	3061	13.4	2686	19.7
Jan 1986	3156	11.4	2442	10.5	2282	8.2	3082	13.4	2717	19.8
Feb	3164	11.4	2446	10.5	2289	8.2	3127	13.6	2713	19.8
Mar	3207	11.5	2468	10.6	2268	8.1	3121	13.6	2739	20.0
Apr	3197	11.5	2490	10.7	2240	8.0	3158	13.7	2742	20.0
May	3201	11.5	2517	10.8	2242	8.0	3189	13.9	2735	19.9
June	3213	11.5	2523	10.8	2222	7.9	3207	14.0	2724	19.8
July	3212	11.6	2541	10.9	2207	7.9	3204	13.9	2732	19.8
Aug	3209	11.6	2557	11.0	2201	7.8	3212	14.0	2727	19.8
Sep	3183	11.6	2550	10.9	2189	7.8	3233	14.0	2758	20.0
Oct	3160	11.5	2544	10.9	2179	7.8	3243	14.0	2781	20.0
Nov	3143	11.4	2549	10.9	2174	7.7	3192	13.8	2825	20.3
Dec	3119	11.3	2574	11.0	2175	7.8	3268	14.0	2840	20.4
Jan 1987	3114	11.2	2613	11.2	2200	7.8	3238	13.9	2865	20.5
Feb	3066	11.0	2655	11.4	2189	7.8	3286	14.1	2879	20.6
Mar	3040	11.0	2676	11.5	2225	7.9	3263	14.0	2902	20.7
Apr	3018	10.9	2659	11.4	2226	7.9	3136	13.4	2906	20.3
May	2952	10.6	2661	11.4	2219	7.9	3233	13.8	2918	20.4
June	2925	10.5	2645	11.3	2240	7.9	3239	13.9	2922	20.4
July	2876	10.4	2638	11.3	2251	8.0	3297	14.2	2927	20.5
Aug	2829	10.2	2649	11.4	2246	8.0	3373	14.5	2920	20.4
Sep	2773	10.0	2597	10.5	2252	8.0	3376	14.5	2944	20.6
Oct	2712	9.8	2572	10.4	2249	8.0	3340	14.4	2961	20.7
Nov	2649	9.5	2546	10.4	2243	7.9	3335	14.3	2965	20.7
Dec	2614	9.4	2563	10.4	2258	8.0				
Jan 1988	2563	9.2			2224	7.9				

COVERING CONFIDENTIAL

UNEMPLOYMENT - comparison with the 1930s

1. The peak recorded pre-war was in January 1933, at 2,979,000 including temporary stopped.
2. It is not possible to make a fully valid and meaningful comparison with pre-war unemployment, for the following reasons.
 - (1) the labour force is about one-third larger and different in character. A much larger proportion of women work. We do not have a continuous series of figures on employment against which to measure the unemployed.
 - (2) Because of changes in entitlement to benefit, we cannot be sure to what extent unemployed people are now more or less likely to claim and to be included in the count.
 - (3) There have been many administrative changes and changes in the methods used to count the unemployed.
 - (4) Changes in Government employment measures including legislation on employees' rights will also have affected the figures. There may also have been significant changes in practice by employers, for example on temporary lay-offs, since the numbers recorded as 'temporarily stopped' were much higher before the war.
3. In any comparison with the 1930s it is also relevant that greater protection is now given to the unemployed through social security provisions, redundancy pay, and generally improved social conditions. Moreover, it is now more common for there to be more than one breadwinner in the family.

COVERING CONFIDENTIAL

D2a

Unemployment - Coverage
of the count

UNEMPLOYMENT - COVERAGE OF THE COUNT:

COMPARISON WITH ESTIMATES FROM THE LABOUR FORCE SURVEY

Unemployment can be taken by different people to mean different things depending on the context in which the figures are used, and can be measured in different ways.

2. As in most other Western European countries, we use an administrative system to provide monthly unemployment figures, although we also use household surveys to provide less frequent information on a different basis. We use the count of claimants* at unemployment benefit offices because the figures are available frequently, quickly and cheaply, in particular providing detailed local figures which would be very costly to obtain from alternative sources.

3. The count necessarily reflects the administrative system on which it is based and cannot be ideal for every purpose eg to measure labour slack or social hardship.

4. Instead of using the claimant count, alternative measures of unemployment can be obtained from household sample surveys such as the annual Labour Force Survey (LFS). The criteria for defining unemployment in surveys can of course be varied and there is no universally accepted definition of "true" unemployment; but according to preliminary results of the LFS for GB in spring 1987 there were 2.88 million unemployed according to internationally accepted definitions (ILO/OECD) (ie available and seeking work in the previous 4 weeks). This compares with 2.95 million included in the claimant count over the survey period. The difference of 70,000 between these figures is the net result of the difference between two partly offsetting groups. 950,000 claimants were either employed or not unemployed on the ILO/OECD measure, while, on the other hand, some 880,000 people were without jobs and unemployed on the ILO/OECD definition but not claiming benefits. The attached chart illustrates the comparison.

*those claiming unemployment benefits, supplementary benefits or national insurance credits as an unemployed person.

An alternative longer established measure of unemployment from the LFS has conventionally been used for the purposes of national estimates of the labour force, but is not so closely in line with international definitions. It essentially consists of those seeking work during the week of the survey. In Spring 1987 there were 2.79 million unemployed on this labour force definition, again less than the claimant count.

Changes between 1981 and 1986

Between 1981 and 1986 the trend in unemployment, as measured through the LFS, has been very different from the trend in the claimant count.

In 1981 the unemployment count (then based on registration) was broadly in line with the labour force estimate. But allowing as far as possible for all the changes in coverage since then, it appears that the claimant count on today's basis would have been rather lower in 1981 than unemployment on the usual labour force definition, a position which was reversed by 1985.

Our best estimate is that between 1981 and 1986 the claimant count (consistent with the current coverage) has risen by over 900,000 while the survey figures indicated an increase of around a third of a million. The divergence of some 600,000 occurred both among men and women.

Very significantly, between 1983, when employment started to grow, and 1986, there was little change in the survey based level of unemployment whereas the claimant count rose by a further $\frac{1}{3}$ million. Detailed analysis of the figures suggest that part of that divergence between the claimant count and the survey estimates reflected some increasing propensity to claim benefits, rather than a tendency for claimants to give up seeking work because they believed no jobs were available.

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Changes between 1986 and 1987

Between Spring 1986 and 1987 the divergence of the claimant count and *survey* measures of unemployment was *reversed*. While the claimant count fell by 210,000, unemployment on the ILO/OECD measure only fell by some 80,000. The convergence of 130,000 between the two measures results from a continued modest rise of about 20,000 in the non-claimant unemployed and a fall of 110,000 among claimants not unemployed on the ILO/OECD definition. It appears to be mainly due to general improvements in the economy interacting with the effect of Restart and availability testing.

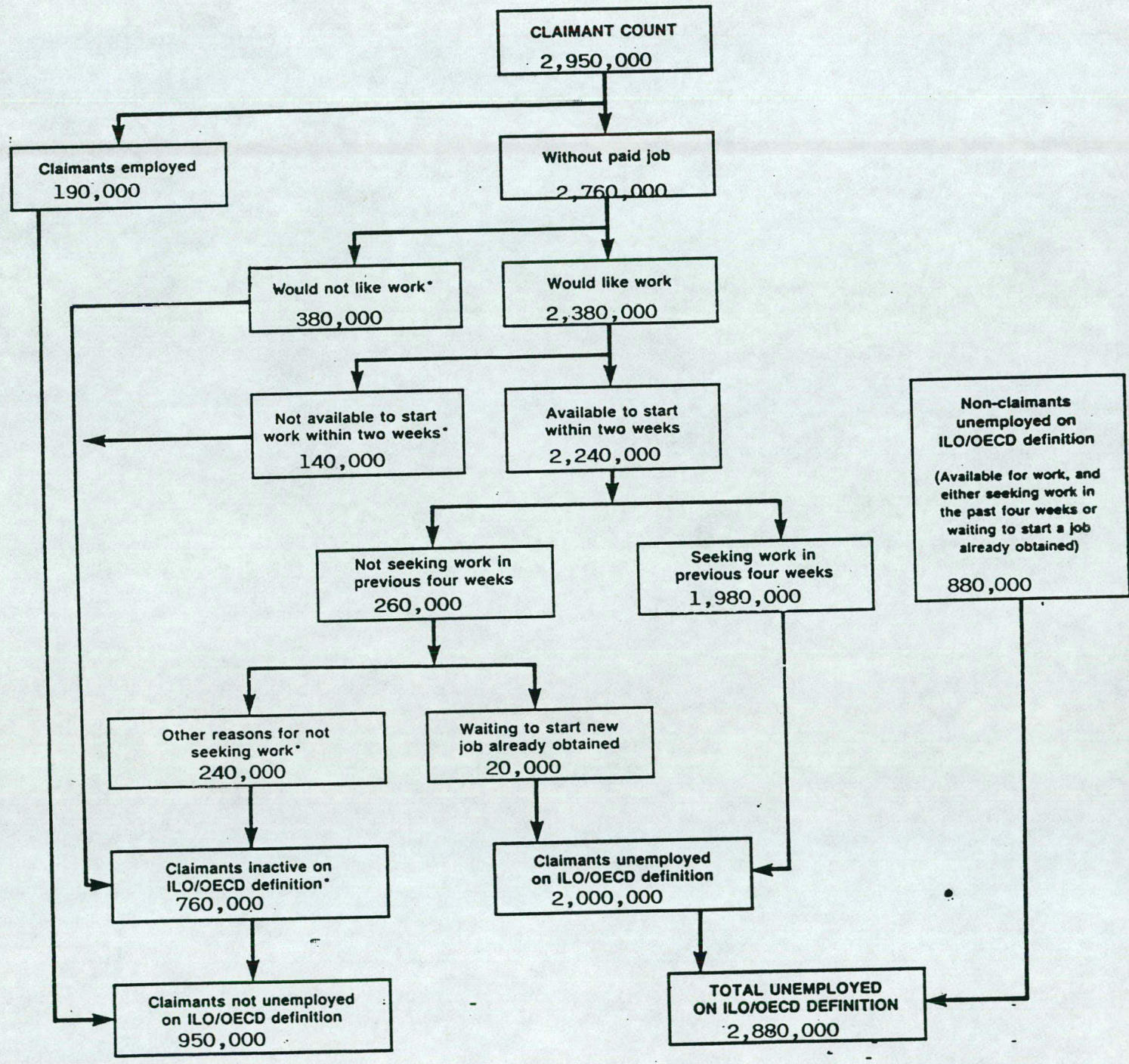
While there were slight falls between 1986 and 1987 among claimants who said they would not like work (20,000) or had a paid job (10,000), the remaining 80,000 fall in inactive claimants was confined to those who said they were available for work, and concentrated among discouraged claimants (whose main reason given for not seeking work was that they believed no jobs were available).

These results for 1987 compared with 1986 therefore seem mainly to reflect a response among claimants to the extra job opportunities available and a more optimistic perception of them, with more frequent job seeking among those yet to find work.

Restart and the tighter tests of availability for work introduced in 1986 will have reduced the claimant count, to some extent without affecting the number of people seeking work eg because some claimants who were not available for work were discouraged from pursuing their claim or they found they were entitled to other benefits without signing on as unemployed. However such influences appear to have been modest compared with general improvements in the economy and the more positive contribution of Restart in bringing longer term claimants back in touch with the labour market.

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The monthly claimant count compared with the ILO/OECD measure of unemployment:
GB spring 1987



Unemployment - changes in coverage

UNEMPLOYMENT - CHANGES IN THE COVERAGE OF THE UNEMPLOYMENT COUNT

Since 1979, there have been 6 changes which have had a discernible effect on the monthly unemployment count.

(1) Change in basis of count from registration to claimants (Approx - 190,000)

This was the most important change which occurred in October 1982, when registration at jobcentres became voluntary, saving administrative costs and eliminating the need for unemployed people to attend both a jobcentre and an unemployment benefit office in order to get their benefits. The previous count of registrants at jobcentres became incomplete and it was necessary to move to counting claimants at Unemployment Benefit Offices. This removed approximately 190,000* from the count as a result of three factors:

- (i) Computerisation of count and improved accuracy, removing old (ceased) claims more quickly (estimated effect - 78,000)
- (ii) exclusion of registrants not claiming benefits (- 135,000)
- (iii) inclusion of severely disabled (+ 23,000)

(2) Effect of 1983 Budget measures (-162,000)

The second largest change arose from the 1983 Budget provisions which enabled 162 thousand men, mainly aged 60 and over, to receive National Insurance credits or the higher long term rate of supplementary benefit without attending an Unemployment Benefit Office. The effect accumulated between April and August 1983.

(3) Later compilation of unemployment statistics as from March 1986 (-50,000 average per month).

The change made in March 1986 was to take better account of claimants who did not inform benefit offices that they were no longer unemployed on the 'count date'. From October 1982, there was a waiting period of one week between the count date and the compilation of the figures to allow for these notifications. However, the change in July 1985 to the payment of benefit wholly in arrears revealed that the extent of overcounting (at over 60,000 per month) was larger than previously thought and unacceptably high. It is estimated that delaying the compilation of statistics to 3 weeks after the count date reduces overcounting by an average of about 50 thousand a month.

* A figure of 246,000 is often quoted, but this relates to October 1982 which was exceptional when the old system was running down. Assessment for the year up to October 1982 showed an average difference of 190,000.

(4) Higher long-term rate of supplementary benefit (- 37,000)

There was a previous similar change to (2) above in November 1981 when the higher long-term rate of supplementary benefit was introduced for men over 60 who had been on supplementary benefit for over one year. Over a twelve month period, this removed an estimated 37 thousand men both from the claimant series and from the count of registrations at jobcentres used at the time.

(5) Fortnightly attendance and payment (+ 20,000)

In October 1979, fortnightly attendance at Unemployment Benefit Offices was introduced and the estimated effect was to add about 20 thousand both to the claimant figures and to the count of registrations in use at the time.

(6) Discontinuity in Northern Ireland series (-5,000)

In July 1985, a reconciliation between DHSS records and the Department of Economic Development's computer records of claimants showed discrepancies. The corrective action resulted in the unadjusted figures for July and August, 1985 being 5,700 and 5,150 lower respectively than would otherwise have been the case.

The above six changes are the only ones to have significantly affected the seasonally adjusted unemployment figures, and each has been taken into account in the current series. Other minor effects are as follows.

Introduction of taxation of benefits in July 1982

which had no measurable effect on the unemployment figures.

Introduction of payment of unemployment benefit wholly in arrears from 15 July 1985

There may possibly have been some effect on the unemployment count from August 1985 onwards, but it appears to have been negligible.

Change in school leaving regulations, November 1980

Young people leaving school are now assumed to be in full-time education until the beginning of the following school term and not entitled to benefit. This affected the total claimant series (introduced later) and to a relatively minor extent, the registrant series in use at the time, but not the seasonally adjusted series which excludes school leavers. From 1982 a separate count of non-claimant school leavers registered at Careers Offices has been conducted in June, July and August.

Some commentators add some of the above effects back to the current unemployment count in an attempt to estimate what the unemployment figures would be now on a former basis, sometimes as part of their justification for claiming higher "true" totals of unemployment.

This approach usually involves the crude assumption that the effect of any change in definition remains constant over time.

The Department has used a different approach to provide a consistent series. This seasonally adjusted series of adult unemployment, which is produced to help assess the underlying trend, has been revised back to 1971 to be in line with the current coverage of the claimant count*. We have not adjusted the basic counts taken in the past, and the new series cannot be reasonably regarded as rewriting history, but helping to explain it.

* The new series was introduced in an article 'Unemployed adjusted for discontinuities and seasonality' in the July issue of Employment Gazette. This series has been further revised to take account of the changes in the compilation of the figures from March 1986.

Changes to unemployment figures

So called '19 changes' misleading and exaggerated. Only six changes since 1979 have so far had discernible effect (details published in Employment Gazette). Three were minor. Only two were changes in method of compilation.

Four changes inevitably resulted from changes in procedures for paying benefits, while two were to correct inaccuracies. But the seasonally adjusted series is consistent and allows for these changes.

Claims of higher 'true' totals exaggerated for example by including people in jobs helped by Government programmes. They ignore evidence from Labour Force Survey which showed a lower total than claimant count in 1987 (2.8 million seeking work in GB on internationally comparable definition (ILO/OECD), compared with 2.95 million claimants).

Other recent administrative changes from October 1986 (abolition of half and three quarters rates of unemployment benefit, and extension of disqualification period) could only have a very small effect. Most of those losing unemployment benefit will continue to sign on and be counted, because they will still be entitled to some supplementary benefit or (in the case of those losing the reduced rates of UB) national insurance credits.

Restart and availability tests: Rules for payment of benefits remain unchanged and neither initiative alters the way the figures are compiled.

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Other changes affecting the figuresNew maternity allowance rules (from 6 April 1987)

There is no change in the way figures are compiled, and any effect on the unemployment count will be negligible and could only arise among a few expectant mothers who would not normally be regarded as available for work.

(There could be a slight net downward effect, but it would tend to be reduced by the new availability test. There could be some downward effect because some women who would previously have chosen to claim Unemployment Benefit rather than Maternity Allowance no longer have a choice and are only allowed to claim Maternity Allowance (if they are entitled to it). There could be some slight offsetting upward effect through extra UB claims among those not entitled to Maternity Allowance under the new rules.

Identification of people aged over 60 signing on when they need not be

There was some extra downward effect on the April and May ¹⁹⁸⁷ counts of up to around 5,000 altogether through extra efforts to identify men over 60 who need not sign on for national insurance credits only or for supplementary benefit (which they should get at a higher long term rate more promptly). There is nothing new about this seasonal effect, but it was stronger than in earlier years.

Civil Service Strikes

There was some small upward effect on the unemployment count in April ¹⁹⁸⁷ and again in June, as a result of the strikes, with outflows understated by the order of 5,000 in both those months.

Reversal of Social Security Commissioners' decision re Easter school leavers (effect from May to August)

In 1985 and 1986 there was some temporary additional upward effect on the school leaver count of up to around 15,000 in summer months (May to August), through some school leavers signing on who were not previously eligible for benefit until September. This followed the 1985 ruling by Social Security Commissioners on the eligibility for supplementary benefit of certain Easter school leavers who were returning to school only to take exams. The regulations have now been changed to restore the principle that young people cannot be treated as entitled to benefit until their education is completed. The seasonal influences on the school leaver count in 1987 (from May) therefore more closely correspond to the former pattern prior to 1985.

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6 SIGNIFICANT CHANGES IN THE UNEMPLOYMENT COUNT SINCE 1979

TWO CHANGES IN COMPILATION

- 1. Switch from count of registrants at jobcentres to count of claimants in October 1982
(Effect - 190,000)

To save costs and eliminate unnecessary procedures, registration at jobcentres became voluntary and no longer a condition for receiving benefit. The old count therefore became incomplete and it was necessary to change to the count of claimants at Unemployment Benefit Offices.

- 2. Delay in compilation of the count from March 1986 (Effect - 50,000)

The compilation of the figures has been delayed by two weeks, to take place three weeks rather than one week after the specified count date.

This change was made to reduce overrecording of some 50,000 records (on average) of claimants who had already ceased to be unemployed before the count date.

ONE CORRECTION

- 3. Correction of discrepancy for Northern Ireland in July 1985
(Effect - 5,000)

A reconciliation between DHSS's records and the statistical records identified discrepancies in the figures for Northern Ireland. The corrective action (removing old records) reduced the figures by 5,000.

ADMINISTRATIVE CHANGES

- 4. Fortnightly attendance introduced in October 1979 (Effect + 20,000)

Fortnightly attendance at Unemployment Benefit Offices was introduced for most claimants, adding about 20,000 to the unemployment total.

- 5. Higher long term rate of supplementary benefit introduced for men over 60 in November 1981
(Effect - 37,000)

This change was introduced to benefit men over 60 who had been unemployed for more than a year. They were no longer required to sign on as unemployed and be available for work.

- 6. Further relaxation of requirement for men over 60 to attend benefit offices and extension of higher long term rate : From April 1983 (Effect - 162,000)

The further provisions in the 1983 Budget enable these men over 60 to receive national insurance credits, and all those on supplementary benefit could get this at the long term rate; without attending an Unemployment Benefit Office.

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Effect on Unemployment Count of Forthcoming Administrative Changes

The following four changes have been announced, but no estimates of the effects on the count have been given.

1. - Withdrawal of Supplementary Benefit for most under 18 year olds - likely to reduce the headline count by over 100,000. Most under 18's will be removed from September 1988. The seasonally adjusted count will be reduced by around 60,000.

2. - Extension of disqualification period for voluntary job leavers from April 1988. The effect is likely to be modest, roughly around 10,000.

N.B. Previous extension of disqualification period for voluntary job leavers to 13 weeks in October 1986 could have had only a very small effect. Most would still be counted because they would still be entitled to some supplementary benefit.

3. - New contribution conditions for Unemployment Benefit.

Effect difficult to assess, but may not be much more than about 10,000.

4. - New rules for occupational pensioners.

Effect not know but likely to be very small as announced proposals stand at the moment.

Suggested line to take. No changes planned in the method of counting the number unemployed. Some impact on the count is inevitable as a result of changes in the rules and arrangements for paying benefit. We cannot avoid these changes just to maintain the continuity of the statistics. The effects are as yet uncertain, but we have no intention of hiding them or of giving a misleading impression of the trend in unemployment.

(Note A further change not yet in the public domain and not yet finally decided, will arise from the change in the treatment in employment statistics of participants in work-related training schemes. When introduced, this will slightly reduce the unemployment rate.)

Unemployment - coverage:
summary of possible
additions and exclusions

UNEMPLOYMENT - POSSIBLE ADDITIONS AND EXCLUSIONS

Following is a summary of the main additions or exclusions from the figures that are sometimes suggested.

POSSIBLE ADDITIONS

1. Add back previous changes in coverage of the unemployment count (see previous section 7). [Broadly 400,000]

Comment: The unemployment count inevitably reflects the administrative system on which it is based (as did the old registrant system) and this cannot remain fixed forever for the purposes of statistical continuity. Past changes in coverage of the count have been openly displayed in the published sources. If it is required to make valid comparisons with the past, a consistent series of unemployment figures is published showing how previous figures would have looked on the current basis, back to 1971.

2. People assisted by employment measures. [380,000 people assisted, end of December 1987]

Comment: This group has never been included in the unemployment figures because they are being helped in jobs or training.

3. Non-claimant unemployed (particularly women). [~~380~~,000 in 1987]

Comment: If it were reasonable to add this group to the unemployment count, then it would also be reasonable to subtract a greater number of claimants (950,000) who either had jobs or were not actively seeking work as shown by the 1987 Labour Force Survey.

4. Students on vacation. [Up to about 200,000 in the summer]

Comment: Those students who intend to return to full-time education after their holidays are not included in the main unemployment totals, but separate figures are always published. Students are generally only unemployed for short periods and seeking temporary jobs.

5. Temporarily stopped. [Variable, around 10,000]

Comment: These people have jobs to go back to although they are out of work on the day of the unemployment count, so they are counted separately.

6. Non-claimant school leavers (not entitled to benefits until the beginning of following school term). [100,000 to 130,000 in June, July and August].

These are excluded temporarily from the main unemployment totals while they are regarded as still being in full-time education. However, separate counts are taken of those registered at careers offices in June, July and August each year when the numbers are significant.

POSSIBLE EXCLUSIONS

7. Frictionally unemployed: people "between jobs"

(Without whom the labour market would not operate.) [No direct estimate available, but as a rough proxy, some 300,000 are unemployed for 4 weeks or less.]

8. Claimants not classed as unemployed in surveys

[950,000 claiming benefits, of which 190,000 employed and 760,000 without jobs but not seeking work, using 1987 Labour Force Survey.]

190,000 employed claimants may include some fraudulent claimants, although this figure will include some people legitimately claiming benefits eg. with low paid part-time jobs.

760,000 inactive claimants were not seeking work, often because of age, health or because they believed no jobs were available, although some, especially those with families, may be disinclined to take low paid jobs rather than benefits.

9. (Overlapping with above) "Unemployables" or people hard to place

Little objective evidence, although judgements might be based on numbers unemployed for exceptionally long periods eg 276,000 unemployed continuously for more than 5 years (October 1987).

LABOUR MARKET - job changes and flows

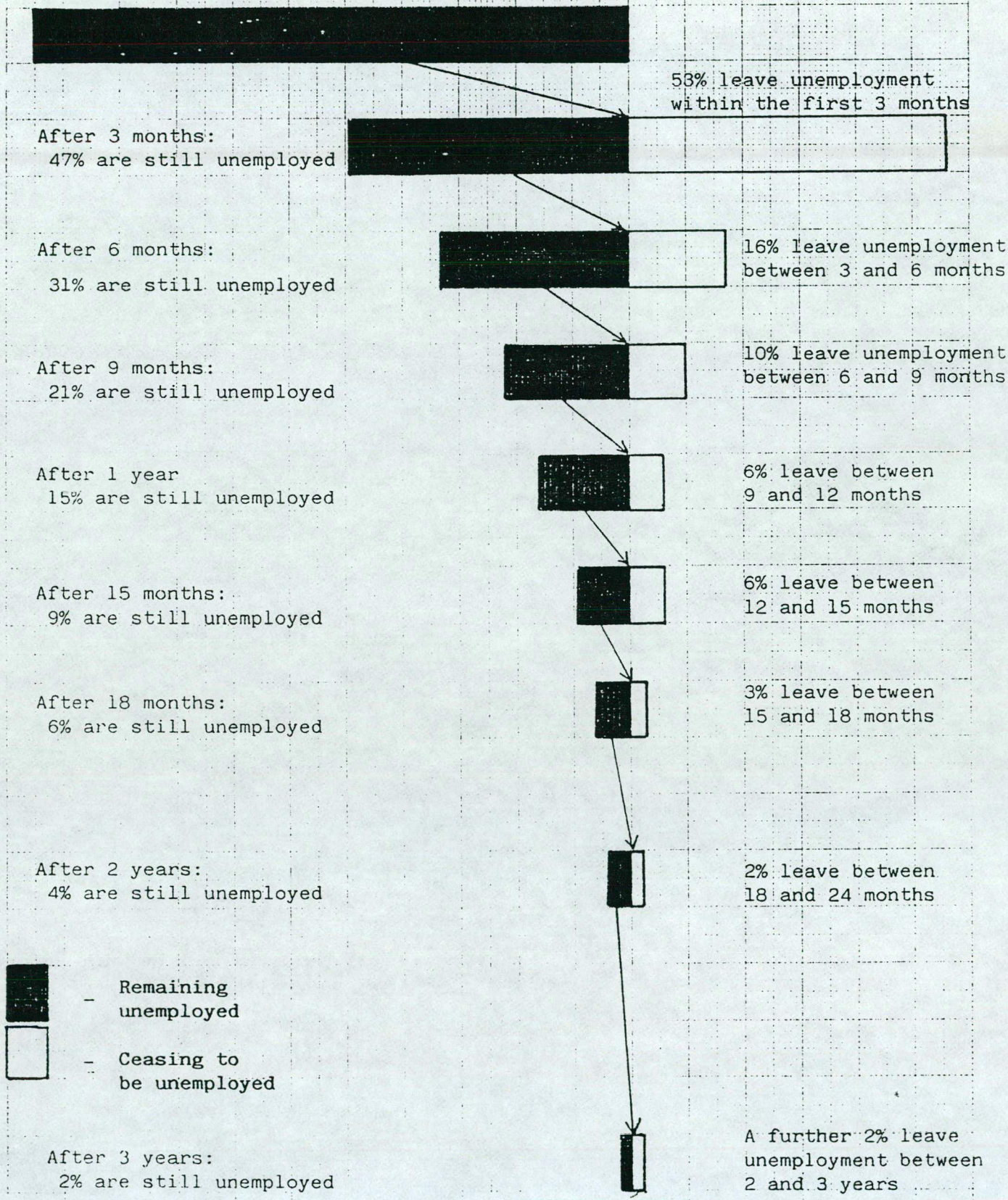
1. TOTAL JOB CHANGES are running very broadly at about 7 million a year, or $\frac{1}{2}$ million per month, or about 30,000 per working day. These include movements of people with jobs as well as the unemployed taking up jobs.
2. VACANCY FLOWS run at lower levels than the above, eg the inflow in the year to January averaged 227,000 a month (UK seasonally adjusted), primarily because only about a third of all vacancies are notified to Jobcentres. Placings by jobcentres, in the year to January averaged about 160,000 a month (UK seasonally adjusted), are estimated to be broadly a quarter of all engagements or job changes in the economy.
3. OUTFLOW from unemployment averaged about 420 thousand per month (406 thousand excluding school leavers) in the year to January 1988. This represents an annual outflow of 5 million. Many took up jobs, though some would be leaving unemployment for other reasons eg retirement, training, or otherwise leaving the labour force, or exhaustion of entitlement to benefit.



A quarter of those becoming unemployed flow off the register within a month of joining it, a half leave within 3 months, two-thirds within 6 months, and five-sixths leave with a year. The remaining sixth (around 65,000 per month) flow into long term unemployment. The attached chart illustrates these chances of remaining in the count or leaving it within certain durations of unemployment.

CHANCES OF REMAINING IN OR LEAVING UNEMPLOYMENT*

Great Britain Based on claimant data for period October 1986
October 1987

On average, nearly 370,000 become unemployed*
each month



 - Remaining unemployed
 - Ceasing to be unemployed

*Percentages are based on outflows between October 1986 and October 1987 and therefore do not relate to the experience of a single group of individuals who all become unemployed over the same period.

DEMOGRAPHIC AND LABOUR FORCE BACKGROUND

Great Britain : thousand

	Reaching school leaving age	Reaching retirement age and deaths	Net migration and adjustment	Population of working age (1)		Civilian labour force (2)	
				Number	Change over year	Number	Change over year
ESTIMATES							
1971	737	-		31,686	-	24,895	-
1972	760	739	-9	31,698	+12	24,953	+58
1973	778	750	+9	31,735	+37	25,125	+172
1974	801	751	-45	31,740	+5	25,269	+144
1975	818	740	-33	31,785	+45	25,305	+36
1976	840	707	+2	31,920	+135	25,702	+396
1977	871	683	+2	32,110	+190	25,901	+200
1978	891	655	-12	32,334	+224	25,949	+48
1979	906	662	-8	32,570	+236	26,021	+72
1980	930	773	+1	32,728	+158	26,198	+177
1981	936	729	-30	32,905	+177	26,242	+43
1982	912	697	-69	33,051	+146	26,045	-196
1983	902	650	-3	33,300	+249	25,907	-138
1984	873	677	+67	33,563	+263	26,428	+522
1985	868	750	+60	33,741	+178	26,639	+211
1986	840	715	+24	33,891	+150	26,735	+95
1987	852	693	+38	34,088	+197	27,161	+426
PROJECTIONS (3)							
1988	800	668	+18	34,238	+150	27,538	+377
1989	749	667	-13	34,308	+70	27,690	+152
1990	698	665	-16	34,326	+18	27,790	+100
1991	676	660	-15	34,326	0	27,872	+81
1992	649	637	-14	34,324	-2	27,928	+56
1993	623	638	-12	34,297	-27	27,959	+31
1994	633	627	-11	34,292	-5	28,001	+42
1995	686	635	-11	34,332	+40	28,073	+73

Between mid-1986 and mid-1987 the population of working age is estimated to have grown by 200 thousand, while the labour force is estimated to have grown by over 400 thousand as activity rates rose largely in response to falling unemployment. Using a working assumption of broadly stable claimant unemployment (at 2.5 million, the level of the December 1987 monthly count), further labour force growth of some 900 thousand is projected by 1995, mainly reflecting rising activity rates among women. If unemployment continues to fall, the growth would be expected to be greater than this. Two thirds of it is projected to have occurred by 1990, as the population of working age is expected to grow more slowly and even to show slight falls in the early 1990s.

Notes :

- (1) The population of working age comprises men aged 16-64 and women aged 16-59 years.
- (2) The civilian labour force includes those in employment (employees, employers and self employed, but excluding members of the Armed Forces) and all those identified by censuses and surveys as seeking work.
- (3) The projections beyond 1987 incorporate the latest (1985-based) population projections, modified in the light of advice from the Office of Population Censuses and Surveys on what the size of the population of England and Wales might be in mid-1987 and mid-1988 if recent trends continued, and projections of activity rates using information from the 1987 Labour Force Survey. They will be described in more detail in an article in the March 1988 *Employment Gazette* ("Labour Force Outlook to 1995").

EMPLOYMENT - CHANGES IN THE METHOD OF ESTIMATION

Employees in Employment

1) Introduction of Supplementary series - June 1983

When provisional results from the 1981 Census of Employment became available they showed that the application to the previous census figure (1978) of changes estimated from sample survey data was producing substantial under-estimates. The methodology was reviewed and a supplementary set of estimates, which included an undercounting allowance was introduced in June 1983.

2) Use of 1981 and 1983 Labour Force Surveys (LFS) - July 1984

Data from the 1983 LFS confirmed that the supplementary figures provided more accurate estimates than the basic series. The estimates for employees in employment were revised, using LFS data for 1981 and 1983 to assess the current extent of underestimation from the sample survey of employers. Estimates could now be produced incorporating the adjustment for underestimation in industrial and regional detail, and so the estimates not incorporating the adjustment and the term "supplementary" were dropped.

3) Use of the 1984 LFS - March 1985

Data from the 1984 LFS was used to improve the assessment of underestimation from the sample survey of employees.

4) Use of the 1985 LFS - April 1986

Revised data from the 1984 LFS and new results from the 1985 LFS were used to revise the allowance for underestimation.

5) Introduction of 1984 Census of Employment - December 1986

The 1984 census results provided a new "benchmark" from which estimates for later dates are calculated, using the proportionate changes in employment derived from the sample surveys, adjusted using LFS data as previously. The series was also slightly adjusted to take account of revised data from the 1985 LFS and a small revision to the proportion of YTS participants with contracts of employment.

The estimates for dates between the censuses were also revised. Differences at the detailed industry and regional level between the previous estimates for September 1984 and the census estimates were interpolated back to the earlier census date. The census figures used for 1981, and the estimates for later dates based on them were first adjusted to improve the consistency of the industry coding in the two censuses. The estimates prior to September 1981 were also revised to improve the consistency of industry coding.

Some minor technical changes were also made to the method used to derive seasonally adjusted estimates.

6) Use of the 1985 and preliminary 1986 LFS results- March 1987

Data from the 1985 LFS and preliminary results from the 1986 LFS were used to improve the assessment of underestimation from the sample survey of employees. The quality of the estimates was improved by using national LFS data separately for full time and part time female employees, rather than a single overall adjustment for all females.

7) Use of the preliminary 1987 LFS results - February 1988

Preliminary results of the 1987 LFS were incorporated in the employment estimates as described above for the 1986 results.

Self Employment1) New method of estimating Self Employment - January 1982

The LFS data was used in place of the discontinued information from the National Insurance Card count. New estimates were produced for the period 1975 to 1979.

2) Introduction of an assumption of continued growth - June 1983

The conventional assumption that the level of self employment had remained constant since the date of the latest LFS data was reviewed. As there were reasons for expecting some continuation of the upward trend in self employment a supplementary series, was introduced; this assumed that growth at the rate observed between the last two surveys had continued subsequently.

3) Use of the 1981 and 1983 LFS results - July 1984

The self employment figures were updated to take account of the changes between the LFS in 1981 and 1983.

4) Change in the rate of growth assumption - March 1985

When the estimates for the self employed were updated for the 1984 LFS the figures for self employment showed exceptional growth between 1983 and 1984. It was considered inappropriate to make the assumption that this rate had continued. The estimates of self employment for dates after June 1984 incorporated the assumption that the average rate of increase between 1981 and 1984 had continued.

5) Use of the 1985 LFS - April 1986

The estimates were up-dated to take account of new results from the 1985 LFS and revised data from the 1984 LFS.

6) Use of the 1986 LFS - March 1987

The estimates were up-dated to take account of new results from the 1986 LFS.

7) Use of the 1987 LFS - February 1988

The estimates were up-dated to take account of the preliminary results of the 1987 LFS.

EMPLOYMENT: DOUBLE JOBBING AND SPECIAL EMPLOYMENT MEASURES

The treatment of double jobbing in the employees in employment estimates

The estimates for employees in employment include some double counting of persons because some employees with two jobs are included twice. This cannot be avoided with figures collected from employers' reports of the number of people they employ. Since employers will generally not know if an employee is in fact filling a post as his second job, it would not be practical to exclude second jobs from these estimates

Evidence on the number of people with two jobs can be derived from household surveys - principally the Labour Force and General Household Surveys. However, these cannot provide reliable figures for the number of second jobs included in the employees in employment series because some work will be included which would not be covered by the employer based information, such as babysitting or gardening for a householder. Furthermore a particular survey's assessment of the number of second jobs will depend on the design and context of the survey. Adjustment of the employees in employment series to exclude second jobs would therefore be impracticable.

Coverage of Special Employment Measures

Estimates of employees in employment

1. Participants in a number of special measures are employed in precisely the same way as any other employee and are therefore included in the estimates of employees in employment. These measures include:

New Workers Scheme

Job Splitting Scheme - where both part-time jobs created by splitting a full-time job are counted

Job Release Scheme - the older worker who has given up his job is not included in the employees series but the previously unemployed person who has taken up the job is included

Training for Skills: Programme for Action

Community Programme

2. Of young people on the Youth Training Scheme those who have contracts of employment - currently estimated to be about 11 per cent of participants - are included in the employees in employment series.

3. Those on the Voluntary Projects and Training Opportunities Programmes are not employed and are hence not covered by the employed labour force series.

Estimates of self-employment

4. Those supported by the Enterprise Allowance Scheme are included in the Labour Force Survey based estimates of self-employment.

C-O-N-F-I-D-E-N-T-I-A-L until 11.30 am on 18 February 1988

INTERNATIONAL COMPARISONS OF EMPLOYMENT

1. Latest figures for the major industrial economies show that since March 1983, when employment began to rise in the United Kingdom, it has grown at a much faster rate than in Japan, Italy, Germany or France.

**Table 1: Civilian employment seasonally adjusted
Change 1983 Q1 to 1987 Q3**

	Thousands	Per cent
USA	+13704	+13.8
Canada	+ 1423	+13.5
UK	+ 1502	+ 6.5
Japan	+ 2021	+ 3.5
Germany	+ 596	+ 2.4
Italy§	+ 283	+ 1.4
France*	- 295	- 1.4

Source: OECD 'Quarterly Labour Force Statistics' (except UK)
 Note : * - 1982 Q4 to 1986 Q4.
 § - OECD estimate .

However the rate of employment growth has been higher in the United States and Canada.

2. Comparisons with other European Community countries show that between 1983 and 1985 employment in the UK increased by more than in the rest of the EC put together. Latest figures indicate that this was also true for the period 1983-86. Over the longer period 1979 to 1985, there was a fall in UK employment which was far greater than that in the rest of the Community; the latest estimates suggest that this was also true for the period 1979-86.

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Table 2: Total employment, annual average or mid-year figures
Changes 1983 to 1985 and 1979 to 1985

	1983 - 1985		1979 - 1985	
	Thousand	Per Cent	Thousand	Per Cent
United Kingdom	+ 832	+ 3.6 %	- 959	- 3.8 %
Germany	+ 218	+ 0.9 %	- 504	- 2.0 %
France	- 279	- 1.3 %	- 416	- 2.0 %
Italy	+ 159	+ 0.8 %	+ 452	+ 2.3 %
Netherlands	+ 156	+ 3.2 %	+ 262	+ 5.4 %
Belgium	+ 30	+ 0.8 %	- 137	- 3.7 %
Luxembourg	+ 3	+ 1.9 %	+ 4	+ 2.6 %
Ireland	- 52	- 4.7 %	- 73	- 6.5 %
Denmark	+ 133	+ 5.6 %	+ 83	+ 3.4 %
Greece	+ 48	+ 1.4 %	+ 229	+ 5.7 %
European Community (10)	+1248	+ 1.2 %	- 1059	- 1.0 %

Source: OECD 'Labour Force Statistics 1965-1985' (except UK)

Note : nc - no change.

3. Comparisons of the proportion of working-age population in work show the UK above our major European competitors but below the USA, Japan and some smaller countries.

Table 3: Total employment as a percentage of the population aged 15-64 : 1985

	Per Cent
Sweden	80
Denmark	75
Japan	71
USA	69
Canada	66
UK	66
Germany	60
France	59
Belgium	56
Netherlands	52
OECD Total	64
OECD Europe	58

Source: OECD 'Historical Statistics 1964-1985'

EMPLOYMENT:sex and hours of work

Employment estimates from June 1986 have been revised this month to incorporate the results of the 1987 Labour Force Survey. The latest estimates of the employed labour force in the whole economy relate to September. They show an increase of 75,000 in the third quarter and 1,509,000 since March 1983, when the upward trend began.

The rate of increase in the employed labour force which had been strengthening in each of the last five quarters, slowed in the September quarter.

The number of employees in employment is estimated to have increased in each region of Great Britain, except Scotland and the North West, during the year to September 1987.

An assumed growth in the number self-employed of 124,000 per annum since June 1987 is included in the above figures which compares with an increase of 234,000 per annum between June 1986 and June 1987.

THE EMPLOYED LABOUR FORCE - TOTAL

Great Britain

Thousands, seasonally adjusted

		Males		Females		Persons	
		All	of which part time	All	of which part time	All	of which part time
1983	March	13,663	868	9,334	3,976	22,997	4,844
	June	13,633	892	9,406	4,028	23,039	4,920
	Sept	13,670	908	9,496	4,078	23,165	4,986
	Dec	13,705	923	9,588	4,129	23,293	5,073
1984	March	13,741	939	9,657	4,161	23,399	5,100
	June	13,786	954	9,706	4,182	23,492	5,136
	Sept	13,817	936	9,757	4,202	23,574	5,138
	Dec	13,883	968	9,831	4,253	23,715	5,221
1985	March	13,915	960	9,887	4,282	23,802	5,242
	June	13,941	991	9,939	4,308	23,879	5,299
	Sept	13,928	976	9,990	4,354	23,917	5,330
	Dec	13,930	998	10,021	4,365	23,951	5,363
1986	March	13,904	984	10,060	4,410	23,964	5,394
	June	13,882	1,016	10,097	4,444	23,979	5,460
	Sept	13,894	1,016	10,158	4,486	24,053	5,502
	Dec	13,906	1,051	10,242	4,525	24,147	5,576
1987	March	13,967	1,063	10,308	4,591	24,275	5,654
	June	14,032	1,091	10,399	4,622	24,431	5,713
	Sept	14,057	1,089	10,450	4,652	24,506	5,741
Change							
Mar 83-Sep 87		394	221	1,116	676	1,509	897
Sep 86-Sep 87		163	73	292	166	453	239

*Estimates of part-time male employees are not seasonally adjusted, therefore it is not possible to estimate full-time male employees.

THE EMPLOYED LABOUR FORCE - COMPONENTS

Great Britain

Thousands, seasonally adjusted

		Employees in Employment					Self Employment					HM Forces			
		Males		Females			Males		Females			Males	Fe-	Per-	
		All	of which part time*	All	of full time	of which part time	All	All	of which part time	All	of which part time	All	All	All	
1983	March	11,706	745	8,823	5,110	3,713	20,529	1,651	123	496	263	2,147	306	15	321
	June	11,674	766	8,882	5,121	3,761	20,556	1,652	126	508	267	2,160	306	16	322
	Sept	11,659	772	8,952	5,151	3,801	20,611	1,702	136	527	277	2,229	309	16	325
	Dec	11,645	798	9,025	5,184	3,841	20,670	1,751	145	547	289	2,298	309	16	325
1984	March	11,631	784	9,075	5,213	3,862	20,706	1,801	155	566	299	2,367	310	16	326
	June	11,627	790	9,104	5,233	3,871	20,731	1,850	164	586	311	2,435	310	16	326
	Sept	11,637	771	9,145	5,258	3,887	20,782	1,868	165	596	315	2,464	312	16	328
	Dec	11,686	801	9,209	5,276	3,933	20,895	1,986	167	606	320	2,493	311	16	327
1985	March	11,700	791	9,254	5,298	3,956	20,954	1,905	169	617	326	2,522	310	16	326
	June	11,709	821	9,295	5,318	3,977	21,003	1,923	170	628	331	2,550	309	16	326
	Sept	11,692	808	9,345	5,319	4,026	21,037	1,926	168	628	328	2,554	309	16	326
	Dec	11,693	832	9,376	5,336	4,040	21,069	1,929	166	629	325	2,558	307	16	323
1986	March	11,664	819	9,414	5,327	4,087	21,079	1,933	165	630	323	2,563	306	16	323
	June	11,640	853	9,451	5,326	4,125	21,091	1,937	163	630	319	2,567	305	16	322
	Sept	11,610	843	9,495	5,340	4,155	21,105	1,977	173	648	331	2,625	306	16	323
	Dec	11,584	867	9,560	5,378	4,182	21,144	2,018	184	665	343	2,684	304	16	320
1987	March	11,605	869	9,609	5,373	4,236	21,214	2,059	194	683	355	2,742	304	16	320
	June	11,630	887	9,681	5,426	4,255	21,312	2,099	204	701	367	2,801	302	16	319
	Sept	11,635	881	9,720	5,441	4,279	21,356	2,118	208	713	373	2,832	303	16	319
Change															
	Mar 83-Sep 87	-71	136	897	331	566	827	467	85	217	110	685	-3	1	-2
	Sep 86-Sep 87	25	38	225	101	124	251	141	35	65	42	207	-3	0	-4

*Estimates of part-time male employees are not seasonally adjusted, therefore it is not possible to estimate full-time male employees.

CHANGES IN EMPLOYEES IN EMPLOYMENT

Great Britain

Thousands, not seasonally adjusted

Industry	Year ending Sept 1987		Region	Year ending Sept 1987	
	Change			Change	
	Absolute	Percent		Absolute	Percent
Agriculture forestry and fishing	- 5.7	-1.7	South East	127.8	1.7
Energy and water supply	- 34.2	-6.6	(Greater London)	32.8	0.9
Other mineral and ore extraction etc	- 5.8	-0.7	East Anglia	33.7	4.3
Metal goods, engineering and vehicles	- 60.9	-2.7	South West	13.0	0.8
Other manufacturing industries	- 6.5	-0.3	West Midlands	27.1	1.3
Construction	21.0	2.2	East Midlands	26.1	1.7
Distribution, hotels, catering, repairs	63.0	1.5	Yorks & Humberside	18.5	1.0
Transport & Communication	12.3	0.9	North West	- 4.5	-0.2
Banking, finance insurance	130.7	5.9	North	4.2	0.4
Other Services	136.2	2.2	Wales	9.0	1.0
			Scotland	- 4.6	-0.2
All Industries	250.2	1.2	Great Britain	250.2	1.2

11 AVERAGE EARNINGS

1 Table A gives a breakdown of the average earnings index by broad sectors of industry. The full detail will not be published until the next issue of Employment Gazette (Table 5.3 of Labour Market Data). However, it is available on request from the date of the press release.

2 The monthly figures in Table A are not seasonally adjusted.

3 Table B shows the latest information on annual changes in average earnings in manufacturing industries in the main industrial countries. The periods covered and the definitions vary, although the comparison gives a broad idea of how the rate of change in average earnings in Great Britain is related to that of our principal overseas competitors.

E A

INDUSTRY BREAKDOWN
INDEX OF AVERAGE EARNINGS (unadjusted)

Classes SIC 1980	Weights	Index (January 1980 = 100)						Percentage increase over previous 12 months					
		1987						1987					
		July	Aug	Sept	Oct	Nov	Dec*	July	Aug	Sept	Oct	Nov	Dec*
Metal processing and manufacture	14	234.4	201.4	208.2	236.0	207.9	221.9	14.0	6.1	9.8	13.5	8.9	8.8
Mineral extraction and manufacturing	14	205.0	201.2	206.2	203.8	206.7	217.2	9.9	8.5	8.2	8.0	8.2	10.1
Chemical and man-made fibres	20	212.9	209.6	205.2	210.3	229.0	230.1	10.7	8.9	6.3	7.0	8.2	9.3
Mechanical engineering	44	200.7	198.8	199.4	201.0	205.1	207.6	7.3	8.6	8.4	8.3	8.5	8.5
Electrical and electronic engineering	37	216.7	214.7	216.6	218.1	220.9	225.3	10.1	9.7	10.2	9.1	9.2	8.7
Motor vehicle and parts	17	201.8	197.4	199.8	201.8	202.8	204.3	9.4	8.1	9.1	10.2	6.9	5.0
Other transport and equipment	17	196.3	195.6	197.9	197.9	202.3	214.2	7.8	3.6	7.6	6.3	3.8	10.1
Metal goods and instruments	27	192.1	190.9	193.7	194.4	200.9	198.1	8.6	8.3	9.2	9.1	8.8	8.5
Food, drink and tobacco	33	205.1	203.2	207.0	205.7	210.7	218.1	8.0	8.9	8.3	7.7	5.4	7.9
Textiles	13	201.8	197.6	199.0	200.3	205.1	201.8	10.0	9.2	8.9	9.0	8.5	7.6
Leather, footwear and clothing	17	195.3	191.4	193.2	193.8	196.7	202.3	8.0	6.7	6.0	6.2	7.0	7.2
Timber and wooden furniture	11	184.8	189.7	190.9	207.0	199.5	182.6	7.8	0.3	3.0	20.1	11.5	7.5
Paper products, printing and publishing	26	215.6	215.3	219.8	218.2	220.2	220.7	7.9	9.3	9.1	7.6	7.5	7.2
Rubber, plastic and other manufacturing	14	201.1	196.2	198.1	199.4	207.9	213.4	7.9	8.2	8.0	8.2	9.8	11.1
Manufacturing industries	304	209.8	206.0	208.2	211.0	214.0	217.5	9.0	8.0	8.4	8.8	7.9	8.4
Coal and coke	15	177.0	178.6	177.9	181.8	183.5	185.3	10.1	10.5	5.4	6.3	6.3	6.4
Mineral oil and natural gas	1	223.1	212.5	209.3	210.9	238.4	221.6	14.5	9.4	6.1	8.4	8.7	9.1
Electricity, gas and other energy and water supply	19	211.9	226.4	216.1	215.4	218.8	212.3	3.5	9.3	9.1	8.1	9.6	6.6
Production industries[‡]	339	208.9	206.5	207.8	210.4	213.5	216.1	8.7	8.2	8.3	8.7	7.9	8.2
Construction	55	200.2	196.0	199.4	200.4	205.1	210.3	7.3	9.3	7.6	7.9	7.4	8.6
Production[‡] and construction industries	394	207.6	205.0	206.5	209.0	212.3	215.3	8.5	8.3	8.2	8.6	7.9	8.2
Agriculture and forestry[‡]	19	210.2	218.0	229.0	225.5	222.5	∅	6.5	2.2	5.0	5.5	12.4	∅
Distribution and repairs	164	189.2	189.9	192.0	189.6	193.8	201.0	7.0	7.7	7.8	6.8	7.8	7.4
Hotel and catering	49	176.8	181.0	180.8	184.2	190.6	204.2	5.4	3.9	5.9	7.7	10.2	9.3
Transport and communication (except sea transport)	71	195.2	189.4	189.9	194.9	201.8	201.1	9.1	5.5	6.4	9.2	10.8	8.8
Banking, finance and insurance	44	221.7	219.0	222.8	228.0	247.6	236.7	6.7	8.4	12.4	12.3	11.2	8.7
Public administration	90	195.7	191.2	193.9	195.4	197.3	199.0	8.7	8.0	8.8	5.5	8.4	8.3
Education and health services	147	222.1	226.9	211.1	214.2	213.3	220.1	7.8	7.5	5.7	7.4	8.0	12.2
Other services	22	215.1	207.8	213.8	213.0	216.8	223.4	6.6	7.4	7.0	4.8	5.4	7.4
Service industries	587	202.6	201.7	199.8	201.7	206.3	209.6	7.7	7.3	7.6	7.6	8.8	9.1
Whole economy	1,000	203.1	201.6	201.4	203.4	207.3	210.1	8.1	7.6	7.9	8.0	8.5	8.6

* Provisional

‡ Manufacturing, coal and coke, mineral oil and natural gas, electricity, gas, other energy and water supply

∅ England and Wales only

∅ Not available

Stats A1

February 1988

TABLE B

INTERNATIONAL COMPARISONS

HOURLY EARNINGS IN MANUFACTURING (Percentage changes on a year earlier)

		Latest period available
Norway(d)	17.6	Q2 1987
Portugal(h)	16.6	Q2 1987
Spain (e)	10.7	Q2 1987
Denmark(g)	10.5	OCTOBER
Greece	10.4	Q2 1987
Finland	9.2	Q3 1987
Great Britain (c)	8½	DECEMBER
Italy (b)	7.3	OCTOBER
New Zealand (i)	7.2	Q2 1987
Sweden (g)	6.8	OCTOBER
Ireland	6.3	Q4 1986
Australia (b)	5.7	JUNE
Japan (a)(f)	4.1	OCTOBER
Austria (a)(g)	4.1	SEPTEMBER
Germany	3.6	Q3 1987
France (b)	3.0	Q3 1987
Canada	3.0	OCTOBER
United States	2.4	NOVEMBER
Belgium (g)	2.0	Q3 1987
Netherlands (b)	1.0	SEPTEMBER
OECD	4.9	SEPTEMBER
EEC	6.2	SEPTEMBER

- (a) Monthly Earnings
- (b) Hourly Rates
- (c) Weekly Earnings (Underlying)
- (d) Males
- (e) Not Seasonally Adjusted
- (f) 3 month ending
- (g) Mining and Manufacturing
- (h) Daily earnings
- (i) Weekly rates: all activities
- (j) Mining, manufacturing and transport

Source: OECD Main Economic Indicators: JANUARY 1988

CONFIDENTIAL
 until 17.00 on Tuesday 16 February
 thereafter UNCLASSIFIED

Good news in aggregate, though
 the revisions could renew old
 criticisms about the structure
 of employment. *Signed 15/2*

FROM: **PETER PATTERSON**

DATE: 15 February 1988

1. **MR PICKFORD**
2. **CHANCELLOR**

cc Chief Secretary Mr Hibberd
 Financial Secretary Mr MacAuslan
 Paymaster General Mr Bush
 Economic Secretary Mr Dyer
 Sir P Middleton Mr Hudson
 Sir T Burns Mr O'Brien
 Mr Monck Mr Cropper
 Mr Scholar Mr Tyrie
 Mr Odling-Smee Mr Call
 Mr Sedgwick HB/001
 Mr R I G Allen

REVISED EMPLOYMENT ESTIMATES : 1987 LABOUR FORCE SURVEY

Department of Employment are planning to publish revised employment estimates, taking account of the results of the 1987 Labour Force Survey, at about 5.00pm on Tuesday 16 February. Their 'Training for Employment' White Paper will be published at the same time.

2. Estimates of the growth of self-employment since 1986 have been revised upwards, more than offsetting a downward revision to the number of employees in employment. Growth in the total employed labour force over the past year has therefore been raised.
3. The main revisions to the changes in employment, over the past year and since 1983, are summarised below:

Changes in GB employed labour force

(Thousands, seasonally adjusted)

	<u>March 1983-September 1987</u>		<u>September 1986-September 1987</u>	
	Previous estimate	Revised estimate	Previous estimate	Revised estimate
Employees in employment	903	826	304	250
o/w - manufacturing	-422	-456	-50	-75
- services	1547	1517	364	343
- other	-222	-235	-10	-19
Self employed	548	685	103	207
HM Forces	-2	-2	-4	-4
Employed labour force	1449	1509	404	454

Background

4. The Labour Force Survey (LFS) is a household survey which has been conducted annually since 1983. Among other uses, LFS data have since 1984 acted as a check on the employment figures that are derived from the quarterly sample enquiries of employers. The latter have exhibited a persistent tendency to underestimate the number of employees.

5. The LFS results also provide more reliable estimates of the number of self-employed people between June 1986 and June 1987. Previously published estimates for dates after June 1986 assumed a continuation of the average recorded growth between 1981 and 1986.

Main results

6. The allowances for underestimation in the quarterly enquiries of the number of employees in employment have been reduced. The result has been to revise down by 13,500 a quarter the estimates of employment growth since 1986 (and smaller revisions have been made in earlier years). Growth in the number of manufacturing and services sector employees is in each case about 5,000 a quarter lower than previously estimated.

7. Growth in self-employment is now estimated at 234,000 (58,500 a quarter) between June 1986 and June 1987, compared with the earlier projection of 102,000 (25,600 a quarter). Following past practice, growth in 1987Q3 (and in subsequent quarters) is assumed to equal the average growth rate between 1981 and June 1987 of 31,000 a quarter.

8. In September 1987, the revised estimate for self employment is now 137,000 higher than previously estimated. This more than offsets the 77,000 downward revision to the number of employees in employment, and as a result the employed labour force now stands at 24.5 million, some 60,000 above the previously published estimate.

Other points to note

9. New denominators for unemployment rates, incorporating the latest employment estimates, will reduce the national rate by about 0.1 of a percentage point. These revisions, and those to productivity and unit wage cost figures, will be published in the monthly labour market press release on 18 February.

10. The upward revision to the employment figures is concentrated in the South; the estimate for the North has been revised downwards. However employment is still growing in the North as a whole, if less rapidly than in the South. Only in Scotland and Wales was there

no increase in employment between June 1986 and June 1987, and only in Wales is employment lower than in June 1983.

11. The upward revision to the employed labour force is more than accounted for by part time jobs, especially for women, there being a small downward revision to the number of full-time jobs. However, the LFS did find that two-thirds of those in part time jobs did not want a full-time job.

Comparison of claimant and survey estimates of unemployment

12. As usual, the LFS includes a survey-based estimate of unemployment, defined as those who are both actively looking and genuinely available for work. On the accepted definition used by the OECD, this showed that in spring 1987 unemployment was 2,884,000, about 70,000 lower than the claimant count of 2,952,000. On the one hand, there were about 950,000 claimants who were either working (eg on low part-time incomes or in black economy) or not looking for work (eg prematurely retired or one-parent families), while on the other, there were some 880,000 people looking for work but not claiming benefit (eg married women). The gap between survey and claimant unemployment is smaller than in spring 1986, indicating that the survey-based estimate fell less than the claimant count between the two periods.

Line to take

Very good news that total employment (and self-employment) growing faster than previously thought. Employment risen for eighteen consecutive quarters since March 1983 by over 1½ million in total - longest period of continuous employment growth for nearly 30 years.

North/South divide worse than thought: Employment still growing in North as a whole. Unemployment rates fallen fastest over past year in West Midlands, Wales, North West and North.

New jobs are part-time, largely for women: Nothing wrong with this; benefits both employees and employers. Shows increasing flexibility of labour market that industry prepared to offer employment opportunities that suit women with young children. LFS results show that two-thirds of those in part-time jobs do not want full-time job.

Claimant count fallen more than survey estimate of unemployment; proves 'fiddling' the figures: No. On contrary reflects improvement in economy and real falls in unemployment. But effect of this in survey results counterbalanced by increase in numbers of claimants actively looking for work because more jobs available. Number of people who wanted job but were not looking for work because they did not believe jobs were available fell by one third between 1986 and 1987.

Peter Patterson
P L PATTERSON

COVERING PERSONAL AND CONFIDENTIAL

3/14



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Paul Gray Esq
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16 February 1988

Dear Paul,

LABOUR MARKET STATISTICS

... I enclose the December Unit Wage and Productivity cost estimates which are to be issued on Thursday. The brief is of course personal and confidential until 11.30 on 18 February and confidential thereafter.

I am copying this to Allex Allan (Treasury), Sir Peter Middleton (Treasury), Mr Hibbert (CSO), Mr Footman (Bank of England), Trevor Woolley (Cabinet Office), Alison Brimelow (DTI), Sir Brian Hayes (DTI), David Crawley (Scottish Office), Sir William Fraser (Scottish Office), John Shortridge (Welsh Office), David Watkins (Northern Ireland Office) David Fell (Department of Economic Development, Northern Ireland Office) and Peter Stredder (No 10 Policy Unit).

Yours,

Angela

ANGELA WILKINS
Private Secretary

COVERING PERSONAL AND CONFIDENTIAL

2/14

Personal and Confidential until 11 30am on 18 February

Labour Market Statistics: addition and amendment to briefing

1. Attached are the December unit wage and productivity cost estimates for publication on Thursday. The relevant output data were released by the CSO at 11.30 today. The unit wage costs and productivity series for the whole economy are unchanged from last month. They will be revised when the latest output measure of GDP at factor cost is published on 23 February.

2. The enclosed key facts sheet, first issued yesterday, has been amended. The previous version said that the fall in unemployment of 647,000 since July 1986 was the largest sustained fall for more than 50 years. In fact, it is effectively the largest sustained fall since the onset of the Second World War, just under 50 years ago.

3. Figures before 1948 are not comparable with later ones because of changes in national insurance regulations: also they are not available seasonally adjusted. However the available unadjusted figures show that unemployment fell sharply and fairly consistently in the period from early 1933 to 1936 when the total fell from nearly 3 million to well under 2 million. There was then a further sharp fall at the onset of the war. The unemployment total had risen back to over 2 million in January 1939. It then fell quite steadily, falling under 1 million by mid 1940 and reached about 100,000 by the end of 1942.

PERSONAL AND CONFIDENTIAL UNTIL 11.30AM ON 18 FEBRUARY 1988
Recent Labour Market Statistics

Unemployment in January
seasonally adjusted)

Down 50,800 in January

Now 2.563 million, 9.2%
Down 18 months running

Fall in last 12 months largest
on record (549,000). Largest
sustained fall on record.
Down 647,000 since July 1986

Record fall of 52,000 per month
over last six months
Lowest for 5 $\frac{3}{4}$ years (since
April 1982)

Total (including school leavers)

Now 2.722 million (9.8%)

Up 26,000 since December
Fall in last 12 months largest
since records kept (575,000)

Regional unemployment

Fall in all regions of UK in
month and over last year: rates
fallen most in West Midlands,
Wales, North West and the North

Youth unemployment

School leavers in January 63,000
26,000 lower than a year ago,
and lowest January figures
since 1980.

Halved in last 5 years
(Jan 1983 138,000)

Under 25s also lowest for more
than 5 years and down nearly
a quarter compared with
October 1982.

International comparisons

UK rate recently fallen faster
than any other major industrialised
country.

Unemployment now higher in France
(10.5%), Belgium (10.5%)
Netherlands (9.5%), Spain (19.0%)
and Ireland (18.9%)

Employed labour force

Increase of 75,000 in Q3 1987

Increase of 453,000 in year to September of which:

	Men	Women	Total
Full time	89	125	213
Part-time	73	166	240
Total	191	292	453

Increase every quarter since March 1983 (4 $\frac{1}{2}$ years); by
1.51 million.

Manufacturing employment

Down 5,000 in December
Fell 4,000 per month on average in last 6 months
Appears to be levelling out.

Vacancies

Unfilled vacancies at Jobcentres 250,000 in January.
18% higher than a year ago.

Over 700,000 vacancies in the economy overall.
Only about $\frac{1}{3}$ vacancies report to jobcentres.

Average Earnings

Underlying increase in average earnings in year
to December 8 $\frac{1}{2}$ %. Increase in services higher than
in manufacturing.

Labour Force Survey

Again shows claimant count above survey estimate
of unemployment using international definitions.
(ILO/OECD)
(2.95m in Spring 1987 compared to 2.88 million).

Lesser fall in survey estimate compared with claimant
count between 1986 and 1987 reflects response among
claimants to extra job opportunities, with more
frequent job seeking among those yet to find work
(210 thousand fall in count compared to 80 thousand
(ILO/OECD)

Long term unemployment

(January figures next week)
Fell by 169,000 in year to October:
largest 12 months fall on record

UNIT WAGE AND SALARY COSTS

In the three months ending December 1987, wages and salaries per unit of output in manufacturing industries were 2.0 per cent above the corresponding period a year earlier. This increase was below the rise in average earnings in manufacturing (see Table 10) as there was a rise of over 6 per cent in productivity over this period (see Table 13).

In the third quarter of 1987, wages and salaries per unit of output in the whole economy were 3.3 per cent above the corresponding period of 1986. This increase was below the rise in average earnings in the whole economy as there was a rise of about 3½ per cent in productivity over this period.

Recent figures are:

TABLE 11: WAGES AND SALARIES PER UNIT OF OUTPUT

	Manufacturing		Whole Economy	
	Index 1980 = 100	Percentage increase on a year earlier	Index 1980 = 100	Percentage increase on a year earlier
1985 Q3	125.8	6.5	133.1	6.1
Q4	128.7	6.2	134.3	4.4
1986 Q1	131.4	8.6	136.9	6.2
Q2	130.8	6.9	138.2	6.5
Q3	130.3	3.6	138.9	4.4
Q4	130.4	1.3	140.8	4.8
1987 Q1	132.5	0.8	141.7	3.5
Q2	131.9	0.8	143.9	4.1
Q3	131.3	0.8	143.5	3.3
Q4	133.0	2.0		
1987 Aug	129.7	-0.8	..	..
Sept	132.0	1.0	..	..
Oct	132.0	1.7	..	..
Nov	132.0	1.6	..	..
Dec	135.0	2.7		
<u>3 months ending</u>				
1987 Aug	131.4	1.0	..	..
Sept	131.3	0.8	..	..
Oct	131.2	0.6	..	..
Nov	132.0	1.4	..	..
Dec	133.0	2.0		

PRODUCTIVITY

Manufacturing output per head in the three months to December was 1.4 per cent higher than in the three months ending September and 6.3 per cent higher than in the same period a year earlier.

Output per head in the whole economy in the third quarter of 1987 was 1.7 per cent above the previous quarter and 3.5 per cent higher than in the third quarter of 1986.

Recent figures are:

TABLE 13: OUTPUT PER HEAD

seasonally adjusted, U.K.

		Manufacturing		Whole Economy	
		Index	Percentage	Index	Percentage
		1980	Increase	1980	increase
		= 100	on a year	= 100	on a year
			earlier		earlier
1985	Q3	130.4	2.4	114.0	2.1
	Q4	130.1	2.2	114.7	2.2
1986	Q1	129.6	-0.6	114.9	1.5
	Q2	132.5	0.7	116.6	1.9
	Q3	134.9	3.5	117.8	3.3
	Q4	138.5	6.5	118.5	3.3
1987	Q1	138.7	7.0	119.0	3.6
	Q2	141.4	6.7	119.9	2.8
	Q3	145.3	7.7	121.9	3.5
	Q4	147.2	6.3		
1987	Aug	146.2	8.9	..	..
	Sept	145.8	7.4	..	..
	Oct	147.3	7.0	..	..
	Nov	147.4	6.2	..	..
	Dec	147.0	5.6		
<u>3 months ending</u>					
1987	Aug	143.8	7.2	..	..
	Sept	145.3	7.7	..	..
	Oct	146.4	7.8	..	..
	Nov	146.8	6.9	..	..
	Dec	147.2	6.3		

UNIT WAGE AND SALARY COSTS (Table 11)

E1. Wages and Salaries per unit of output in manufacturing is compiled using monthly series of average earnings, employment and output; it is described in *Employment Gazette*, June 1982, page 261. For wages and salaries per unit of output in the whole economy, the wages and salaries totals in the numerator are adjusted to incorporate the earnings of the self-employed, based on the ratio of the employed labour force to the number of employees in employment and HM Forces. The denominator is the output measure of gross domestic product at factor cost in constant prices and is consistent with the GDP press notice published on 18 December. For further information, see *Employment Gazette*, May 1986, page 172.

E2. The unit wage costs and productivity series for the whole economy will be revised to take account of the revised employment data (see Note B3) when the latest output measure of gross domestic product at factor cost (to be published on 23 February 1988) is incorporated.

HOURS OF WORK (Table 12)

F1. The hours of overtime and short-time worked by operatives in manufacturing industries are collected by the surveys of individual establishments which are used to collect numbers of employees. Figures are collected monthly; those for non-quarter months are based on a smaller sample, and are therefore subject to retrospective revisions in the same way as the employee estimates.

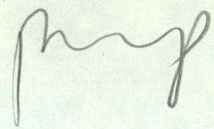
F2. The index of average weekly hours relates to average weekly hours worked by operatives in manufacturing industries. It is based on the normal weekly hours of full time operatives as in national agreements plus average net overtime. The calculation of this index is described on page 240 of *Employment Gazette*, June 1983.

PRODUCTIVITY (Table 13)

G1. Index numbers of output per person employed are calculated by dividing an index of output by an index of the numbers employed. The indices are all based on 1980 = 100. The output series for the economy as a whole is the output-based measure of gross domestic product and is consistent with the GDP press notice published by the CSO on 18 December. This series is used so as to achieve consistency with the industrial analysis for which the indices of output for the production industries are used. The indices for employment are based on the employed labour force in the United Kingdom as defined in para B4 above, after combining mid-month estimates to reflect average levels of employment in the month or quarter as a whole.

G2. See note E2.

CONFIDENTIAL



FROM: MISS M P WALLACE

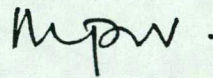
DATE: 16 February 1988

MR PATTERSON

cc Mr Pickford

REVISED EMPLOYMENT ESTIMATES: 1987 LABOUR FORCE SURVEY

The Chancellor was most grateful for your minute of 15 February.



MOIRA WALLACE