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PART F

PART F

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PO -CH /NL/0220



PART F

Papers on Employment

CHANCELLOR'S PAPERS ON
EMPLOYMENT POLICY AND
LABOUR MARKET STATISTICS

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PO -CH /NL/0220

PART F

PART F

Begins: 13/7/88

*Ends: ~~17/11/88~~ (CONTINUED)
4/9/88*

DD: 25 years

13/9/95



Ch / UK % unemployment
on our basis was
8.6% [para 7].

On OECD standardised
basis UK was 9.0%
in 88Q1 against
EC average of 10.3%
[published figs].

Thanks,

mpw.

PERSONAL AND CONFIDENTIAL
 until 11.30am on Thursday 14 July
 thereafter CONFIDENTIAL

FROM: P L PATTERSON

DATE: 13 July 1988

1. MR HIBBERD

2. **CHANCELLOR**

(+1 for No. 10)

cc: Chief Secretary
 Financial Secretary
 Paymaster General
 Economic Secretary
 Sir P Middleton
 Sir T Burns
 Mr Monck
 Mr Scholar
 Mr Odling-Smee
 Mr Sedgwick

Mr Burr
 Mr Gieve
 Mr Meyrick
 Mr Pickford
 Mr Bush
 Mr Dyer
 Mr Hudson
 Mr O'Brien
 Mr Cropper
 Mr Tyrrie
 Mr Call
 HB/001

Ch/NB X in para 2
 mgnw

COMBINED RELEASE OF LABOUR MARKET STATISTICS ON 14 JULY

Summary Statistics (seasonally adjusted GB unless otherwise stated)

	Thousands	Level	Change on previous period	Change on previous year
<u>Unemployment (UK) June</u>				
Total (excl. school leavers)		2,375	-39	-547
Total (not seasonally adjusted: 'Headline Total')		2,341	- 86	-565
<u>Vacancies (UK) June</u>				
		255	0	+ 22
<u>Workforce in employment 1988Q1</u>				
		25,132	+120	+611
<u>Manufacturing employees May</u>				
		5,016	+ 2	- 36

Percentage change
 on previous year

Index of average earnings, May

Whole economy, underlying (actual)	8½ (7.6)
Manufacturing, underlying (actual)	8¾ (9.1)
Service industries, underlying (actual)	8½ (6.1)

Wage and salary costs per unit of output

Whole economy, 1988Q1	5.9
Manufacturing, 3 months to May	2.4

Output per head

Whole economy, 1988Q1	3.0
Manufacturing, 3 months to May	6.6

ASSESSMENT AND COMMENT

2. This month's indicators confirm the continuing strength of the labour market and provide little evidence of any slowing down in the rapid rate of growth in the economy. The fall in seasonally adjusted adult unemployment of 39,000 in June is exactly the same as the fall in May. The downward trend therefore remains steady at around 40,000 a month, the average fall over the past six months. It is likely to have been only marginally affected by administrative factors (including the extension of availability testing to Restart interviewees from April). Employment, measured under the new workforce in employment definition (see below), grew by 120 thousand in the first quarter and by over 600 thousand in the year to March. The number of manufacturing employees rose slightly in May and overtime working in manufacturing remains high. The underlying increase in whole economy average earnings in the year to May was 8½ per cent; note that this is unchanged from the April figure which has (unusually) been revised down from the provisional estimate of 8¾ per cent.

3. [NOT FOR USE: It was previously thought that the rather complex Nurses' Pay Review Body award would influence the increase in underlying earnings in May, but DE statisticians now think that the effect will be spread roughly equally between the June and July figures. As a result they expect the figure for growth in whole economy underlying earnings to rise to 8¾ per cent in June. In manufacturing, continued high overtime working and bonus payments could raise the underlying increase to 9 per cent in June. The next major tranche of public sector settlements will not be until at least July, but on the whole these are at or below the levels of a year ago and could reduce the annual rate of increase in underlying earnings.]

REVISED TREATMENT OF LABOUR MARKET STATISTICS

4. There are two changes to the coverage of the labour market statistics this month. [NOT FOR USE: A third change, to the definition of local area unemployment rates, was dropped at the last moment following objections from the Welsh Office.] No advance public warning has been given of these changes, and there may be some critical reaction along the lines of "fiddling the figures". But all the components necessary to construct the previous employed ^{labour} force measure of total employment will continue to be published. Such criticism should therefore be easy to deflect. Neither change alters the fundamental picture of a buoyant labour market.

Revised definition of employment

5. The most significant change introduces a new basic measure of employment in the whole economy called the workforce in employment. Its relationship with the existing measure, the employed labour force (which will continue to be available), is shown below.

<u>CURRENT</u>	<u>NEW</u>
Employees in employment + Self-employed + HM Forces	Employees in employment + Self-employed + HM Forces + Participants in Work Related Government Training Programmes (WRGTP)
-----	-----
= Employed Labour Force + Unemployment	= Workforce in Employment + Unemployment
-----	-----
= Working Population	= Workforce

6. DE are citing publicly two reasons for making this change.

(i) Under the old arrangements, different people contributing similarly to economic activity could be treated differently in the employment statistics. Over 80 per cent of YTS trainees do not have a contract of employment and therefore did not feature in the employment statistics. Only those YTS participants with contracts of employment were included in the 'employees in employment' series. The change in coverage will bring both groups of people into the new 'workforce in employment' category.

(ii) The change is consistent with internationally accepted practice following agreement at a conference under the auspices of the International Labour Organisation (ILO) in Geneva last November. [NOT FOR USE: A third reason for the change, which is not for public use, is that the phasing out of the Community Programme (whose participants have contracts of employment) and the build-up of the new Employment Training programme (where there will be no contracts of employment) will result in an eventual reduction of some 200 thousand in the employed labour force.]

One consequence of the change is that the national unemployment rate is redefined to include the workforce in its denominator, rather than the working population used heretofore. The effect is to reduce the national unemployment rate by about 0.1 percentage point, for example, the May rate from 8.7 to 8.6 per cent.

8. Using the new workforce in employment series, total employment has risen by over 2 million since March 1983. However, to deflect criticism that this figure relies heavily on scheme participants, we should give as much weight to the one million growth in employees in employment and the $\frac{3}{4}$ million growth in self-employment over this period. The table below summarises recent changes in employment and its components.

Increase in workforce in employment, GB

	Thousands		
	March 1983 to March 1988	March 1987 to March 1988	December 1987 to March 1988
Employees in employment	1059	375	112
Self-employment	747	152	31
HM Forces	-4	-3	0
Participants in programmes	334	89	-22
	-----	-----	-----
Workforce in employment	2135	611	120
Memo: Employed labour force	1802	523	143

Note that critics of the new series can construct the employed labour force for themselves as the sum of the first three components in the above table.

9. The workforce in employment has been on a rising trend since March 1983. However while the number of employees in employment has increased for twenty consecutive quarters over the same period, the workforce in employment actually fell by 14,000 between December 1985 and March 1986. This is mainly due to a reduction of 26,000 in the number of programme participants, which may reflect seasonal factors. (Note that the series for the number of programme participants is not seasonally adjusted because there are insufficient consistent data points. Although other components of the workforce in employment, such as self-employment, are also not seasonally adjusted, the number of participants has a regular seasonal pattern.)

Ending of count of non-claimant school leavers

10. The other change this month is the ending of the count of school leavers who are not yet entitled to benefit. This does not of course affect either the headline total or the adult seasonally adjusted claimant count. This supplementary count of non-claimant school leavers stems from the change in regulations in November 1980 since when young people leaving school are assumed to be in full-time education until the start of the following school term and therefore not entitled to benefit. The count started in 1982 and is conducted in June, July and August each year. Its main aim was to provide an early indication of the numbers likely to claim benefit in the autumn. The change in benefit regulations from September 1988 and the associated expansion of the YTS will mean that most people under 18 will no longer be able to claim Income Support. The special count therefore serves no useful purpose and has been discontinued.

THE FIGURES IN DETAIL

Unemployment

11. Seasonally-adjusted adult unemployment (excluding school leavers) fell by a further 39,000 in June to 2.375 million (8.4 per cent of the workforce). The fall over the last six months has averaged some 40,000 a month.

12. The 'headline' total fell by 86,000 to 2.341 million, 8.3 per cent of the workforce.

13. The stock of vacancies at Jobcentres (seasonally adjusted) was little changed between May and June at around 255,000, some 9 per cent higher than in June 1987.

14. Points of interest:

(a) Seasonally adjusted total at lowest level for nearly 7 years (since August 1981).

(b) Seasonally adjusted total has fallen for twenty-three months in succession since July 1986, by 835 thousand in total. This is the longest period of continuous decline in unemployment since the War.

- (c) Fallen by 547,000 over past year.
- (d) Fall in 'headline' total of 565,000 compared with year ago.
- (e) School leaver unemployment (under 18s), at 47,000 claimants in June, was 22,000 (or 32 per cent) lower than a year ago; more than halved in last 5 years (June 1983: 119,000).
- (f) Unemployment continues to fall in all regions. Over the past twelve months the unemployment rate has fallen most in the West Midlands, the North West and the North, but there have been significant falls in all regions, including Northern Ireland.
- (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 2.0 percentage points over past year, compared with falls of 0.8 in US, 0.2 in Japan, 0.3 in France, and rise of 0.1 in Germany.
- (h) Seasonal influences tend to increase the unadjusted adult count considerably between June and July, and this is likely to be only slightly offset by a fall among school leavers. Assuming a continuation of the current downward trend of some 40,000 per month, there could be a small rise in the headline total in July.

Employment

15. Figures for whole economy employment in 1988Q1 are published for the first time this month. The increase of 120,000 in the workforce in employment comprises a rise of 112,000 in employees in employment, an assumed increase in self-employment of 31,000 and a fall (in part seasonal) in the number of programme participants of 22,000. (Note that this means that the employed labour force grew by more than the workforce in employment in this quarter.) The number of employees employed in services increased by 114,000 and in other industries (agriculture and construction) by 12,000, but there was a fall of 15,000 in the energy and water supply industries.

16. The number of employees in employment in manufacturing industries is estimated to have risen by 2,000 in May, following a fall of 15,000 in April. Once again monthly figures are erratic but it remains the view that the downward trend in the number of manufacturing jobs has levelled off. In the twelve months to May, there was an average reduction in manufacturing employment of only 3,000 a month.

Other features

17. The provisional estimate of the underlying increase in whole economy average earnings in the year to May is unchanged from the revised April figure of $8\frac{1}{2}$ per cent. The April figure has been revised down from the provisional estimate of $8\frac{3}{4}$ per cent. Such a revision to the whole economy figure is extremely rare (the last occasion was an upward revision in November 1986) because the estimates are only publicly presented to the nearest quarter per cent. The revision this month arises as the result of later information received from firms in the monthly earnings survey. The underlying increase in whole economy average earnings has now been at $8\frac{1}{2}$ per cent for the last six months. In both the manufacturing and service sectors, the increase in underlying earnings in May is also unchanged from the final April figures of $8\frac{3}{4}$ and $8\frac{1}{2}$ per cent respectively.. The actual increase in whole economy earnings is below the underlying increase reflecting the high arrears of pay in May 1987, especially in the service sector.

18. The level of overtime working in manufacturing remains high at 13.33 million hours a week in May, well above the average level of 12.4 million hours in the first 9 months of 1987.

19. Output per head in the whole economy grew by 3 per cent in the year to 1988Q1, the result of a 5 per cent increase in output offset by a 2 per cent rise in employment. Over the same period, unit wage and salary costs rose by nearly 6 per cent. (Note that the calculation of these series is not affected by the changes to the employment series and will continue to use the employed labour force. This is because the contribution of scheme participants to output is only small and will be excluded from the national accounts measure of output. Similarly payments to participants will be treated as transfers and not as wages and salaries. In addition there are practical difficulties in the way of producing an industry analysis of participants.)

20. In manufacturing, output per head in the three months to May was over 6½ per cent higher than a year earlier, and unit wage and salary costs rose by less than 2½ per cent.

MANUFACTURING: Percentage increases on year earlier

		Average earnings	Output per head	Unit wage and salary costs
1987	Q1	7.8	6.8	1.0
	Q2	7.7	6.7	0.9
	Q3	8.5	7.7	0.8
	Q4	8.4	6.1	2.1
1988	Q1	8.1	6.5	1.5
	3 months to May	9.1	6.6	2.4

LINE TO TAKE

21. I attach a short annex which includes revised bull points on employment and unemployment and a defensive line on the revision to the employment statistics. This can be used to supplement the existing briefing for First Order questions tomorrow.

Peter Patterson

PETER PATTERSON

LINE TO TAKE: LABOUR MARKET STATISTICSPositive1. Unemployment (seasonally adjusted adult) in June:

- fallen for 23 months running, longest continuous fall since War;
- fallen by 835,000 since July 1986;
- fallen by 547,000 over past year;
- fallen by average of 40,000 a month over past 6 months;
- lowest for nearly 7 years (since August 1981);
- fallen in all regions over past year; rates fallen most in West Midlands, North West and North;
- UK rate fallen faster over past year than any other major industrialised country.

2. Employment

- Workforce in employment - on rising trend for 5 years
 - risen by over 2 million in 5 years since March 1983
 - risen by over 600 thousand in past year
- Employees in employment - risen by over 1 million in 5 years since March 1983
 - increased in every quarter since March 1983
- Employed labour force - risen by 1.8 million since 1983
 - increase in last 5 years best for at least 40 years.

More new jobs since 1983 than any other EC country.

DefensiveRevisions to employment statistics just "fiddling" the figures

No. Revisions perfectly justified by

- (i) consistent treatment in employment statistics of people contributing similarly to economic activity;
- (ii) conclusions of International Conference of Labour Statisticians held last November under auspices of ILO.

Anyway, old series for employed labour force still readily available; can be calculated by summing 3 components.

Does not alter picture of very buoyant labour market, whichever series is used. Increase in employed labour force in last 5 years best for at least 40 years.

✓ pmp A1

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Labour Market Statistics

Summary

All the indicators to be released on the 14th July confirm the continued strength of the labour market. Unemployment fell again in June, by 39,000 and vacancies remained high. Employment, measured under the new workforce definition, grew by 120,000 in the first quarter and by over 600,000 in the year to March. Overtime worked in manufacturing industry remained high and continued to influence the increase in average earnings. For the whole economy the underlying increase in average earnings has now been at 8½ per cent for 6 months. (See note C1b)

Unemployment

UK unemployment (seasonally adjusted claimants, excluding school leavers) fell further, by 38,900 between May and June, to 2.375 million, the lowest since August 1981 (on a consistent basis). The unemployment rate fell by 0.1 percentage points to 8.4 per cent of the workforce. The series has now fallen for 23 months running, bringing the total fall since July 1986 to 835,000. Key figures and comparisons are attached separately.

The series continues to fall steadily. Over the past six months there has been an average fall of some 40,000 per month. The trend may be marginally affected by various administrative factors, including the extension of availability testing to Restart interviewees from April but, in the main, the fall in unemployment reflects the strength of the labour market.

Regional comparisons

Unemployment continues to fall in all regions. Over the past 12 months, unemployment rates have fallen sharply in all regions, with the largest falls in the West Midlands, the North West and the North.

Headline total

The UK headline claimant total (unadjusted including school leavers) fell by 86,000 to 2.341 million in June (8.3 per cent of the workforce), 565,000 lower than a year ago. The total includes some 47,000 claimant school leavers aged under 18, 22,000 or 32% lower than a year ago.

The special count of non-claimant school leavers registered at Careers Offices previously conducted during the summer months has been discontinued. Note A4 of the draft press notice gives further details.

July 'headline' total

Assuming a continuation of the current downward trend of some 40,000 per month, there could be a small rise in the headline total between June and July. Seasonal influences will tend to increase the adult count considerably between May and June, by the order of 50,000 or more, and this is likely to be only slightly offset by a fall among school leavers.

Employment

C1a describes the introduction of the new 'workforce in employment' series of employment statistics. The workforce in employment (employees in employment, the self employed, HM Forces and participants in work related government training programmes) is estimated to have increased by 120,000 in the first quarter of 1988 and by 611,000 in the year ending March 1988. This continues the upward trend which started in March 1983, since when the workforce in employment is estimated to have increased by 2,135,000. This increase is made up of

1,059,000 employees in employment

747,000 self employed

and 334,000 participants in work related government training programmes together with a reduction of 4,000 H.M. Forces.

The March quarter increase of 120,000 in the workforce in employment is made up of a projected increase in the self-employed of 31,000, an estimated increase of 112,000 employees in employment and a fall of 22,000 in work related government training programmes. The number of employees employed in services increased again, by 114,000, while the numbers in manufacturing and other industries (agriculture and construction) increased by 1,000 and 12,000 respectively and the energy and water supply industries saw a decrease of 15,000.

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The number of employees in employment in manufacturing industries increased by an estimated 2,000 in May. While the monthly figures can be erratic the rate of decline in manufacturing employment has slowed and the current trend may be level.

Overtime working by operatives in manufacturing industries remained high with an estimated 13.3 million hours per week worked in May. Hours lost through short-time working in manufacturing industries remained low at 0.40 million hours per week in May.

Vacancies

There has been little change in the stock of unfilled vacancies at jobcentres (UK seasonally adjusted, excluding Community Programme vacancies) which fell by 300 to 255,200 in June. This was 9% higher than a year ago. The inflow of new notifications remains at a high level, a further indication of the strength of the labour market.

Earnings

The estimate for the underlying increase in earnings for the whole economy for May shows no increase from the April revised level of $8\frac{1}{2}$ per cent. The estimate for the production industries is up $\frac{1}{4}$ per cent, to $8\frac{3}{4}$ per cent, but the increases for both manufacturing and service industries are unchanged at $8\frac{3}{4}$ per cent and $8\frac{1}{2}$ per cent respectively.

The whole economy underlying increase has now been at $8\frac{1}{2}$ per cent for 6 consecutive months and the services sector index at $8\frac{1}{2}$ per cent for 7 consecutive months, but both are expected to rise next month as the nurses settlement enters the calculation.

Next Labour Market Figures

The next labour market brief will be issued on Monday 15 August in advance of the press release on Thursday 18 August. It will contain unemployment data for 14 July, manufacturing employment and average earnings for June and vacancies for 8 July.

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Confidential Until 11.30am on 14 July 1988

Revised Coverage of Employment Statistics

The coverage of employment statistics has been extended this month to include participants in programmes which provide them with some training in the context of a workplace. The new series is called the "workforce in employment" and comprises employees in employment, self employed, HM Forces and participants on work related government training programmes. This last group includes YTS trainees who receive work experience except those who have contracts of employment (those who do have contracts of employment are included in employees in employment) plus participants in new JTS.

This change in the coverage of the employment statistics is consistent with ILO guidelines on the subject.

The workforce in employment is estimated to have increased by 120,000 in the first quarter of 1988, 611,000 in the year ending March 1988 and by 2,135,000 since March 1983.

The contribution of the various components of the workforce in employment to those increases is shown in the following table.

Increase in the workforce in employment in Great Britain

	March 1983- March 1988	March 1987- March 1988	thousands December 1987 March 1988
Employees in employment	1059	375	112
Self employment	747	152	31
H.M. Forces	-4	-3	0
Participants in programmes	334	89	-22
	<hr/>	<hr/>	<hr/>
Workforce in employment	2135	611	120

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The increase of more than 2 million in the workforce in employment since March 1983 contrasts with an increase of 1.8 million in the employed labour force. The fact that the inclusion of participants in work related training programmes takes the increase above 2 million may be focussed on by any critics of the change in the coverage of employment statistics.

The workforce in employment series has been arrived at by adding together the seasonally adjusted employed labour force series and the unadjusted estimates of the numbers of participants in work related government training programmes. The programme participants series has not been seasonally adjusted for two reasons. First, the series is too short to seasonally adjust by standard techniques with any confidence; if we were to try to produce a seasonally adjusted series we might provoke criticism. Second, administrative developments - such as the introduction and build up of two year YTS and the coming introduction of ET - change the seasonal pattern in a way which invalidates standard seasonal adjustment techniques so that any estimates of seasonality which were made could be misleading. While the workforce in employment has been on a rising trend since March 1983, and the number of employees in employment has increased in each quarter since March 1983, the estimated size of the workforce in employment reduced by 14,000 between December 1985 and March 1986. This reflects a reduction of 26,000 in the number of programme participants which may in part reflect seasonal factors affecting the number of YTS participants.

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**REVISION TO APRIL ESTIMATE OF WHOLE ECONOMY UNDERLYING INCREASE IN
AVERAGE EARNINGS**

The provisional estimate of the underlying increase in earnings for the whole economy for April 1988, released in June, has been revised down from $8\frac{3}{4}$ per cent to $8\frac{1}{2}$ per cent as the result of later information received from firms in the monthly earnings survey.

The monthly estimate of the underlying increase in earnings is an indicator of movements in earnings taking account of temporary fluctuations contained in the actual increase such as back pay, delayed settlements, strikes, etc. It is not a secular trend figure as such and can still be subject to abrupt movements from one month to the next. For this reason, the estimate is subject to further smoothing by weighted averaging and is only publicly presented to the nearest $\frac{1}{4}$ per cent.

The unrounded estimate compiled last month for April was 8.66 per cent, which was rounded to $8\frac{3}{4}$ per cent. As is often the case, this figure incorporated earnings estimates made by DE for some firms who were late in submitting their survey returns for April. Information now submitted by these firms together with subsequent adjustments made by other firms to their earlier April figures have caused the April estimate to fall to 8.55, which on rounding represents an increase of $8\frac{1}{2}$ per cent.

The purpose of presenting the estimate to the nearest $\frac{1}{4}$ per cent is, inter alia, to minimise the need for such revisions to the published estimate. The last time that the published provisional estimate for the whole economy had to be revised in this way was November 1986 when the figure was revised from $7\frac{1}{2}$ to $7\frac{3}{4}$ per cent.

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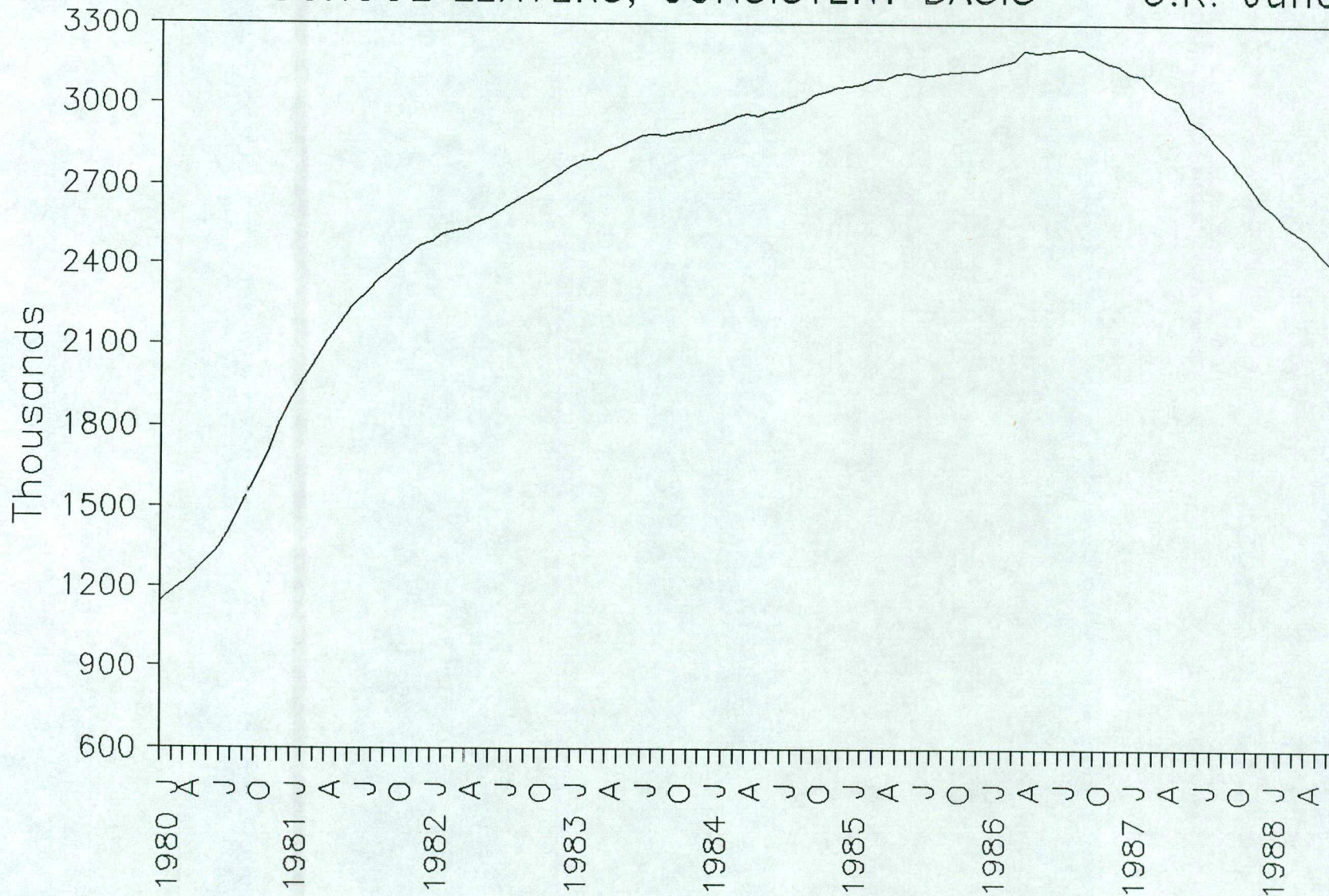
c1c

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SEASONALLY ADJUSTED UNEMPLOYMENT

EXCLUDING SCHOOL LEAVERS, CONSISTENT BASIS

U.K. June 1988

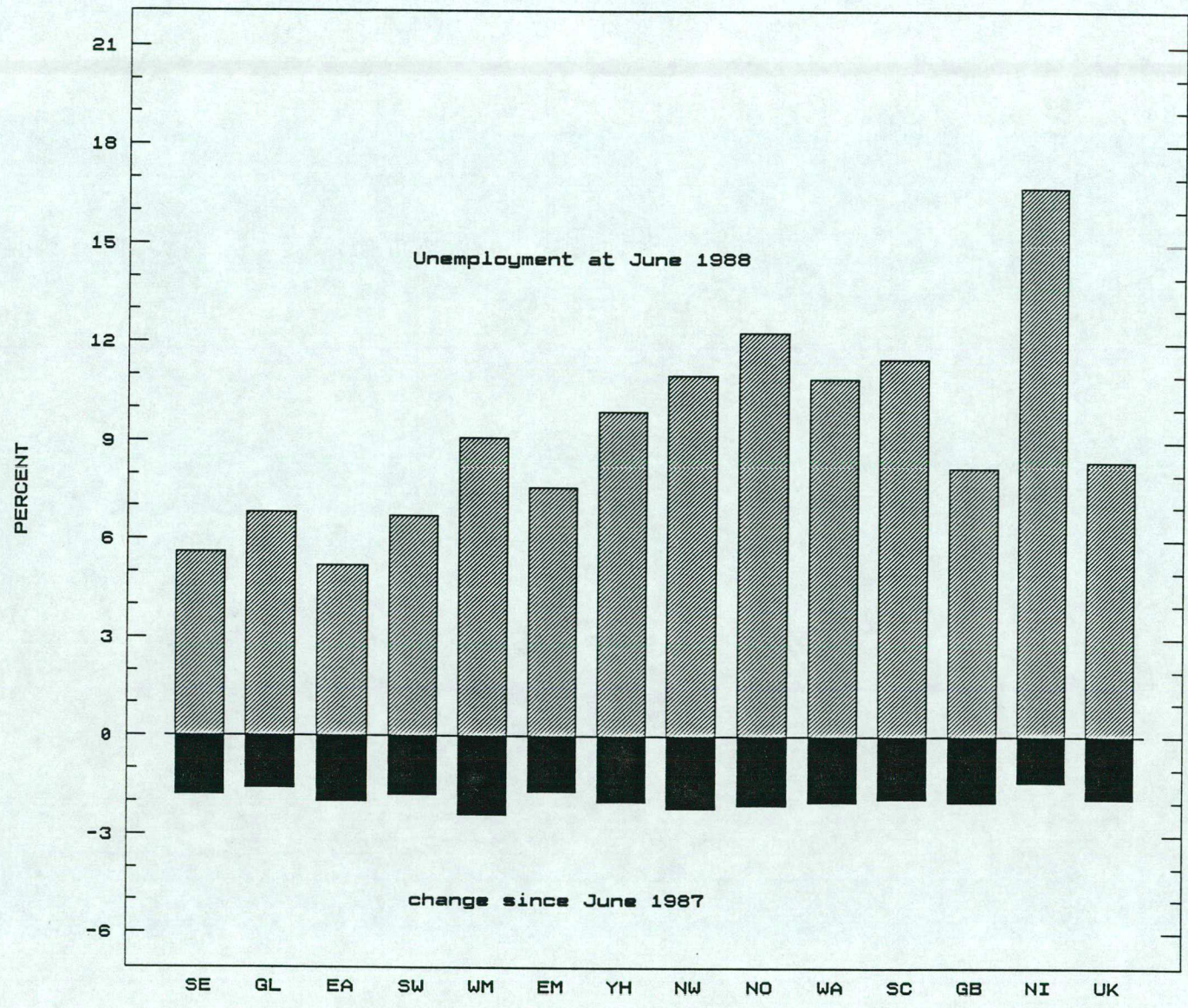


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REGIONAL UNEMPLOYMENT RATES

WORKFORCE BASE*



* Includes self-employed, armed forces and trainees at work

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Unemployment
-regions and sex

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

	NUMBER (Thousands)		UNEMPLOYMENT RATE (Per Cent)*		
	At June 1988	Change in month since May 1988	At June 1988	Change in month since May 1988	Change in year since June 1987
<u>REGIONS</u>					
South East	516.2	-11.9	5.6	-0.1	-1.8
(Greater London)	(293.6)	(-7.0)	(6.8)	(-0.2)	(-1.6)
East Anglia	52.8	-1.5	5.2	-0.1	-2.0
South West	140.8	-2.0	6.7	-0.1	-1.8
West Midlands	238.7	-4.4	9.1	-0.2	-2.4
East Midlands	148.8	-2.9	7.6	-0.1	-1.7
Yorks & Humber	235.0	-2.8	9.9	-0.1	-2.0
North West	331.2	-4.9	11.0	-0.2	-2.2
North	179.2	-1.2	12.3	-0.1	-2.1
Wales	130.6	-1.5	10.9	-0.1	-2.0
Scotland	286.0	-5.1	11.5	-0.2	-1.9
GREAT BRITAIN	2259.2	-38.4	8.2	-0.1	-2.0
Northern I.	116.1	-.5	16.7	-0.1	-1.4
UNITED KINGDOM	2375.3	-38.9	8.4	-0.1	-1.9
<u>MALES AND FEMALES</u>					
UK Males	1653.1	-24.5	10.0	-0.1	-2.3
UK Females	722.2	-14.4	6.2	-0.1	-1.4

* Percentage of whole workforce (new basis, taking account of self-employed, armed forces and participants on work-related Govt. training programmes)

Unemployment by Duration

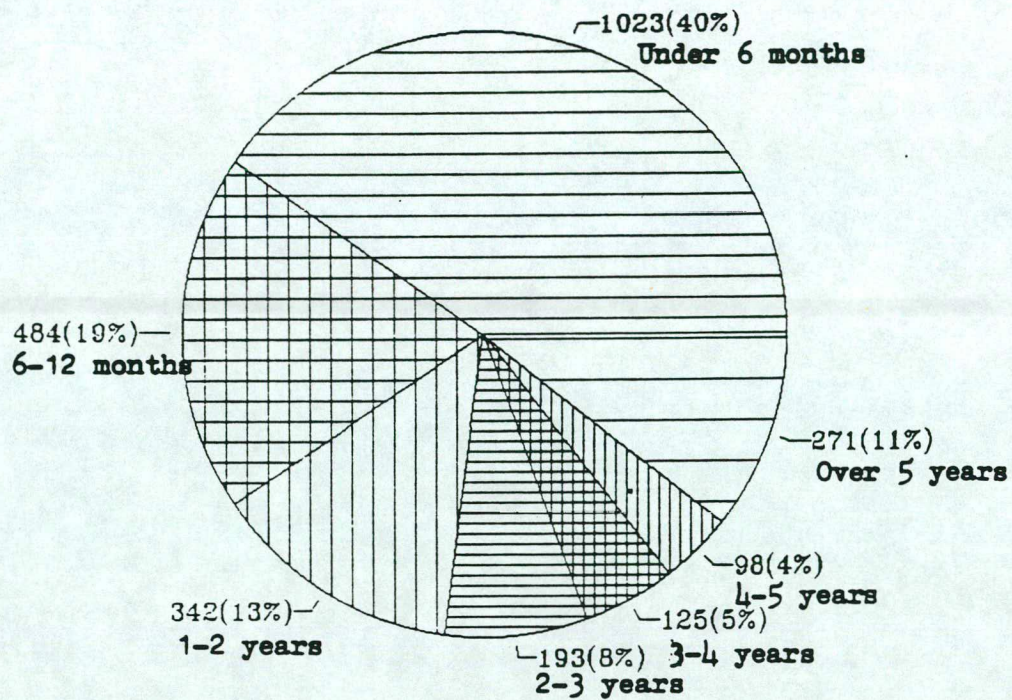
Duration	Number at APRIL 1988	THOUSANDS Change since APRIL 1987
All durations	2536	-571
Over 6 months	1513	-414
Over 1 year	1029	-266
Over 2 years	687	-124
Over 3 years	494	-79
Over 4 years	369	-36
Over 5 years	271	-1

Up to 6 months	1023	-157
6 to 12 months	484	-148
1 to 2 years	342	-142
2 to 3 years	193	-45
3 to 4 years	125	-43
4 to 5 years	98	-35
Over 5 years	271	-1

Unemployment by Age

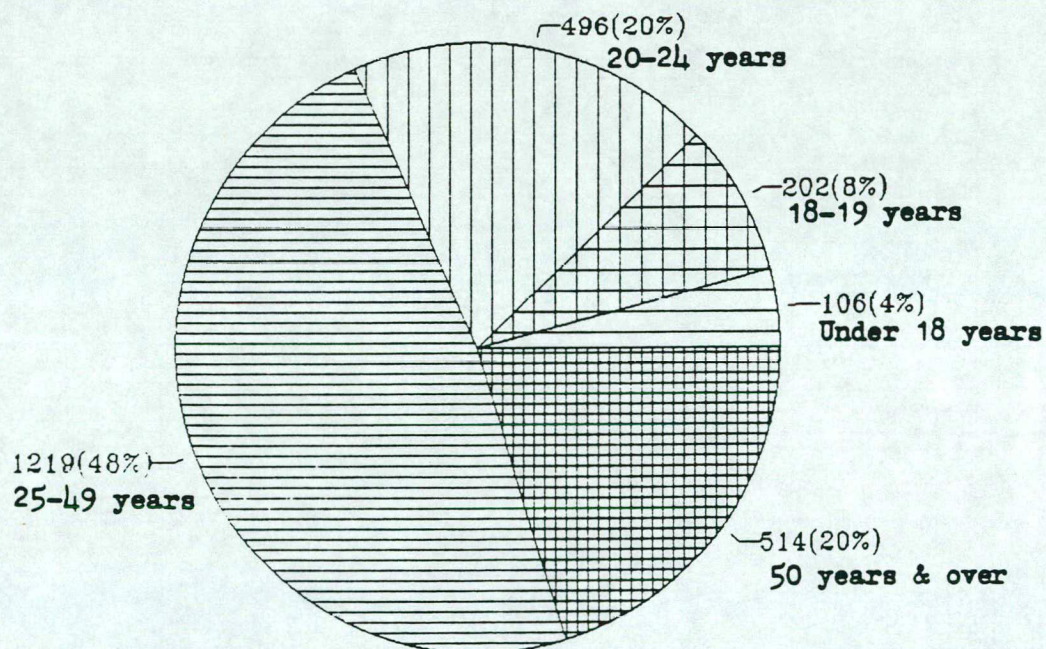
	Number at APRIL 1988	THOUSANDS Change since APRIL 1987
Under 18	106	-21
18-19	202	-68
20-24	496	-133
25-49	1219	-257
50 and over	514	-92
All ages	2536	-571

U.K. UNEMPLOYMENT BY DURATION THOUSANDS



APRIL 1988

U.K. UNEMPLOYMENT BY AGE THOUSANDS



APRIL 1988

Scheme Participants in GB

Thousand

	EAS	CP	CI	NWS*	YOP+	YTS++	JTS	JRS
<u>Quarterly</u>								
March 83	2	39	8	103	234	0		79
June 83	2	64	8	93	154	21		81
Sept 83	8	97	8	103	69	173		85
Dec 83	20	115	8	105	22	257		88
Mar 84	27	113	8	98	22	252		95
June 84	37	120	8	70	4	244		91
Sept 84	39	123	8	63		287		86
Dec 84	39	130	8	57		279		78
Mar 85	41	133	8	52		252		70
June 85	48	138	8	43		236		61
Sept 85	49	151	8	50		296		54
Dec 85	52	174	8	57		278		48
Mar 86	55	200	8	51		243		43
June 86	60	221	8	31		270		37
Sept 86	66	235	8	28		333		32
Dec 86	74	248	8	33		323	1	27
March 87	81	244	8	34		306	2	24
<u>Monthly</u>								
May 87	87	235	8	29		290	8	22
June 87	90	232	8	24		348	13	22
July 87	93	231	8	18		377	17	21
Aug 87	94	229	8	18		390	20	21
Sept 87	96	229	8	18		424	22	21
Oct 87	97	224	8	19		413	24	20
Nov 87	96	222	8	20		410	25	20
Dec 87	96	221	8	19		403	24	19
Jan 88	95	221	7	19		393	26	19
Feb 88	95	224	7	18		385	28	19
Mar 88	95	223	7	16		373	30	18
Apr 88	94	223	7	14		368	30	16
May 88	94	220	7	13		371	31	15

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

+ Excludes trainers

++ Excludes trainers, figures for latest months subject to revision.

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 international standardised rates which are recommended for comparing levels of unemployment.

	RECOMMENDED		UNEMPLOYMENT, NATIONAL DEFINITIONS				
	OECD STANDARDISED RATES*		Seasonally Adjusted		Unadjusted		
	Latest month	% rate	Number (000s)	% rate	Number (000s)	% Rate	Latest month
Spain	FEB	19.4	2916	20.1	2940	20.2	APR
Ireland	APR	(18.8)*	241	18.6	238	18.4	JUN
Italy a	APR	(11.7)*	2859	12.0	2945	12.4	JAN
Belgium	APR	10.3	389 e	14.2 e	395	14.5	MAY
France	APR	10.3	2559	10.4 a	2432	9.7 a	MAY
Netherlands	APR	9.5	679	13.9	647	13.3	MAY
United Kingdom	APR	8.8	2375	8.4	2341	8.3	JUN
Australia a	APR	7.9	615	7.8	645	8.3	JAN
Canada a	APR	7.7	1042	7.8	1035	7.7	MAY
Greece	APR 87	(7.4)*	..	..	92	4.9	MAY
Germany	MAR	6.5	2273	8.0	2131	7.5	JUN
Portugal	NOV 87	6.5	303	7.0	313	7.3	APR
Denmark	APR	(6.4)*	234	8.6	250	9.1	APR
United States a	APR	5.4	6455	5.2	6819	5.5	JUN
Luxembourg	APR	(2.9)*	..	..	3	1.6	APR
Japan a	MAR	2.6	1620	2.6	1800	2.9	MAR
Norway	FEB	2.4	44	2.6	43	2.5	APR
Sweden a	APR	1.7	71	1.7	71	1.6	DEC
Austria	..	..	159 e	5.4 e	163	5.5	APR
Switzerland	..	..	..	..	21	0.7	APR

* NOTE: FOR THOSE EC COUNTRIES FOR WHICH NO OECD STANDARDISED RATES ARE AVAILABLE, SIMILAR HARMONISED RATES COMPILED BY THE STATISTICAL OFFICE OF EUROPEAN COMMUNITIES (EUROSTAT) ARE SHOWN IN BRACKETS. THESE SHOWED THE UK RATE AT 9.1% IN APRIL COMPARED WITH THE EC AVERAGE OF 10.3%.

e estimated

a Survey Sources

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

Unadjusted unemployment, national definitions

	RECOMMENDED			
	Change in % rate	Change (000s)	% Change in total	Latest month
Italy	+ 2.2	+ 481	+ 15	APR
Norway	+ 0.6	+ 12	+ 40	APR
Denmark	+ 0.6	+ 18	+ 8	APR
Germany	+ 0.1	+ 35	+ 2	JUN
Switzerland	NC	- 1	- 6	APR
Netherlands	- 0.1	- 6	- 1	MAY
Luxembourg	- 0.1	NC	- 4	APR
Austria	- 0.2	- 4	- 2	APR
Japan	- 0.2	- 140	- 7	MAR
France	- 0.3	- 90	- 4	MAY
Spain	- 0.4	- 6	NC	APR
Australia	- 0.6	- 26	- 4	JAN
Sweden	- 0.6	- 26	- 30	DEC
Ireland	- 0.7	- 9	- 4	JUN
Portugal	- 0.7	- 29	- 9	APR
USA	- 0.8	- 836	- 11	JUN
Greece	- 0.9	- 13	- 12	MAY
Belgium	- 1.3	- 37	- 9	MAY
Canada	- 1.3	- 142	- 12	MAY
United Kingdom	- 2.0	- 565	- 19	JUN

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 rates for the latest three months with the previous three months. An additional table C5d 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
Italy	+ 0.7	+ 151	+ 4	APR
Norway	+ 0.4	+ 7	+ 21	APR
Denmark	+ 0.2	+ 6	+ 3	APR
Portugal	+ 0.1	+ 15	+ 2	APR
Germany	+ 0.1	+ 21	+ 1	MAY
Netherlands	NC	NC	NC	MAY
Australia	NC	- 2	NC	JAN
Japan	NC	- 7	NC	MAR
Sweden	NC	- 3	- 3	DEC
France	- 0.1	- 33	- 1	MAY
Canada	- 0.2	- 28	- 3	MAY
Ireland	- 0.3	- 3	- 1	JUN
Spain	- 0.3	- 39	- 1	APR
United States	- 0.3	- 312	- 5	JUN
Austria	- 0.3	- 8	- 5	APR
Belgium	- 0.5	- 15	- 4	MAY
United Kingdom	- 0.5	- 120	- 5	JUN

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

Month	UK		France		Germany		Italy		Spain	
	Level	Rate	Level	Rate	Level	Rate	Level	Rate	Level	Rate
Jan 87	3112	11.0	2613	10.6	2193	7.8	3238	13.9	2865	20.5
Feb	3067	10.9	2655	10.7	2189	7.8	3268	14.1	2879	20.6
Mar	3037	10.8	2676	10.7	2225	7.9	3263	14.0	2902	20.7
Apr	3021	10.7	2659	10.7	2226	7.9	3136	13.4	2906	20.3
May	2951	10.5	2661	10.7	2219	7.9	3233	13.8	2918	20.4
June	2922	10.4	2645	10.6	2240	7.9	3239	13.9	2922	20.4
July	2873	10.2	2638	10.6	2251	8.0	3297	14.2	2927	20.5
Aug	2826	10.0	2649	10.7	2246	8.0	3373	14.5	2920	20.4
Sep	2772	9.8	2597	10.5	2252	8.0	3376	14.5	2944	20.3
Oct	2714	9.6	2572	10.4	2249	8.0	3340	14.4	2961	20.4
Nov	2651	9.4	2546	10.4	2242	7.9	3335	14.3	2965	20.4
Dec	2614	9.3	2573	10.5	2257	8.0	3414	14.7	2980	20.5
Jan 88	2565	9.1	2578	10.5	2224	7.9	3422	14.8	2981	20.5
Feb	2533	9.0	2582	10.5	2228	7.9	3493	15.1	2957	20.3
Mar	2504	8.9	2535	10.3	2244	7.9	3528	15.2	2936	20.2
APR	2453	8.7	2539	10.3	2264	8.0	3603	15.5	2916	20.1
MAY	2414	8.6	2559	10.4	2271	8.0				
JUN	2375	8.4			2273	8.0				

PERSONAL AND CONFIDENTIAL
UNTIL 11.30 a.m. ON 14.7.88

Unemployment in June
seasonally adjusted (UK)

Down 38,900 in June

Now 2.375 million, 8.4%

Down 23 months running, longest continuous fall since the war

Lowest for nearly 7 years (since August 1981, consistent)

Fall in last 12 months 547,000

Largest sustained fall on record, down 835,000 since July 1986.

Fall of 547,000 since election June 1987

Fall of 40,000 per month over last six months

Total (inc. school leavers)(UK)

Now 2.341 million (8.3%)

Down 86,000 since May

Fall in last 12 months 565,000

Regional unemployment

Fall in all regions of UK over last year: rates fallen most in West Midlands, North West and North.

Youth unemployment (UK)

School leavers in June 47,000 32% lower than a year ago. More than halved in last 5 years (June 1983 119,000).

Under 25s also lowest for more than 5 years. Down by a third since April 1983.

Latest EC unemployment comparison for under 25s (Mar 88) showed UK 13.9% compared with EC average 20.6% (Lower than all other EC countries except Denmark, Germany and Luxembourg).

International comparisons

UK rate fallen faster in past year than any other major industrialised country. UK unemployment now lower than EC average. International rates show unemployment now higher in France (10.3%), Italy (11.7%), Belgium (10.3%), Netherlands (9.5%) Spain (19.4%) and Ireland (18.8%). (Comparable UK 8.8%)

Workforce in employment (GB)

= employees in employment + self-employed + HM Forces + participants on work-related government training programmes

New workforce definition is consistent with ILO guidelines.

Increase of 611,000 in year to March of which:

	Men	Women	Total
Full-time	129,000	166,000	294,000
Part-time*	132,000	185,000	317,000
Total	261,000	350,000	611,000

* including participants in training programmes

Work-force in employment has been on a rising trend for 5 years (These estimates show a small fall of 14,000 between Dec 1985 and March 1986). Increased by 2,135,000 (including 334,000 participants on programmes) since March 1983

Employees in employment (GB)

Increased by more than 1 million in five years to March 1988; increased every quarter since March 1983

Manufacturing employees (GB)

Increased by 2,000 in May. Current trend in manufacturing industries about level.

Vacancies (UK)

Unfilled vacancies at Jobcentres 255,200 in June 9% higher than a year ago.

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

Average earnings (GB)

Underlying increase in average earnings in year to May 8 1/2%, similar to April (revised)

Long term unemployment (UK)

1.029 million in April. Fell by record 266,000 in year since April 1987, and by 1/3 million over past two years. Longer-term unemployment (over 6 months) 1.513 million in April, record fall of 414,000 over past 12 months, fell by over 1/2 million over past two years.

Long term unemployment among under 25s down by 34% over past year.

PERSONAL AND CONFIDENTIAL

UNTIL 11.30 a.m. ON 14.7.88

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Labour Market statistics - additional points

Effect of measures on unemployment count

- 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. Success may be some time after interview.

- Availability testing will discourage some people not interested in getting work; cannot estimate how many.

- Those on schemes are not unemployed. They are in jobs or training.

Fiddling the figures

Only 6 changes affecting unemployment count since 1979: 3 statistical and 3 administrative including only 2 changes to compilation.

Seasonally adjusted unemployment series is consistent and allows comparisons of trend over time: nothing to hide

Flows into and out of unemployment

- Some 400,000 per month enter and leave count. Over a quarter of those becoming unemployed leave within the first month, over half leave within 3 months.

- job starts: 7½ million per year includes employed and unemployed equivalent to about 30,000 every working day.

Work related government training schemes

= Participants in programmes and schemes who receive training in the context of a workplace and are not employees or self-employed. Inclusion of these people in total employment is consistent with ILO guidelines. Includes most YTS and all JTS participants. In future Employment Training will be included.

Part-time employment

- Rise in part-time employment (52%* of increase in employment in year to March.) sign of increased flexibility in the labour market.

* Participants on work related government training programmes regarded as part-time.

- 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.

International comparisons of employment

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

International definition of unemployment

Latest OECD standardised rates, show UK unemployment at 8.8% (April)

Labour Force Survey (GB)

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

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)

14 July 1988

LABOUR MARKET STATISTICS

SUMMARY STATISTICS

		Level	Change on previous period	<u>Thousands</u> Change on previous year
<u>Unemployment (UK)</u>				
Total (not seasonally adjusted)	June 9	2,341	- 86	- 565
Total (excluding school leavers)	June 9	2,375	- 39	- 547
<u>Workforce in employment (2)</u> March Q1 1988		25,132	+ 120	+ 611
<u>Employees in employment</u>				
Services	March Q1 1988	14,787	+ 114	+ 414
Manufacturing	March Q1 1988	5,029	+ 1	- 24
Manufacturing	May 1988	5,016	+ 2	- 36
<u>Vacancies (UK at jobcentres)</u> June 3		255	-	+ 22

Percentage change on previous year
(underlying increase)

Index of Average Earnings

Whole Economy	May	8½
Services	May	8½
Manufacturing	May	8¾

Notes

1. All figures seasonally adjusted GB except where otherwise stated.
2. The workforce in employment comprises employees in employment, the self-employed, HM Forces and participants in work-related government training programmes (see page 7).

PERSONAL AND CONFIDENTIAL UNTIL 11 30 AM ON 14.7 88

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

Summary

Unemployment (UK seasonally adjusted excluding school leavers) fell by 38,900 in the month to June. Male unemployment decreased by 24,500 and female unemployment decreased, by 14,400. Over the past six months there has been a fall of 39,800 on average compared with a fall of 51,400 per month over the previous six months to December 1987.

The unadjusted unemployment total, decreased in June by 86,085 to 2,340,789. This includes 47,475 school leavers aged under 18. In June, total unemployment was 564,536 lower than a year ago.

The workforce in employment in Great Britain has been on a rising trend for the past five years. The increase of 120,000 in the first quarter of 1988 contributes to increases of 611,000 in the year from March 1987 to March 1988 and 2,135,000 since March 1983.

The number of employees employed in manufacturing industry in Great Britain is estimated to have increased by 2,000 in May 1988.

The stock of vacancies (UK seasonally adjusted excluding Community Programme) decreased by 300 in June to 255,200. Over the past six months there has been a decrease of 300 per month on average.

The underlying increase in average earnings for the whole economy in the year to May was 8½ per cent, similar to the increase in the year to April, which has been revised down from 8¾ per cent.

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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UNEMPLOYMENTUNTIL 11.30 a.m. ON 14.7.88

The seasonally adjusted level of unemployment in the UK (excluding school leavers) decreased by 38,900 to 2.375 million in June, 8.4 per cent of the workforce*.

Over the past six months on average unemployment has fallen by 39,800 per month.

The recorded total of unemployed claimants, including school leavers, decreased by 86,085 between May and June to 2,340,789 giving an unemployment rate of 8.3 per cent of the workforce*. Unemployment is 564,536 less than a year ago. The total included 47,475 school leavers, 21,922 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 workforce* (r)	Average change over 6 months ended	Average change over 3 months ended
1987 Jun	2033.2	889.0	2922.2	-28.7	10.4	-33.1	-38.4
Jul	2002.3	870.8	2873.1	-49.1	10.2	-39.9	-49.4
Aug	1970.4	855.1	2825.5	-47.6	10.0	-40.2	-41.8
Sep	1939.3	832.9	2772.2	-53.3	9.8	-44.2	-50.0
Oct	1899.5	814.1	2713.6	-58.6	9.6	-51.3	-53.2
Nov	1854.7	796.1	2650.8	-62.8	9.4	-50.0	-58.2
Dec	1825.3	788.6	2613.9	-36.9	9.3	-51.4	-52.8
1988 Jan	1783.5	781.2	2564.7	-49.2	9.1	-51.4	-49.6
Feb	1757.0	775.6	2532.6	-32.1	9.0	-48.8	-39.4
Mar	1737.6	766.4	2504.0	-28.6	8.9	-44.7	-36.6
Apr	1702.3	750.8	2453.1	-50.9	8.7	-43.4	-37.2
May(r)	1677.6	736.6	2414.2	-38.9	8.6	-39.4	-39.5
Jun(p)	1653.1	722.2	2375.3	-38.9	8.4 **	-39.8	-42.9

** The separate rate for males was 10.0 per cent, and for females 6.2 per cent.

* See note A5

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

(r) Revised

PERSONAL AND CONFIDENTIAL UNTIL 11.30 ON 14 JULY 1988

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

	Male	Female	Number	Unemployment rate:percentage of workforce* (r)	Claimant** school leavers
1987 Jun	2,022,964	882,361	2,905,325	10.3	69,397
Jul	2,008,482	897,971	2,906,453	10.3	63,922
Aug	1,970,318	895,484	2,865,802	10.2	56,135
Sep	1,973,776	896,419	2,870,195	10.2	92,406
Oct	1,903,620	847,764	2,751,384	9.8	83,226
Nov	1,865,842	819,741	2,685,583	9.5	69,408
Dec	1,878,715	817,095	2,695,810	9.6	63,726
1988 Jan	1,892,698	829,456	2,722,154	9.7	62,797
Feb	1,852,129	813,340	2,665,469	9.5	57,414
Mar	1,803,143	788,978	2,592,121	9.2	52,110
Apr	1,765,711	770,278	2,535,989	9.0	56,943
May	1,692,052	734,822	2,426,874	8.6	52,659
Jun	1,632,041	708,748	2,340,789	8.3+	47,475

+ The separate rate for males was 9.9 per cent, and for females 6.1 per cent.

*See note A5.

** Excludes non claimant school leavers not yet entitled to benefit (see note A4).

TABLE 3: UNEMPLOYMENT - REGIONS June 9 1988

THOUSAND

	SEASONALLY ADJUSTED (P) (EXCLUDING SCHOOL LEAVERS)				UNADJUSTED (INCLUDING SCHOOL LEAVERS)			
	Total	Change since previous month	Unemployment rate percent- age of work- -force* (r)	Change since previous month	Total	Change since previous month	Unemployment rate percent- age of work- -force* (r)	School leavers
South East (Greater London)	516.2 (293.6)	-11.9 (-7.0)	5.6 (6.8)	-0.1 (-0.2)	501.6 (290.8)	-21.5 (-9.1)	5.4 (6.8)	5.3 (3.2)
East Anglia	52.8	-1.5	5.2	-0.1	50.9	-4.2	5.0	.7
South West	140.8	-2.0	6.7	-0.1	130.9	-8.8	6.3	1.5
West Midlands	238.7	-4.4	9.1	-0.2	237.4	-7.3	9.0	5.3
East Midlands	148.8	-2.9	7.6	-0.1	146.2	-6.4	7.5	2.5
Yorks and Humberside	235.0	-2.8	9.9	-0.1	233.9	-8.3	9.8	6.3
North West	331.2	-4.9	11.0	-0.2	329.4	-10.8	10.9	7.4
North	179.2	-1.2	12.3	-0.1	178.9	-4.4	12.3	4.4
Wales	130.6	-1.5	10.9	-0.1	127.1	-5.8	10.6	2.9
Scotland	286.0	-5.1	11.5	-0.2	288.8	-8.0	11.6	9.9
GREAT BRITAIN	2,259.2	-38.4	8.2	-0.1	2,225.1	-85.6	8.1	46.0
Northern Ireland	116.1	-0.5	16.7	-0.1	115.6	-0.5	16.6	1.4
UNITED KINGDOM	2,375.3	-38.9	8.4	-0.1	2,340.8	-86.1	8.3	47.5

* See note A5

(P) Provisional see note A6

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

Month ending		INFLOW			OUTFLOW			Change since previous year	
		Total including school leavers	School leavers	Total excluding school leavers	Total including school leavers	School leavers	Total excluding school leavers		
1987	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
	Feb	345.2	9.4	335.8	- 51.5	406.6	11.3	395.3	- 51.0
	Mar	313.0	7.2	305.9	- 27.8	392.5	9.3	383.2	- 36.7
	Apr	323.9	14.8	309.1	- 41.1	372.5	7.6	364.9	- 23.1
	May	276.7	9.5	267.2	- 31.7	394.9	10.8	384.1	- 30.6
	Jun	273.8	6.5	267.3	- 38.1	367.1	9.0	358.0	- 33.7

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EMPLOYMENT

1. Table 5 presents, for the first time, employment statistics on a new 'workforce in employment' basis. The change, which does not involve any reduction in the amount or detail of regularly published employment statistics, is explained below.

2. Since 1973 employment statistics have been presented as the 'employed labour force' consisting of three components:

- (i) employees in employment, essentially civilians with contracts of employment
- (ii) self employed, both those with and those without employees
- (iii) HM Forces.

Hence those participating in, or supported by, government schemes or programmes have only been included if they fell into one of these three categories (eg those in the enterprise allowance scheme, those employees whose job attracted temporary short-time working compensation, those in the Community Programme (who have the status of employees) and those - currently around 15 per cent - YTS participants who have contracts of employment). Those not in one of the three categories (eg those, the majority, YTS participants who do not have contracts of employment and new JTS participants) have not been included though their activities may be very much the same as those who are included. Indeed, for example, two YTS participants may be engaged in the same activities side by side one having a contract of employment and the other not: it is not appropriate that of two such people, both contributing similarly to economic production, one should be included as in employment and the other not.

3. Such concerns, which also arise in other countries, led to the statistical treatment of scheme participants being considered by the International Conference of Labour Statisticians*, held under the auspices of the International Labour Organisation in October and November of last year. The resulting exemplifications of the ILO recommended definitions included the following:

- (i) for the purposes of measuring employment, being 'at work' means having contributed to the production of goods and services
- (ii) when a trainee is receiving training within the context of a workplace it can be assumed that the trainee, like an apprentice, is associated with the production of goods and services and so is 'at work'
- (iii) when a trainee is receiving training away from a workplace as part of a scheme participation which also involves him, at other times, in work experience or training in the context of a workplace# 'he should be regarded as in employment but not at work'
- (iv) where possible those participating in employment promotion and training schemes should be separately identified within the employment statistics.

* See "Employment promotion schemes and the statistical measurement of unemployment" International Labour Review, Vol 127, 1988, No 1, page 35.

Such trainees who have not yet received any training in the context of a workplace, or who will receive no further such training, should in principle not be included among those in employment. That is to say those who start or finish a scheme by a period of training away from the workplace should be excluded during the period of that training. It is, however, not practicable to identify, and hence exclude, the small numbers of YTS and new JTS participants who fall into these categories.

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4. In the light of the considerations described above and the conclusions of the International Conference of Labour Statisticians, the regular employment statistics now include a broader aggregate, termed the 'workforce in employment'. This consists of the three groups which constitute the 'employed labour force force' plus participants in 'work related government training programmes'. This fourth group consists of those participants in programmes and schemes who in the course of their participation receive training in the context of a workplace but are not employees, self employed or HM Forces. Thus at present it covers most YTS participants without contracts of employment (the small proportion, about 2 per cent, whose training does not include work experience with an employer are not included) and the participants in new JTS. The revised presentation brings the treatment in employment statistics of programme participants into line with their treatment in the labour force estimates published by the Department and, by following ILO guidelines, should increase comparability with the statistics for other countries. The new 'workforce in employment' series replaces the 'employed labour force' series. However, as separate statistics are published (eg in Table 5) for each of the four groups within the 'workforce in employment', an 'employed labour force' series can readily be derived from the published estimates.

5. Estimates, back to 1983 when YTS was introduced, of the size of the workforce in employment are presented in Table 5.

6. Whole economy employment figures for the first quarter of 1988 are available for the first time this month.

7. The workforce in employment in Great Britain is estimated to have increased by 120,000 in the first quarter of 1988 contributing to overall increases of 611,000 since March 1987 and 2,135,000 since March 1983. This increase since March 1983 is made up of increases of 1,059,000 employees in employment, 747,000 self employed and 334,000 participants in work related government training programmes together with a reduction of 4,000 H.M. Forces. The increase of 120,000 in the workforce in employment in the March quarter comprises a projected increase of 31,000 in the self-employed, a fall of 22,000 in the work-related government training programmes, and a rise of 112,000 in the number of employees in employment.

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8. The rise in the number of employees in employment in the first quarter of 1988 comprised of 114,000 in services, 12,000 in "other" industries and 1,000 in manufacturing industries partly offset by a decrease of 15,000 in the energy and water supply industries. In the year to March 1988 the number of employees in employment increased by 375,000. This was the net result of a 414,000 increase in the service industries, and 17,000 in other industries, offset by falls of 24,000 in manufacturing and 32,000 in the energy and water supply industries.

9. The number of employees in employment in manufacturing industry in Great Britain increased by 2,000 in May. While the monthly figures can be erratic, the rate of decline in manufacturing employment has slowed.

10. Recent figures are set out in Tables 5 and 5A.

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Table 5: The Workforce in Employment in Great Britain *

Thousands, seasonally adjusted

		Employees in Employment			Self Employed **			HM Forces			Work related + government training programmes			Workforce † in employment		
		Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total
1983	March	11,706	8,823	20,529	1,651	496	2,147	306	15	321	0	0	0	13,663	9,334	22,997
	June	11,674	8,882	20,556	1,652	508	2,160	306	16	322	3	5	8	13,635	9,411	23,046
	Sept	11,659	8,952	20,611	1,702	527	2,229	309	16	325	74	64	139	13,744	9,560	23,304
	Dec	11,645	9,025	20,670	1,751	547	2,298	309	16	325	96	82	178	13,801	9,670	23,471
1984	March	11,630	9,074	20,705	1,801	566	2,367	310	16	326	91	77	168	13,832	9,733	23,566
	June	11,625	9,097	20,722	1,850	586	2,435	310	16	326	91	78	168	13,875	9,776	23,652
	Sept	11,638	9,147	20,785	1,868	596	2,464	312	16	328	112	95	207	13,930	9,854	23,784
	Dec	11,688	9,201	20,888	1,886	606	2,493	311	16	327	109	91	200	13,994	9,914	23,908
1985	March	11,699	9,249	20,949	1,905	617	2,522	310	16	326	101	80	182	14,015	9,962	23,978
	June	11,703	9,292	20,995	1,923	628	2,550	309	16	326	94	74	168	14,029	10,010	24,039
	Sept	11,694	9,339	21,033	1,926	628	2,554	309	16	326	120	100	221	14,049	10,084	24,133
	Dec	11,696	9,360	21,056	1,929	629	2,558	307	16	323	114	94	208	14,047	10,099	24,146
1986	March	11,661	9,404	21,065	1,933	630	2,563	306	16	323	103	80	182	14,003	10,130	24,132
	June	11,635	9,444	21,079	1,937	630	2,567	305	16	322	122	96	218	13,999	10,186	24,184
	Sept	11,611	9,487	21,098	1,977	648	2,625	306	16	323	151	125	276	14,045	10,276	24,321
	Dec	11,588	9,559	21,147	2,018	665	2,684	304	16	320	148	119	268	14,059	10,359	24,418
1987	March	11,601	9,612	21,213	2,059	683	2,742	304	16	320	138	108	245	14,101	10,420	24,521
	June	11,625	9,684	21,309	2,099	701	2,801	302	16	319	171	132	303	14,198	10,533	24,731
	Sept	11,640	9,723	21,362	2,118	713	2,832	303	16	319	216	158	373	14,277	10,609	24,886
	Dec	11,664	9,812	21,476	2,137	725	2,863	301	16	317	209	147	356	14,312	10,700	25,012
1988	March	11,706	9,882	21,588	2,156	737	2,894	301	16	317	199	135	334	14,362	10,770	25,132

* The workforce in employment comprises employees in employment, the self-employed, HM Forces, and participants in work related government training programmes (see page 7).

** See notes B5 and B6.

† See note B8

Estimates for work related government training programmes are not seasonally adjusted.

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TABLE 5a
EMPLOYEES IN EMPLOYMENT IN GREAT BRITAIN

Thousand: Seasonally adjusted

		Manufacturing Industries			Energy & Water Supply Industries			Service Industries		Other Industries		All Industries and Services		
		Levels	Changes			Levels	Changes		Levels	Changes	Levels	Changes	Levels	Changes
			Mon-thly	Three* monthly	Quar-terly		Mon-thly	Quar-terly						
1986	March	Q1 5,204	- 9	-12	- 36	540	- 4	-17	14,029	+ 71	1,291	-10	21,065	+ 9
	June	Q2 5,146	-19	-19	- 58	530	- 4	-10	14,114R	+ 85R	1,289R	- 2R	21,079	+ 14
	July	5,131	-15	-22		525	- 5							
	August	5,116	-15	-16		521	- 4							
	September	Q3 5,107	- 9	-13	- 39	519	- 2	-11	14,191R	+ 77	1,281	- 8R	21,098	+ 19
	October	5,098	- 9	-11		516	- 3							
	November	5,092	- 6	- 8		510	- 6							
	December	Q4 5,084	- 8	- 8	- 23	509R	- 1R	-10R	14,272	+ 81R	1,282	+ 1	21,147R	+ 49R
1987	January	5,065	-19	-11		501	- 8R							
	February	5,062	- 3	-10		499	- 2							
	March	Q1 5,053	- 9	-10	- 31	494	- 5	-14	14,373R	+101R	1,293	+11	21,213R	+ 66R
	April	5,046	- 7	- 6		487	- 7							
	May	5,052	+ 6	- 3		486	- 1							
	June	Q2 5,056	+ 4	+ 1	+ 3	488	+ 2	- 6	14,469R	+ 96	1,296	+ 3	21,309R	+ 96
	July	5,048	- 8	+ 1		484	- 4							
	August	5,043	- 5	- 3		483	- 1							
	September	Q3 5,034	- 9	- 7	- 22	485R	+ 2R	- 3R	14,542R	+ 73R	1,301	+ 5	21,362R	+ 53R
	October	5,032	- 2	- 5		479	- 6R							
	November	5,033	+ 1	- 3		477	- 2							
	December	Q4 5,028	- 5	- 2	- 6	477	0	- 8R	14,673R	+131R	1,298R	- 3R	21,476R	+114R
1988	January	5,034	+ 6	+ 1		472	- 5							
	February	5,035	+ 1	+ 1		467R	- 5R							
	March	Q1 5,029	- 6	0	+ 1	462R	- 5R	-15R	14,787	+114	1,310	+12	21,588	+112
	April	5,014	-15	- 7		452R	-10							
	May	5,016	+ 2	- 6		450	- 2							

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

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VACANCIES

The stock of unfilled vacancies at jobcentres (seasonally adjusted and excluding Community Programme vacancies) decreased by 300 in the month to June to reach 255,200. Over the past three months to June, seasonally adjusted vacancies have increased on average by 3,200 per month.

Unadjusted, there was an increase of 6,793 unfilled vacancies in the month to 299,300. There was a decrease of 467 Community Programme vacancies.

The inflow of notified vacancies decreased on average by 2,000 per month in the three months ending June 1988, the outflow decreased by 4,300 per month, and placings decreased by 3,000 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	Jun	275.8	28.0	247.9	233.7	3.2	6.5	23.5	
	Ju1	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
		Feb	256.9	32.6	224.2	247.9	-1.6	-6.8	18.8
		Mar	263.0	30.9	232.0	245.5	-2.4	-3.7	20.4
		Apr	281.8	30.5	251.3	253.7	8.2	1.4	22.1
		May	292.5	30.3	262.2	255.5	1.8	2.5	27.0
Jun		299.3	29.8	269.5	255.2	-0.3	3.2	30.7	

* 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	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
	Feb	237.9	0.1	243.9	4.3	168.6	3.0
	Mar	237.3	0.4	238.6	-3.1	164.4	-1.7
	Apr	228.2	1.5	225.0	-1.3	154.0	-3.4
	May	231.7	-2.1	227.4	-5.5	158.8	-3.3
	Jun	231.2	-2.0	225.8	-4.3	155.3	-3.0

TABLE 8: *UNFILLED VACANCIES - REGIONS - 3 June 1988

THOUSAND

	VACANCIES AT JOBCENTRES			SEASONALLY ADJUSTED (EXCLUDING COMMUNITY PRO VACANCIES)		VACANCIES AT CAREERS OFFICES
	TOTAL	Community Programme Vacancies	Total excluding Community Programme	Number	Change since previous month	UNADJUSTED
South East (Greater London)	110.3 (37.2)	4.3 (2.1)	106.0 (35.1)	100.3 (33.0)	0.1 (-0.7)	17.6 (8.2)
East Anglia	11.1	0.6	10.5	9.9	0.1	1.1
South West	26.5	2.6	23.8	21.3	0.0	2.2
West Midlands	28.6	4.4	24.2	23.7	0.1	2.3
East Midlands	16.2	1.4	14.8	14.1	0.1	1.8
Yorks and Humberside	18.4	2.5	16.0	15.1	-0.1	1.3
North West	28.5	2.9	25.6	24.1	0.0	1.8
North	16.0	3.9	12.1	11.9	0.3	0.6
Wales	16.5	3.0	13.5	12.7	0.0	0.3
Scotland	24.5	3.5	21.0	19.5	-0.7	0.7
GREAT BRITAIN	296.5	29.1	267.4	252.7	-0.1	29.6
Northern Ireland	2.8	0.7	2.1	2.6	0.0	1.1
UNITED KINGDOM	299.3	29.8	269.5	255.2	-0.3	30.7

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

PERSONAL AND CONFIDENTIAL

AVERAGE EARNINGS

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The underlying increase in average weekly earnings in the year to May was about 8 1/2 per cent, the same as the increase in the year to the year to April, which has been revised down from 8 3/4 per cent.

The actual increase in the year to May, at 7.6 per cent, was below the estimated underlying increase, as arrears in this month were less than in May 1987.

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				
November	191.2	190.2	8.1	7 3/4
December	193.4	191.3	7.4	7 3/4
1987				
January	190.4	192.8	7.6	7 1/2
February	191.2	193.4	7.4	7 1/2
March	194.5	194.8	6.7	7 1/2
April	196.0	197.4	6.5	7 3/4
May	198.1	198.5	8.7	7 3/4
June	200.0	198.1	7.7	7 3/4
July	203.1	201.3	8.1	7 3/4
August	201.6	201.3	7.6	7 3/4
September	201.4	201.8	7.9	7 3/4
October	203.4	203.8	8.0	8
November	207.3	206.3	8.5	8 1/4
December	210.3	208.0	8.7	8 1/2
1988				
January	206.9	209.5	8.7	8 1/2
February	206.7	209.2	8.2	8 1/2
March	213.1	213.3	9.5	8 1/2
April	213.6	215.1	9.0	8 1/2 R
May*	213.2	213.6	7.6	8 1/2

* Provisional

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In production industries, the underlying increase in average weekly earnings in the year to May was about 8 3/4 per cent, a rise of 1/4 per cent on the year to March. Within this sector, in manufacturing industries, the underlying increase in average weekly earnings in the year to May was also about 8 3/4 per cent, similar to the increase in the year to April. 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 May were 9.5 per cent and 9.1 per cent respectively.

In service industries, the underlying increase in average weekly earnings in the year to May was about 8 1/2 per cent, similar to the increase in the year to April, which has been revised down from 8 3/4. The actual increase in the year to May was 6.0 per cent; the actual increase is lower than the underlying increase because of the large amount of arrears paid in May 1987.

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

	Production industries*			Manufacturing industries**			Service industries***		
	Index 1980=100	% increases over previous 12 months		Index 1980=100	% increases over previous 12 months		Index 1980=100	% increases over previous 12 months	
	seas adj		underlying	seas adj		underlying	seas adj		underlying
1987									
Mar	199.8	7.4	8	201.1	7.6	8	193.8	5.9	7 1/4
Apr	203.6	7.2	8	204.4	7.0	8	196.4	5.8	7 3/4
May	201.6	8.0	8	202.4	8.2	8	199.2	9.3	7 3/4
Jun	203.9	8.0	8 1/4	204.8	7.9	8 1/4	198.7	7.5	7 1/2
Jul	206.4	8.7	8 1/4	207.6	9.0	8 1/4	200.4	7.7	7 1/4
Aug	207.8	8.2	8 1/4	207.2	8.0	8 1/2	200.9	7.3	7 1/4
Sep	209.9	8.3	8 1/4	210.3	8.4	8 1/2	200.1	7.6	7 1/2
Oct	212.1	8.7	8 1/4	212.4	8.8	8 1/4	201.7	7.6	8
Nov	212.2	7.9	8 1/4	212.7	7.9	8 1/4	207.3	8.8	8 1/2
Dec	215.9	8.2	8 1/4	216.8	8.4	8 1/4	206.7	9.2	8 1/2
1988									
Jan	215.8	8.0	8 1/2	216.8	8.4	8 1/2	207.7	9.1	8 1/2
Feb	213.6	6.5	8 1/2	215.3	7.1	8 1/2	207.6	9.4	8 1/2
Mar	217.0	8.6	8 1/4 R	218.9	8.9	8 1/2	213.6	10.2	8 1/2
Apr	223.1	9.6	8 1/2	223.7	9.4	8 3/4	213.1	8.5	8 1/2 R
May(p)	222.6	9.4	8 3/4	220.8	9.1	8 3/4	211.3	6.1	8 1/2

p provisional

R revised

* 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 communications; Banking, finance, insurance, business services and leasing; Other services (including public administration, education, medical and other medical services, etc).

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UNIT WAGE AND SALARY COSTS

UNTIL 11.30 a.m. ON 14.7.88.

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 April 1988, wages and salaries per unit of output in manufacturing industries were 3.2 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 about 5 1/4 per cent in productivity over this period (see Table 13).

In the fourth quarter of 1987, wages and salaries per unit of output in the whole economy were 4.8 per cent above the corresponding period of 1987. This increase was below the rise in average earnings in the whole economy as there was a rise of about 3 1/4 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	125.9	6.6	133.0	6.1
Q4	128.6	6.1	134.3	4.4
1986 Q1	131.7	8.8	136.7	6.3
Q2	131.0	7.0	137.9	6.3
Q3	130.6	3.7	138.6	4.2
Q4	130.5	1.5	140.6	4.7
1987 Q1	132.9	0.9	141.9	3.8
Q2	132.2	0.9	144.1	4.5
Q3	131.7	0.8	144.4	4.2
Q4	133.5	2.3	147.4	4.8
1988 Q1	135.5	2.0	..	..
1987 Nov	132.5	1.9	..	..
Dec	134.9	2.5	..	..
1988 Jan	133.8	-0.7	..	..
Feb	136.5	3.4	..	..
Mar	136.3	3.3	..	..
Apr	136.9	2.9	..	..
3 months ending				
1987 Nov	132.8	1.9	..	..
Dec	133.5	2.3	..	..
1988 Jan	133.7	1.2	..	..
Feb	135.1	1.7	..	..
Mar	135.5	2.0	..	..
Apr	136.6	3.2	..	..

CONFIDENTIAL UNTIL 11.30AM ON 14 JULY 1988
HOURS WORKED IN MANUFACTURING INDUSTRIES

Overtime working by operatives in manufacturing industries remained high at, 13.33 million hours per week, in May.

Hours lost through short-time working in manufacturing industries remained low, at 0.40 million hours per week in May.

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 May 1988 giving an average of 104.2 over the three month period ending May 1988. 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	11.28	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	103.0
1987	Jan	11.47	0.57	102.8
	Feb	12.09	0.42	103.2
	Mar	12.27	0.36	103.4
	Apr	12.44	0.41	103.5
	May	12.38	0.37	103.5
	Jun	12.68	0.31	103.8
	Jul	12.49	0.35	103.6
	Aug	12.70	0.28	103.8
	Sep	12.96	0.24	104.0
	Oct	13.66	0.29	104.4
	Nov	13.58	0.38	104.3
	Dec	13.42	0.28	104.4
1988	Jan	14.48	0.25	105.0
	Feb	13.44	0.28	104.4
	Mar	13.40	0.23	104.4
	Apr	13.22	0.25	104.2
	May	13.33	0.40	104.1

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 April was 0.3 per cent lower than in the three months ending January and 5.2 per cent higher than in the same period a year earlier.

Output per head in the whole economy in the fourth quarter of 1987 was 1.0 per cent higher than in the previous quarter and 3.3 per cent higher than in the fourth quarter of 1986.

Recent figures are:

TABLE 13: OUTPUT PER HEAD

seasonally adjusted

		Manufacturing		Whole Economy	
		Index 1980 = 100	Percentage increase on a year earlier	Index 1980 = 100	Percentage increase on a year earlier
1985	Q3	130.4	2.4	114.1	2.1
	Q4	130.1	2.1	114.7	2.2
1986	Q1	129.3	-0.8	115.1	1.4
	Q2	132.3	0.5	116.5	1.6
	Q3	134.6	3.2	117.6	3.1
	Q4	138.4	6.4	118.2	3.1
1987	Q1	138.2	6.9	118.6	3.0
	Q2	141.1	6.7	119.6	2.7
	Q3	144.8	7.6	121.5	3.3
	Q4	146.7	6.0	122.1	3.3
1988	Q1	146.5	6.0	..	..
1987	Nov	146.9	5.9	..	..
	Dec	147.1	5.8	..	..
1988	Jan	148.2	9.1	..	..
	Feb	144.4	3.6	..	..
	Mar	147.0	5.5	..	..
	Apr	150.0	6.6		
3 months ending					
1987	Nov	146.0	6.4	..	..
	Dec	146.7	6.0	..	..
1988	Jan	147.4	6.8	..	..
	Feb	146.6	6.1	..	..
	Mar	146.5	6.0	..	..
	Apr	147.9	5.2		

Industrial stoppagesPersonal and Confidential until 11.30 am on 14.7.88

In May 1988, it is provisionally estimated that 103 thousand working days were lost in the United Kingdom through stoppages of work due to industrial disputes. This compares with a provisional estimate of 84 thousand in April 1988, 222 thousand in May 1987 and an average of 603 thousand for May during the ten year period 1978 to 1987.

During the twelve months to May 1988 it is provisionally estimated that a total of 2,163 thousand working days were lost through stoppages of work due to industrial disputes. During this twelve month period a total of 815 stoppages have been provisionally recorded as being in progress, involving a total of 634 thousand workers. The comparable figures for the twelve months to May 1987 were 3,465 thousand lost working days, 1,153 stoppages in progress and 977 thousand workers.

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

	Working days lost (thousand)	Number of Stoppages	Workers involved (thousand)
1987			
May	222	95	126
Jun	345	104	157
Jul	214	93	61
Aug	43	71	22
Sep	56	84	19
Oct	76	96	24
Nov	127	108	80
Dec	60	72	35
1988			
Jan(p)	96	81	41
Feb(p)	704	113	192
Mar(p)	254	92	43
Apr(p)	84	30	16
May(p)	103	48	37
<u>Cumulative totals</u>			
12 months to May 1987	3,465	1,153	977
12 months to May 1988(p)	2,163	815	634

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

NOTES TO EDITORS

PERSONAL AND CONFIDENTIAL

GENERAL SYMBOLS

UNTIL 11.30 a.m. ON 14.7.88

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, income support (formerly supplementary benefit up to April 1988) 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 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 9 June 1988 these numbered 5,787 in Great Britain and 7,886 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 9 June 1988 these numbered 4,086 in Great Britain and 5,489 in the United Kingdom.

A4. The school leaver figures relate to claimants 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. Until last year a special supplementary count of those registering at Careers Offices was provided in June, July and August, the three months mainly affected. The change in benefit regulations from September 1988 and the associated expansion of YTS will mean that most people under 18 will no longer be able to claim Income Support and the special count would therefore no longer provide an indication of those likely to claim benefit in the autumn. This count has therefore been discontinued.

A5. National and regional unemployment rates are now calculated by expressing the number of unemployed as a percentage of the estimated total workforce (the sum of unemployed claimants, employees in employment, self-employed, HM Forces and participants on work-related government training programmes) at mid-1987. See also page 7. The inclusion of trainees on work-related programmes in the base reduces the unemployment rate by some 0.1 percentage points on average. 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 because estimates for the self employed needed to calculate the new rates are not made below regional level. The UK narrower rates on 9 June 1988 were 11.7 per cent for males and 6.6 per cent for females, 9.5 per cent in total (unadjusted).

PERSONAL AND CONFIDENTIAL

UNTIL 11.30 a.m. ON 14.7.88

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 and 5a)

B1. This month employment statistics are presented, for the first time, on a new "workforce in employment basis. The change which does not involve any reduction in the amount of detail of regularly published employment statistics is explained on page 7 of this Press Notice.

B2. 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.

B3. 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 in the estimates of employees in employment if they have a contract of employment ie. all those on the Community Programme and about 15 per cent on YTS. HM forces, homeworkers and private domestic servants are excluded.

B4. 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).

B5. 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.

B6. 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 the *Employment Gazette*, March 1988 page 144.

B7. Figures for HM Forces are provided by the Ministry of Defence.

B8. Estimates of numbers on work related government training programmes consist of those participants in programmes and schemes who in the course of their participation in the programme receive training in the context of a workplace but are not employees, self-employed or HM Forces. At present it covers most YTS participants without contracts of employment (the small proportion, about 2 per cent, whose training does not include work experience with an employer are excluded) and the participants on the new JTS. The estimates are not seasonally adjusted.

B9. The workforce in employment comprises employees in employment, the self employed, HM forces, and participants on work related government schemes (see page 7).

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 June 1988. The next analysis will appear in the September 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. The output figures will be released on Friday 14 July at 11.30 am by the Central Statistical Office and the May 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, the employed labour force 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 21 June. For further information, see *Employment Gazette*, May 1986, page 172.

E3. See note G2.

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 15 March. 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. The employed labour force comprises employees in employment, the self-employed and armed forces.

G2. The calculation of the productivity (and hence the unit wage cost) series is not affected by the changes to the employment series. The present calculation using a denominator, which excludes participants on work related training schemes, provides a better indicator of underlying productivity (and wage cost) trends than would the revised series. This is because the smallness of the scheme participants' contribution will be excluded from the national accounts measure of output, and practical difficulties in the way of producing an industry analysis of participants.

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.

SECRET

Sp again pl



CH/EXCHEQUER	
REC.	14 JUL 1988
ACTION	Mr de Berker
COPIES TO	Miss Seammen

PRIME MINISTER

FUTURE OF WAGES COUNCILS

In his minute of 7 July Norman Fowler asked for agreement that, prior to his submitting the policy issue to E(A), he should instruct Parliamentary Counsel to draft, on a contingency basis, clauses abolishing the Wages Council system for inclusion in next Session's Employment Bill.

As Norman says, the original bid to QL made it clear that this addition was likely, and I am perfectly content to give Norman the drafting authority he seeks.

I am copying this to the Chancellor of the Exchequer, the Foreign Secretary, the Secretary of State for Employment, the Minister for Agriculture, Fisheries and Food, Sir Robin Butler, and to First Parliamentary Counsel.

JW

14.7.88

SECRET

CONFIDENTIAL

ppp pl (on
BF1817)FROM: ROBERT CULPIN
DATE: 15 July 1988

CHANCELLOR

cc: Chief Secretary
Financial Secretary
Sir Peter Middleton
Sir Terence Burns
Mr Anson
Mr Byatt
Mr Monck
Mr Phillips
Mr Scholar
Mr Odling-Smee
Miss Peirson
Mr Turnbull
Mr McIntyre
Mr Gilhooly
Mr Riley
Mr Macpherson
Mr Cropper
Mr Call

*Mr Anson,
Contact with higher letters,
Request to main subject
a week.
As X, I agree, it was for
a while.*

THE POVERTY AND UNEMPLOYMENT TRAPS

I attach a draft to Lord Young.

2. Four questions, when you have read it.

yn
3. First, do you want to be as explicit as I have been about benefit withdrawal rates? I think it helps the argument; but Mr McIntyre would prefer to omit the first two sentences of paragraph 3 and the first sentence of paragraph 8, for fear of inciting pressure to reduce benefit withdrawal rates.

4. Second, are you happy with the sweeping style of my paragraph 7? I am consciously glossing here over two points:

- (a) raising allowances would be slightly better for the poverty trap than reducing the basic rate (but deciding your tax policy for everyone by its effects on a relatively small number in the poverty trap would be bonkers);

- (b) we would not of course need to go anything like as far as doubling allowances to have an impact on the poverty trap.

I think the argument in paragraph 7 is completely kosher. The following figures should help you to judge for yourself.

- There are about 470,000 tax units in the poverty trap.
- Doubling allowances would reduce that to 300,000.
- An equivalent cost reduction in the basic rate, to 13p, would make it 370,000.
- A 25 per cent increase in allowances, with the LEL tied to the single allowance, (cost nearly £5 billion) would make it 385,000.
- Doubling allowances and abolishing national insurance contributions altogether (cost £30 billion) would make it 240,000.

All these figures are highly approximate, and only meant to suggest orders of magnitude. The last one tells you, in effect, that there is a hard core of about a quarter of a million tax units who, in present conditions, would be in the poverty trap even if there were no tax or national insurance whatever.

5. Third, are you content to ignore Lord Young's specific suggestions - his penultimate paragraph - in the interests of driving home the main point?

- "Chance of a lifetime" is a chestnut.
- Aligning the LEL with the single person's allowance would deny some people benefits, because they

would no longer make the national insurance contributions on which benefit entitlement is based. It would be unlikely to save employers much work: as long as NICs and income tax are separate systems, with quite different rules, one operating on annual income and one on weekly income, employers are bound to have to do separate calculations. It would disrupt relationships within SERPS, because the basic retirement pension is aligned with the LEL, the UEL is a multiple of it, and the rebate for personal and occupational pensions is related to it. And it would not, of course, align the starting points for tax and national insurance for anyone with a married man's allowance or additional personal allowance, or indeed any other tax allowance, for example for pension contributions.

6. Finally, do you think you should have a word with Lord Young about all this before he sends round any more letters about tax policy?



ROBERT CULPIN

To Mr A
1 hour
1/2 hour
2 of your letter
to remove the word "problem".

MF

CONFIDENTIAL

FROM: J. ANSON
18th July, 1988.

MR. CULPIN

Ch/ You have signed Robert's draft, but we have not yet sent it. You ought to see this before we issue it, in case you want amended. But on Mr A's specific point, you have already said you are happy about X. And in your last letter [25/4 - behind] described withdrawal rates as

- c.c. Chancellor
- Chief Secretary
- Financial Secretary
- Sir Peter Middleton
- Sir Terence Burns
- Mr. Byatt
- Mr. Monck
- Mr. Phillips
- Mr. Scholar
- Mr. Odling-Smee
- Miss Peirson
- Mr. Turnbull
- Mr. McIntyre
- Mr. Gilhooly
- Mr. Riley
- Mr. Macpherson
- Mr. Cropper
- Mr. Call

THE POVERTY AND UNEMPLOYMENT TRAPS

more or less. "the problem"

Perhaps I could comment on the first of the four questions which you have put to the Chancellor in his minute of 15th July.

MF
18/7

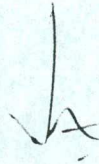
X

2. I agree with Mr. McIntyre that if your draft is as explicit as it is in paragraph 3 on benefit withdrawal rates, it may help to win the argument on the traps, but at the cost of stimulating proposals to reduce the withdrawal rates. The amendments which you offer in your covering minute, on the other hand, would considerably water down the argument on the traps. To help the Chancellor to meet Mr. McIntyre's point, could you not strengthen the argument against the reduction of withdrawal rates. At present this is tucked away in subparagraph 4(c), in a very compressed form. It might be better to make this the main point of paragraph 4 (after the first sentence), so that it is an immediate rebuttal of paragraph 3; and spell it out, eg by indicating the number of extra people on benefit, and the cost, of the decision to relax the housing taper. Mr. McIntyre could help with the raw material for this. You could then go on to conclude

CONFIDENTIAL

that (short of the two Aunt Sallies in your (a) and (b)) we are stuck with the traps in some shape or form.

4 3. On paragraph 8, my reaction is that rather than just omit the first sentence, the paragraph could be omitted altogether. It does not add to the previous argument. But if it is retained, I hope you could avoid referring to benefit withdrawal rates as the "problem".



J. ANSON



FROM: MISS M P WALLACE

DATE: 20 July 1988

MR CULPIN

cc PS/Chief Secretary
 PS/Financial Secretary
 Sir P Middleton
 Sir T Burns
 Mr Anson
 Mr Byatt
 Mr Monck
 Mr Phillips
 Mr Scholar
 Mr Odling-Smee
 Miss Peirson
 Mr Turnbull
 Mr McIntyre
 Mr Gilhooly
 Mr Riley
 Mr Macpherson
 Mr Cropper
 Mr Call

BF for meeting
 [X]

THE POVERTY AND UNEMPLOYMENT TRAPS

The Chancellor was grateful for your minute of 15 July. He has also seen Mr Anson's minute to you of 18 July. I attach the letter ... we have now sent to Lord Young.

2. For the record, the answers to your questions are:

- (i) He is generally content to be this explicit about benefit withdrawal rates, although, in the light of Mr Anson's minute, he has dropped the reference to benefit withdrawal rates as the "problem".
- (ii) He was content with your "sweeping" paragraph 7, subject to minor drafting changes.
- (iii) As you see, he was happy to ignore Lord Young's specific suggestions; and
- (iv) He agrees that a bilateral chat with Lord Young would make sense, and this office is now fixing up.

Mpw.

MOIRA WALLACE



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

20 July 1988

The Rt Hon Lord Young of Graffham
Secretary of State for Trade and Industry
Department of Trade and Industry
1-19 Victoria Street
LONDON
SW1

A handwritten signature in dark ink, appearing to read 'John Giddens'.

THE POVERTY AND UNEMPLOYMENT TRAPS

Many thanks for your letter of 5 July.

I quite understand your concern that the lower paid keep less of any extra they earn than those who are better off. But the main reason for this is not, as you suggest, that taxes and benefits overlap. It is that, so long as people are on benefits, they face withdrawal rates which exceed the top rate of income tax; and, as I said in my earlier letter, that is an inescapable consequence of targeting benefits on those on who are most in need.

To be specific, the rate at which key benefits are withdrawn is roughly twice the top rate of income tax. It is 70 per cent for Family Credit and 85 per cent for Housing Benefit. These rates would apply even if people on benefits paid no tax or national insurance contributions whatever.

Of course our critics are bound to point the contrast with the top rate of tax; but we have to take that head-on. There are only three broad ways to neutralise it:

- (a) we could raise the top rate of income tax: but that would be plainly absurd;
- (b) we could either deny benefits to the poorest, or extend them to everyone, so that there would be no benefit withdrawal rates in the system: but that too would be plainly absurd;



- (c) we could reduce the rates at which benefits are withdrawn: but that would put more people on benefit, increase the tax/benefit overlap which you want to reduce, increase public expenditure, and increase the numbers subject to high withdrawal rates.

These options would only take us from the frying pan into the fire. They would be worse than the status quo.

I entirely agree that the best contribution we can make on the tax side is to reduce the burden on the low paid. That is what we have done. The bottom 20 per cent of income tax payers now pay less income tax and national insurance not only as a proportion of their earnings but in real terms as well (see the Hansard cutting attached). It is of the first importance for the economy that we press ahead with further reductions in income tax rates as and when we prudently can.

But it is frankly unrealistic to suppose that further increases in tax allowances, or indeed any other changes in income tax or national insurance, could eliminate what remains of the poverty or unemployment traps, even if we were to give this top priority, as you suggest, and even if we were to pursue the strategy over a long period of years.

It might help if I illustrate this with an extreme example. Suppose that I were to double the personal tax allowances tomorrow. That would be a massive change. It would cost over £16 billion. For the same money, we could reduce the basic rate to about 13p. Yet even if we were to take this vast step, it would only reduce the numbers in the poverty trap from about half a million tax units to about a third of a million, in very round figures; and that result would not be terribly different if we were to reduce the basic rate instead or indeed to choose any other ways of reducing the tax and national insurance burden.

The reason, to repeat, is that the principal cause of the trap is benefit withdrawal rates, not tax rates. Raising allowances cannot change benefit withdrawal rates one bit. Nor can any other change in tax or national insurance.

The only significant change which reductions in tax and national insurance can make in themselves is to improve the net income of people who have relatively little benefit by enough to float them off benefits altogether. But many of those in the poverty trap pay so much less in tax and national insurance than they receive in benefits that no conceivable reduction in the tax or national insurance burden could free them from dependence on benefits. They would still be in the poverty trap even if there were no tax and no national insurance at all.



I am afraid, therefore, that there is no escaping the conclusions of my earlier letter. High withdrawal rates are inevitable if we are to provide benefits for people who need them but not for people who don't; the priority here is the alleviation of poverty, not the provision of incentives; and while further reductions in income tax are morally, economically and politically desirable, it would be mistaken to expect them to make a large direct difference to the poverty trap.

I am sending copies of this letter to the Prime Minister, Nicholas Ridley, John Moore, Malcolm Rifkind, Peter Walker, Norman Fowler and Sir Robin Butler.

A handwritten signature in black ink, appearing to read "Nigel Lawson", written in a cursive style.

NIGEL LAWSON

Taxation Statistics

Mr. Gordon Brown: To ask the Chancellor of the Exchequer what is the number and proportion of tax units who will be paying more income tax and national insurance in real terms in 1988-89 than in 1978-79; and what is the number of tax units who will be paying a higher proportion of their gross income in tax and national insurance in 1988-89 than in 1978-79.

Mr. Norman Lamont [holding answer 23 May 1988]: I regret the delay in replying. Information is not available to provide estimates about the experience of individuals in the form requested.

The tables are therefore based on the distributions in 1978-79 and 1988-89 of the gross earnings and investment income of married couples and single people aged under 65 who would be liable to pay income tax or national insurance contributions. The changes between the two years in average liability in real terms, and the proportions of income paid in income tax and national insurance contributions in each year, are shown for the corresponding deciles of each distribution. The estimates are provisional.

Single people aged under 65 liable to income tax and national insurance contributions ranged by gross income

Distribution by gross income deciles ²	Real change ¹ in average liability to income tax and NIC 1978-79 to 1988-89 Per cent.	Proportion of gross income paid in income tax and NIC	
		1978-79 Per cent.	1988-89 Per cent.
Lowest 10 per cent.	-29	9	6
Second	-5	14	12
Third	-4	18	16
Fourth	-10	21	20
Fifth	+13	23	22
Sixth	+10	25	2
Seventh	+11	26	23
Eighth	+15	27	24
Ninth	+14	28	24
Highest 10 per cent.	+20	32	26
All	13	25	22

¹ Calculated by reference to the forecast movement in the index of retail prices between 1978-79 and 1988-89.

² Each decile in 1978-79 contains 0.81 million single people and in 1988-89 0.89 million.

Married Couples and Single People Aged Under 65 Liable to Income Tax and National Insurance Contributions Ranged by Gross Income

Distribution by Gross Income Deciles ²	Real change ¹ in average liability to income tax and NIC 1978-79 to 1988-89 per cent.	Proportion of Gross Income paid in income tax and NIC	
		1978-79 per cent.	1988-89 per cent.
Lowest 10 per cent.	-19	12	9
Second	-3	18	15
Third	+2	21	19
Fourth	+1	23	20
Fifth	+7	23	21
Sixth	+7	23	21
Seventh	+12	23	21
Eighth	+15	24	21
Ninth	+20	25	22
Highest 10 per cent.	+26	31	26
ALL	15	25	22

¹ Calculated by reference to the forecast movement in the index of retail prices between 1978-79 and 1988-89.

² Each decile in 1978-79 contains 1.95 million married couples and single people and in 1988-89 1.96 million.

Married Couples Aged Under 65 Liable to Income Tax and National Insurance Contributions Ranged by Gross Income

Distribution by gross income Deciles ²	Real change ¹ in average liability to income tax and NIC 1978-79 to 1988-89 Percentage	Proportion of gross income paid in income tax and NIC	
		1978-79 Percentage	1988-89 Percentage
Lowest 10 per cent.	-11	11	9
Second	-3	18	15
Third	-2	20	17
Fourth	-5	22	19
Fifth	-12	22	20
Sixth	-16	23	20
Seventh	-18	23	21
Eighth	-23	24	22
Ninth	-24	25	22
Highest 10 per cent.	-30	32	27
All	19	24	22

¹ Calculated by reference to the forecast movement in the index of retail prices between 1978-79 and 1988-89.

² Each decile in 1978-79 contains 1.14 million married couples and in 1988-89 1.07 million.

CONFIDENTIAL



CC MR MONK
CST
SIR P MIDDLETON
SIR T BURNS
MR BURR
MR PICKFORD
MR HIBBERD
MR MEYRICK
MR CALL

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CH/EXCHEQUER	
REC.	23 AUG 1988
ACTION	
COPIES TO	

✓ 23/8

The Rt Hon Peter Walker MBE MP
Welsh Office
Gwydyr House
Whitehall
LONDON
SW1

23 July 1988

Rec Peter

In his letter of 5 July, Wyn Roberts saw some difficulty in certain changes in the calculation of local unemployment rates I had proposed in my minute of 1 July to the Prime Minister. As you will have seen (my minute of 7 July to the Prime Minister), I have delayed the proposed changes given your misgivings. But I still think we should proceed as I proposed and I hope to persuade you that that is the best course in all the circumstances.

We are agreed, I think, that the present position is not satisfactory. Quite apart from the uncertainties in our self-employment figures you drew attention to in your letter of 13 June, to which I return below, it cannot be sensible for us to go on publishing local unemployment rates which are patently higher than they should be, and obviously inconsistent with the regional and national rates, primarily because we take no account of the self-employed in the denominator for the local calculations.

In his letter, Wyn Roberts supports by implication my view that, in the long term, the right course is to make arrangements with the Inland Revenue which will provide reliable and up to date estimates of self-employment in local areas.

CONFIDENTIAL



But my problem is to decide what should be done in the meantime. I do not think we can go on publishing figures as unrealistic as those we now publish. We can, however, justify, I believe, interim arrangements providing for the publication of local unemployment rates which can be shown to be much more realistic than those we publish now.

To put the change in perspective, let us look at the table attached to my minute of 1 July and at the Cardigan figures in particular. That table suggests a change in Cardigan's rate from 22 per cent to 14.1 per cent. I am advised that uncertainties about the allowance made for self-employment might mean that the "correct" rate could be as high as 15 per cent or as low as 13 per cent but could not conceivably approach 22. So, what I am proposing can be defended as much more realistic than the present totally misleading arrangement.

Turning to your letter of 13 June about the quality of the self-employment figures for Wales as a whole, I understand your difficulty. As you know, these estimates are derived from the Labour Force Survey (LFS). In Spring 1987 there were 63,000 households successfully interviewed for the LFS in the UK, 3,000 of which were in Wales. In Wales, this resulted in 7,600 persons being interviewed, 6,000 of whom were 16 or over. Estimates obtained from all sample surveys are of course subject to sampling error and hence some degree of chance fluctuation, but the impact in this case is relatively limited as the following calculation shows. The unemployment rate for Wales in April was 11.9 per cent; if the true level of self-employment was 20,000 higher (say) than the estimate obtained from the LFS, the unemployment rate would have been only slightly less at 11.7 per cent. In terms of self-employment itself, the real message for Wales is that there has been a substantial increase since 1981. It is this, rather than annual changes, to which attention should be directed.

In the long run, of course, the arrangements proposed with the Inland Revenue should give us much more reliable figures concerning self-employment in Wales, as elsewhere.

I hope that, in the light of these further comments, you will feel able to agree that I should make the interim changes in our local unemployment calculations proposed in my minute of 1 July. Other colleagues are content for me to do so.



I am copying this letter to the Prime Minister, the Chancellor of the Exchequer, the Secretaries of State for Northern Ireland, Scotland and Trade and Industry, the Paymaster General, the Chief Secretary and the Head of the Government Statistical Service.

Chamberlain

OK

NORMAN FOWLER

- Ps/Ministers of State
- Ps/Mr Lee
- Ps/Secretary
- Mr Reid
- Mr Hanley
- Mr Dewart
- Mr Tucker
- Mr Stanton
- Mr Allcott
- Mrs Wheatcroft
- Mr Lightfoot.

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Do we normally copy this?

Angela

Caxton House Tothill Street London SW1H 9NF

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Paul Gray Esq
10 Downing Street
LONDON
SW1A 2AA

15 August 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 August and confidential thereafter.

I am copying this to Alex Allan (Treasury), Sir Peter Middleton (Treasury), Mr Hibbert (CSO), John Footman (Bank of England), Trevor Woolley (Cabinet Office), Neil Thornton (DTI), Sir Brian Hayes (DTI), David Crawley (Scottish Office), Russell Hillhouse (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 Wilkins

ANGELA WILKINS
Private Secretary

COVERING PERSONAL AND CONFIDENTIAL

COVERING PERSONAL AND CONFIDENTIAL UNTIL 11.30 AM ON 18.9.88 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.

Labour Market Statistics

Summary

The latest figures to be released on 18 August do not alter the picture of a continuing strong labour market. Unemployment fell very sharply in July, by 58,500, now completing 2 years of consecutive monthly falls. The latest employment figures for manufacturing up to June show a further fall and suggest the trend is still downwards, but overtime remained high and short-time remained very low. The stock of notified vacancies fell in July, though mainly because of an increase in cancellations. The number of newly report vacancies remains high and fairly stable. The underlying increase in average earnings remained unchanged in June and has now been at 8½ per cent for 7 months.

Unemployment

UK unemployment (seasonally adjusted claimants excluding school leavers) fell sharply, by 58,500 between June and July, to 2.314 million, the lowest level since June 1981 (on a consistent basis). The unemployment rate fell to 8.2 per cent of the workforce. The series has now fallen continuously, every month, for the past two years. The total fall over the period, since July 1986, has reached 896,000. Key figures and comparisons are attached separately.

The fall of 58,500 is the sharpest since last November, but on its own cannot be taken as a significant departure from the recent downward trend of around 40,000 per month.

The trend is likely to be affected marginally by various administrative influences, including the extension of availability testing to Restart interviewees from April. On the other hand, the overall effect on the count of employment and training resources - in particular the contribution of the Community Programme - has been diminishing slightly in recent months. The fall in unemployment is likely to be mainly a reflection of the strong labour market.

Regional comparisons

Unemployment has continued to fall in all regions. Over the past 12 months unemployment rates have fallen faster than average in the West Midlands, the North West, the North and Wales.

Thereafter confidential.

Headline total

The UK headline claimant total (unadjusted including school leavers) fell by 14,000 to 2.327 million in July (8.2 per cent of the workforce), 580,000 lower than a year ago. Included in the total were 41,000 claimant school leavers aged under 18, a fall of some 23,000 or 36 per cent compared with a year ago.

Long-term unemployment

The full quarterly analysis of July's figures by duration (due for release on 23 August) is not yet available, but a preliminary estimate of the number of claimants unemployed for more than a year suggests a further substantial fall of more than 70,000 in the quarter since April, bringing the total below a million.

August headline total

Seasonal influences on the unemployment count tend to be modest between July and August (a small rise among adults offset by a further fall in school leavers). Given the continuing downward trend, a fall in the headline total is most likely.

Employment

The number of employees in manufacturing industry in Great Britain is estimated to have fallen by 8,000 in June and by 22,000 in the second quarter of 1988. In the first quarter of this year employment in manufacturing was estimated to have increased by 1,000 and following a slow down in the rate of decrease in manufacturing employment during 1987 it appeared that the trend might be levelling out. The latest quarter's figures suggest that the trend is still downwards though not at the rate observed in 1986 and early 1987.

Figures for employees in the rest of the economy and the workforce in employment (employees in employment, the self employed, HM Forces and participants on work related government training programmes) in Great Britain remain as reported in July except for a slight revision - reflecting some late data now to hand - to service employment. The workforce in employment is estimated to have increased by 119,000 in the first quarter of 1988 and by 2,140,000 in the five years since March 1983, when the upward trend first began.

Thereafter confidential.

Thereafter confidential.

Overtime working by operatives in manufacturing industries remain high with an estimated 13.18 million hours per week worked in June. Hours lost through short-time working in manufacturing industries remain very low, 0.24 million hours per week in June.

Vacancies

The stock of unfilled vacancies (UK, seasonally adjusted, excluding Community Programme) fell by 5,800 to 249,000 in the month to July, although the total was still 6 per cent higher than a year ago. The fall in the stocks was concentrated in the South East, particularly London, and mainly reflected an increase in cancellations. The inflow of new notifications, which provides a more useful indicator of activity in the labour market, remains at a high level and relatively stable.

Average Earnings

The estimate for the underlying increase in earnings for the whole economy for June shows no increase from the level of May 1988 and stands at $8\frac{1}{2}$ per cent. The estimate for the production industries is up $\frac{1}{4}$ per cent, to $8\frac{3}{4}$ per cent, from the revised May 1988 level of $8\frac{1}{2}$ per cent and the estimate for manufacturing is also up a $\frac{1}{4}$ per cent at 9 per cent. For service industries the underlying increase in average earnings is unchanged at $8\frac{1}{2}$ per cent.

The whole economy underlying increase has now been at $8\frac{1}{2}$ per cent for 7 consecutive months and the services sector index at $8\frac{1}{2}$ per cent for 8 consecutive months. The nurses' settlement did not produce a rise in the June figures because bonus payments in the services sector were very much lower than a year earlier. However, further offsetting influences are not expected in July, and both services sector and whole economy earnings figures are likely to rise next month.

Next Labour Market figures

The next labour market brief will be issued on Monday 12 September in advance of the press release on Thursday 15 September. It will contain unemployment data to 11 August, manufacturing employment and average earnings for July and vacancies for 5 August.

UNTIL 11.30 a.m. ON 18.8.88

Unemployment in July seasonally adjusted (UK)

Dec 58,500 in July

Now 2.314 million, 8.2%
Down 24 months running, longest continuous fall since the war
Largest sustained fall on record, down 896,000 since July 1986.

Lowest level for 7 years (since June 1981, consistent)

Fall in last 12 months 559,000

Fall of 608,000 since election June 1987

Fall of 42,000 per month over last six months

Total (inc. school leavers)(UK)

Now 2.314 million (8.2%)

Down 14,000 since June
Fall in last 12 months 580,000, largest annual fall on record.

Regional unemployment

Fall in all regions of UK over last year: rates fallen most in West Midlands, North West and North and Wales.

Youth unemployment (UK)

School leavers in July 41,000
36% lower than a year ago. Down by 64% in last 5 years (July 1983 116,000).

Under 25s also lowest for more than 5 years in April. Down by a third since April 1983.

Latest EC unemployment comparison for under 25s (June 88) showed UK 13.0% compared with EC average 20.4% (Lower than all other EC countries except Denmark, Germany and Luxembourg).

International comparisons

UK rate fallen faster in past year than any other major industrialised country. UK unemployment lower than EC average. International rates show unemployment now higher in France (10.4%), Italy (12.3%), Belgium (10.2%), Netherlands (9.7%) Spain (19.4%) and Ireland (18.8%). (Comparable UK 8.4%)

Manufacturing employees (GB)

Decreased by 8,000 in June and by 22,000 in Q2 1988. Suggests trend still downwards though not at rate observed in 1986 and early 1987.

Employees in employment (GB)

Increased by more than 1 million in five years to March 1988; increased every quarter since March 1983

Workforce in employment (GB)

= employees in employment + self-employed + HM Forces + participants on work-related government training programmes

Workforce definition introduced last month is consistent with ILO guidelines.

Workforce in employment has been on a rising trend for 5 years (These estimates show a small fall of 14,000 between Dec 1985 and March 1986). Increased by 2,140,000 (including 334,000 participants on programmes) since March 1983, and by 618,000 in year to March 1988 of which:

	Men	Women	Total
Full-time	131,000	174,000	303,000
Part-time*	133,000	182,000	315,000
Total	264,000	356,000	618,000

*including participants in training programmes

Vacancies (UK)

Unfilled vacancies at Jobcentres 249,400 in July 6% higher than a year ago.

Survey in January showed over 700,000 vacancies in the economy overall. Only about 1/3 vacancies reported to jobcentres.

Average earnings (GB)

Underlying increase in average earnings in year to June, 8 1/2%, same for last 7 months.

Long-term unemployment (UK) (July figures available shortl

1.029 million in April. Fell by record 266,000 in year since April 1987, and by 1/3 million over past two years. Longer-term unemployment (over 6 months) 1.513 million in April, record fall of 414,000 over past 12 months, fell by over 1/2 million over past two years.

Long term unemployment among under 25s down by 34% over past year.

UNTIL 11.30 a.m. ON 18.8.88.

Labour Market statistics - additional points

Effect of measures on unemployment count

- 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. Success may be some time after interview.
- Availability testing will discourage some people not interested in getting work; cannot estimate how many.
- Those on schemes are not unemployed. They are in jobs or training.

Fiddling the figures

Only 6 changes affecting unemployment count since 1979: 3 statistical and 3 administrative including only 2 changes to compilation.

Seasonally adjusted unemployment series is consistent and allows comparisons of trend over time: nothing to hide

Flows into and out of unemployment

- Some 400,000 per month enter and leave count. Over a quarter of those becoming unemployed leave within the first month, over half leave within 3 months.
- job starts: 7½ million per year (1987) includes employed and unemployed equivalent to about 30,000 every working day.

Work related government training programmes

= Participants in programmes and schemes who receive training in the context of a workplace and are not employees or self-employed. Inclusion of these people in total employment is consistent with ILO guidelines. Includes most YTS and all JTS participants. In future Employment Training will be included.

Part-time employment

- Rise in part-time employment (51%* of increase in employment in year to March.) sign of increased flexibility in the labour market.
- * Participants on work related government training programmes regarded as part-time.
- 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.

International comparisons of employment

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

International definition of unemployment

Latest OECD standardised rates, show UK unemployment at 8.4 (June)

Labour Force Survey (GB)

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

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)

18 August 1988

LABOUR MARKET STATISTICSSUMMARY STATISTICS

		Level	Change on previous period	<u>Thousands</u> Change on previous year
<u>Unemployment (UK)</u>				
Total (not seasonally adjusted)	July 14	2,327	- 14	- 580
Total (excluding school leavers)	July 14	2,314	- 59	- 559
<u>Workforce in employment (2) March Q1 1988</u>				
<u>Employees in employment</u>				
Services	March Q1 1988	14,792	+ 113	+ 419
Manufacturing	June Q2 1988	5,007	- 22	- 49
Manufacturing	June 1988	5,007	- 8	- 49
<u>Vacancies (UK at jobcentres)</u>	July 8	249	- 6	+ 14

Percentage change on previous year
(underlying increase)

Index of Average Earnings

Whole Economy	June	8½
Services	June	8½
Manufacturing	June	9

Notes

1. All figures seasonally adjusted GB except where otherwise stated.
2. The workforce in employment comprises employees in employment, the self-employed, HM Forces and participants in work-related government training programmes (see page 7).

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

Summary

Unemployment (UK seasonally adjusted excluding school leavers) fell by 58,500 in the month to July. Male unemployment decreased by 38,400 and female unemployment decreased, by 20,100. Over the past six months there has been a fall of 41,800 on average compared with a fall of 51,400 per month over the previous six months to January 1988.

The unadjusted unemployment total, decreased in July by 14,086 to 2,326,703. This includes 41,093 school leavers aged under 18. In July, total unemployment was 579,750 lower than a year ago.

The number of employees employed in manufacturing industry in Great Britain is estimated to have fallen by 8,000 in June and by 22,000 in the second quarter of 1988.

The latest estimates of the workforce in employment in the whole economy in Great Britain remain as published last month except for very slight positive revisions to reflect some late data now available. The workforce in employment is estimated to have increased by 119,000 in the first quarter of 1988 contributing to overall increases of 618,000 in the year to March 1988 and 2,140,000 in the five years since March 1983.

The stock of vacancies (UK seasonally adjusted excluding Community Programme) decreased by 5,800 in July to 249,400. Over the past six months there has been a minimal change to the vacancy.

The underlying increase in average earnings for the whole economy in the year to June was 8½ per cent, similar to the increase in the year to April.

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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Earnings	page 12
Wages and salaries	
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Productivity	page 16
Industrial Disputes	page 17
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UNEMPLOYMENT

The seasonally adjusted level of unemployment in the UK (excluding school leavers) decreased by 58,500 to 2.314 million in July, 8.2 per cent of the workforce*.

Over the past six months on average unemployment has fallen by 41,800 per month.

The recorded total of unemployed claimants, including school leavers, decreased by 14,086 between June and July to 2,326,703 giving an unemployment rate of 8.2 per cent of the workforce*. Unemployment is 579,750 less than a year ago. The total included 41,093 school leavers, 22,829 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 workforce*	Average change over 6 months ended	Average change over 3 months ended
1987	Jul	2002.3	870.8	2873.1	-49.1	10.2	-39.9	-49.4
	Aug	1970.4	855.1	2825.5	-47.6	10.0	-40.2	-41.8
	Sep	1939.3	832.9	2772.2	-53.3	9.8	-44.2	-50.0
	Oct	1899.5	814.1	2713.6	-58.6	9.6	-51.3	-53.2
	Nov	1854.7	796.1	2650.8	-62.8	9.4	-50.0	-58.2
	Dec	1825.3	788.6	2613.9	-36.9	9.3	-51.4	-52.8
1988	Jan	1783.5	781.2	2564.7	-49.2	9.1	-51.4	-49.6
	Feb	1757.0	775.6	2532.6	-32.1	9.0	-48.8	-39.4
	Mar	1737.6	766.4	2504.0	-28.6	8.9	-44.7	-36.6
	Apr	1702.3	750.8	2453.1	-50.9	8.7	-43.4	-37.2
	May	1677.6	736.6	2414.2	-38.9	8.6	-39.4	-39.5
	Jun(r)	1651.3	721.1	2372.4	-41.8	8.4	-40.3	-43.9
	Jul(p)	1612.9	701.0	2313.9	-58.5	8.2 **	-41.8	-46.4

** The separate rate for males was 9.8 per cent, and for females 6.0 per cent.

* See note A5

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

(r) Revised

PERSONAL AND CONFIDENTIAL

UNTIL 11.30 a.m. ON 18.8.88...

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

		Male	Female	Number	Unemployment rate:percentage of workforce*	Claimant** school leavers
1987	Jul	2,008,482	897,971	2,906,453	10.3	63,922
	Aug	1,970,318	895,484	2,865,802	10.2	56,135
	Sep	1,973,776	896,419	2,870,195	10.2	92,406
	Oct	1,903,620	847,764	2,751,384	9.8	83,226
	Nov	1,865,842	819,741	2,685,583	9.5	69,408
	Dec	1,878,715	817,095	2,695,810	9.6	63,726
1988	Jan	1,892,698	829,456	2,722,154	9.7	62,797
	Feb	1,852,129	813,340	2,665,469	9.5	57,414
	Mar	1,803,143	788,978	2,592,121	9.2	52,110
	Apr	1,765,711	770,278	2,535,989	9.0	56,943
	May	1,692,052	734,822	2,426,874	8.6	52,659
	Jun	1,632,041	708,748	2,340,789	8.3	47,475
	Jul	1,606,313	720,390	2,326,703	8.2+	41,093

+ The separate rate for males was 9.7 per cent, and for females 6.2 per cent.

*See note A5.

** Excludes non claimant school leavers not yet entitled to benefit (see note A4).

TABLE 3: UNEMPLOYMENT - REGIONS July 14 1988

THOUSAND

	SEASONALLY ADJUSTED (P) (EXCLUDING SCHOOL LEAVERS)				UNADJUSTED (INCLUDING SCHOOL LEAVERS)			
	Total	Change since previous month	Unemployment rate percent- age of work- -force*	Change since previous month	Total	Change since previous month	Unemployment rate percent- age of work- -force*	School leavers
South East	495.5	-19.6	5.3	-0.2	494.8	-6.8	5.3	4.7
(Greater London)	(284.1)	(-9.0)	(6.6)	(-0.2)	(288.1)	(-2.7)	(6.7)	(2.9)
East Anglia	51.0	-1.8	5.0	-0.2	49.3	-1.6	4.9	.5
South West	135.8	-4.8	6.5	-0.2	129.0	-1.8	6.2	1.2
West Midlands	232.6	-6.0	8.8	-0.2	235.9	-1.6	9.0	4.5
East Midlands	145.2	-3.4	7.5	-0.2	145.7	-0.5	7.5	2.1
Yorks and Humberside	229.3	-5.4	9.6	-0.2	231.7	-2.1	9.7	5.3
North West	323.7	-7.3	10.7	-0.2	328.8	-0.7	10.9	6.4
North	175.6	-3.4	12.1	-0.2	176.7	-2.2	12.2	3.7
Wales	127.4	-3.1	10.7	-0.3	126.1	-1.0	10.6	2.4
Scotland	282.0	-3.9	11.4	-0.2	290.5	1.7	11.7	8.8
GREAT BRITAIN	2,198.1	-58.3	8.0	-0.2	2,208.5	-16.7	8.0	39.9
Northern Ireland	115.8	-0.2	16.6	-0.0	118.2	2.6	17.0	1.2
UNITED KINGDOM	2,313.9	-58.5	8.2	-0.2	2,326.7	-14.1	8.2	41.1

* See note A5

(P) Provisional see note A6

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UNTIL 11.30 a.m. ON ... 18.8.88.

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			School leavers	School leavers		
1987	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
	Feb	345.2	9.4	335.8	- 51.5	406.6	11.3	395.3	- 51.0
	Mar	313.0	7.2	305.9	- 27.8	392.5	9.3	383.2	- 36.7
	Apr	323.9	14.8	309.1	- 41.1	372.5	7.6	364.9	- 23.1
	May	276.7	9.5	267.2	- 31.7	394.9	10.8	384.1	- 30.6
	Jun	273.8	6.5	267.3	- 38.1	367.1	9.0	358.0	- 33.7
	Jul	347.5	6.6	340.9	- 77.5	359.7	9.1	350.5	- 65.2

PERSONAL AND CONFIDENTIAL
UNTIL 11.30 a.m. ON 18.8.88

CONFIDENTIAL UNTIL 11.30AM ON 18 AUGUST 1988

EMPLOYMENT

The number of employees in employment in manufacturing industry (the new figures available this month) in Great Britain is estimated to have fallen by 8,000 in June 1988 and by 22,000 in the second quarter of 1988. The latest quarter's figures suggest that the trend is still downwards though not at the rate observed in 1986 and early 1987.

Figures for employees in the rest of the economy and the workforce in employment (employees in employment, the self-employed, HM Forces and participants in work related government training programmes) in Great Britain remain as reported in July except for a slight revision to reflect some late data now available. The workforce in employment is estimated to have increased by 618,000 in the year to March 1988 and by 2,140,000 in the five years since March 1983.

Recent figures are set out in Tables 5 and 5a.

PERSONAL AND CONFIDENTIAL
UNTIL 11.30 a.m. ON 18.8.88

Table 5: The Workforce in Employment in Great Britain *

Thousands, seasonally adjusted

		Employees in Employment			Self Employed **			HM Forces			Work related + government training programmes			Workforce ** in employment		
		Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total
1983	March	11,706	8,823	20,529	1,651	496	2,147	306	15	321	0	0	0	13,663	9,334	22,997
	June	11,674	8,882	20,556	1,652	508	2,160	306	16	322	3	5	8	13,655	9,411	23,046
	Sept	11,659	8,952	20,611	1,702	527	2,229	309	16	325	74	64	139	13,744	9,560	23,304
	Dec	11,645	9,025	20,670	1,751	547	2,299	309	16	325	96	82	178	13,801	9,670	23,471
1984	March	11,630	9,074	20,705	1,801	566	2,367	310	16	326	91	77	168	13,832	9,733	23,566
	June	11,625	9,097	20,722	1,850	586	2,435	310	16	326	91	78	168	13,875	9,776	23,652
	Sept	11,638	9,147	20,785	1,868	596	2,464	312	16	328	112	95	207	13,930	9,854	23,784
	Dec	11,688	9,201	20,888	1,886	606	2,493	311	16	327	109	91	200	13,994	9,914	23,908
1985	March	11,699R	9,249	20,948R	1,905	617	2,522	310	16	326	101	80	182	14,015	9,962	23,977R
	June	11,703	9,292	20,995	1,923	628	2,550	309	16	326	94	74	168	14,029	10,010	24,039
	Sept	11,694	9,339	21,033	1,926	628	2,554	309	16	326	120	100	221	14,049	10,084	24,133
	Dec	11,696	9,360	21,056	1,929	629	2,558	307	16	323	114	94	208	14,047	10,099	24,146
1986	March	11,662	9,403R	21,065	1,933	630	2,563	306	16	323	103	80	182	14,004R	10,128R	24,133R
	June	11,635	9,444	21,079	1,937	630	2,567	305	16	322	122	96	218	13,999	10,186	24,184
	Sept	11,611	9,487	21,098	1,977	648	2,625	306	16	323	151	125	276	14,046R	10,276	24,321
	Dec	11,588	9,559	21,147	2,018	665	2,684	304	16	320	148	119	268	14,059	10,359	24,418
1987	March	11,601	9,611R	21,212R	2,059	683	2,742	304	16	320	138	108	245	14,100R	10,418R	24,519R
	June	11,628R	9,686R	21,315R	2,099	701	2,801	302	16	319	171	132	303	14,201R	10,535R	24,736R
	Sept	11,642R	9,726R	21,367R	2,118	713	2,832	303	16	319	216	158	373	14,279R	10,612R	24,891R
	Dec	11,667R	9,816R	21,482R	2,137	725	2,863	301	16	317	209	147	356	14,314R	10,704R	25,018R
1988	March	11,708R	9,886R	21,593R	2,156	737	2,894	301	16	317	199	135	334	14,364R	10,774R	25,137R

* The workforce in employment comprises employees in employment, the self-employed, HM Forces, and participants in work related government training programmes.

** See notes B4 and B5.

+ See note B7

Estimates for work related government training programmes are not seasonally adjusted.

R = Revised to incorporate late data now available.

PERSONAL AND CONFIDENTIAL

UNTIL 11.30 a.m. ON 18.8.88

TABLE 5a
EMPLOYEES IN EMPLOYMENT IN GREAT BRITAIN

Thousand: Seasonally adjusted

		Manufacturing Industries			Energy & Water Supply Industries			Service Industries		Other Industries		All Industries and Services		
		Levels	Changes			Levels	Changes		Levels	Changes	Levels	Changes	Levels	Changes
			Mon-thly	Three* monthly	Quar-terly		Mon-thly	Quar-terly						
1986	March	Q1 5,204	- 9	-12	- 36	540	- 4	-18R	14,028R + 71	1,292R	- 9R	21,065	+ 9	
	June	Q2 5,146	-19	-19	- 58	530	- 4	-10	14,114 + 86R	1,288R	- 4R	21,079	+ 14	
	September	Q3 5,107	- 9	-13	- 39	519	- 2	-11	14,191 + 77	1,281	- 7R	21,098	+ 19	
	October	5,098	- 9	-11		516	- 3							
	November	5,092	- 6	- 8		510	- 6							
	December	Q4 5,084	- 8	- 8	- 23	509	- 1	-10	14,272 + 81	1,282	+ 1	21,147	+ 49	
1987	January	5,065	-19	-11		501	- 8							
	February	5,062	- 3	-10		499	- 2							
	March	Q1 5,053	- 9	-10	- 31	494	- 5	-15R	14,373 +101	1,291R	+ 9R	21,212R	+ 65R	
	April	5,046	- 7	- 6		487	- 7							
	May	5,052	+ 6	- 3		486	- 1							
	June	Q2 5,056	+ 4	+ 1	+ 3	488	+ 2	- 6	14,475R +102R	1,296	+ 5R	21,315R	+103R	
	July	5,048	- 8	+ 1		484	- 4							
	August	5,043	- 5	- 3		483	- 1							
	September	Q3 5,034	- 9	- 7	- 22	485	+ 2	- 3	14,549R + 74R	1,300R	+ 4R	21,367R	+ 52R	
	October	5,032	- 2	- 5		479	- 6							
	November	5,033	+ 1	- 3		477	- 2							
	December	Q4 5,028	- 5	- 2	- 6	477	0	- 8	14,679R +130R	1,297R	- 3	21,482R	+115R	
1988	January	5,034	+ 6	+ 1		472	- 5							
	February	5,035	+ 1	+ 1		467	- 5							
	March	Q1 5,029	- 6	0	+ 1	462	- 5	-15	14,792R +113R	1,310	+13R	21,593R	+111R	
	April	5,016R	-13R	- 6R		452	-10							
	May	5,015R	- 1R	- 7R		450	- 2							
	June	Q2 5,007	- 8	- 7	- 22	459	+ 9	- 3						

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

PERSONAL AND CONFIDENTIAL

UNTIL 11.30 a.m. ON 18.8.88

VACANCIES

The stock of unfilled vacancies at jobcentres (seasonally adjusted and excluding Community Programme vacancies) decreased by 5,800 in the month to July to reach 249,400. Over the past three months to July, seasonally adjusted vacancies have decreased on average by 1,400 per month.

Unadjusted, there was a decrease of 12,394 unfilled vacancies in the month to 286,906. There was a decrease of 1,113 Community Programme vacancies.

The inflow of notified vacancies increased on average by 300 per month in the three months ending July 1988, the outflow increased by 2,300 per month, and placings increased by 400 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	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
	Feb	256.9	32.6	224.2	247.9	-1.6	-6.8	18.8
	Mar	263.0	30.9	232.0	245.5	-2.4	-3.7	20.4
	Apr	281.8	30.5	251.3	253.7	8.2	1.4	22.1
	May	292.5	30.3	262.2	255.5	1.8	2.5	27.0
	Jun	299.3	29.8	269.5	255.2	-0.3	3.2	30.7
	Jul	286.9	28.7	258.2	249.4	-5.8	-1.4	32.3

* 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	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
Feb		237.9	0.1	243.9	4.3	168.6	3.0
Mar		237.3	0.4	238.6	-3.1	164.4	-1.7
Apr		228.2	1.5	225.0	-1.3	154.0	-3.4
May		231.7	-2.1	227.4	-5.5	158.8	-3.3
Jun		231.2	-2.0	225.8	-4.3	155.3	-3.0
Jul		229.0	0.3	231.9	2.3	155.1	0.4

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

		VACANCIES AT JOBCENTRES			SEASONALLY ADJUSTED (EXCLUDING COMMUNITY PRO VACANCIES)		VACANCIES AT CAREERS OFFICES
		UNADJUSTED*					UNADJUSTED
		TOTAL	Community Programme Vacancies	Total excluding Community Programme	Number	Change since previous month	
South East	102.3	3.9	98.3	95.0	-5.3	19.9	
(Greater London)	(31.9)	(2.0)	(30.0)	(29.5)	(-3.5)	(10.2)	
East Anglia	11.7	0.6	11.1	10.6	0.7	1.3	
South West	25.3	2.4	22.9	21.4	0.1	2.1	
West Midlands	28.6	4.4	24.2	23.9	0.2	2.1	
East Midlands	15.3	1.4	13.9	13.8	-0.3	1.8	
Yorks and Humberside	17.9	2.4	15.5	15.0	-0.1	1.2	
North West	27.0	2.8	24.2	23.5	-0.6	1.5	
North	15.4	3.8	11.5	11.2	-0.7	0.5	
Wales	16.0	2.9	13.1	12.5	-0.2	0.3	
Scotland	24.6	3.4	21.2	19.6	0.1	0.6	
GREAT BRITAIN	284.1	28.0	256.1	246.7	-6.0	31.3	
Northern Ireland	2.8	0.7	2.1	2.7	0.1	1.0	
UNITED KINGDOM	286.9	28.7	258.2	249.4	-5.8	32.3	

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

AVERAGE EARNINGS

The underlying increase in average weekly earnings in the year to June was about 8 1/2 per cent, similar to the increase in the year to the year to May.

The actual increase in the year to June, at 8.3 per cent, was below the estimated underlying increase, as several groups of workers did not receive pay increases in the twelve month period.

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				
November	191.2	190.2	8.1	7 3/4
December	193.4	191.3	7.4	7 3/4
1987				
January	190.4	192.8	7.6	7 1/2
February	191.2	193.4	7.4	7 1/2
March	194.5	194.8	6.7	7 1/2
April	196.0	197.4	6.5	7 3/4
May	198.1	198.5	8.7	7 3/4
June	200.0	198.1	7.7	7 3/4
July	203.1	201.3	8.1	7 3/4
August	201.6	201.3	7.6	7 3/4
September	201.4	201.8	7.9	7 3/4
October	203.4	203.8	8.0	8
November	207.3	206.3	8.5	8 1/4
December	210.3	208.0	8.7	8 1/2
1988				
January	206.9	209.5	8.7	8 1/2
February	206.7	209.2	8.2	8 1/2
March	213.1	213.3	9.5	8 1/2
April	213.6	215.1	9.0	8 1/2 R
May	213.2	213.6	7.6	8 1/2
June*	216.6	214.5	8.3	8 1/2

* Provisional

R Revised

In production industries, the underlying increase in average weekly earnings in the year to June was about 8 3/4 per cent, a rise of 1/4 per cent on the year to May, which has been revised down from 8 3/4 per cent. Within this sector, in manufacturing industries, the underlying increase in average weekly earnings in the year to June was about 9 per cent, a rise of 1/4 per cent on the year to May. 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 June were 8.4 per cent and 8.1 per cent respectively.

In service industries, the underlying increase in average weekly earnings in the year to June was about 8 1/2 per cent, similar to the increase in the year to May. The actual increase in the year to June was 8.2 per cent.

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

	Production industries*			Manufacturing industries**			Service industries***		
	Index January 1980=100	% increases over previous 12 months	seas adj underlying	Index January 1980=100	% increases over previous 12 months	seas adj underlying	Index January 1980=100	% increases over previous 12 months	seas adj underlying
1987									
Apr	203.6	7.2	8	204.4	7.0	8	196.4	5.8	7 3/4
May	201.6	8.0	8	202.4	8.2	8	199.2	9.3	7 3/4
Jun	203.9	8.0	8 1/4	204.8	7.9	8 1/4	198.7	7.5	7 1/2
Jul	206.4	8.7	8 1/4	207.6	9.0	8 1/4	200.4	7.7	7 1/4
Aug	207.8	8.2	8 1/4	207.2	8.0	8 1/2	200.9	7.3	7 1/4
Sep	209.9	8.3	8 1/4	210.3	8.4	8 1/2	200.1	7.6	7 1/2
Oct	212.1	8.7	8 1/4	212.4	8.8	8 1/4	201.7	7.6	8
Nov	212.2	7.9	8 1/4	212.7	7.9	8 1/4	207.3	8.6	8 1/2
Dec	215.9	8.2	8 1/4	216.8	8.4	8 1/4	206.7	9.2	8 1/2
1988									
Jan	215.8	8.0	8 1/2	216.8	8.4	8 1/2	207.7	9.1	8 1/2
Feb	213.6	6.5	8 1/2	215.3	7.1	8 1/2	207.6	9.4	8 1/2
Mar	217.0	8.6	8 1/4	218.9	8.9	8 1/2	213.6	10.2	8 1/2
Apr	223.1	9.6	8 1/2	223.7	9.4	8 3/4	213.1	8.5	8 1/2
May	220.4	9.3	8 1/2 R	220.3	8.8	8 3/4	211.5	6.2	8 1/2
Jun(p)	220.9	8.3	8 3/4	221.5	8.2	9	214.9	8.2	8 1/2

p provisional

R revised

* 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 communications; Banking, finance, insurance, business services and leasing; Other services (including public administration, education, medical and other medical 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 May 1988, wages and salaries per unit of output in manufacturing industries were 2.4 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 about 6 1/2 per cent in productivity over this period (see Table 13).

In the first quarter of 1988, wages and salaries per unit of output in the whole economy were 5.9 per cent above the corresponding period of 1987. This increase was below the rise in average earnings in the whole economy as there was a rise of about 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	125.9	6.6	133.0	6.1
Q4	128.6	6.1	134.3	4.4
1986 Q1	131.7	8.8	136.7	6.3
Q2	131.1	7.1	137.9	6.3
Q3	130.6	3.7	138.6	4.2
Q4	130.6	1.6	140.6	4.7
1987 Q1	133.0	1.0	141.9	3.8
Q2	132.3	0.9	144.1	4.5
Q3	131.7	0.8	144.4	4.2
Q4	133.4	2.1	147.3	4.8
1988 Q1	135.0	1.5	150.3	5.9
1987 Dec	135.0	2.6	..	..
1988 Jan	133.4	-1.1	..	..
Feb	135.7	2.7	..	..
Mar	135.9	2.9	..	..
Apr	136.5	2.6	..	..
May	133.3	1.8	..	..
3 months ending				
1987 Dec	133.4	2.1	..	..
1988 Jan	133.6	1.1	..	..
Feb	134.7	1.4	..	..
Mar	135.0	1.5	..	..
Apr	136.0	2.7	..	..
May	135.2	2.4	..	..

CONFIDENTIAL UNTIL 11.30AM ON 18 AUGUST 1988
HOURS WORKED IN MANUFACTURING INDUSTRIES

Overtime working by operatives in manufacturing industries remained high, at 13.18 million hours per week in June.

Hours lost through short-time working in manufacturing industries remained very low, at 0.24 million hours per week in June.

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 104.2 in June 1988 giving an average of 104.3 over the three month period ending June 1988. 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	11.28	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	103.0
1987	Jan	11.47	0.57	102.8
	Feb	12.09	0.42	103.2
	Mar	12.27	0.36	103.4
	Apr	12.44	0.41	103.5
	May	12.38	0.37	103.5
	Jun	12.68	0.31	103.8
	Jul	12.49	0.35	103.6
	Aug	12.70	0.28	103.8
	Sep	12.96	0.24	104.0
	Oct	13.66	0.29	104.4
	Nov	13.58	0.38	104.3
	Dec	13.42	0.28	104.4
1988	Jan	14.48	0.25	105.0
	Feb	13.44	0.28	104.4
	Mar	13.40	0.23	104.4
	Apr	13.33R	0.22R	104.3R
	May	13.59R	0.23R	104.4R
	Jun	13.18	0.24	104.2

R = Revised

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 May was 1.8 per cent higher than in the three months ending February and 6.6 per cent higher than in the same period a year earlier.

Output per head in the whole economy in the first quarter of 1988 was the same as in the previous quarter and 3.0 per cent higher than in the first quarter of 1987.

Recent figures are:

TABLE 13: OUTPUT PER HEAD

seasonally adjusted

		Manufacturing		Whole Economy	
		Index 1980 = 100	Percentage increase on a year earlier	Index 1980 = 100	Percentage increase on a year earlier
1985	Q4	130.1	2.1	114.7	2.3
1986	Q1	129.3	-0.8	115.1	1.4
	Q2	132.2	0.5	116.5	1.6
	Q3	134.5	3.1	117.6	3.1
	Q4	138.4	6.4	118.2	3.1
1987	Q1	138.1	6.8	118.5	3.0
	Q2	141.0	6.7	119.6	2.7
	Q3	144.8	7.7	121.3	3.1
	Q4	146.8	6.1	122.0	3.2
1988	Q1	147.1	6.5	122.0	3.0
1987	Dec	147.0	5.7	..	..
1988	Jan	148.7	9.6	..	..
	Feb	145.2	4.3	..	..
	Mar	147.4	5.8	..	..
	Apr	150.0	6.6		
	May	151.6	7.3		
3 months ending					
1987	Dec	146.8	6.1	..	..
1988	Jan	147.6	7.1	..	..
	Feb	147.0	6.5	..	..
	Mar	147.1	6.5	..	..
	Apr	147.5	5.6		
	May	149.7	6.6		

Industrial stoppages

In June 1988, it is provisionally estimated that 296 thousand working days were lost in the United Kingdom through stoppages of work due to industrial disputes. This compares with a provisional estimate of 113 thousand in May 1988, 345 thousand in June 1987 and an average of 588 thousand for June during the ten year period 1978 to 1987.

During the twelve months to June 1988 it is provisionally estimated that a total of 2,096 thousand working days were lost through stoppages of work due to industrial disputes. During this twelve month period a total of 786 stoppages have been provisionally recorded as being in progress, involving a total of 491 thousand workers. The comparable figures for the twelve months to June 1987 were 3,639 thousand lost working days, 1,140 stoppages in progress and 961 thousand workers.

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

	<u>Working days lost (thousand)</u>	<u>Number of Stoppages</u>	<u>Workers involved (thousand)</u>
1987			
Jun	345	104	157
Jul	214	93	61
Aug	43	71	22
Sep	56	84	19
Oct	76	96	24
Nov	127	108	80
Dec	60	72	35
1988			
Jan(p)	102	86	43
Feb(p)	669	119	153
Mar(p)	255	93	44
Apr(p)	85	33	16
May(p)	113	53	41
Jun(p)	296	52	43
<u>Cumulative totals</u>			
12 months to June 1987	3,639	1,140	961
12 months to June 1988(p)	2,096	786	491

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

GENERAL SYMBOLSUNTIL 11.30 a.m. ON ~~12.8.88~~

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, income support (formerly supplementary benefit upto April 1988) 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 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 July 1988 these numbered 96,015 in Great Britain and 102,595 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 July 1988 these numbered 3,516 in Great Britain and 4,528 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. Until last year a special supplementary count of those registering at Careers Offices was provided in June, July and August the months mainly affected. The change in benefit regulations from September 1988 and the associated expansion of YTS will mean that most people under 18 will no longer be able to claim Income Support and the special count would therefore no longer provide an indication of those likely to claim benefit in the Autumn. This count has therefore been discontinued.

A5. National and regional unemployment rates are now calculated by expressing the number of unemployed as a percentage of the estimated total workforce (the sum of employees in employment, unemployed claimants, self-employed, HM Forces and participants on work-related government training programmes) at mid-1987. See page 56 of the August 1988 edition of *Employment Gazette* for further details. The inclusion of trainees in work related programmes in the base reduces the unemployment rate by some 0.1 percentage points on average. 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 July 1988 were 11.6 per cent for males and 6.7 per cent for females, 9.4 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, 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 the *Employment Gazette*, March 1988 page 144.

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

B7. Estimates of numbers on work related government training programmes consist of those participants in programmes and schemes who in the course of their participation in the programmes receive training in the context of a workplace but are not employees, self-employed or HM Forces. At present it covers most YTS participants without contracts of employment (the small proportion, about 2 per cent, whose training does not include work experience with an employer are excluded) and the participants on the new JTS. The estimates are not seasonally adjusted.

B8. The workforce in employment which comprises employees in employment, the self-employed, HM forces and participants on work related government schemes was introduced in the July 1988 issue of this press notice. See page 56 of the August 1988 edition of *Employment Gazette* for further details.

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 June 1988. The next analysis will appear in the September 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 21 June. For further information, see *Employment Gazette*, May 1986, page 172.

E2. See note G2.

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 21 June. 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. The employed labour force comprises employees in employment, the self employed and armed forces.

G2. The calculation of the productivity (and hence the unit wage cost) series is not affected by the changes to the employment series. The present calculation, using a denominator which excludes participants on work related training schemes, provides a better indicator of productivity (and wage cost) trends than would therevised employment series. This is because of the smallness of the scheme participants' contribution to output, the fact that some of the contribution will be excluded from the national accounts measure of output, and practical difficulties in the way of producing an analysis of participants.

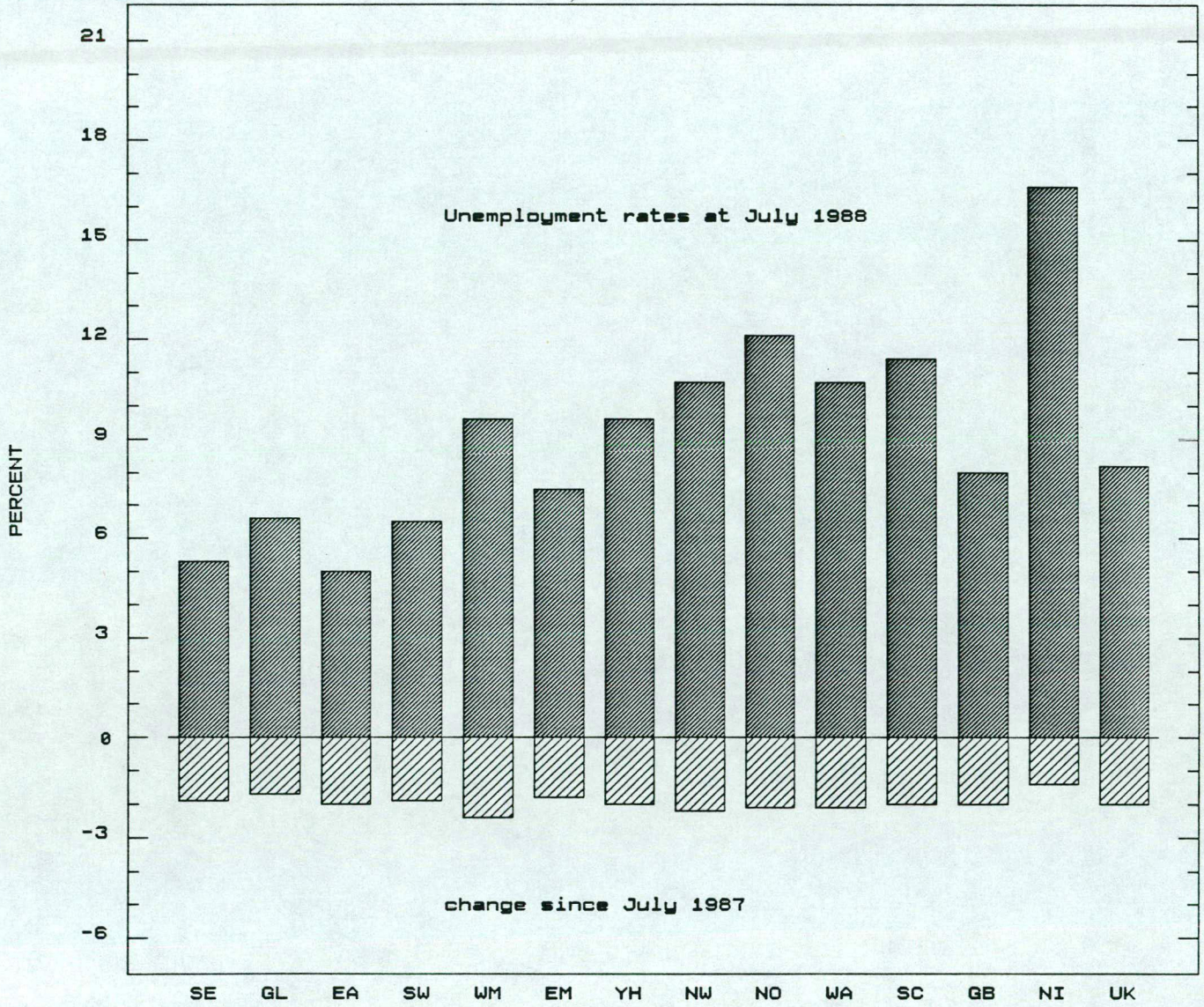
INDUSTRIAL STOPPAGES (Table 14)

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.

PERSONAL AND CONFIDENTIAL
UNTIL 11.30 a.m. ON ..!8:8:88...

REGIONAL UNEMPLOYMENT RATES

WORKFORCE BASE



PERSONAL AND CONFIDENTIAL
UNTIL 11.30 a.m. ON ..!8:8:88...

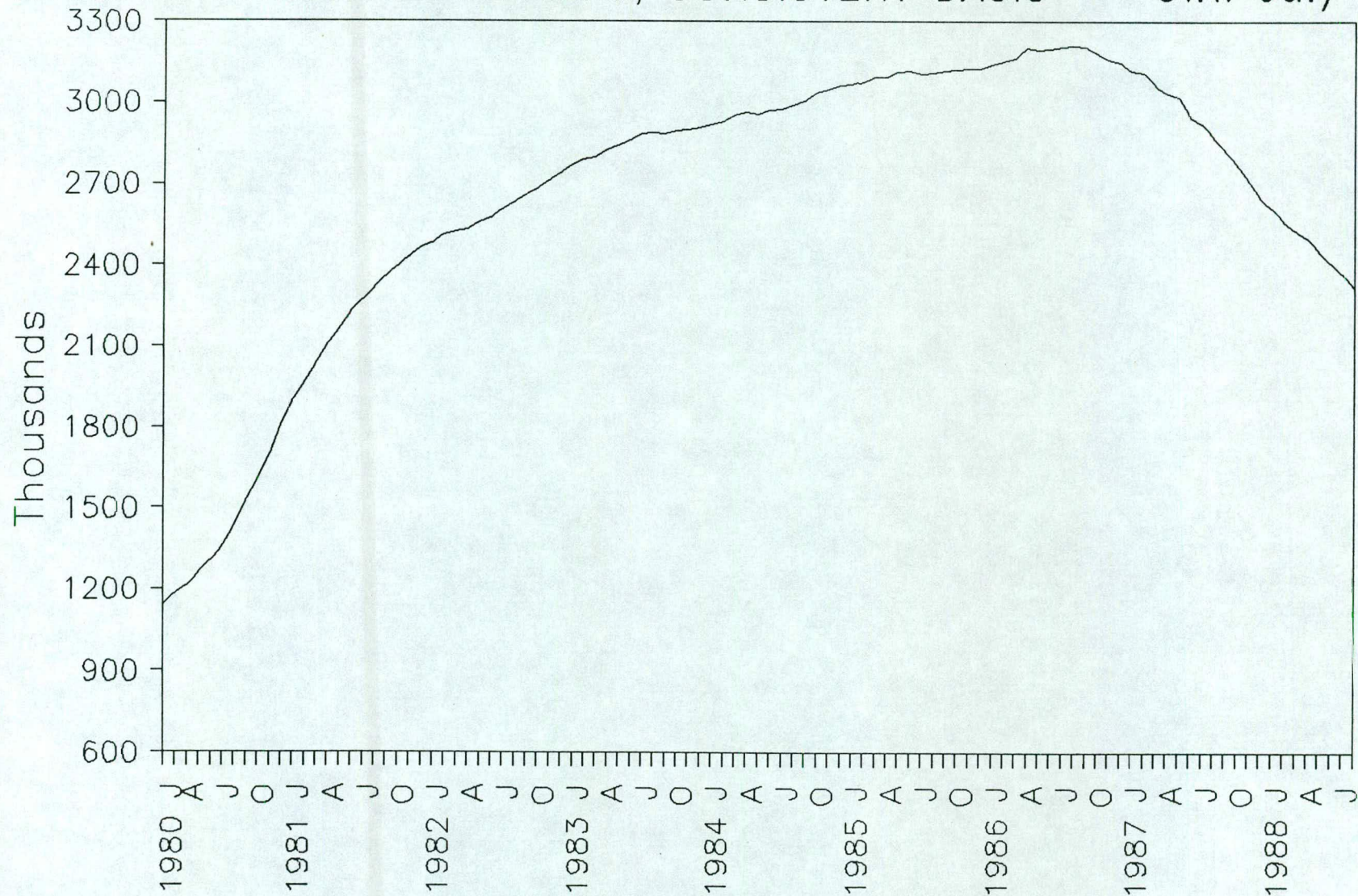
C1a

PERSONAL AND CONFIDENTIAL
UNTIL 11.30 a.m. ON 18.8.88...

SEASONALLY ADJUSTED UNEMPLOYMENT

EXCLUDING SCHOOL LEAVERS, CONSISTENT BASIS

U.K. July 1988



PERSONAL AND CONFIDENTIAL
UNTIL 11.30 a.m. ON 18.8.88...

Unemployment
-regions and sex

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

	NUMBER (Thousands)		UNEMPLOYMENT RATE (Per Cent)*		
	At July 1988	Change in month since June 1988	At July 1988	Change in month since June 1988	Change in year since July 1987
<u>REGIONS</u>					
South East	495.5	-19.6	5.3	-0.2	-1.9
(Greater London)	(284.1)	-9.0	6.6	-0.2	-1.7
East Anglia	51.0	-1.8	5.0	-0.2	-2.0
South West	135.8	-4.8	6.5	-0.2	-1.9
West Midlands	232.6	-6.0	8.8	-0.2	-2.4
East Midlands	145.2	-3.4	7.5	-0.2	-1.8
Yorks & Humber	229.3	-5.4	9.6	-0.2	-2.0
North West	323.7	-7.3	10.7	-0.2	-2.2
North	175.6	-3.4	12.1	-0.2	-2.1
Wales	127.4	-3.1	10.7	-0.3	-2.1
Scotland	282.0	-3.9	11.4	-0.2	-2.0
GREAT BRITAIN	2198.1	-58.3	8.0	-0.2	-2.0
Northern I.	115.8	-.2	16.6	-0.0	-1.4
UNITED KINGDOM	2313.9	-58.5	8.2	-0.2	-2.0
<u>MALES AND FEMALES</u>					
UK Males	1612.9	-38.4	9.8	-0.2	-2.4
UK Females	701.0	-20.1	6.0	-0.2	-1.5

* Percentage of whole workforce (new basis, taking account of self-employed, armed forces and participants on work-related Govt. training programmes)

Unemployment by Duration

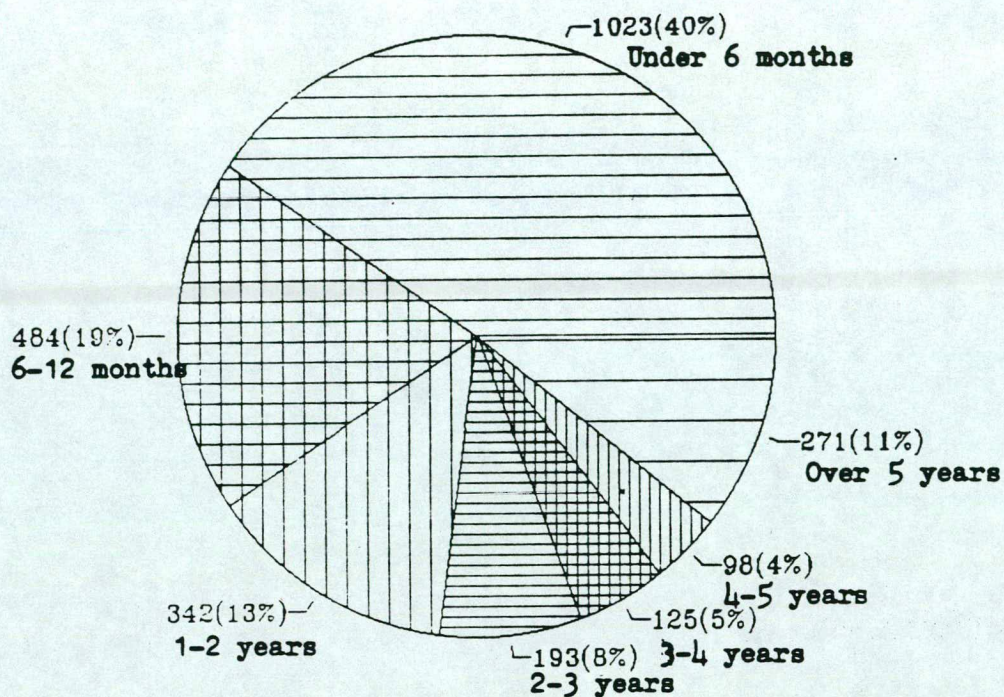
Duration	Number at APRIL 1988	THOUSANDS Change since APRIL 1987
All durations	2536	-571
Over 6 months	1513	-414
Over 1 year	1029	-266
Over 2 years	687	-124
Over 3 years	494	-79
Over 4 years	369	-36
Over 5 years	271	-1

Up to 6 months	1023	-157
6 to 12 months	484	-148
1 to 2 years	342	-142
2 to 3 years	193	-45
3 to 4 years	125	-43
4 to 5 years	98	-35
Over 5 years	271	-1

Unemployment by Age

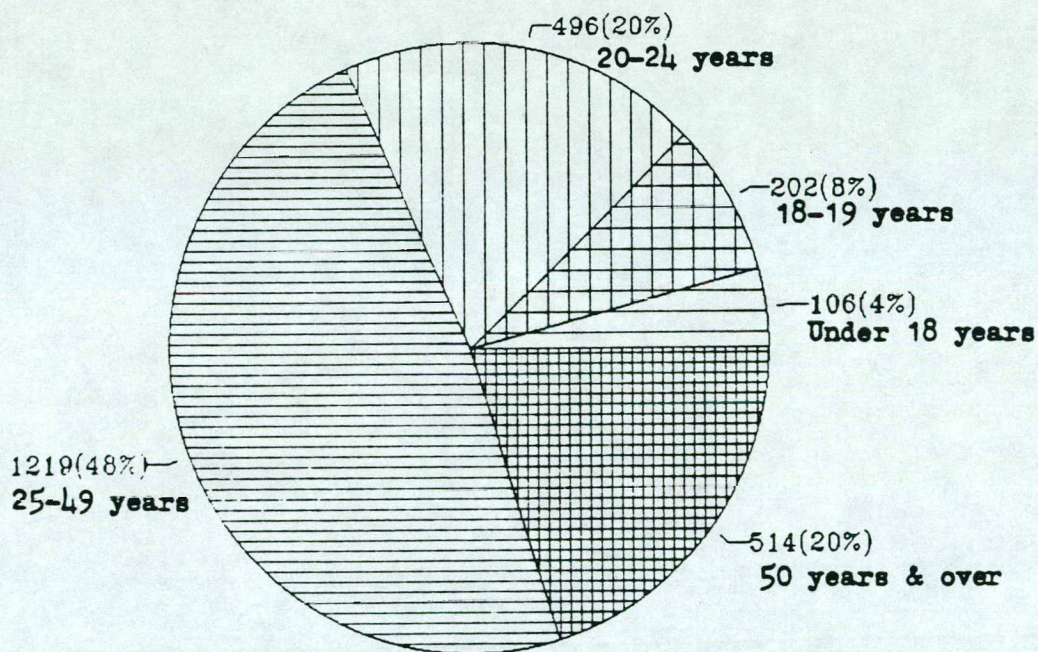
	Number at APRIL 1988	THOUSANDS Change since APRIL 1987
Under 18	106	-21
18-19	202	-68
20-24	496	-133
25-49	1219	-257
50 and over	514	-92
All ages	2536	-571

U.K. UNEMPLOYMENT BY DURATION THOUSANDS



APRIL 1988

U.K. UNEMPLOYMENT BY AGE THOUSANDS



APRIL 1988

Scheme Participants in GB

Thousand

	EAS	CP	CI	NWS*	YOP+	YTS++	JTS	JRS
<u>Quarterly</u>								
March 83	2	39	8	103	234	0		79
June 83	2	64	8	93	154	21		81
Sept 83	8	97	8	103	69	173		85
Dec 83	20	115	8	105	22	257		88
Mar 84	27	113	8	98	22	252		95
June 84	37	120	8	70	4	244		91
Sept 84	39	123	8	63		287		86
Dec 84	39	130	8	57		279		78
Mar 85	41	133	8	52		252		70
June 85	48	138	8	43		236		61
Sept 85	49	151	8	50		296		54
Dec 85	52	174	8	57		278		48
Mar 86	55	200	8	51		243		43
June 86	60	221	8	31		270		37
Sept 86	66	235	8	28		333		32
Dec 86	74	248	8	33		323	1	27
March 87	81	244	8	34		306	2	24
<u>Monthly</u>								
May 87	87	235	8	29		290	8	22
June 87	90	232	8	24		348	13	22
July 87	93	231	8	18		377	17	21
Aug 87	94	229	8	18		390	20	21
Sept 87	96	229	8	18		424	22	21
Oct 87	97	224	8	19		413	24	20
Nov 87	96	222	8	20		410	25	20
Dec 87	96	221	8	19		403	24	19
Jan 88	95	221	7	19		393	26	19
Feb 88	95	224	7	18		385	28	19
Mar 88	95	223	7	16		373	30	18
Apr 88	94	223	7	14		368	30	16
May 88	94	220	7	13		371	31	15
June 88	94	213	7	12		393	31	14

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

+ Excludes trainers

++ Excludes trainers, figures for latest months subject to revision.

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 international standardised rates which are recommended for comparing levels of unemployment.

	RECOMMENDED		UNEMPLOYMENT, NATIONAL DEFINITIONS				
	OECD STANDARDISED RATES*		Seasonally Adjusted		Unadjusted		
	Seasonally Adjusted		Number (000s)	% rate	Number (000s)	% Rate	Latest month
Spain	FEB	19.4	2916	20.1	2940	20.2	APR
Ireland	JUN	(18.8)*	244	18.9	242	18.8	JUL
Italy a	JUN	(12.3)*	2859	12.0	2945	12.4	JAN
France	JUN	10.4	2578	10.5 a	2400	9.8 a	JUN
Belgium	JUN	10.2	368 e	13.5 e	386	14.1	JUN
Netherlands	JUN	9.7	695	14.2	674	13.8	JUL
United Kingdom	JUN	8.4	2314	8.4	2327	8.2	JUL
Canada a	JUN	7.5	1011	7.6	973	7.1	JUN
Australia a	JUN	7.4	615	7.8	645	8.3	JAN
Greece	APR 87	(7.4)*	..	..	92	4.9	MAY
Denmark	JUN	(6.8)*	234	8.6	250	9.1	APR
Germany	APR	6.5	2272	8.0	2199	7.8	JUL
Portugal	FEB	5.9	303	7.0	313	7.3	APR
United States a	MAY	5.2	6625	5.4	6823	5.4	JUL
Luxembourg	JUN	(2.8)*	..	..	3	1.6	APR
Japan a	JUN	2.4	1570	2.6	1660	2.7	APR
Norway	MAY	1.9	45	2.6	38	2.2	MAY
Sweden a	JUN	1.5	71	1.7	71	1.6	DEC
Austria	..	..	159 e	5.4 e	137	4.6	MAY
Switzerland	..	..	..	..	20	0.7	MAY

* NOTE: FOR THOSE EC COUNTRIES FOR WHICH NO OECD STANDARDISED RATES ARE AVAILABLE, SIMILAR HARMONISED RATES COMPILED BY THE STATISTICAL OFFICE OF EUROPEAN COMMUNITIES (EUROSTAT) ARE SHOWN IN BRACKETS. THESE SHOWED THE UK RATE AT 8.6% IN JUNE COMPARED WITH THE EC AVERAGE OF 10.4%.

e estimated

a Survey Sources

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

Unadjusted unemployment, national definitions				

RECOMMENDED				

	Change in % rate	Change (000s)	% Change in total	Latest month

Italy	+ 2.2	+ 481	+ 15	APR
Norway	+ 0.6	+ 12	+ 44	MAY
Denmark	+ 0.6	+ 18	+ 8	APR
Netherlands	+ 0.3	+ 16	+ 2	JUN
Germany	+ 0.1	+ 24	+ 1	JUL
Luxembourg	- 0.1	NC	- 4	APR
Switzerland	- 0.1	- 2	- 8	JUN
Austria	- 0.2	- 4	- 3	MAY
France	- 0.3	- 6	NC	JUN
Spain	- 0.4	- 6	NC	APR
Japan	- 0.4	- 240	- 13	APR
Ireland	- 0.5	- 6	- 3	JUL
Australia	- 0.6	- 26	- 4	JAN
Sweden	- 0.6	- 26	- 30	DEC
USA	- 0.7	- 630	- 8	JUL
Portugal	- 0.7	- 29	- 9	APR
Greece	- 0.9	- 13	- 12	MAY
Belgium	- 1.3	- 38	- 9	JUN
Canada	- 1.4	- 169	- 15	JUN
United Kingdom	- 2.1	- 580	- 20	JUL

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 rates for the latest three months with the previous three months. An additional table C5d 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
Italy	+ 0.7	+ 151	+ 4	APR
Norway	+ 0.5	+ 9	+ 26	MAY
Denmark	+ 0.2	+ 6	+ 3	APR
Portugal	+ 0.1	+ 15	+ 2	APR
Germany	+ 0.1	+ 25	+ 1	JUL
Netherlands	+ 0.1	+ 4	+ 1	JUN
Australia	NC	- 2	NC	JAN
France	NC	- 6	NC	JUN
Japan	NC	- 23	- 1	APR
Sweden	NC	- 3	- 3	DEC
Ireland	- 0.1	- 2	- 1	JUL
United States	- 0.1	- 162	- 2	JUL
Canada	- 0.2	- 25	- 2	JUN
Austria	- 0.2	- 6	- 4	JUN
Spain	- 0.3	- 39	- 1	APR
United Kingdom	- 0.5	- 130	- 5	JUL
Belgium	- 0.9	- 24	- 6	JUN

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

Month	UK		France		Germany		Italy		Spain	
	Level	Rate	Level	Rate	Level	Rate	Level	Rate	Level	Rate
Jan 87	3112	11.0	2613	10.6	2193	7.8	3238	13.9	2865	20.5
Feb	3067	10.9	2655	10.7	2189	7.8	3268	14.1	2879	20.6
Mar	3037	10.8	2676	10.7	2225	7.9	3263	14.0	2902	20.7
Apr	3021	10.7	2659	10.7	2226	7.9	3136	13.4	2906	20.3
May	2951	10.5	2661	10.7	2219	7.9	3233	13.8	2918	20.4
June	2922	10.4	2645	10.6	2240	7.9	3239	13.9	2922	20.4
July	2873	10.2	2638	10.6	2251	8.0	3297	14.2	2927	20.5
Aug	2826	10.0	2649	10.7	2246	8.0	3373	14.5	2920	20.4
Sep	2772	9.8	2597	10.5	2252	8.0	3376	14.5	2944	20.3
Oct	2714	9.6	2572	10.4	2249	8.0	3340	14.4	2961	20.4
Nov	2651	9.4	2546	10.4	2242	7.9	3335	14.3	2965	20.4
Dec	2614	9.3	2573	10.5	2257	8.0	3414	14.7	2980	20.5
Jan 88	2565	9.1	2578	10.5	2224	7.9	3422	14.8	2981	20.5
Feb	2533	9.0	2582	10.5	2230	7.9	3493	15.1	2957	20.3
Mar	2504	8.9	2535	10.3	2245	7.9	3528	15.2	2936	20.2
Apr	2453	8.7	2539	10.3	2264	8.0	3603	15.5	2916	20.1
May	2414	8.6	2559	10.4	2270	8.0				
Jun	2375	8.4	2578	10.5	2272	8.0				
Jul	2314	8.2								

COVERING PERSONAL AND CONFIDENTIAL



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Paul Gray
10 Downing Street
London
SW1A 2AA

16 August 1988

Dear Paul

I enclose our standard revised brief for unit wage and salary costs and productivity, which are to be issued on Thursday. The figures are personal and confidential until 11.30am Thursday, 18 August. I also enclose a final draft press notice to replace the draft sent yesterday.

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

Yours,

Angela.

ANGELA WILKINS
PRIVATE SECRETARY

COVERING PERSONAL AND CONFIDENTIAL

LABOUR MARKET STATISTICS: NOTES FOR PRIME MINISTER

The Prime Minister's Brief on Labour Market Statistics was circulated yesterday.

We have now received the latest figures for Unit Wage Costs and Productivity tables 11 and 13. Also included in the enclosed final draft press notice is a revised table 5a giving details of employees in employment by industries.

The enclosed Press notice is Personal and Confidential until Thursday 11.30am on 18 August 1988

STATS B

16 August 1988

18 August 1988

LABOUR MARKET STATISTICSSUMMARY STATISTICS

		Level	Change on previous period	Thousands Change on previous year
<u>Unemployment (UK)</u>				
Total (not seasonally adjusted)	July 14	2,327	- 14	- 580
Total (excluding school leavers)	July 14	2,314	- 59	- 559
<u>Workforce in employment (2) March Q1 1988</u>				
<u>Employees in employment</u>				
Services	March Q1 1988	14,792	+ 113	+ 419
Manufacturing	June Q2 1988	5,007	- 22	- 49
Manufacturing	June 1988	5,007	- 8	- 49
<u>Vacancies (UK at jobcentres)</u>	July 8	249	- 6	+ 14

Percentage change on previous year
(underlying increase)

Index of Average Earnings

Whole Economy	June	8½
Services	June	8½
Manufacturing	June	9

Notes

1. All figures seasonally adjusted GB except where otherwise stated.
2. The workforce in employment comprises employees in employment, the self-employed, HM Forces and participants in work-related government training programmes (see page 7).

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

Summary

Unemployment (UK seasonally adjusted excluding school leavers) fell by 58,500 in the month to July. Male unemployment decreased by 38,400 and female unemployment decreased, by 20,100. Over the past six months there has been a fall of 41,800 on average compared with a fall of 51,400 per month over the previous six months to January 1988.

The unadjusted unemployment total, decreased in July by 14,086 to 2,326,703. This includes 41,093 school leavers aged under 18. In July, total unemployment was 579,750 lower than a year ago.

The number of employees employed in manufacturing industry in Great Britain is estimated to have fallen by 8,000 in June and by 22,000 in the second quarter of 1988.

The latest estimates of the workforce in employment in the whole economy in Great Britain remain as published last month except for very slight positive revisions to reflect some late data now available. The workforce in employment is estimated to have increased by 119,000 in the first quarter of 1988 contributing to overall increases of 618,000 in the year to March 1988 and 2,140,000 in the five years since March 1983.

The stock of vacancies (UK seasonally adjusted excluding Community Programme) decreased by 5,800 in July to 249,400. Over the past six months there has been a minimal change to the vacancy.

The underlying increase in average earnings for the whole economy in the year to June was 8½ per cent, similar to the increase in the year to April.

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 58,500 to 2.314 million in July, 8.2 per cent of the workforce*.

Over the past six months on average unemployment has fallen by 41,800 per month.

The recorded total of unemployed claimants, including school leavers, decreased by 14,086 between June and July to 2,326,703 giving an unemployment rate of 8.2 per cent of the workforce*. Unemployment is 579,750 less than a year ago. The total included 41,093 school leavers, 22,829 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 workforce*	Average change over 6 months ended	Average change over 3 months ended
1987	Jul	2002.3	870.8	2873.1	-49.1	10.2	-39.9	-49.4
	Aug	1970.4	855.1	2825.5	-47.6	10.0	-40.2	-41.8
	Sep	1939.3	832.9	2772.2	-53.3	9.8	-44.2	-50.0
	Oct	1899.5	814.1	2713.6	-58.6	9.6	-51.3	-53.2
	Nov	1854.7	796.1	2650.8	-62.8	9.4	-50.0	-58.2
	Dec	1825.3	788.6	2613.9	-36.9	9.3	-51.4	-52.8
1988	Jan	1783.5	781.2	2564.7	-49.2	9.1	-51.4	-49.6
	Feb	1757.0	775.6	2532.6	-32.1	9.0	-48.8	-39.4
	Mar	1737.6	766.4	2504.0	-28.6	8.9	-44.7	-36.6
	Apr	1702.3	750.8	2453.1	-50.9	8.7	-43.4	-37.2
	May	1677.6	736.6	2414.2	-38.9	8.6	-39.4	-39.5
	Jun(r)	1651.3	721.1	2372.4	-41.8	8.4	-40.3	-43.9
	Jul(p)	1612.9	701.0	2313.9	-58.5	8.2 **	-41.8	-46.4

** The separate rate for males was 9.8 per cent, and for females 6.0 per cent.

* See note A5

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

(r) Revised

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UNTIL 11.30 a.m. ON 18.8.88...

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

		Male	Female	Number	Unemployment rate:percentage of workforce*	Claimant** school leavers
1987	Jul	2,008,482	897,971	2,906,453	10.3	63,922
	Aug	1,970,318	895,484	2,865,802	10.2	56,135
	Sep	1,973,776	896,419	2,870,195	10.2	92,406
	Oct	1,903,620	847,764	2,751,384	9.8	83,226
	Nov	1,865,842	819,741	2,685,583	9.5	69,408
	Dec	1,878,715	817,095	2,695,810	9.6	63,726
1988	Jan	1,892,698	829,456	2,722,154	9.7	62,797
	Feb	1,852,129	813,340	2,665,469	9.5	57,414
	Mar	1,803,143	788,978	2,592,121	9.2	52,110
	Apr	1,765,711	770,278	2,535,989	9.0	56,943
	May	1,692,052	734,822	2,426,874	8.6	52,659
	Jun	1,632,041	708,748	2,340,789	8.3	47,475
	Jul	1,606,313	720,390	2,326,703	8.2+	41,093

+ The separate rate for males was 9.7 per cent, and for females 6.2 per cent.

*See note A5.

** Excludes non claimant school leavers not yet entitled to benefit (see note A4).

TABLE 3: UNEMPLOYMENT - REGIONS July 14 1988

THOUSAND

	SEASONALLY ADJUSTED (P) (EXCLUDING SCHOOL LEAVERS)				UNADJUSTED (INCLUDING SCHOOL LEAVERS)			
	Total	Change since previous month	Unemployment rate percent- age of work- -force*	Change since previous month	Total	Change since previous month	Unemployment rate percent- age of work- -force*	School leavers
South East	495.5	-19.6	5.3	-0.2	494.8	-6.8	5.3	4.7
(Greater London)	(284.1)	(-9.0)	(6.6)	(-0.2)	(288.1)	(-2.7)	(6.7)	(2.9)
East Anglia	51.0	-1.8	5.0	-0.2	49.3	-1.6	4.9	.5
South West	135.8	-4.8	6.5	-0.2	129.0	-1.8	6.2	1.2
West Midlands	232.6	-6.0	8.8	-0.2	235.9	-1.6	9.0	4.5
East Midlands	145.2	-3.4	7.5	-0.2	145.7	-0.5	7.5	2.1
Yorks and Humberside	229.3	-5.4	9.6	-0.2	231.7	-2.1	9.7	5.3
North West	323.7	-7.3	10.7	-0.2	328.8	-0.7	10.9	6.4
North	175.6	-3.4	12.1	-0.2	176.7	-2.2	12.2	3.7
Wales	127.4	-3.1	10.7	-0.3	126.1	-1.0	10.6	2.4
Scotland	282.0	-3.9	11.4	-0.2	290.5	1.7	11.7	8.8
GREAT BRITAIN	2,198.1	-58.3	8.0	-0.2	2,208.5	-16.7	8.0	39.9
Northern Ireland	115.8	-0.2	16.6	-0.0	118.2	2.6	17.0	1.2
UNITED KINGDOM	2,313.9	-58.5	8.2	-0.2	2,326.7	-14.1	8.2	41.1

* See note A5

(P) Provisional see note A6

PERSONAL AND CONFIDENTIAL

UNTIL 11.30 a.m. ON 18.8.88.

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	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
	Feb	345.2	9.4	335.8	- 51.5	406.6	11.3	395.3	- 51.0
	Mar	313.0	7.2	305.9	- 27.8	392.5	9.3	383.2	- 36.7
	Apr	323.9	14.8	309.1	- 41.1	372.5	7.6	364.9	- 23.1
	May	276.7	9.5	267.2	- 31.7	394.9	10.8	384.1	- 30.6
	Jun	273.8	6.5	267.3	- 38.1	367.1	9.0	358.0	- 33.7
	Jul	347.5	6.6	340.9	- 77.5	359.7	9.1	350.5	- 65.2

PERSONAL AND CONFIDENTIAL
 UNTIL 11.30 a.m. ON 18.8.88

CONFIDENTIAL UNTIL 11.30AM ON 18 AUGUST 1988

EMPLOYMENT

The number of employees in employment in manufacturing industry (the new figures available this month) in Great Britain is estimated to have fallen by 8,000 in June 1988 and by 22,000 in the second quarter of 1988. The latest quarter's figures suggest that the trend is still downwards though not at the rate observed in 1986 and early 1987.

Figures for employees in the rest of the economy and the workforce in employment (employees in employment, the self-employed, HM Forces and participants in work related government training programmes) in Great Britain remain as reported in July except for a slight revision to reflect some late data now available. The workforce in employment is estimated to have increased by 618,000 in the year to March 1988 and by 2,140,000 in the five years since March 1983.

Recent figures are set out in Tables 5 and 5a.

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UNTIL 11.30 a.m. ON 18.8.88

Table 5: The Workforce in Employment in Great Britain *

Thousands, seasonally adjusted

		Employees in Employment			Self Employed **			HM Forces			Work related + government training programmes			Workforce ** in employment		
		Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total
1983	March	11,706	8,823	20,529	1,651	496	2,147	306	15	321	0	0	0	13,663	9,334	22,997
	June	11,674	8,882	20,556	1,652	508	2,160	306	16	322	3	5	8	13,635	9,411	23,046
	Sept	11,659	8,952	20,611	1,702	527	2,229	309	16	325	74	64	139	13,744	9,560	23,304
	Dec	11,645	9,025	20,670	1,751	547	2,298	309	16	325	96	82	178	13,801	9,670	23,471
1984	March	11,630	9,074	20,705	1,801	566	2,367	310	16	326	91	77	168	13,832	9,733	23,566
	June	11,625	9,097	20,722	1,850	586	2,435	310	16	326	91	78	168	13,875	9,776	23,652
	Sept	11,638	9,147	20,785	1,868	596	2,464	312	16	328	112	95	207	13,930	9,854	23,784
	Dec	11,688	9,201	20,888	1,886	606	2,493	311	16	327	109	91	200	13,994	9,914	23,908
1985	March	11,699R	9,249	20,948R	1,905	617	2,522	310	16	326	101	80	182	14,015	9,962	23,977R
	June	11,703	9,292	20,995	1,923	628	2,550	309	16	326	94	74	168	14,029	10,010	24,039
	Sept	11,694	9,339	21,033	1,926	628	2,554	309	16	326	120	100	221	14,049	10,084	24,133
	Dec	11,696	9,360	21,056	1,929	629	2,558	307	16	323	114	94	208	14,047	10,099	24,146
1986	March	11,662	9,403R	21,065	1,933	630	2,563	306	16	323	103	80	182	14,004R	10,128R	24,133R
	June	11,635	9,444	21,079	1,937	630	2,567	305	16	322	122	96	218	13,999	10,186	24,184
	Sept	11,611	9,487	21,098	1,977	648	2,625	306	16	323	151	125	276	14,046R	10,276	24,321
	Dec	11,588	9,559	21,147	2,018	665	2,684	304	16	320	148	119	268	14,059	10,359	24,418
1987	March	11,601	9,611R	21,212R	2,059	683	2,742	304	16	320	138	108	245	14,100R	10,418R	24,519R
	June	11,628R	9,686R	21,315R	2,099	701	2,801	302	16	319	171	132	303	14,201R	10,535R	24,736R
	Sept	11,642R	9,726R	21,367R	2,118	713	2,832	303	16	319	216	158	373	14,279R	10,612R	24,891R
	Dec	11,667R	9,816R	21,482R	2,137	725	2,863	301	16	317	209	147	356	14,314R	10,704R	25,018R
1988	March	11,708R	9,886R	21,593R	2,156	737	2,894	301	16	317	199	135	334	14,364R	10,774R	25,137R

* The workforce in employment comprises employees in employment, the self-employed, HM Forces, and participants in work related government training programmes.

** See notes B4 and B5.

+ See note B7

Estimates for work related government training programmes are not seasonally adjusted.

R = Revised to incorporate late data now available.

PERSONAL AND CONFIDENTIAL

UNTIL 11.30 a.m. ON 18.8.88.

TABLE 5a
EMPLOYEES IN EMPLOYMENT IN GREAT BRITAIN

Thousand: Seasonally adjusted

	Manufacturing Industries			Energy & Water Supply Industries			Service Industries		Other Industries		All Industries and Services	
	Levels	Changes		Levels	Changes		Levels	Changes	Levels	Changes	Levels	Changes
		Mon-thly	Three* monthly		Quar-terly	Mon-thly							Quar-terly
1986 March	Q1 5,204	- 9	-12	- 36	540	- 4	-18R	14,028R + 71	1,292R	- 9R	21,065	+ 9
June	Q2 5,146	-19	-19	- 58	530	- 4	-10	14,114 + 86R	1,288R	- 4R	21,079	+ 14
September	Q3 5,107	- 9	-13	- 39	519	- 2	-11	14,191 + 77	1,281	- 7R	21,098	+ 19
October	5,098	- 9	-11		516	- 3						
November	5,092	- 6	- 8		510	- 6						
December	Q4 5,084	- 8	- 8	- 23	509	- 1	-10	14,272 + 81	1,282	+ 1	21,147	+ 49
1987 January	5,065	-19	-11		501	- 8						
February	5,062	- 3	-10		499	- 2						
March	Q1 5,053	- 9	-10	- 31	494	- 5	-15R	14,373 +101	1,291R	+ 9R	21,212R	+ 65R
April	5,046	- 7	- 6		487	- 7						
May	5,052	+ 6	- 3		486	- 1						
June	Q2 5,056	+ 4	+ 1	+ 3	488	+ 2	- 6	14,475R +102R	1,296	+ 5R	21,315R	+103R
July	5,048	- 8	+ 1		484	- 4						
August	5,043	- 5	- 3		483	- 1						
September	Q3 5,034	- 9	- 7	- 22	485	+ 2	- 3	14,549R + 74R	1,300R	+ 4R	21,367R	+ 52R
October	5,032	- 2	- 5		479	- 6						
November	5,033	+ 1	- 3		477	- 2						
December	Q4 5,028	- 5	- 2	- 6	477	0	- 8	14,679R +130R	1,297R	- 3R	21,482R	+115R
1988 January	5,034	+ 6	+ 1		472	- 5						
February	5,035	+ 1	+ 1		467	- 5						
March	Q1 5,029	- 6	0	+ 1	462	- 5	-15	14,792R +113R	1,310	+13R	21,593R	+111R
April	5,016R	-13R	- 6R		452	-10						
May	5,015R	- 1R	- 7R		450	- 2						
June	Q2 5,007	- 8	- 7	- 22	451	+ 1	-11					

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

VACANCIES

The stock of unfilled vacancies at jobcentres (seasonally adjusted and excluding Community Programme vacancies) decreased by 5,800 in the month to July to reach 249,400. Over the past three months to July, seasonally adjusted vacancies have decreased on average by 1,400 per month.

Unadjusted, there was a decrease of 12,394 unfilled vacancies in the month to 286,906. There was a decrease of 1,113 Community Programme vacancies.

The inflow of notified vacancies increased on average by 300 per month in the three months ending July 1988, the outflow increased by 2,300 per month, and placings increased by 400 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	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
Feb		256.9	32.6	224.2	247.9	-1.6	-6.8	18.8
Mar		263.0	30.9	232.0	245.5	-2.4	-3.7	20.4
Apr		281.8	30.5	251.3	253.7	8.2	1.4	22.1
May		292.5	30.3	262.2	255.5	1.8	2.5	27.0
Jun		299.3	29.8	269.5	255.2	-0.3	3.2	30.7
Jul		286.9	28.7	258.2	249.4	-5.8	-1.4	32.3

* See note C1.

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

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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	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
	Feb	237.9	0.1	243.9	4.3	168.6	3.0
	Mar	237.3	0.4	238.6	-3.1	164.4	-1.7
	Apr	228.2	1.5	225.0	-1.3	154.0	-3.4
	May	231.7	-2.1	227.4	-5.5	158.8	-3.3
	Jun	231.2	-2.0	225.8	-4.3	155.3	-3.0
	Jul	229.0	0.3	231.9	2.3	155.1	0.4

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

		VACANCIES AT JOBCENTRES			THOUSAND		
		UNADJUSTED*		SEASONALLY ADJUSTED (EXCLUDING COMMUNITY PRO VACANCIES)		VACANCIES AT CAREERS OFFICES	
		TOTAL	Community Programme Vacancies	Total excluding Community Programme	Number	Change since previous month	UNADJUSTED
South East	102.3	3.9	98.3	95.0	-5.3	19.9	
(Greater London)	(31.9)	(2.0)	(30.0)	(29.5)	(-3.5)	(10.2)	
East Anglia	11.7	0.6	11.1	10.6	0.7	1.3	
South West	25.3	2.4	22.9	21.4	0.1	2.1	
West Midlands	28.6	4.4	24.2	23.9	0.2	2.1	
East Midlands	15.3	1.4	13.9	13.8	-0.3	1.8	
Yorks and Humberside	17.9	2.4	15.5	15.0	-0.1	1.2	
North West	27.0	2.8	24.2	23.5	-0.6	1.5	
North	15.4	3.8	11.5	11.2	-0.7	0.5	
Wales	16.0	2.9	13.1	12.5	-0.2	0.3	
Scotland	24.6	3.4	21.2	19.6	0.1	0.6	
GREAT BRITAIN	284.1	28.0	256.1	246.7	-6.0	31.3	
Northern Ireland	2.8	0.7	2.1	2.7	0.1	1.0	
UNITED KINGDOM	286.9	28.7	258.2	249.4	-5.8	32.3	

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

AVERAGE EARNINGS

The underlying increase in average weekly earnings in the year to June was about 8 1/2 per cent, similar to the increase in the year to the year to May.

The actual increase in the year to June, at 8.3 per cent, was below the estimated underlying increase, as several groups of workers did not receive pay increases in the twelve month period.

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				
November	191.2	190.2	8.1	7 3/4
December	193.4	191.3	7.4	7 3/4
1987				
January	190.4	192.8	7.6	7 1/2
February	191.2	193.4	7.4	7 1/2
March	194.5	194.8	6.7	7 1/2
April	196.0	197.4	6.5	7 3/4
May	198.1	198.5	8.7	7 3/4
June	200.0	198.1	7.7	7 3/4
July	203.1	201.3	8.1	7 3/4
August	201.6	201.3	7.6	7 3/4
September	201.4	201.8	7.9	7 3/4
October	203.4	203.8	8.0	8
November	207.3	206.3	8.5	8 1/4
December	210.3	208.0	8.7	8 1/2
1988				
January	206.9	209.5	8.7	8 1/2
February	206.7	209.2	8.2	8 1/2
March	213.1	213.3	9.5	8 1/2
April	213.6	215.1	9.0	8 1/2 R
May	213.2	213.6	7.6	8 1/2
June*	216.6	214.5	8.3	8 1/2

* Provisional

R Revised

In production industries, the underlying increase in average weekly earnings in the year to June was about 8 3/4 per cent, a rise of 1/4 per cent on the year to May, which has been revised down from 8 3/4 per cent. Within this sector, in manufacturing industries, the underlying increase in average weekly earnings in the year to June was about 9 per cent, a rise of 1/4 per cent on the year to May. 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 June were 8.4 per cent and 8.1 per cent respectively.

In service industries, the underlying increase in average weekly earnings in the year to June was about 8 1/2 per cent, similar to the increase in the year to May. The actual increase in the year to June was 8.2 per cent.

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

	Production industries*			Manufacturing industries**			Service industries***		
	Index January 1980=100	% increases over previous 12 months	seas adj: underlying	Index January 1980=100	% increases over previous 12 months	seas adj: underlying	Index January 1980=100	% increases over previous 12 months	seas adj: underlying
1987									
Apr	203.6	7.2	8	204.4	7.0	8	196.4	5.8	7 3/4
May	201.6	6.0	8	202.4	6.2	6	199.2	9.3	7 3/4
Jun	203.9	8.0	8 1/4	204.6	7.9	8 1/4	198.7	7.5	7 1/2
Jul	206.4	8.7	8 1/4	207.6	9.0	8 1/4	200.4	7.7	7 1/4
Aug	217.8	8.2	8 1/4	207.2	8.0	8 1/2	200.9	7.3	7 1/4
Sep	209.9	6.3	8 1/4	210.3	8.4	8 1/2	200.1	7.6	7 1/2
Oct	212.1	8.7	8 1/4	212.4	8.8	8 1/4	201.7	7.6	8
Nov	212.2	7.9	8 1/4	212.7	7.9	8 1/4	207.3	8.8	8 1/2
Dec	215.9	8.2	8 1/4	216.8	8.4	8 1/4	206.7	9.2	8 1/2
1988									
Jan	215.8	8.0	8 1/2	216.8	8.4	8 1/2	207.7	9.1	8 1/2
Feb	213.6	6.5	8 1/2	215.3	7.1	8 1/2	207.6	9.4	8 1/2
Mar	217.0	8.6	8 1/4	218.9	8.9	8 1/2	213.6	10.2	8 1/2
Apr	223.1	9.6	8 1/2	223.7	9.4	8 3/4	213.1	8.5	8 1/2
May	220.4	9.3	8 1/2 R	220.3	8.8	8 3/4	211.5	6.2	8 1/2
Jun(p)	220.9	8.3	8 3/4	221.5	8.2	9	214.9	8.2	8 1/2

p provisional

R revised

* 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 communications, Banking, finance, insurance, business services and leasing, Other services (including public administration, education, medical and other medical services, etc).

UNIT WAGE AND SALARY COSTS

In the three months ending June 1988, wages and salaries per unit of output in manufacturing industries were 1.4 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 about 7 1/4 per cent in productivity over this period (see Table 13).

In the first quarter of 1988, wages and salaries per unit of output in the whole economy were 5.9 per cent above the corresponding period of 1987. This increase was below the rise in average earnings in the whole economy as there was a rise of about 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 Q4	128.6	6.1	134.3	4.4
1986 Q1	131.8	8.9	136.7	6.3
Q2	131.1	7.1	137.9	6.3
Q3	130.6	3.7	138.6	4.2
Q4	130.6	1.6	140.6	4.7
1987 Q1	133.0	0.9	141.9	3.8
Q2	132.2	0.8	144.1	4.5
Q3	131.6	0.8	144.4	4.2
Q4	133.1	1.9	147.3	4.8
1988 Q1	133.6	0.5	150.3	5.9
Q2	134.1	1.4	..	..
1988 Jan	131.9	-2.2	..	..
Feb	134.5	1.9	..	..
Mar	134.5	1.8	..	..
Apr	135.8	2.1	..	..
May	132.1	0.8	..	..
Jun	134.5	1.4	..	..
3 months ending				
1988 Jan	132.9	0.5	..	..
Feb	133.7	0.7	..	..
Mar	133.6	0.5	..	..
Apr	134.9	1.9	..	..
May	134.1	1.6	..	..
Jun	134.1	1.4	..	..

CONFIDENTIAL UNTIL 11.30AM ON 18 AUGUST 1988
HOURS WORKED IN MANUFACTURING INDUSTRIES

Overtime working by operatives in manufacturing industries remained high, at 13.18 million hours per week in June.

Hours lost through short-time working in manufacturing industries remained very low, at 0.24 million hours per week in June.

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 104.2 in June 1988 giving an average of 104.3 over the three month period ending June 1988. 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	11.28	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	103.0
1987	Jan	11.47	0.57	102.8
	Feb	12.09	0.42	103.2
	Mar	12.27	0.36	103.4
	Apr	12.44	0.41	103.5
	May	12.38	0.37	103.5
	Jun	12.68	0.31	103.8
	Jul	12.49	0.35	103.6
	Aug	12.70	0.28	103.8
	Sep	12.96	0.24	104.0
	Oct	13.66	0.29	104.4
	Nov	13.58	0.38	104.3
	Dec	13.42	0.28	104.4
1988	Jan	14.48	0.25	105.0
	Feb	13.44	0.28	104.4
	Mar	13.40	0.23	104.4
	Apr	13.33R	0.22R	104.3R
	May	13.59R	0.23R	104.4R
	Jun	13.18	0.24	104.2

R = Revised

PRODUCTIVITY

Manufacturing output per head in the three months to June was 1.8 per cent higher than in the three months ending March and 7.2 per cent higher than in the same period a year earlier.

Output per head in the whole economy in the first quarter of 1988 was the same as in the previous quarter and 3.0 per cent higher than in the first quarter of 1987.

Recent figures are:

TABLE 13: OUTPUT PER HEAD seasonally adjusted

		Manufacturing		Whole Economy	
		Index 1980 = 100	Percentage increase on a year earlier	Index 1980 = 100	Percentage increase on a year earlier
1985	Q4	130.1	2.1	114.7	2.3
1986	Q1	129.3	-0.8	115.1	1.4
	Q2	132.2	0.5	116.5	1.6
	Q3	134.5	3.1	117.6	3.1
	Q4	138.4	6.4	118.2	3.1
1987	Q1	138.1	6.8	118.5	3.0
	Q2	141.1	6.7	119.6	2.7
	Q3	144.9	7.7	121.3	3.1
	Q4	147.1	6.3	122.0	3.2
1988	Q1	148.6	7.6	122.0	3.0
	Q2	151.3	7.2	..	..
1988	Jan	150.4	10.8	..	..
	Feb	146.5	5.1	..	..
	Mar	148.9	6.9	..	..
	Apr	150.7	7.1	..	..
	May	152.6	8.0	..	..
	Jun	150.7	6.7	..	..
3 months ending					
1988	Jan	148.3	7.6	..	..
	Feb	148.0	7.2	..	..
	Mar	148.6	7.6	..	..
	Apr	148.7	6.4	..	..
	May	150.7	7.3	..	..
	Jun	151.3	7.2	..	..

Industrial stoppages

In June 1988, it is provisionally estimated that 296 thousand working days were lost in the United Kingdom through stoppages of work due to industrial disputes. This compares with a provisional estimate of 113 thousand in May 1988, 345 thousand in June 1987 and an average of 588 thousand for June during the ten year period 1978 to 1987.

During the twelve months to June 1988 it is provisionally estimated that a total of 2,096 thousand working days were lost through stoppages of work due to industrial disputes. During this twelve month period a total of 786 stoppages have been provisionally recorded as being in progress, involving a total of 491 thousand workers. The comparable figures for the twelve months to June 1987 were 3,639 thousand lost working days, 1,140 stoppages in progress and 961 thousand workers.

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

	<u>Working days lost (thousand)</u>	<u>Number of Stoppages</u>	<u>Workers involved (thousand)</u>
1987			
Jun	345	104	157
Jul	214	93	61
Aug	43	71	22
Sep	56	84	19
Oct	76	96	24
Nov	127	108	80
Dec	60	72	35
1988			
Jan(p)	102	86	43
Feb(p)	669	119	153
Mar(p)	255	93	44
Apr(p)	85	33	16
May(p)	113	53	41
Jun(p)	296	52	43

Cumulative totals

12 months to June 1987	3,639	1,140	961
12 months to June 1988(p)	2,096	786	491

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

GENERAL SYMBOLS

UNTIL 11.30 a.m. ON ...18:8:88...

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", income support (formerly supplementary benefit upto April 1988) 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 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 July 1988 these numbered 96,015 in Great Britain and 102,595 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 July 1988 these numbered 3,516 in Great Britain and 4,528 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. Until last year a special supplementary count of those registering at Careers Offices was provided in June, July and August the months mainly affected. The change in benefit regulations from September 1988 and the associated expansion of YTS will mean that most people under 18 will no longer be able to claim Income Support and the special count would therefore no longer provide an indication of those likely to claim benefit in the Autumn. This count has therefore been discontinued.

A5. National and regional unemployment rates are now calculated by expressing the number of unemployed as a percentage of the estimated total workforce (the sum of employees in employment, unemployed claimants, self-employed, HM Forces and participants on work-related government training programmes) at mid-1987. See page 56 of the August 1988 edition of *Employment Gazette* for further details. The inclusion of trainees in work related programmes in the base reduces the unemployment rate by some 0.1 percentage points on average. 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 July 1988 were 11.6 per cent for males and 6.7 per cent for females, 9.4 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, 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 the *Employment Gazette*, March 1988 page 144.

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

B7. Estimates of numbers on work related government training programmes consist of those participants in programmes and schemes who in the course of their participation in the programmes receive training in the context of a workplace but are not employees, self-employed or HM Forces. At present it covers most YTS participants without contracts of employment (the small proportion, about 2 per cent, whose training does not include work experience with an employer are excluded) and the participants on the new JTS. The estimates are not seasonally adjusted.

B8. The workforce in employment which comprises employees in employment, the self-employed, HM forces and participants on work related government schemes was introduced in the July 1988 issue of this press notice. See page 56 of the August 1988 edition of *Employment Gazette* for further details.

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 June 1988. The next analysis will appear in the September 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 21 June. For further information, see *Employment Gazette*, May 1986, page 172.

E2. See note G2.

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 21 June. 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. The employed labour force comprises employees in employment, the self employed and armed forces.

G2. The calculation of the productivity (and hence the unit wage cost) series is not affected by the changes to the employment series. The present calculation, using a denominator which excludes participants on work related training schemes, provides a better indicator of productivity (and wage cost) trends than would the revised employment series. This is because of the smallness of the scheme participants' contribution to output, the fact that some of the contribution will be excluded from the national accounts measure of output, and practical difficulties in the way of producing an analysis of participants.

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.

PERSONAL AND CONFIDENTIAL
 until 11.30am on Thursday 18 August
 thereafter CONFIDENTIAL

FROM: P L PATTERSON
 DATE: 17 August 1988

is always wary to put a lot of weight on figures for a single month. Nevertheless some commentators might interpret the very large fall in seasonally adjusted unemployment in July as more evidence that the economy is

1. MR SEDGWICK

cc

Chancellor (+ 1 for No.10)

2. PAYMASTER GENERAL

Chief Secretary

Mr Burr

Financial Secretary

Mr Gieve

Economic Secretary

Mr Hibberd

Sir P Middleton

Mr Meyrick

Sir T Burns

Mr Pickford

Mr Monck

Mr Bush

Mr Scholar

Mr Darlington

Mr Burgner

Mr Dyer

Mr Odling-Smee

Mr Hudson

Mr Peretz

Mr O'Brien

Mr Cropper

Mr Tyrie

Mr Call

HB/001

COMBINED RELEASE OF LABOUR MARKET STATISTICS ON 18 AUGUST

Summary Statistics (seasonally adjusted GB unless otherwise stated)

	Thousands	Level	Change on previous period	Change on previous year
<u>Unemployment (UK) July</u>				
Total (excl. school leavers)		2,314	-59	-559
Total (not seasonally adjusted: 'Headline Total')		2,327	-14	-580
<u>Vacancies (UK) July</u>		249	- 6	+ 14
<u>Workforce in employment 1988Q1</u>		25,137	+119	+618
<u>Manufacturing employees June</u>		5,007	- 8	-49

Percentage change on previous year

Index of average earnings, June

Whole economy, underlying (actual)	8½ (8.3)
Manufacturing, underlying (actual)	9 (8.2)
Service industries, underlying (actual)	8½ (8.2)

Wage and salary costs per unit of output

Whole economy, 1988Q1	5.9*
Manufacturing, 1988Q2	1.4

Output per head

Whole economy, 1988Q1	3.0*
Manufacturing, 1988Q2	7.2

* no change from last month's figures

ASSESSMENT AND COMMENT

2. This month's indicators confirm the continuing strength of the labour market and provide little evidence of any slowing down in the rapid rate of growth in the economy. The fall in seasonally adjusted adult unemployment of 59,000 in July completes two years of continuous monthly decline and is the largest fall since November 1987. Before that there were larger falls in both October and May of last year, but otherwise this is the largest monthly fall since 1970 (and probably since the War). On its own this month's figure should not be taken as a departure from the recent downward trend of around 40,000 a month, the average fall over the past six months, though given their reaction to other recent indicators some commentators could well take it as further evidence of very rapid growth of demand and output. DE think the trend is being only marginally affected by administrative factors (including the extension of availability testing to Restart interviewees from April), while the effect of employment and training measure has been diminishing in recent months. The stock of vacancies fell back a little in July (the fall was concentrated in the South East, particularly London, and should perhaps therefore be treated with caution). The inflow of new vacancy notifications probably gives a better indication of the state of the labour market, and this remains high and relatively stable. Although the number of manufacturing employees fell slightly in June (bringing a total fall of 22,000 in 1988Q2) this may be erratic and overtime working in manufacturing remains high. The underlying increase in whole economy average earnings in the year to June remains at 8½ per cent, now unchanged for 7 consecutive months.

3. [NOT FOR USE: The full (quarterly) analysis of unemployment by age and duration in July is not due to be published until Tuesday 23 August. A preliminary estimate of the number of long-term unemployed (claimants unemployed for more than a year) suggests a further substantial fall of more than 70,000 in the quarter since April, bringing the total well below a million.]

4. [NOT FOR USE: DE estimate that settlements in the year to June have contributed nearly 0.7 percentage points, ie virtually all, of the increase in whole economy underlying earnings growth from 7½ to 8½ per cent over this period. The contribution in June itself was 0.3 percentage points, largely the result of the nurses' pay settlement. This was countered by low bonus payments in the services sector (mainly in financial services) in June, to leave the

underlying increase in service sector earnings unchanged from May at 8½ per cent. There are usually no significant bonus payments in July and August, and thus no downward influence from this source to offset the continuing impact of the nurses' deal. As there are few large settlements in the summer months, DE expect this effect to push the increase in whole economy underlying earnings up to 8¾ per cent in July (with services increasing by 9 per cent).]

THE FIGURES IN DETAIL

Unemployment

5. Seasonally-adjusted adult unemployment (excluding school leavers) fell by 59,000 in July to 2.314 million (8.2 per cent of the workforce). The fall over the last six months has averaged around 40,000 a month.
6. The 'headline' total fell by 14,000 to 2.327 million, also 8.2 per cent of the workforce.
7. The stock of vacancies at Jobcentres (seasonally adjusted) fell by nearly 6,000 between June and July to 249,000, still 6 per cent higher than a year earlier.
8. Points of interest:
 - (a) Seasonally adjusted total at lowest level for over 7 years (since June 1981).
 - (b) Seasonally adjusted total has fallen for twenty-four months in succession since July 1986, by 896 thousand in total. This is the longest period of continuous decline in unemployment since the War.
 - (c) Fallen by 559,000 over past year.
 - (d) Fall in 'headline' total of 580,000 compared with year ago, largest annual fall on record.

(e) School leaver unemployment (under 18s), at 41,000 claimants in July, was 23,000 (or 36 per cent) lower than a year ago; down by nearly two-thirds in last 5 years (July 1983: 116,000).

(f) Unemployment continues to fall in all regions. Over the past twelve months unemployment rates have fallen faster than average in the West Midlands, the North West, the North and Wales, but there have been significant falls in all regions, including Northern Ireland.

(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 2.1 percentage points over past year, compared with falls of 0.7 in US, 0.4 in Japan, 0.3 in France, and rise of 0.1 in Germany. UK unemployment lower than EC average.

(h) Seasonal influences tend to be modest between July and August, and assuming a continuation of the current downward trend there should be a further fall in the headline total in August.

Employment

9. The number of employees in employment in manufacturing industries is estimated to have fallen by 8,000 in June, resulting in a fall of 22,000 in 1988Q2 as a whole. In the light of other indicators showing the buoyancy of manufacturing this figure may be erratic and it remains the view that the downward trend in the number of manufacturing jobs has levelled off. In the twelve months to June, there was an average reduction in manufacturing employment of only 4,000 a month.

10. There are no new figures for the whole economy workforce in employment this month but there have been slight revisions to earlier figures, bringing the increase in the five years since March 1983 to 2,140,000.

Other features

11. The provisional estimate of the underlying increase in whole economy average earnings in the year to June is unchanged from the May figure of 8½ per cent. The underlying increase in whole economy average earnings has now been at 8½ per cent for the last seven months. In the manufacturing sector, the increase in underlying earnings in June rose by ¼ percentage point to 9 per cent, reflecting higher bonus payments than a year ago, as well as a significant but diminishing effect from high overtime. The increase in underlying earnings in the services sector in June is unchanged from May at 8½ per cent. The June figure includes an adjustment to allow for the whole of the 1988 nurses' pay award including the regrading increases (an addition to the wage bill of 15.3 per cent, as costed by the pay review board), although only a 4 per cent increase has been paid so far. This did not increase the underlying earnings figure in June because it was offset by low bonus payments in the services sector.

12. The level of overtime working in manufacturing remains high at 13.18 million hours a week in June, a little down from that in earlier months but still well above the average level of 12.4 million hours in the first 9 months of 1987.

13. In manufacturing, output per head in 1988Q2 was over 7 per cent higher than a year earlier, and unit wage and salary costs rose by less than 1½ per cent. These figures reflect upward revisions to the series for manufacturing output which were published on Monday 15 August.

MANUFACTURING: Percentage increases on year earlier

		Average earnings	Output per head	Unit wage and salary costs
1987	Q1	7.8	6.8	0.9
	Q2	7.7	6.7	0.8
	Q3	8.5	7.7	0.8
	Q4	8.4	6.3	1.9
1988	Q1	8.1	7.6	0.5
	Q2	8.8	7.2	1.4

Peter Patterson

PETER PATTERSON



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 GWYDYR HOUSE
 WHITEHALL LONDON SW1A 2ER
 Tel. 01-270 3000 (Switsfwrdd)
 01-270 0538 (Llinell Union)
 Oddi wrth Ysgrifennydd Gwladol Cymru

WELSH OFFICE
 GWYDYR HOUSE
 WHITEHALL LONDON SW1A 2ER
 Tel. 01-270 3000 (Switchboard)
 01-270 (Direct Line)
 From The Secretary of State for Wales

The Rt Hon Peter Walker MBE MP

CONFIDENTIAL

CT/12361/88

18 August 1988

Did you find x?

Dear Secretary of State

EMPLOYMENT STATISTICS

Thank you for your letter of 20 July. With regard to the proposed new methodology, my concern relates solely to the wisdom of making such a move before we are in a position to put up a robust defence of the new figures which emerge. We can be sure that the calculation of local unemployment rates on the basis of "an allowance" for the self employed will be criticised as "a further effort to massage the figures".

*pl Bf 5/9
12/9
PMP*

We will come under pressure to reveal the allowances for self employment that have been made at travel-to-work-area level - allowances that can hardly be regarded as very firm. Beyond that, we will be asked to explain why we feel able to make this change now when, seemingly, it could not be made at a more logical time in 1986. I am not aware of any real explanation that could be offered for that.

We have managed to live fairly easily with the national/local inconsistency since July 1986 and I can see no convincing reason for inviting a further attack on the credibility of unemployment statistics at this particular time. Much better, I would have thought, to wait the relatively short time until 1990 when we should be in a much stronger position to explain and defend the change in methodology and to derive maximum political advantage from its effects.

/I am ...

Rt Hon Norman Fowler MP
 Secretary of State for Employment

CH/EXCHEQUER	
REC.	19 AUG 1988
ACTION	MR MONCK
INITIALS	CST
	SIR P. MIDDLETON
	SIR T. BURRIS
	MR BURRIS
	MR PICKFORD
	MR HIBBERD
	MR METRICK
	MR CALL

✓ 19/8



I am copying this to the Prime Minister, the Chancellor of the Exchequer, the Secretaries of State for Northern Ireland, Scotland and Trade and Industry, the Paymaster General, the Chief Secretary and the Head of the Government Statistical Service.

Yours sincerely

Keith Davies

Approved by the Secretary of State and signed in his absence



MP

CH/EXCHEQUER	
REC.	05SEP1988
ACTION	CST ✓ S/9
COPIES TO	

PRIME MINISTER

EMPLOYMENT TRAINING: LEGAL PROCEEDINGS AGAINST LIVERPOOL CITY COUNCIL

I have today started proceedings in the High Court against Liverpool City Council because of their unlawful efforts to prevent voluntary organisations and others from participating in the new Employment Training programme. I am seeking a declaration that they have acted unlawfully and an immediate injunction to restrain them from threatening organisations which want to play a part in Employment Training with the loss of Council funds and the withdrawal of Council facilities.

... I have issued the attached press release explaining the grounds on which I am taking this action. I understand that a hearing has now been fixed for 2 pm on Thursday 8 September.

I am sending copies of this minute to all members of the Cabinet, the Chief Whip and Sir Robin Butler.

N F

5 September 1988

PRIME MINISTER



CH/EXCHEQUER	
REC.	06 SEP 1988
ACTION	CST
COPIES TO	

EMPLOYMENT TRAINING

You will have seen that the launch of Employment Training on 1 September went well and received a great deal of useful and ...favourable publicity. I am enclosing a copy of the publicity package on the new programme.

Employment Training seems likely to remain in the news because the TUC is to debate its attitude to the programme tomorrow (7 September). One of the two motions due to be debated instructs the General Council of the TUC to withdraw its support from ET. If this or a similar motion is passed I shall respond immediately on the lines I have already used in briefing the press.

You and other colleagues will be interested to see that the press has been virtually unanimous in urging the TUC to continue to support Employment Training, whatever their reservations about the programme. This is true even of papers which do not generally ...support our policies. I enclose a number of recent leading articles.

I am sending copies of this minute and the attachments to all members of the Cabinet, the Chief Whip and Sir Robin Butler.

N F

6 September 1988

FROM: PETER CURWEN
DATE: 7 SEPTEMBER 1988

Jim Hibberd
7/9/88

- 1. MR HIBBERD
- 2. CHANCELLOR

cc Mr Sedgwick
Mr Gieve
Mr Hudson
Mr Patterson
Mr O'Brien

WHOLE ECONOMY EMPLOYMENT

You asked whether the latest estimate of whole economy employment is at an all-time high.

2. You will recall that a new standard measure of whole economy employment called 'workforce in employment' was introduced in July of this year. It differs from the old measure of employment (the employed labour force) by the addition of participants in 'work-related Government training programmes'. Consistent series on both the new and old bases are available back to 1959.

3. The workforce in employment (GB, seasonally adjusted) in 1988Q1 is estimated to be 25,137,000 - an all-time high. However, the employed labour force in 1988Q1 is 82,000 below its all-time peak figure of 24,886,000 recorded in 1979Q4.

4. To claim, now, an all-time peak in employment (which is primarily the result of a definitional change) might therefore leave us open to the charge of "fiddling the figures". Given that risk, it may be better to wait until the employed labour force passes its ^{previous} peak, which if recent trends are sustained will be in the near future, before claiming the record.

Peter S. Curwen

PETER S CURWEN

I think P. Curwen may be overcautious here. If we're only 82,000 short on Q1 data, we must be ahead by now (Q2 figures not available for a few weeks), and we're already ahead on one measure.

I agree. Useful for Pty Conf. Spch. (More people in work than Govt figures) but I am puzzled by no fig @ X, since the latest blue book (Table 16.1) shows 25.3m at mid-1987 (cf 25.4m @ mid-1979).

X

C.

SECRET

000288



8/9/88 MP

PRIME MINISTER

*John
12/9/88*

REC.	- 9 SEP 1988
AC N	Mr Burns
	Cx Mr Anson,
	Mr Monck, Mr Bingham,
	Mr Edwards, Mr Potter,
	Mr Kelton, Mr Call

FUTURE OF THE TRAINING COMMISSION

As you will have seen the TUC on Wednesday of this week voted to withdraw support from Employment Training and institute a campaign of opposition to it. I have already made it clear that Employment Training will go ahead as planned and we are taking all possible steps to minimise the effect of the TUC boycott. As I have also indicated, the decision strikes at the basis of the Training Commission as a tripartite body.

In spite of their decision, I do not expect the TUC to withdraw their members from the Commission in the near future. This will mean that the three TUC Commissioners will be sitting on the Commission and overseeing a programme, Employment Training, which constitutes well over half the Commission's budget, and to which they have a declared policy of active opposition. This is clearly an intolerable position.

The Legislative Position

I have no power to remove the TUC Commissioners simply because of the decision taken at Congress this week. Nor can I abolish the Commission without primary legislation. However, under the Employment Act 1988 the Training Commission has virtually no statutory functions or duties of its own. It exercises its functions on my behalf. Under the Act I have power, without consultation, to take back the functions of the Training Commission including Employment Training, and to operate them from within the Department.

I propose to do this forthwith. This will safeguard the operation of our training programmes and leave the Training Commission as a shadow body virtually without functions and without any staff. Abolition of the Training Commission can be achieved by adding about five clauses to the Bill which I already have authority to introduce in the coming session and I hope the Lord President would be content with this.

SECRET

SECRET



Timing

I believe it is necessary to make an early announcement of this transfer of functions in order to keep the initiative and prevent the TUC from interfering further in the operation of Employment Training. There are a number of Commission meetings involving the TUC which are due to take place in the next few weeks. The first of these meetings, which is specifically to discuss Employment Training is scheduled for next Friday (16 September).

If these meetings go ahead the TUC could well try to exploit them to embarrass the Government. An early announcement will make it possible to cancel these meetings and forestall any attempt by the TUC to obscure the clear cut decision taken at Congress last week by taking up negotiating positions and pressing for radical changes in Employment Training. It will also resolve the uncertainty which the TUC's decision has created, not least amongst the organisations which are contracted to provide places for Employment Training.

I therefore would propose to make an announcement on Tuesday 13 September of my intention to take back the Commission's functions and introduce legislation to abolish the Commission.

The Longer Term

I am giving urgent consideration to the organisational arrangements which should follow abolition of the Commission and I will be putting a paper to colleagues shortly. I envisage announcing these arrangements in a White Paper to be published at the end of October. Taking the Commission's functions back into the Department of Employment will not close any options for the future but for the reasons I have indicated I believe it is now operationally imperative to end the TUC's direct involvement in our training programmes.

I should be grateful to know if you are content for me to proceed in this way and in particular for me to make an announcement next Tuesday on the lines I have indicated above.

SECRET

SECRET



I am sending copies of this minute to the members of E(A), the Secretary of State for Education and Science, the Chief Whip and Sir Robin Butler.

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

N F

8 September 1988

SECRET

*Ppr. pl
(try 6/F)*

FROM: PETER CURWEN
DATE: 9 SEPTEMBER 1988

Jim Hibberd

1. MR HIBBERD

2. CHANCELLOR 14/2

cc Mr Sedgwick
Mr Gieve
Mr Hibberd
Mr Hudson
Mr Patterson
Mr O'Brien

WHOLE ECONOMY EMPLOYMENT

You asked how the workforce in employment figures contained in my minute to you of 7 September related to the mid-year estimates shown in table 16.1 of the Blue Book.

2. The Blue Book figures are UK, unadjusted for seasonal variation. However, Department of Employment press notices always quote employment figures on the basis of GB, seasonally adjusted and my minute to you adopted this generally accepted convention.

3. The first estimate of the workforce in employment in 1988Q2 will be published on Thursday, 13 October.

*The day of your speech.
But we get the figures the previous Monday, and nobody doubts they will show an all-time peak.*

Peter, S. Curwen

PETER S CURWEN

ANH

*John
Soy*

6 F 16.9



FROM: A P HUDSON

DATE: 9 SEPTEMBER 1988

MR CURWEN

cc Mr Sedgwick
Mr Gieve
Mr Hibberd
Mr Patterson
Mr O'Brien

WHOLE ECONOMY EMPLOYMENT

The Chancellor was grateful for your 7 September minute.

2. He feels confident about claiming that there are "more people in work than ever before", both on the basis of the workforce in employment, and on the basis that, since the employed labour force definition was only 82,000 below the peak in 1988Q1, it must by now be above the peak. He would be grateful to know when the Q2 figures are published.

3. He also notes that the figure in the latest Blue Book (Table 16.1) shows that the workforce in employment was 25.3 million in mid-1987, compared to 25.400 million in mid-1979. Please could you explain how this relates to the figure in your paragraph 3?

A handwritten signature in black ink, appearing to be "A P HUDSON".

A P HUDSON

bf P.H. 10.10



FROM: A P HUDSON
DATE: 12 September 1988

MR CURWEN

cc Mr Sedgwick
Mr Gieve
Mr Hibberd
Mr Patterson
Mr O'Brien

WHOLE ECONOMY EMPLOYMENT

The Chancellor was grateful for your 9 September minute. He looks forward to seeing the first estimate of the Q2 figures on Monday 10 October.

A handwritten signature consisting of the letters "A.P.H." in a stylized, cursive script.

A P HUDSON

SECRET



DEPARTMENT OF EDUCATION AND SCIENCE
 ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH
 TELEPHONE 01-934 9000
 FROM THE MINISTER OF STATE

MP

2

CH/EXCHEQUER	
REC.	12 SEP 1988
ACTION	CST
COPIES TO	

12/9

The Rt Hon Norman Fowler MP
 Secretary of State for Employment
 Department of Employment
 Caxton House
 Tothill Street
 LONDON SW1

12 September 1988

Dear Norman.

FUTURE OF THE TRAINING COMMISSION

I have seen your minute of 8 September to the Prime Minister about the future of the Training Commission. I am responding during Kenneth Baker's absence abroad.

I agree with your proposal to make an early announcement that you are taking back the functions of the Training Commission. We cannot allow the TUC Commissioners to make trouble at forthcoming meetings on Employment Training.

Kenneth Baker and I shall be very interested in your proposals for the organisational arrangements to follow abolition of the Commission. The relationship between education and training is necessarily close. As you know, the Department has worked with the Commission on several important initiatives in schools and colleges. Similar cooperation will need to be built into any future arrangements.

Arrangements for cooperation will also be needed during the interim period when the Commission's functions are with the Department of Employment. No doubt your officials will keep in close touch with ours on the many Commission programmes that directly affect the education sector.

I am sending copies of this letter to the Prime Minister, the members of E(A), the Chief Whip and Sir Robin Butler.

Angela Rumbold

ANGELA RUMBOLD

SECRET

SECRET



MP.

CH/EXCHEQUER	
REC.	12 SEP 1988
ACTION	CST ✓ 12/9
COPIES TO	

PRIME MINISTER

FUTURE OF THE TRAINING COMMISSION

Norman Fowler's minute of 8 September seeks agreement that his statement tomorrow should include an announcement that legislation will be introduced to abolish the Training Commission, following the interim step of taking back the Commission's functions into his Department.

As Norman says, these provisions can be added to the Employment Bill that already has a place for next Session and I confirm, on behalf of QL, that I am content with this. I must record, however, that this agreement is on the basis that some five clauses are indeed all that is required. Any greater expansion of the Bill could well have implications for the rest of the programme.

I am sending copies of this minute to members of E(A) and QL, the Secretary of State for Education and Science and Sir Robin Butler.

Alexis Smith

PP JW

(approved by the Lord President and signed in his absence).

12 September 1988

SECRET

dti

the department for Enterprise

SECRET

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

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

[Handwritten signature]
**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 DWL/ALE
Your ref
Date 12 September 1988

CH/EXCHEQUER	
REC.	12SEP1988
ACTION	CST <i>12/9</i>
COPIES TO	

Dear Secretary of State

FUTURE OF THE TRAINING COMMISSION

I fully support your proposal to remove TUC influence over Employment Training by transferring the functions of the Training Commission back to the Department of Employment.

This change will give us a fresh opportunity to look again at our arrangements for vocational education and training and I welcome your view that your announcement will not close any options for the future.

I am sending copies of this letter to the Prime Minister, Members of E(A), Kenneth Baker and David Waddington and to Sir Robin Butler.

Yours sincerely

Neil Rank

(Approved by the Secretary of State
and signed in his absence)

COVERING PERSONAL AND CONFIDENTIAL



py

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-273 **5803**
Switchboard 01-273 3000 Telex 915564
GTN Code 273 Facsimile 01-273 5124

Paul Gray Esq
10 Downing Street
LONDON
SW1A 2AA

12 September 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 personal and confidential until 11.30 on 15 September and confidential thereafter.

I am copying this to Alex Allan (Treasury), Sir Peter Middleton (Treasury), Mr Hibbert (CSO), John Footman (Bank of England), Trevor Woolley (Cabinet Office), Neil Thornton (DTI), Sir Brian Hayes (DTI), David Crawley (Scottish Office), Russell Hillhouse (Scottish Office), Stephen Williams (Welsh Office), David Watkins (Northern Ireland Office) David Fell (Department of Economic Development, Northern Ireland Office), and Andrew Dunlop (No 10 Policy Unit).

Sincerely,

Angela

ANGELA WILKINS
Private Secretary

COVERING PERSONAL AND CONFIDENTIAL

2/14

- 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.

CONFIDENTIAL

A1(i)

LABOUR MARKET STATISTICS

Summary

Unemployment fell a further 45,000 in August, maintaining this year's downward trend of over 40,000 a month. Other indicators of the strength of the labour market are the continued high level of overtime worked by manufacturing employees and the 9% underlying increase in average earnings in the year to July. There was a fall in the stock of vacancies at Jobcentres, but this is almost certainly due to administrative factors. Also the number of employees in manufacturing industry continued to edge downward.

Unemployment

UK unemployment (seasonally adjusted claimants excluding school leavers) fell further, by 45,400 between July and August. This is the 25th consecutive monthly fall. Since July 1986 the series has now fallen by 943,000. The level of 2.267 million in August is the lowest since May 1981 (on a consistent basis). The unemployment rate fell to 8.0 per cent of the workforce. Key figures and comparisons are attached separately.

The recent falls in unemployment reflect the strength of the labour market. The trend may be affected slightly by various administrative influences, including the extension of availability testing to Restart interviewees from April. But set against this, the effect on the count of employment and training measures - in particular the contribution of the Community Programme - has diminished slightly in recent months.

Regional comparisons

Unemployment has continued to fall in all regions over the past 12 months. Unemployment rates have fallen faster than average in the West Midlands, the North West, Wales and the North.

Headline total

The UK headline claimant total (unadjusted including school leavers) fell by nearly 36,000 to 2.291 million in August (8.1 per cent of the workforce), 575,000 lower than a year ago. There were 36,000 school leavers aged under 18 included in the total, 20,000 or 36% lower than a year ago.

Bad
with

September figures Thereafter confidential.

The headline total in September will be affected by the change in regulations for claimants aged under 18. Virtually no new school leavers will have joined the count in September, their traditional month of entry. The seasonal rise in the adult count in September will probably be insufficient to offset the current downward trend, and a fall in the headline total is likely. In October most of the remaining claimants aged under 18 (ie those who left school before this summer) will also be ineligible for benefit. There will be consequential effects on the existing seasonally adjusted series, which will be revised. A separate brief attached gives further details.

Employment

The number of employees in manufacturing industry in Great Britain is estimated to have fallen by 4,000 in July following a fall of 22,000 in the second quarter of 1988. In the first quarter of this year employment in manufacturing was estimated to have increased by 1,000 and following a slowing of the rate of decrease in manufacturing employment during 1987 it appeared that the trend might be levelling out. The latest figures suggest that the trend is still downwards though not at the rate observed in 1986 and early 1987.

Figures for employees in the rest of the economy and the workforce in employment (employees in employment, the self employed, HM Forces and participants on work related government training programmes) in Great Britain remain as reported in August except for slight revisions - reflecting some late data now to hand - to service employment. The workforce in employment is estimated to have increased by 117,000 in the first quarter of 1988 and by 2,139,000 in the five years between March 1983, when the upward trend first began, and March 1988.

Overtime working by operatives in manufacturing industries remain high with an estimated 13.74 million hours per week worked in July. Hours lost through short-time working in manufacturing industries remain low, 0.31 million hours per week in July.

Vacancies

The stock of unfilled vacancies (UK jobcentres, seasonally adjusted excluding Community Programme) fell by 8,300 to 241,100 in the month to August. While these figures remain fairly high the recent trend has been downward. However, the reduction has been concentrated in temporary and

Thereafter confidential.

part-time vacancies. The Employment Service have confirmed that the progressive change in priorities in Jobcentres to concentrate on meeting the needs of long term unemployed people may have led to a loss of market share for certain types of vacancy. The slight downward trend in Jobcentre vacancies is unlikely to reflect a basic weakening in the jobs market.

Average Earnings

The estimate of the underlying increase in earnings for the whole economy for July is 9 per cent, an increase of $\frac{1}{4}$ per cent on the revised level in June 1988 (up from $8\frac{1}{2}$ to $8\frac{3}{4}$ per cent). The rate has thus risen $\frac{1}{2}$ per cent in two months. The estimate for the production industries is unchanged from the revised June 1988 level of 9 per cent, and the estimate for manufacturing is also unchanged at 9 per cent. For service industries, the estimated underlying increase in average earnings is up $\frac{1}{4}$ per cent on the revised figure for June and also stands at 9 per cent. Here again the rate has risen $\frac{1}{2}$ per cent in two months.

The rises for the whole economy and the services sector were anticipated last month. Higher overtime and bonuses have maintained the increases in manufacturing and production at last month's levels while the further effects of the nurses' settlement coupled with more buoyant bonus payments in the services sector than of late, contributed to the rise in the services sector.

If July's high level of overtime working continues into August, the underlying rate for manufacturing could edge up to $9\frac{1}{4}$ per cent. If services also reach $9\frac{1}{4}$ per cent through increased bonuses, the whole economy figure is also likely to move up a further $\frac{1}{4}$ per cent.

Next Labour Market Figures

The next labour market brief will be issued on Monday 10th October in advance of the press release on Thursday 13th October. It will contain unemployment data for the 8th September, the workforce in employment for the second quarter, manufacturing employment and average earnings for August and vacancies for the 2nd September.

Unemployment in August UNTIL 11.30 a.m. ON 15.9.88
seasonally adjusted (UK)
 Down 45,400 in August

Now 2.267 million, 8.0%
 Down 25 months running, longest continuous fall since the war
 Largest sustained fall on record, down 943,000 since July 1986.

Lowest level for over 7 years (since May 1981, consistent)

Fall in last 12 months 559,000

Fall of 655,000 since election June 1987

Fall of 44,000 per month over last six months

Total (inc. school leavers)(UK)

Now 2.291 million (8.1%)

Down 36,000 since July

Fall in last 12 months 575,000

Regional unemployment

Fall in all regions of UK over last year: rates fallen most in West Midlands, North West, Wales and North.

Youth unemployment (UK)

School leavers in August 36,000 36% lower than a year ago. Down by 68% in last 5 years (August 1983 112,000).

Under 25s also lowest for more than 5 years in July. Down by 37% in past two years.

Latest EC unemployment comparison for under 25s (June 88) showed UK 13.0% compared with EC average 20.4% (Lower than all other EC countries except Denmark, Germany and Luxembourg).

International comparisons

UK rate fallen faster in past year than any other major industrialised country. UK unemployment lower than EC average. Latest international rates show unemployment higher in France (10.4%), Italy (12.3%), Belgium (10.1%), Netherlands (9.7%), Spain (19.4%) and Ireland (18.8%). (Comparable UK 8.4%)

Manufacturing employees (GB)

Decreased by 4,000 in July following fall of 22,000 in Q2 1988. Suggests trend still downwards though not at rate observed in 1986 and early 1987.

Employees in employment (GB)

Increased by more than 1 million in five years to March 1988; increased every quarter since March 1983

Workforce in employment (GB)

(= employees in employment + self-employed + HM Forces + participants on work-related government training programmes)

Increase since March 1983:	2,139,000
of which:	
employees	1,063,000
self-employed	747,000
training schemes	334,000

Workforce in employment has been on upward trend for 5 years. (These estimates show a small fall of 13,000 between Dec 1985 and March 1986).

Increase in year to March 1988:

	Men	Women	Total
Full-time	128,000	174,000	302,000
Part-time*	133,000	183,000	316,000
Total	261,000	357,000	617,000

*including participants in training programmes

Vacancies (UK)

Unfilled vacancies at Jobcentres 241,100 in August, down 8,300 since July and only 2% higher than a year ago

Survey in January showed over 700,000 vacancies in the economy overall. Only about 1/3 vacancies reported to jobcentres.

Average earnings (GB)

Underlying increase in average earnings in year to July 9%.

Long-term unemployment (UK)

948,000 in July, below a million for the first time in more than 5 years. Fell by a record 290,000 in 12 months since July 1987 and by 400,000 in 2 years since July 1986.

Long term unemployment among under 25s down by 47% over past 2 years.

Effect of measures on unemployment count

- participants in employment measures fallen 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. Success may be some time after interview.
- Availability testing will discourage some people not interested in getting work; cannot estimate how many.
- Those on schemes are not unemployed. They are in jobs or training.

Fiddling the figures

Only 6 changes affecting unemployment count since 1979: 3 statistical and 3 administrative including only 2 changes to compilation.

Seasonally adjusted unemployment series is consistent and allows comparisons of trend over time: nothing to hide

Flows out of unemployment

- Some 400,000 per month leave count. Over a quarter of those becoming unemployed leave within the first month, over half leave within 3 months.
- job starts: 7½ million per year (1987) includes employed and unemployed equivalent to about 30,000 every working day.

Work related government training programmes

= Participants in programmes and schemes who receive training in the context of a workplace and are not employees or self-employed. Inclusion of these people in total employment is consistent with ILO guidelines. Includes most YTS and all JTS participants. Employment Training will also be included.

Part-time employment

- Rise in part-time employment (51%* of increase in employment in year to March.) sign of increased flexibility in the labour market.
- * Participants on work related government training programmes regarded as part-time.
- 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.

International comparisons of employment

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

International definition of unemployment

Latest OECD standardised rates, show UK unemployment at 8.4% (June)

Labour Force Survey (GB)

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

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)

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LABOUR MARKET STATISTICSSUMMARY STATISTICS

		Level	Change on previous period	<u>Thousands</u> Change on previous year
<u>Unemployment (UK)</u>				
Total (not seasonally adjusted)	August 11	2,291	- 36	- 575
Total (excluding school leavers)	August 11	2,267	- 45	- 559
<u>Workforce in employment (2)</u>	March Q1 1988	25,136	+ 117	+ 617
<u>Employees in employment</u>				
Services	March Q1 1988	14,792	+ 111	+ 419
Manufacturing	June Q2 1988	5,007	- 22	- 49
Manufacturing	June 1988	5,003	- 4	- 45
<u>Vacancies (UK at jobcentres)</u>	August 5	241	- 8	+ 4

Percentage change on previous year
(underlying increase)

Index of Average Earnings

Whole Economy	July	9
Services	July	9
Manufacturing	July	9

Notes

1. All figures seasonally adjusted GB except where otherwise stated.
2. The workforce in employment comprises employees in employment, the self-employed, HM Forces and participants in work-related government training programmes.

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

Summary

Unemployment (UK seasonally adjusted excluding school leavers) fell by 45,400 in the month to August. Male unemployment decreased by 26,300 and female unemployment decreased, by 19,100. Over the past six months there has been a fall of 44,300 on average compared with a fall of 48,800 per month over the previous six months to February 1988.

The unadjusted unemployment total, decreased in August by 35,528 to 2,291,175. This includes 35,906 school leavers aged under 18. In August, total unemployment was 574,627 lower than a year ago.

The number of employees employed in manufacturing industry in Great Britain is estimated to have fallen by 4,000 in July and following a fall of 22,000 in the second quarter of 1988.

The latest estimates of the workforce in employment in the whole economy in Great Britain remain as published in August except for slight revisions to reflect some late data now available. The workforce in employment is estimated to have increased by 117,000 in the first quarter of 1988 contributing to overall increases of 617,000 in the year to March 1988 and 2,139,000 in the five years since March 1983.

The stock of vacancies (UK seasonally adjusted excluding Community Programme) decreased by 8,300 in August to 241,100. Over the past six months there has been a decrease of 1,000 per month on average.

The underlying increase in average earnings for the whole economy in the year to July was 9 per cent a rise of $\frac{1}{4}$ per cent on the year to June, which itself has been revised upwards from $8\frac{1}{2}$ per cent.

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 45,400 to 2.267 million in August, 8.0 per cent of the workforce*.

Over the past six months on average unemployment has fallen by 44,300 per month.

The recorded total of unemployed claimants, including school leavers, decreased by 35,528 between July and August to 2,291,175 giving an unemployment rate of 8.1 per cent of the workforce*. Unemployment is 574,627 less than a year ago. The total included 35,906 school leavers, 20,229 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 workforce*	Average change over 6 months ended	Average change over 3 months ended
1987 Aug	1970.4	855.1	2825.5	-47.6	10.0	-40.2	-41.8
Sep	1939.3	832.9	2772.2	-53.3	9.8	-44.2	-50.0
Oct	1899.5	814.1	2713.6	-58.6	9.6	-51.3	-53.2
Nov	1854.7	796.1	2650.8	-62.8	9.4	-50.0	-58.2
Dec	1825.3	788.6	2613.9	-36.9	9.3	-51.4	-52.8
1988 Jan	1783.5	781.2	2564.7	-49.2	9.1	-51.4	-49.6
Feb	1757.0	775.6	2532.6	-32.1	9.0	-48.8	-39.4
Mar	1737.6	766.4	2504.0	-28.6	8.9	-44.7	-36.6
Apr	1702.3	750.8	2453.1	-50.9	8.7	-43.4	-37.2
May	1677.6	736.6	2414.2	-38.9	8.6	-39.4	-39.5
Jun	1651.3	721.1	2372.4	-41.8	8.4	-40.3	-43.9
Jul (r)	1612.0	700.3	2312.3	-60.1	8.2	-42.1	-46.9
Aug (p)	1585.7	681.2	2266.9	-45.4	8.0 **	-44.3	-49.1

** The separate rate for males was 9.6 per cent, and for females 5.8 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 workforce*	Claimant** school leavers
1987	Aug	1,970,318	895,484	2,865,802	10.2	56,135
	Sep	1,973,776	896,419	2,870,195	10.2	92,406
	Oct	1,903,620	847,764	2,751,384	9.8	83,226
	Nov	1,865,842	819,741	2,685,583	9.5	69,408
	Dec	1,878,715	817,095	2,695,810	9.6	63,726
1988	Jan	1,892,698	829,456	2,722,154	9.7	62,797
	Feb	1,852,129	813,340	2,665,469	9.5	57,414
	Mar	1,803,143	788,978	2,592,121	9.2	52,110
	Apr	1,765,711	770,278	2,535,989	9.0	56,943
	May	1,692,052	734,822	2,426,874	8.6	52,659
	Jun	1,632,041	708,748	2,340,789	8.3	47,475
	Jul	1,606,313	720,390	2,326,703	8.2	41,093
	Aug	1,576,548	714,627	2,291,175	8.1+	35,906

+ The separate rate for males was 9.5 per cent, and for females 6.1 per cent.

*See note A5.

** Excludes non claimant school leavers not yet entitled to benefit (see note A4).

TABLE 3: UNEMPLOYMENT - REGIONS August 11 1988

THOUSAND

	SEASONALLY ADJUSTED (P) (EXCLUDING SCHOOL LEAVERS)				UNADJUSTED (INCLUDING SCHOOL LEAVERS)			
	Total	Change since previous month	Unemployment rate percent- age of work- -force*	Change since previous month	Total	Change since previous month	Unemployment rate percent- age of work- -force*	School leavers
South East (Greater London)	478.0 (276.0)	-16.5 (-7.8)	5.1 (6.4)	-0.2 (-0.2)	486.7 (284.5)	-8.0 (-3.6)	5.2 (6.6)	4.2 (2.6)
East Anglia	49.6	-1.3	4.9	-0.1	48.0	-1.3	4.7	.5
South West	132.1	-3.5	6.3	-0.2	127.6	-1.4	6.1	1.1
West Midlands	228.0	-4.5	8.7	-0.2	233.0	-2.9	8.8	3.9
East Midlands	142.1	-3.0	7.3	-0.2	142.9	-2.8	7.3	1.9
Yorks and Humberside	226.2	-3.0	9.5	-0.1	228.2	-3.6	9.6	4.6
North West	319.8	-4.1	10.6	-0.1	325.7	-3.1	10.8	5.7
North	172.6	-3.0	11.9	-0.2	172.5	-4.2	11.9	3.2
Wales	124.8	-2.5	10.4	-0.2	124.1	-2.0	10.4	2.1
Scotland	278.7	-3.3	11.2	-0.1	285.1	-5.4	11.5	7.7
GREAT BRITAIN	2,152.0	-44.6	7.8	-0.2	2,173.7	-34.8	7.9	34.8
Northern Ireland	114.9	-0.8	16.5	-0.1	117.5	-0.7	16.9	1.1
UNITED KINGDOM	2,266.9	-45.4	8.0	-0.2	2,291.2	-35.5	8.1	35.9

* 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			School leavers	School leavers		
1987	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
	Feb	345.2	9.4	335.8	- 51.5	406.6	11.3	395.3	- 51.0
	Mar	313.0	7.2	305.9	- 27.8	392.5	9.3	383.2	- 36.7
	Apr	323.9	14.8	309.1	- 41.1	372.5	7.6	364.9	- 23.1
	May	276.7	9.5	267.2	- 31.7	394.9	10.8	384.1	- 30.6
	Jun	273.8	6.5	267.3	- 38.1	367.1	9.0	358.0	- 33.7
	Jul	347.5	6.6	340.9	- 77.5	359.7	9.1	350.5	- 65.2
	Aug	311.6	4.9	306.7	- 69.8	350.1	7.3	342.7	- 66.8

PERSONAL AND CONFIDENTIAL
UNTIL 11.30 a.m. ON 15.9.88

CONFIDENTIAL UNTIL 11.30AM ON 15 SEPTEMBER 1988

EMPLOYMENT

The number of employees in employment in manufacturing industry (the new figures available this month) in Great Britain is estimated to have fallen by 4,000 in July 1988 following a fall of 22,000 in the second quarter of 1988. The latest figures suggests that the trend is still downwards though not at the rate observed in 1986 and early 1987.

Figures for employees in the rest of the economy and the workforce in employment (employees in employment, the self-employed, HM Forces and participants in work related government training programmes) in Great Britain remain as reported in August except for slight revisions to reflect some late data now available. The workforce in employment is estimated to have increased by 617,000 in the year to March 1988 and by 2,139,000 in the five years since March 1983.

Recent figures are set out in Tables 5 and 5a.

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Table 5: The Workforce in Employment in Great Britain *

Thousands, seasonally adjusted

		Employees in Employment			Self Employed **			HM Forces			Work related + government training programmes			Workforce ** in employment		
		Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total
1983	March	11,706	8,823	20,529	1,651	496	2,147	306	15	321	0	0	0	13,663	9,334	22,997
	June	11,674	8,882	20,556	1,652	508	2,160	306	16	322	3	5	8	13,635	9,411	23,046
	Sept	11,659	8,952	20,611	1,702	527	2,229	309	16	325	74	64	139	13,744	9,560	23,304
	Dec	11,645	9,025	20,670	1,751	547	2,298	309	16	325	96	82	178	13,801	9,670	23,471
1984	March	11,630	9,074	20,705	1,801	566	2,367	310	16	326	91	77	168	13,832	9,733	23,566
	June	11,625	9,104R	20,729R	1,850	586	2,435	310	16	326	91	78	168	13,875	9,783R	23,658R
	Sept	11,638	9,147	20,785	1,868	596	2,464	312	16	328	112	95	207	13,930	9,854	23,784
	Dec	11,688	9,201	20,888	1,886	606	2,493	311	16	327	109	91	200	13,994	9,914	23,908
1985	March	11,699	9,249	20,948	1,905	617	2,522	310	16	326	101	80	182	14,015	9,962	23,977
	June	11,703	9,292	20,995	1,923	628	2,550	309	16	326	94	74	168	14,029	10,010	24,039
	Sept	11,694	9,339	21,033	1,926	628	2,554	309	16	326	120	100	221	14,049	10,084	24,133
	Dec	11,696	9,360	21,056	1,929	629	2,558	307	16	323	114	94	208	14,047	10,099	24,146
1986	March	11,662	9,403	21,065	1,933	630	2,563	306	16	323	103	80	182	14,004	10,128	24,133
	June	11,635	9,444	21,079	1,937	630	2,567	305	16	322	122	96	218	13,999	10,186	24,184
	Sept	11,611	9,487	21,098	1,977	648	2,625	306	16	323	151	125	276	14,046	10,276	24,321
	Dec	11,588	9,559	21,147	2,018	665	2,684	304	16	320	148	119	268	14,059	10,359	24,418
1987	March	11,601	9,611	21,212	2,059	683	2,742	304	16	320	138	108	245	14,100	10,418	24,519
	June	11,628	9,686	21,315	2,099	701	2,801	302	16	319	171	132	303	14,201	10,535	24,736
	Sept	11,642	9,727R	21,369R	2,118	713	2,832	303	16	319	216	158	373	14,279	10,614R	24,892R
	Dec	11,667	9,817R	21,483R	2,137	725	2,863	301	16	317	209	147	356	14,314	10,705R	25,019R
1988	March	11,705R	9,887R	21,592R	2,156	737	2,894	301	16	317	199	135	334	14,361R	10,775R	25,136R

* The workforce in employment comprises employees in employment, the self-employed, HM Forces, and participants in work related government training programmes.

** See notes B4 and B5.

+ See note B7

Estimates for work related government training programmes are not seasonally adjusted.

R = Revised to incorporate late data now available.

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TABLE 5a
EMPLOYEES IN EMPLOYMENT IN GREAT BRITAIN

Thousand: Seasonally adjusted

		Manufacturing Industries			Energy & Water Supply Industries			Service Industries		Other Industries		All Industries and Services		
		Levels	Changes			Levels	Changes		Levels	Changes	Levels	Changes	Levels	Changes
			Mon-thly	Three* monthly	Quar-terly		Mon-thly	Quar-terly						
1986	March	Q1 5,204	- 9	-12	- 36	540	- 4	-18	14,028	+ 71	1,292	- 9	21,065	+ 9
	June	Q2 5,146	-19	-19	- 58	530	- 4	-10	14,114	+ 86	1,288	- 4	21,079	+ 14
	September	Q3 5,107	- 9	-13	- 39	519	- 2	-11	14,191	+ 77	1,281	- 7	21,098	+ 19
	December	Q4 5,084	- 8	- 8	- 23	509	- 1	-10	14,272	+ 81	1,282	+ 1	21,147	+ 49
1987	January	5,065	-19	-11		501	- 8							
	February	5,062	- 3	-10		499	- 2							
	March	Q1 5,053	- 9	-10	- 31	494	- 5	-15	14,373	+101	1,291	+ 9	21,212	+ 65
	April	5,046	- 7	- 6		487	- 7							
	May	5,052	+ 6	- 3		486	- 1							
	June	Q2 5,056	+ 4	+ 1	+ 3	488	+ 2	- 6	14,475	+102	1,296	+ 5	21,315	+103
	July	5,048	- 8	+ 1		484	- 4							
	August	5,043	- 5	- 3		483	- 1							
	September	Q3 5,034	- 9	- 7	- 22	485	+ 2	- 3	14,550R	+ 75R	1,300	+ 4	21,369R	+ 54R
	October	5,032	- 2	- 5		479	- 6							
	November	5,033	+ 1	- 3		477	- 2							
	December	Q4 5,028	- 5	- 2	- 6	477	0	- 8	14,681R	+131R	1,297	- 3	21,483R	+114R
1988	January	5,034	+ 6	+ 1		472	- 5							
	February	5,035	+ 1	+ 1		467	- 5							
	March	Q1 5,029	- 6	0	+ 1	462	- 5	-15	14,792	+111R	1,309R	+12R	21,592R	+109R
	April	5,016	-13	- 6		452	-10							
	May	5,015	- 1	- 7		450	- 2							
	June	Q2 5,007	- 8	- 7	- 22	451	+ 1	-11						
	July	5,003	- 4	- 4		447	- 4							

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

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VACANCIES

The stock of unfilled vacancies at jobcentres (seasonally adjusted and excluding Community Programme vacancies) decreased by 8,300 in the month to August to reach 241,100. Over the past three months to August, seasonally adjusted vacancies have decreased on average by 4,800 per month.

Unadjusted, there was a decrease of 16,813 unfilled vacancies in the month to 270,093. There was a decrease of 2,624 Community Programme vacancies.

The inflow of notified vacancies decreased on average by 2,500 per month in the three months ending August 1988, the outflow increased by 1,500 per month, and placings decreased by 1,100 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	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
	Feb	256.9	32.6	224.2	247.9	-1.6	-6.8	18.8
	Mar	263.0	30.9	232.0	245.5	-2.4	-3.7	20.4
	Apr	281.8	30.5	251.3	253.7	8.2	1.4	22.1
	May	292.5	30.3	262.2	255.5	1.8	2.5	27.0
	Jun	299.3	29.8	269.5	255.2	-0.3	3.2	30.7
	Jul	286.9	28.7	258.2	249.4	-5.8	-1.4	32.3
	Aug	270.1	26.1	244.0	241.1	-8.3	-4.8	31.6

* See note C1.

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

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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	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
	Feb	237.9	0.1	243.9	4.3	168.6	3.0
	Mar	237.3	0.4	238.6	-3.1	164.4	-1.7
	Apr	228.2	1.5	225.0	-1.3	154.0	-3.4
	May	231.7	-2.1	227.4	-5.5	158.8	-3.3
	Jun	231.2	-2.0	225.8	-4.3	155.3	-3.0
	Jul	229.0	0.3	231.9	2.3	155.1	0.4
	Aug	224.3	-2.5	231.8	1.5	155.4	-1.1

TABLE 8: *UNFILLED VACANCIES - REGIONS - 5 August 1988

THOUSAND

	VACANCIES AT JOBCENTRES UNADJUSTED*			SEASONALLY ADJUSTED (EXCLUDING COMMUNITY PROGRAMME VACANCIES)		VACANCIES AT CAREERS OFFICES
	TOTAL	Community Programme Vacancies	Total excluding Community Programme	Number	Change since previous month	UNADJUSTED
South East	95.6	3.5	92.1	91.5	-3.5	19.8
(Greater London)	(29.4)	(1.6)	(27.8)	(28.7)	(-0.8)	(9.9)
East Anglia	11.0	0.5	10.5	10.2	-0.4	1.1
South West	22.4	2.1	20.3	19.8	-1.6	2.1
West Midlands	26.7	4.1	22.6	22.4	-1.5	1.9
East Midlands	14.8	1.2	13.6	13.6	-0.2	1.5
Yorks and Humberside	17.2	2.1	15.1	14.9	-0.1	1.3
North West	25.7	2.4	23.3	23.3	-0.2	1.4
North	14.7	3.4	11.3	10.9	-0.3	0.6
Wales	15.2	2.5	12.6	12.1	-0.4	0.4
Scotland	24.1	3.4	20.7	20.0	0.4	0.6
GREAT BRITAIN	267.4	25.4	242.1	238.6	-8.1	30.6
Northern Ireland	2.6	0.7	1.9	2.6	-0.1	1.0
UNITED KINGDOM	270.1	26.1	244.0	241.1	-8.3	31.6

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

PERSONAL AND CONFIDENTIAL

UNTIL 11.30 a.m. ON 15.9.88.

AVERAGE EARNINGS

The underlying increase in average weekly earnings in the year to July was about 9 per cent, a rise of 1/4 per cent on the increase in the year to June, which has been revised upwards from 8 1/2 per cent. The actual increase in the year to July, at 8.4 per cent, was below the estimated underlying increase, as several groups of workers did not receive pay increases in the twelve month period.

In common with other economic series published by Government Departments the average earnings series have been rebased to 1985 = 100. The seasonally adjusted series have also been recalculated using updated seasonal factors. The rebased series from 1983 will be published in the October edition of the Employment Gazette.

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

	Seasonally adjusted			
	Index 1985 = 100	Index 1985 = 100	Percentage increase over previous 12 months	Underlying % increase over previous 12 months
1987				
January	110.9	112.2	7.6	7 1/2
February	111.4	112.9	7.5	7 1/2
March	113.3	113.3	6.6	7 1/2
April	114.2	114.3	6.4	7 3/4
May	115.4	115.5	8.7	7 3/4
June	116.5	115.8	7.7	7 3/4
July	118.3	117.1	8.0	7 3/4
August	117.4	117.2	7.7	7 3/4
September	117.3	117.5	7.9	7 3/4
October	118.5	118.9	8.1	8
November	120.7	120.3	8.4	8 1/4
December	122.5	121.2	8.8	8 1/2
1988				
January	120.5	121.9	8.6	8 1/2
February	120.4	122.1	8.1	8 1/2
March	124.1	124.1	9.5	8 1/2
April	124.4	124.5	8.9	8 1/2
May	124.2	124.3	7.6	8 1/2
June	125.9	125.1	8.1	8 3/4 R
July*	128.2	126.8	8.3	9

* Provisional

R Revised

In production industries, the underlying increase in average weekly earnings in the year to July was about 9 per cent, similar to the increase in the year to June, which has been revised upwards from 8 3/4 per cent. Within this sector, in manufacturing industries, the underlying increase in average weekly earnings in the year to July was also about 9 per cent, similar the increase in the year to June. 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 July were 8.3 per cent and 8.2 per cent respectively.

In service industries, the underlying increase in average weekly earnings in the year to July was about 9 per cent, a rise of 1/4 per cent on the increase in the year to June. The actual increase in the year to July was 8.2 per cent.

The indices have been rebased to 1985 = 100 and the seasonal factors have been revised. The rebased series from 1983 onwards will be published in the October edition of the Employment Gazette.

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

	Production industries*			Manufacturing industries**			Service industries***		
	Index 1985= 100	% increases over previous 12 months		Index 1985= 100	% increases over previous 12 months		Index 1985= 100	% increases over previous 12 months	
		seas adj	under- lying		seas adj	under- lying		seas adj	under- lying
1987 Apr	114.9	7.2	8	114.5	6.9	8	114.1	5.7	7 3/4
May	115.5	8.2	8	114.7	8.1	8	116.3	9.4	7 3/4
Jun	116.0	8.0	8 1/4	115.7	7.9	8 1/4	116.0	7.6	7 1/2
Jul	117.2	8.7	8 1/4	116.9	9.0	8 1/4	116.8	7.7	7 1/4
Aug	117.9	8.1	8 1/4	117.0	8.0	8 1/2	116.8	7.3	7 1/4
Sep	119.0	8.3	8 1/4	118.2	8.5	8 1/2	116.5	7.6	7 1/2
Oct	120.2	8.7	8 1/4	119.4	8.5	8 1/4	118.3	7.6	8
Nov	120.4	7.9	8 1/4	119.8	8.0	8 1/4	120.5	8.8	8 1/2
Dec	121.9	8.1	8 1/4	121.4	8.3	8 1/4	120.6	9.3	8 1/2
1988 Jan	122.0	8.0	8 1/2	121.7	8.4	8 1/2	121.4	9.1	8 1/2
Feb	121.1	6.4	8 1/2	121.1	7.1	8 1/2	122.1	9.5	8 1/2
Mar	123.4	8.6	8 1/4	123.3	8.8	8 1/2	124.4	10.2	8 1/2
Apr	126.0	9.6	8 1/2	125.2	9.4	8 3/4	123.7	8.5	8 1/2
May	126.3	9.4	8 1/2	124.9	8.9	8 3/4	123.5	6.2	8 1/2
Jun	125.3	8.0	9 R	125.0	8.0	9	125.5	8.2	8 3/4 R
Jul(p)	127.0	8.3	9	126.5	8.2	9	126.4	8.2	9

p provisional R revised

* 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 communications; Banking, finance, insurance, business services and leasing; Other services (including public administration, education, medical and other medical services, etc).

THIS PAGE WILL BE REVISED PRIOR TO PUBLICATION TO TAKE ACCOUNT OF UPDATED AND REVISED MANUFACTURING UNIT WAGE COST ESTIMATES WHICH WILL THEN AVAILABLE. ESTIMATES FOR WAGES AND SALARIES PER UNIT OF OUTPUT IN THE WHOLE ECONOMY WILL BE PUBLISHED SEPARATELY ON 21 SEPTEMBER, TO COINCIDE WITH THE RELEASE OF GDP(O) FIGURES BY THE C.S.O.

UNIT WAGE AND SALARY COSTS

In the three months ending June 1988, wages and salaries per unit of output in manufacturing industries were 1.4 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 about 7 1/4 per cent in productivity over this period (see Table 13).

The series has been rebased this month to 1985 = 100, in common with economic series published by other Government Departments.

Recent figures are:

TABLE 11: WAGES AND SALARIES PER UNIT OF OUTPUT.

----- Manufacturing -----		
	Index 1980= 100	Percentage increase on a year earlier

1985 Q4	128.6	6.1
1986 Q1	131.8	8.9
Q2	131.1	7.1
Q3	130.6	3.7
Q4	130.6	1.6
1987 Q1	133.0	0.9
Q2	132.2	0.8
Q3	131.6	0.8
Q4	133.1	1.9
1988 Q1	133.6	0.5
Q2	134.1	1.4
1988 Jan	131.9	-2.2
Feb	134.5	1.9
Mar	134.5	1.8
Apr	135.8	2.1
May	132.1	0.8
Jun	134.5	1.4
3 months ending		
1988 Jan	132.9	0.5
Feb	133.7	0.7
Mar	133.6	0.5
Apr	134.9	1.9
May	134.1	1.6
Jun	134.1	1.4

CONFIDENTIAL UNTIL 11.30AM ON 15 SEPTEMBER 1988
HOURS WORKED IN MANUFACTURING INDUSTRIES

Overtime working by operatives in manufacturing industries remained high, at 13.74 million hours per week in July.

Hours lost through short-time working in manufacturing industries remained low, at 0.31 million hours per week in July.

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 101.2 in July 1988 giving an average of 101.1 over the three month period ending July 1988. 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 1985 = 100)
		Millions per week	Millions per week	R
1986	Aug	11.77	0.43	99.7
	Sep	11.68	0.43	99.6
	Oct	11.77	0.81	99.4
	Nov	12.06	0.48	99.7
	Dec	11.62	0.51	99.7
1987	Jan	11.47	0.57	99.6
	Feb	12.09	0.42	100.0
	Mar	12.27	0.36	100.2
	Apr	12.44	0.41	100.3
	May	12.38	0.37	100.2
	Jun	12.68	0.31	100.5
	Jul	12.49	0.35	100.4
	Aug	12.70	0.28	100.6
	Sep	12.96	0.24	100.7
	Oct	13.66	0.29	101.1
	Nov	13.58	0.38	101.0
	Dec	13.42	0.28	101.2
1988	Jan	14.48	0.25	101.7
	Feb	13.44	0.28	101.1
	Mar	13.40	0.23	101.2
	Apr	13.33	0.22	101.0
	May	13.59	0.23	101.2
	Jun	13.18	0.24	100.9
	Jul	13.74	0.31	101.2

R = Revised The index of average hours has been rebased 1985 = 100.0 to conform with other economic statistics.

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PRODUCTIVITY

THIS PAGE WILL BE REVISED PRIOR TO PUBLICATION TO TAKE ACCOUNT OF UPDATED AND REVISED MANUFACTURING PRODUCTIVITY ESTIMATES WHICH WILL THEN BE AVAILABLE. ESTIMATES FOR THE WHOLE ECONOMY WILL BE PUBLISHED SEPARATELY ON 21 SEPTEMBER, WHEN GDP(O) FIGURES ARE RELEASED BY THE C.S.O.

Manufacturing output per head in the three months to June was 1.8 per cent higher than in the three months ending March and 7.3 per cent higher than in the same period a year earlier.

The series has been rebased this month to 1985 = 100, in common with economic series published by other Government Departments.

Recent figures are:

TABLE 13: OUTPUT PER HEAD seasonally adjusted

		Manufacturing	
		Index 1980 = 100	Percentage increase on a year earlier
1985	Q4	130.1	2.1
1986	Q1	129.3	-0.8
	Q2	132.2	0.5
	Q3	134.5	3.1
	Q4	138.4	6.4
1987	Q1	138.1	6.8
	Q2	141.1	6.7
	Q3	144.9	7.7
	Q4	147.1	6.3
1988	Q1	148.6	7.6
	Q2	151.3	7.2
1988	Jan	150.4	10.8
	Feb	146.5	5.1
	Mar	148.9	6.9
	Apr	150.7	7.1
	May	152.6	8.0
	Jun	150.7	6.7
3 months ending			
1988	Jan	148.3	7.6
	Feb	148.0	7.2
	Mar	148.6	7.6
	Apr	148.7	6.4
	May	150.7	7.3
	Jun	151.3	7.2

Industrial stoppages

UNTIL 11.30 a.m. ON 15.9.88

In July 1988, it is provisionally estimated that 344 thousand working days were lost in the United Kingdom through stoppages of work due to industrial disputes. This compares with a provisional estimate of 308 thousand in June 1988, 214 thousand in July 1987 and an average of 506 thousand for July during the ten year period 1978 to 1987.

During the twelve months to July 1988 it is provisionally estimated that a total of 2,225 thousand working days were lost through stoppages of work due to industrial disputes. During this twelve month period a total of 775 stoppages have been provisionally recorded as being in progress, involving a total of 462 thousand workers. The comparable figures for the twelve months to July 1987 were 3,787 thousand lost working days, 1,125 stoppages in progress and 981 thousand workers.

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

	Working days lost (thousand)	Number of Stoppages	Workers involved (thousand)
1987			
Jul	214	93	61
Aug	43	71	22
Sep	56	84	19
Oct	76	96	24
Nov	127	108	80
Dec	60	72	35
1988			
Jan(p)	105	87	45
Feb(p)	650	119	144
Mar(p)	257	93	48
Apr(p)	86	40	17
May(p)	115	59	43
Jun(p)	308	66	47
Jul(p)	344	58	36
<u>Cumulative totals</u>			
12 months to July 1987	3,787	1,125	981
12 months to July 1988(p)	2,225	775	462

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

GENERAL SYMBOLS

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", income support (formerly supplementary benefit upto April 1988) 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 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 11 August 1988 these numbered 96,285 in Great Britain and 103,244 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 11 August 1988 these numbered 2,414 in Great Britain and 3,206 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. Until last year a special supplementary count of those registering at Careers Offices was provided in June, July and August the months mainly affected. The change in benefit regulations from September 1988 and the associated expansion of YTS will mean that most people under 18 will no longer be able to claim Income Support and the special count would therefore no longer provide an indication of those likely to claim benefit in the Autumn. This count has therefore been discontinued.

A5. National and regional unemployment rates are now calculated by expressing the number of unemployed as a percentage of the estimated total workforce (the sum of employees in employment, unemployed claimants, self-employed, HM Forces and participants on work-related government training programmes) at mid-1987. See page 56 of the August 1988 edition of *Employment Gazette* for further details. The inclusion of trainees in work related programmes in the base reduces the unemployment rate by some 0.1 percentage points on average. 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 11 August 1988 were 11.3 per cent for males and 6.6 per cent for females, 9.3 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, 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 the *Employment Gazette*, March 1988 page 144.

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

B7. Estimates of numbers on work related government training programmes consist of those participants in programmes and schemes who in the course of their participation in the programmes receive training in the context of a workplace but are not employees, self-employed or HM Forces. At present it covers most YTS participants without contracts of employment (the small proportion, about 2 per cent, whose training does not include work experience with an employer are excluded) and the participants on the new JTS. The estimates are not seasonally adjusted.

B8. The workforce in employment which comprises employees in employment, the self-employed, HM forces and participants on work related government schemes was introduced in the July 1988 issue of this press notice. See page 56 of the August 1988 edition of *Employment Gazette* for further details.

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 June 1988. The next analysis will appear in the September 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.

D5. All the seasonally adjusted average earnings series have been updated by the introduction of revised seasonal factors.

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. The series of wages and salaries per unit of output in the whole economy will be available at Caxton House from 11.30 am on Wednesday 21 September, to coincide with the publication by the Central Statistical Office of the series showing the output measure of gross domestic product. Both series of unit wage costs are rebased from this month to 1985 = 100 in common with other official economic series.

E2. See note G2.

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. From this month the indices will all be based on 1985 = 100. The output series for the economy as a whole will be available on 21 September (see E1).

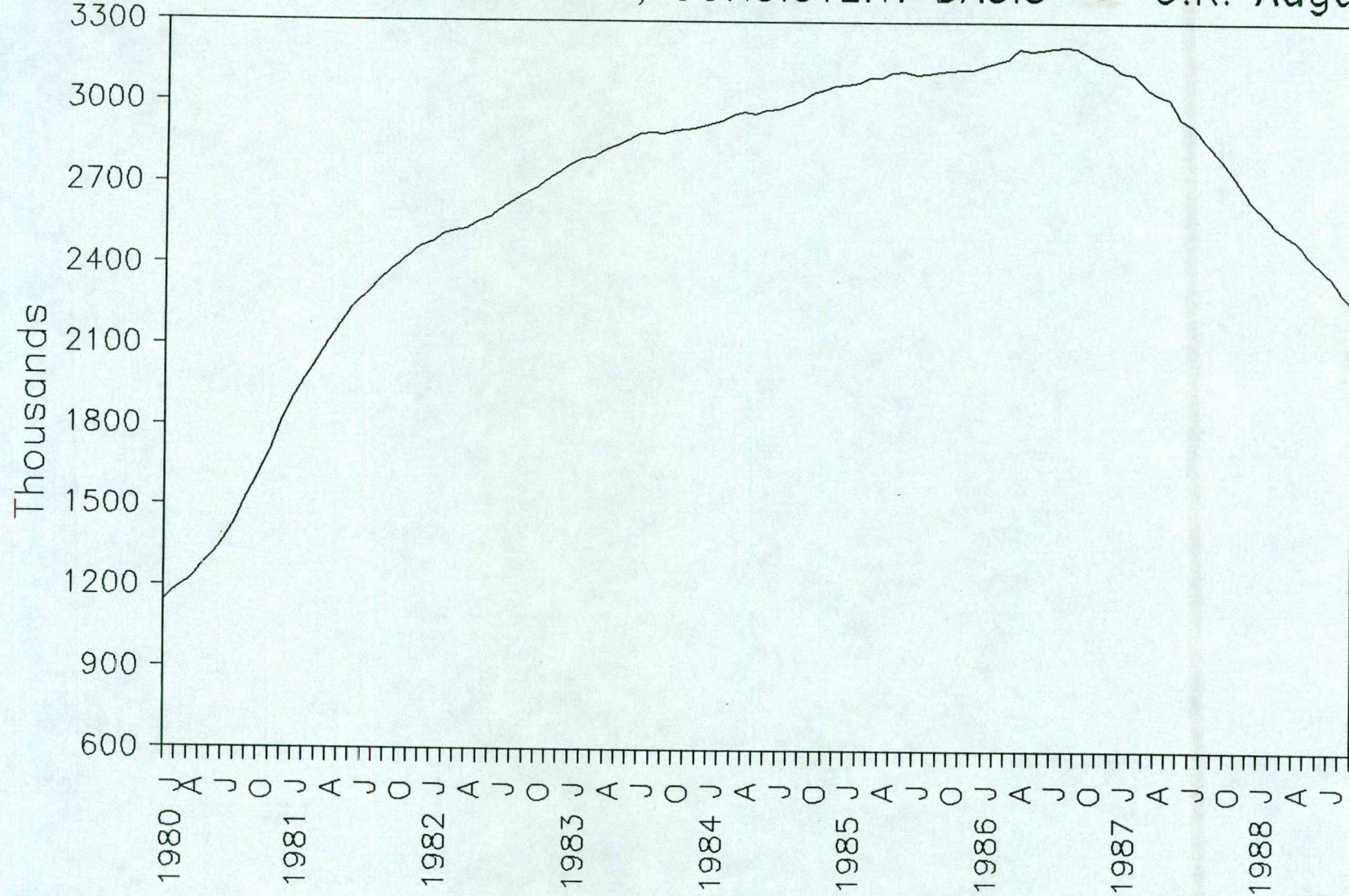
G2. The calculation of the productivity (and hence the unit wage cost) series is not affected by the changes to the employment series. The present calculation, using a denominator which excludes participants on work related training schemes, provides a better indicator of productivity (and wage cost) trends than would therevised employment series. This is because of the smallness of the scheme participants' contribution to output, the fact that some of the contribution will be excluded from the national accounts measure of output, and practical difficulties in the way of producing an analysis of participants.

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.

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PERSONAL AND CONFIDENTIAL
UNTIL 11.30 a.m. ON 15.9.88

SEASONALLY ADJUSTED UNEMPLOYMENT EXCLUDING SCHOOL LEAVERS, CONSISTENT BASIS U.K. August 1988

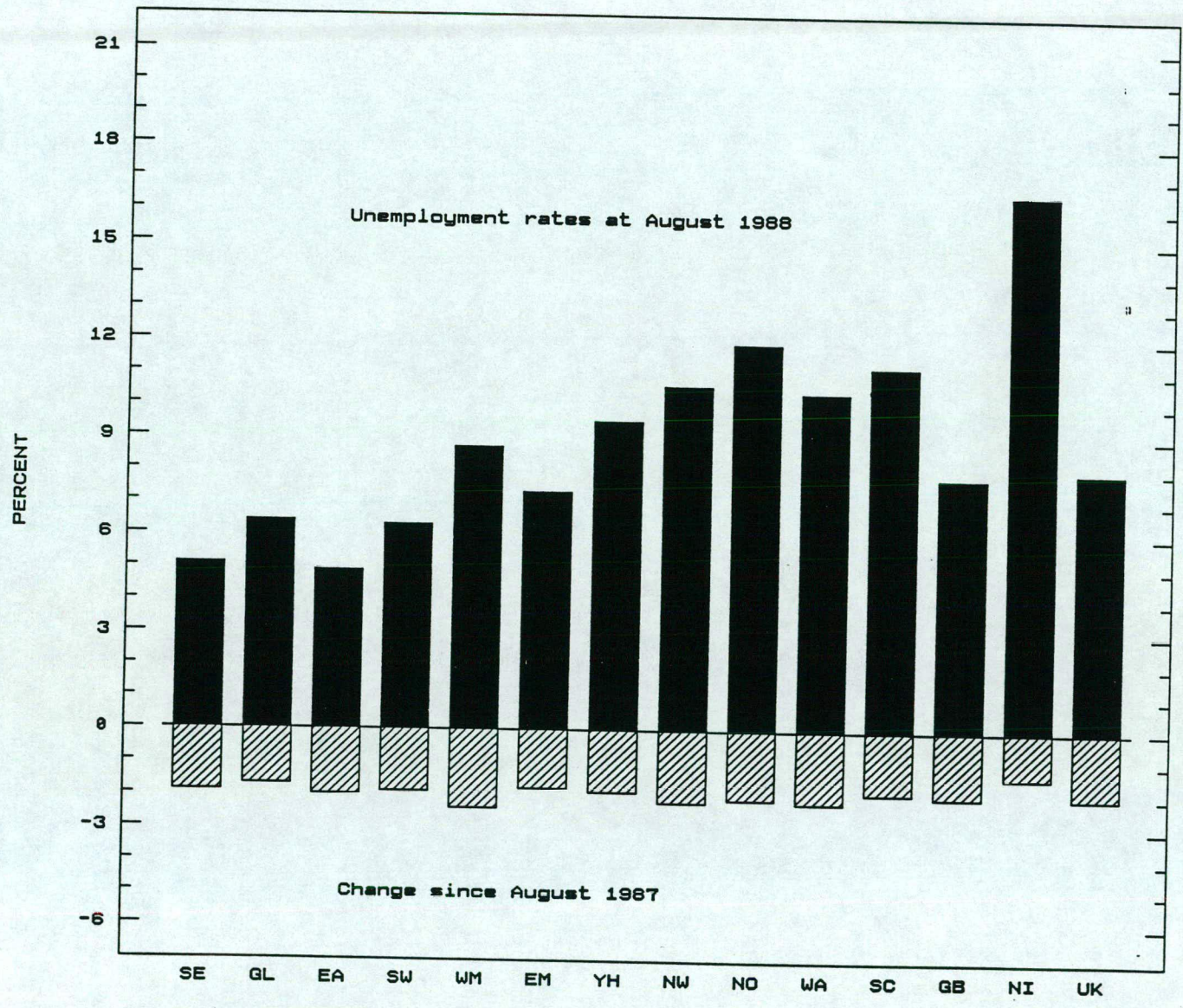


PERSONAL AND CONFIDENTIAL
UNTIL 11.30 a.m. ON 15.9.88

PERSONAL AND CONFIDENTIAL
UNTIL 11.30 a.m. ON 15.9.88

REGIONAL UNEMPLOYMENT RATES

WORKFORCE BASE



PERSONAL AND CONFIDENTIAL
UNTIL 11.30 a.m. ON 15.9.88

Unemployment
-regions and sex

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

	NUMBER (Thousands)		UNEMPLOYMENT RATE (Per Cent)*		
	At Aug 1988	Change in month since July 1988	At Aug 1988	Change in month since July 1988	Change in year since Aug 1987
REGIONS					
South East	478.0	-16.5	5.1	-0.2	-1.9
(Greater London)	(276.0)	-7.8	6.4	-0.2	-1.7
East Anglia	49.6	-1.3	4.9	-0.1	-2.0
South West	132.1	-3.5	6.3	-0.2	-1.9
West Midlands	228.0	-4.5	8.7	-0.2	-2.4
East Midlands	142.1	-3.0	7.3	-0.2	-1.8
Yorks & Humber	226.2	-3.0	9.5	-0.1	-1.9
North West	319.8	-4.1	10.6	-0.1	-2.2
North	172.6	-3.0	11.9	-0.2	-2.1
Wales	124.8	-2.5	10.4	-0.2	-2.2
Scotland	278.7	-3.3	11.2	-0.1	-1.9
GREAT BRITAIN	2152.0	-44.6	7.8	-0.2	-2.0
Northern I.	114.9	-.8	16.5	-0.1	-1.4
UNITED KINGDOM	2266.9	-45.4	8.0	-0.2	-2.0
MALES AND FEMALES					
UK Males	1585.7	-26.3	9.6	-0.2	-2.3
UK Females	681.2	-19.1	5.8	-0.2	-1.5

* Percentage of whole workforce (new basis, taking account of self-employed, armed forces and participants on work-related Govt. training programmes)

UNITED KINGDOM, claimants

July 1988

C3a
THOUSANDSUnemployment by Duration

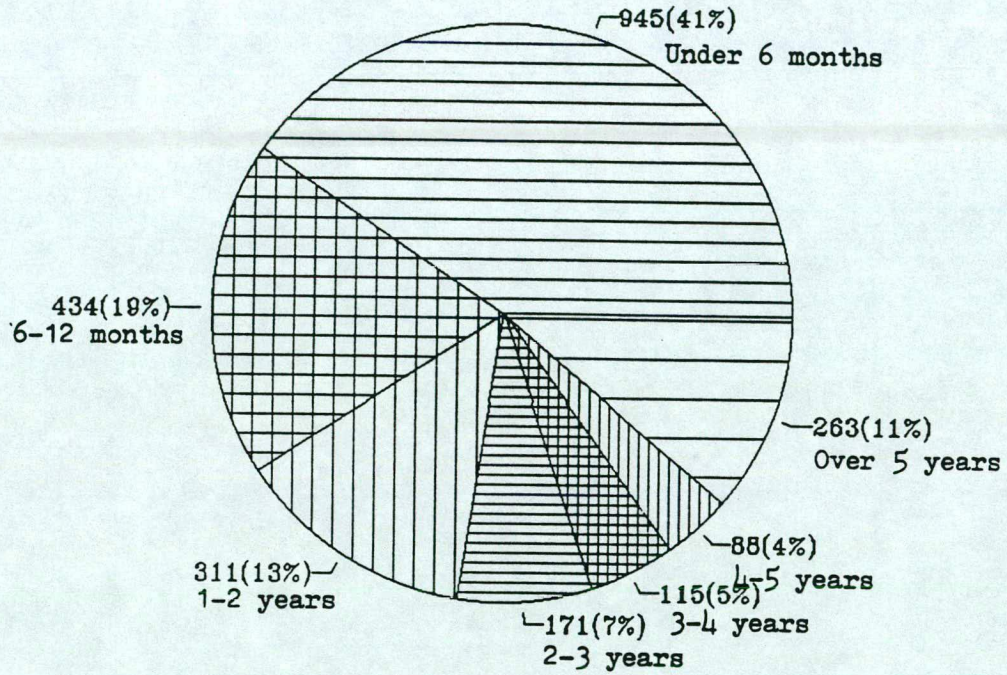
<u>Duration</u>	<u>Number at JULY 1988</u>	<u>Change since JULY 1987</u>
All durations	2327	-580
Over 6 months	1382	-401
Over 1 year	948	-290
Over 2 years	637	-147
Over 3 years	466	-91
Over 4 years	351	-49
Over 5 years	263	-14

Up to 6 months	945	-179
6 to 12 months	434	-111
1 to 2 years	311	-143
2 to 3 years	171	-57
3 to 4 years	115	-42
4 to 5 years	88	-35
Over 5 years	263	-14

Unemployment by Age

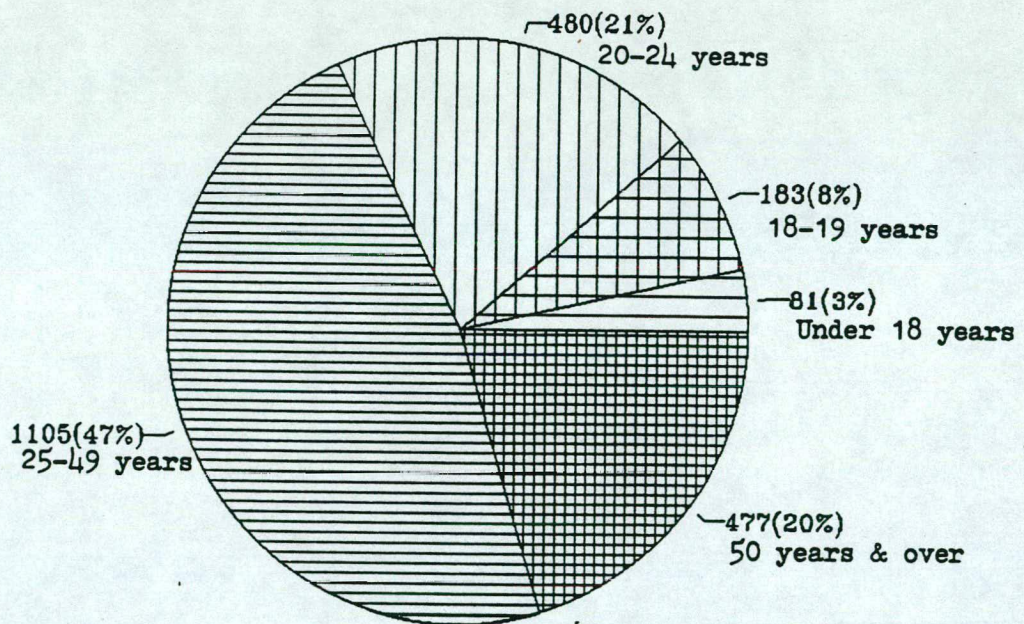
	<u>Number at JULY 1988</u>	<u>Change since JULY 1987</u>
Under 18	81	-35
18-19 years	183	-64
20-24 years	480	-131
25-49 years	1105	-258
50 and over	477	-91
All ages	2327	-580

U.K. UNEMPLOYMENT BY DURATION THOUSANDS.



JULY 1988

U.K. UNEMPLOYMENT BY AGE THOUSANDS



JULY 1988

Scheme Participants in GB

Thousand

	EAS	CP	CI	NWS*	YOP+	YTS++	JTS	JRS
<u>Quarterly</u>								
March 83	2	39	8	103	234	0		79
June 83	2	64	8	93	154	21		81
Sept 83	8	97	8	103	69	173		85
Dec 83	20	115	8	105	22	257		88
Mar 84	27	113	8	98	22	252		95
June 84	37	120	8	70	4	244		91
Sept 84	39	123	8	63		287		86
Dec 84	39	130	8	57		279		78
Mar 85	41	133	8	52		252		70
June 85	48	138	8	43		236		61
Sept 85	49	151	8	50		296		54
Dec 85	52	174	8	57		278		48
Mar 86	55	200	8	51		243		43
June 86	60	221	8	31		270		37
Sept 86	66	235	8	28		333		32
Dec 86	74	248	8	33		323	1	27
March 87	81	244	8	34		306	2	24
<u>Monthly</u>								
May 87	87	235	8	29		290	8	22
June 87	90	232	8	24		348	13	22
July 87	93	231	8	18		377	17	21
Aug 87	94	229	8	18		390	20	21
Sept 87	96	229	8	18		424	22	21
Oct 87	97	224	8	19		413	24	20
Nov 87	96	222	8	20		410	25	20
Dec 87	96	221	8	19		403	24	19
Jan 88	95	221	7	19		393	26	19
Feb 88	95	224	7	18		385	28	19
Mar 88	95	223	7	16		373	30	18
Apr 88	94	223	7	14		368	30	16
May 88	94	220	7	13		371	31	15
June 88	94	213	7	12		393	31	14
July 88	94	208	7	11		419	32	13

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

+ Excludes trainers

++ Excludes trainers, figures for latest months subject to revision:

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 international standardised rates which are recommended for comparing levels of unemployment.

	RECOMMENDED		UNEMPLOYMENT, NATIONAL DEFINITIONS				
	OECD STANDARDISED RATES*		Seasonally Adjusted		Unadjusted		
	Seasonally Adjusted		Number (000s)	% rate	Number (000s)	% Rate	Latest month
Spain	FEB	19.4	2911	20.0	2824	19.4	JUN
Ireland	JUN	(18.8)*	244	18.9	242	18.8	JUL
Italy a	JUN	(12.3)*	2859	12.0	2945	12.4	JAN
France	JUN	10.4	2614	10.6 a	2470	10.0 a	JUL
Belgium	JUN	10.1	404 e	14.8 e	402	14.7	JUL
Netherlands	JUN	9.7	695	14.2	674	13.8	JUL
United Kingdom	JUN	8.4	2267	8.0	2291	8.1	AUG
Canada a	JUN	7.5	1057	7.9	1052	7.6	JUL
Australia a	JUN	7.4	615	7.8	645	8.3	JAN
Greece	APR 87	(7.4)*	..	..	86	4.5	JUL
Denmark	JUN	(6.8)*	234	8.6	250	9.1	APR
Germany	MAY	6.6	2167	7.6	2254	7.9	AUG
Portugal	FEB	5.9	302	7.0	297	6.9	JUN
United States a	JUN	5.2	6851	5.5	6659	5.3	AUG
Luxembourg	JUN	(2.8)*	..	..	2	1.4	JUN
Japan a	JUN	2.4	1450	2.4	1440	2.4	JUN
Norway	MAY	1.9	48	2.8	42	2.4	JUN
Sweden a	JUN	1.5	71	1.7	71	1.6	DEC
Austria	..	..	159 e	5.5 e	119	4.1	JUN
Switzerland	..	..	..	..	19	0.6	JUN

* NOTE: FOR THOSE EC COUNTRIES FOR WHICH NO OECD STANDARDISED RATES ARE AVAILABLE, SIMILAR HARMONISED RATES COMPILED BY THE STATISTICAL OFFICE OF EUROPEAN COMMUNITIES (EUROSTAT) ARE SHOWN IN BRACKETS. THESE SHOWED THE UK RATE AT 8.6% IN JUNE COMPARED WITH THE EC AVERAGE OF 10.4%.

e estimated

a Survey Sources

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

PERSONAL AND CONFIDENTIAL UNTIL 11.30 AM ON 15 SEPT 1988

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

Unadjusted unemployment, national definitions

RECOMMENDED				
	Change in % rate	Change (000s)	% Change in total	Latest month

Italy	+ 2.5	+ 549	+ 17	JUN
Norway	+ 0.6	+ 13	+ 44	JUN
Denmark	+ 0.6	+ 18	+ 8	APR
Netherlands	+ 0.3	+ 16	+ 2	JUN
Germany	NC	+ 3	NC	AUG
France	NC	- 18	- 1	JUL
Portugal	- 0.1	- 3	- 1	JUN
Austria	- 0.1	- 3	- 2	JUN
Luxembourg	- 0.1	NC	- 8	JUN
Switzerland	- 0.1	- 2	- 10	JUN
Spain	- 0.5	- 15	- 1	JUN
Ireland	- 0.5	- 6	- 3	JUL
USA	- 0.5	- 429	- 6	AUG
Japan	- 0.5	- 320	- 8	JUN
Australia	- 0.6	- 26	- 4	JAN
Sweden	- 0.6	- 26	- 30	DEC
Canada	- 0.9	- 106	- 9	JUL
Greece	- 1.0	- 15	- 15	JUL
Belgium	- 1.3	- 36	- 8	JUL
United Kingdom	- 2.1	- 575	- 25	AUG

NC No Change

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

PERSONAL AND CONFIDENTIAL UNTIL 11.30 AM ON 15 SEPT 1988

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 rates for the latest three months with the previous three months. An additional table C5d 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
Italy	+ 0.8	+ 187	+ 5	JUN
Norway	+ 0.5	+ 8	+ 23	JUN
Denmark	+ 0.2	+ 6	+ 3	APR
France	+ 0.1	+ 32	+ 1	JUL
Netherlands	+ 0.1	+ 4	+ 1	JUN
Germany	NC	+ 3	NC	AUG
Canada	NC	+ 1	NC	JUL
Australia	NC	- 2	NC	JAN
Austria	NC	- 3	- 2	JUN
Sweden	NC	- 3	- 3	DEC
Ireland	- 0.1	- 2	- 1	JUL
Portugal	- 0.1	- 4	- 1	JUN
United States	- 0.1	- 88	- 1	AUG
Japan	- 0.2	- 127	- 8	JUN
Spain	- 0.3	- 43	- 1	JUN
United Kingdom	- 0.5	- 147	- 6	AUG
Belgium	- 0.7	- 18	- 4	JUL

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

Month	UK		France		Germany		Italy		Spain	
	Level	Rate	Level	Rate	Level	Rate	Level	Rate	Level	Rate
Jan 87	3112	11.0	2613	10.6	2193	7.8	3238	13.9	2865	20.5
Feb	3067	10.9	2655	10.7	2189	7.8	3268	14.1	2879	20.6
Mar	3037	10.8	2676	10.7	2225	7.9	3263	14.0	2902	20.7
Apr	3021	10.7	2659	10.7	2226	7.9	3136	13.4	2906	20.3
May	2951	10.5	2661	10.7	2219	7.9	3233	13.8	2918	20.4
June	2922	10.4	2645	10.6	2240	7.9	3239	13.9	2922	20.4
July	2873	10.2	2638	10.6	2251	8.0	3297	14.2	2927	20.5
Aug	2826	10.0	2649	10.7	2246	8.0	3373	14.5	2920	20.4
Sep	2772	9.8	2597	10.5	2252	8.0	3376	14.5	2944	20.3
Oct	2714	9.6	2572	10.4	2249	8.0	3340	14.4	2961	20.4
Nov	2651	9.4	2546	10.4	2242	7.9	3335	14.3	2965	20.4
Dec	2614	9.3	2573	10.5	2257	8.0	3414	14.7	2980	20.5
Jan 88	2565	9.1	2578	10.5	2224	7.9	3422	14.8	2981	20.5
Feb	2533	9.0	2582	10.5	2230	7.9	3493	15.1	2957	20.3
Mar	2504	8.9	2535	10.3	2247	7.9	3528	15.2	2936	20.2
Apr	2453	8.7	2539	10.3	2265	8.0	3603	15.5	2916	20.1
May	2414	8.6	2559	10.4	2269	8.0	3641	15.7	2918	20.0
Jun	2375	8.4	2578	10.5	2269	8.0	3760	16.2	2911	20.0
Jul	2312	8.2	2614	10.6	2267	8.0				
Aug	2267	8.0			2254	7.9				

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SECRET



24/9

000310

10 DOWNING STREET
LONDON SW1A 2AA

23/9

From the Private Secretary

13 September 1988

Dear Carys,

26/9

SCOTTISH ENTERPRISE

28/9

It has just come to my notice that I have not previously sent you a copy of my record of the discussion at Chequers on 3 September. With apologies for the delay this is now enclosed, together with copies of the two papers considered at that meeting.

I should be grateful if you would restrict circulation of these papers to those with a clear need to know.

cc Mr Walker	12 admin ps	ckm -
ps chancellor	Yes	14/9
Mr Monck	Pat	
Mr Burgin		
Mr Durr	(PAUL GRAY)	

Miss Carys Evans,
Chief Secretary's Office
HM Treasury.

SECRET



4A-C

10 DOWNING STREET

From the Private Secretary

4 September 1988

Dear David,

SCOTTISH ENTERPRISE

The Prime Minister held an informal discussion at Chequers on 3 September to discuss the recent papers by the Secretary of State for Employment and Mr. Bill Hughes. Those present were the Secretaries of State for Scotland and Employment, Mr. Bill Hughes, Sir David Nickson, Lord Gould, Sir Hector Laing and Mr. Andrew Dunlop (No.10 Policy Unit). They were joined later in the day by Mr. Russell Hillhouse and Mr. James Scott (Scottish Office) and Mr. Geoffrey Holland and Mr. Graham Reid (Department of Employment).

I should be grateful if you, and Nick Wilson to whom I am copying this letter, would restrict circulation to those with a clear need to know.

Opening the afternoon discussion the Prime Minister said it was clear that there was strong support for the broad strategy set out in the two papers. But obviously there would be difficulties to be overcome and she wanted to explore the practicalities of moving in the direction proposed.

In discussion the following main points were raised:

(i) The aim should be to bring the two models set out in the Secretary of State's and Mr. Hughes' papers into a single approach that could be applied throughout Great Britain - while recognising that in Scotland the existence of the Scottish Development Agency added an extra dimension (the same was true for Wales).

(ii) The timing for changes in training arrangements as proposed was very opportune. With unemployment falling rapidly and demographic trends pointing to a falling number of school leavers, the need was to focus efforts on training for life for those in employment.

(iii) Considerable experience had already been obtained of generating business involvement at local level. The work of Business in the Community was one example. The recent introduction of employer-school compacts offered a

SECRET

model that could be closely followed in the case of training; involving Government setting out a clear specification, inviting bids from groups of businesses to carry out the task and then the provision of performance-related targets.

(iv) The development of private industry councils or other local bodies would inevitably have to be a gradual process. At the same time it would be essential to ensure the continuity of the Government training guarantees. This pointed to a desirability of a phased approach under which local councils would in the first instance be manned by Training Commission staff on secondment, while the existing Training Commission machinery continued to operate in other areas. In due course the aim would be that the seconded staff would then transfer to the private sector.

(v) In Scotland the formal creation of Scottish Enterprise subsuming some or all of the existing SDA functions would require legislation. But it was possible without legislation to delegate training and enterprise functions from the Training Commission to local bodies. There would therefore be great advantage in pressing ahead quickly with phased delegation of these functions on a GB basis. In Scotland it would also be possible quickly to develop informal links between the Training Commission and SDA.

(vi) It was essential that representation on the new local bodies should be dominated by those who were business oriented. Further consideration would need to be given to the precise areas of the local bodies. At first sight it appeared that to base them on single travel-to-work areas would imply a coverage that was too small; it would be difficult for example to ensure adequate high calibre business involvement. One possibility would be to think in terms of merging two or three travel-to-work areas. It would be important to avoid the coverage of the local councils matching local authority boundaries.

(vii) It was essential that the transfer of responsibility for delivering Government training programmes to the private sector should not lead to business reducing its own responsibilities for financing training. In the longer term the process should lead to additional private funding of training and enterprise initiatives, although it was for consideration how quickly that could be achieved. In the first instance the priority was to get good businessmen prepared to commit their time to establishing the new local bodies.

(viii) Government Departments would retain responsibility for the general policy of Government and publicly-funded training schemes while delegating delivery to the local bodies. The functions carried out by the Employment Service were not appropriate for delegation to business-

led bodies and in these areas both policy formulation and implementation should continue to rest with the Government.

(ix) In working up details of the proposals a major consideration would be to make sure that adequate arrangements for the accountability of public money to Parliament were maintained.

(x) Further consideration would have to be given to the extent to which funding was passed down to the local bodies and to what level of funds was necessary for central initiatives. In the Scottish case thought would need to be given to the implications of establishing Scottish Enterprise for the management of the property portfolio.

Summing up the discussion the Prime Minister said it was agreed that further work should be urgently undertaken to work up the details of the proposals, with the objective being to bring together the proposals in the two papers into a unified GB approach. It would be necessary to involve the Secretaries of State for Trade and Industry and for Wales with this work. Your Secretary of State and the Secretary of State for Employment should bring forward papers with detailed proposals to E(A) in late September.

I am copying this letter to Nick Wilson (Department of Employment).

*Ver.
Paul*

(PAUL GRAY)

David Crawley, Esq.,
Scottish Office.

CONFIDENTIAL



Caxton House Tothill Street London SW1H 9NF

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Switchboard 01-273 3000 · Telex 915564
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Paul Gray Esq
10 Downing Street
London
SW1A 2AA

31 August 1988

Dear Paul,

SCOTTISH ENTERPRISE

I enclose my Secretary of State's paper for Saturday's seminar together with a copy which you kindly agreed to pass to Sir Hector Laing.

I am sending a copy of this letter and paper to David Crawley (Scottish Office) who will be arranging circulation to other Scottish participants.

NICK WILSON
Principal Private Secretary

CONFIDENTIAL

PRIVATE INDUSTRY COUNCILS : A BRITISH MODEL

Note by the Secretary of State for Employment

Over the past 12 months I have been reviewing the arrangements for planning and managing training at the local level and the involvement of employers in these arrangements. I have looked particularly at the role which Private Industry Councils play in the United States. In this note I propose the setting up of a network of local Training and Enterprise Agencies to plan and manage training and enterprise activities here.

THE CURRENT POSITION

At the moment the Training Commission has 58 Area Manpower Boards. These are tripartite and have in the past had project approval functions in the Youth Training Scheme and the Community Programme, but were purely advisory to the Training Commission area management.

The AMBs have been widely regarded as unsatisfactory:

- the tripartite structure - unions, industry, local authorities, etc - is increasingly irrelevant. The 1987 Manifesto committed us to local bodies with an employer majority;
- the Boards are unable to attract good quality members, especially from private sector employers;
- they deal entirely with public sector training programmes;
- there is no link with other Government activities such as education, enterprise and small firms functions;
- they have inadequate powers to tailor national programmes to local needs.

AMBs, which are not statutory, come up for reconstitution in mid-1989.

I propose to take this opportunity of instituting a radical reform, which would transfer a good deal of responsibility for training and enterprise policies to new employer dominated local bodies.

MY PROPOSALS

The main lesson I drew from my visit to the United States in March was that the effectiveness of such local bodies depends crucially on being able to involve high quality private sector employers, and this depends on the bodies having credible responsibilities, professional staff and the power to get things done.

With this in mind I see the new Training and Enterprise Agencies as having the following functions:

- to mobilise business investment in training to meet skill needs;
- to assess the key skill needs in their labour markets;
- to adapt national programmes such as YTS and ET to local requirements and deliver them through performance based contracts;
- to publicise and promote the importance of training within industry for employed people;
- to oversee enterprise activities including the Small Firms Service counselling functions and the Enterprise Allowance Scheme;
- to take initiatives relevant to local areas through use of discretionary funds.

These functions are described in more detail at Annex A.

In my view, a network of such bodies would allow our national training programmes and policies to be developed in ways much more relevant to local circumstances. They would also lead to a more systematic and coherent approach to community based initiatives in education, training and enterprise development.

It will be necessary for Training and Enterprise Agencies to have an experienced staff accustomed to delivery. While the system should not be bureaucratic, it must guard against misuse of public money. To meet these objectives, I would propose to second existing Training Commission staff to the TEAs.

My Department would be responsible for setting the policy framework within which the TEAs would operate. This would set out the Government's priorities and objectives (eg for YTS and ET) which would be a requirement on the TEAs. The TEAs would operate on the basis of performance-related annual contracts setting out the objectives required of them in return for the resources allocated to them (see Annex B). My Department would monitor the performance of the TEAs, reassigning contracts as necessary.

NEXT STEPS

My proposals would not require legislation, and I would intend to launch the plan in my White Paper this Autumn. Immediately thereafter employer-led partnerships would be asked to submit proposals to become TEAs, in response to the criteria and specifications I have outlined. I would expect the CBI, Chambers of Commerce and Business in the Community to be deeply involved, and I propose to set up a coalition of such business groups to assist in the transition period. The first pilot projects could be set up within a year, with rapid extension thereafter.

CONCLUSION

Since 1979 we have developed a range of very significant programmes and policies for training and enterprise. These have primarily been designed to meet the needs of the unemployed. Our concerns now must increasingly be economic growth and skills supply. At the same time employers must take on the leadership and ownership role which up to now has rested with Government. My new approach is, I believe, the way to make this happen. It is I am sure compatible with the aims set out by Mr Hughes.

N F

31 August 1988

TRAINING AND ENTERPRISE AGENCY FUNCTIONS

- Planning
- establishes the key skill and business development needs of employers and individuals within the area
 - determines the volume and type of local provision needed to meet those needs
- Development
- designs and develops local training arrangements and new business initiatives
 - raises private sector funds for locally developed education, training and enterprise initiatives
 - develops information and advice services for small firms
 - promotes employers' sponsorship of skill shortage training
- Delivery
- manages public funds for training young people and unemployed adults and for new business start-up
 - sub-contracts for delivery with local providers by competitive tender
 - monitors and evaluates the performance and quality standards of local providers
 - charges for training and enterprise activities conducted on behalf of local companies
 - publicises training, self-employment and business development opportunities

The agency or trust could also act on behalf of other Government departments in promoting or delivering programmes relevant to the local labour market including:

- local economic development activity .
- urban regeneration .
- managed workspace .
- marketing, technical and manufacturing advice to business

ACCREDITATION AND CONTRACT ARRANGEMENTS

1. Contracts would be awarded only to accredited local Training and Enterprise Agencies following a development phase during which local business groups would plan and organise the Agency and its business and training programmes.
2. Accredited agencies (which might be companies limited by guarantee, trusts etc) would require:
 - (a) ^{varied} ~~representative~~ Board membership, defined geographical coverage and clear management structure;
 - (b) annual plans submitted to the Department of Employment defining functions, priorities and agreed performance standards;
 - (c) planning, advisory and promotional arrangements to ensure programmes reflect the needs of local business;
 - (d) relevant and accessible training and business advice programmes meeting national standards and qualifications;
 - (e) sound financial and administrative arrangements (budgeting, accounting and contracts management).
3. Agencies would initially receive provisional accreditation extended to full accreditation after 2 years of satisfactory contract performance and adherence to criteria (paragraph 2).

4. Unsatisfactory performance could lead to default procedures and ultimately withdrawal of accreditation. Programme management would return to Government until renewed competence or an alternative local agency could be established.

5. Government would award performance contracts for programme delivery for a minimum of 2 years. Contracts would cover:
 - (a) Government guarantees (to young people and the unemployed) to be met;
 - (b) eligibility conditions and rules for Government funded programmes;
 - (c) programme targets such as number of participants, job placements, qualifications attained;
 - (d) fees for carrying out programmes (per entrant or per placement) and performance incentives;
 - (e) agreed budgets and Government contributions;
 - (f) agreed additional locally developed activities;
 - (g) agreed Government monitoring arrangements.

6. Agency plans would be reviewed annually and contracts renewed at least biannually.

7. Agencies would generally sub-contract programme delivery but could undertake certain activities themselves.

8. Agency organisation, management and financial activities would be subject to audit. Individual programmes would be monitored for quality and standards.
9. Agencies would be required to submit an annual plan and publish an annual report and statement of accounts.

SECRET.

26 August 1988

Grampian Holdings p.l.c.

Stag House
Castlebank Street
Glasgow G11 6DYTelephone 041-357 2000
Telex: 779393 Fax: 041-334 8709

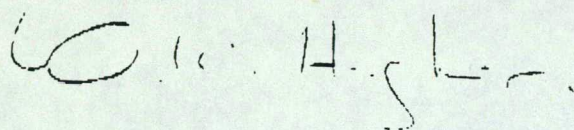
The Rt Hon Mrs Margaret Thatcher
Prime Minister
10 Downing Street
LONDON
SW1A 2AA

Dear Prime Minister,

now entered.
I have pleasure in enclosing as requested the paper outlining thoughts on Enterprise Scotland. I trust the first two pages are along the lines agreed and the attached annexes (which have been prepared with the assistance of Malcolm Rifkind's officials) are provided to expand the proposals. Annex 1 - which sets out the perceived shortcomings of the existing situation which underlie the proposals - will follow in a day or so.

Hopefully this should be sufficient to generate a stimulating discussion.

Yours sincerely

William Hughes

SECRET.

ENTERPRISE SCOTLAND PROPOSAL

OVERVIEW - 1

Economic Considerations

Objective

- to enable Scotland to embrace and benefit from the Government's economic strategy.

Mechanism

- Government to stimulate, invest and encourage private initiative ie build an enterprise culture.

Rationale

- economic development is a business;
- it must be market driven;
- it must be flexible;
- it must be competitive, efficient and results orientated;
- it must be private sector led.

Operation

Enterprise Scotland

- to identify, establish and monitor local delivering machinery;
- to give taxpayer value for money;
- to minimise bureaucracy.

Enterprise Local

A flexible private sector led single door approach focused on local market needs that essentially

- encourages enterprise;
- encourages appropriate job creation;
- improves skills;
- integrates educational resources;
- recognises urban renewal problems.

OVERVIEW - 2

Political Considerations

Objective

- to significantly improve ballot box performance by accelerating improvements within the Scottish economy.

Mechanism

- to involve the Scottish business community as key participants in bringing about change.

Rationale

- to counterbalance socialist controlled local authorities;
- to by-pass the Establishment (ie those maintaining status quo conditions);
- to visibly deliver Thatcherism as the dynamo of Scottish economic recovery;
- to encourage personal responsibility.

ANNEX 1: SHORTCOMINGS OF EXISTING ARRANGEMENTS

1. The various existing Training Commission programmes have played their part in helping significant numbers of Scottish young people and long-term unemployed off the dole queues into employment. But as we enter a period of economic dynamism and marked demographic change, the focus must shift towards arrangements which

- do more to involve the private sector;
- are less centrally controlled, more flexible and focused on having permanent effect; and
- are integrated with other programmes to stimulate enterprise and wealth creation.

The role of the private sector

2. There is general agreement that efforts to date to persuade the private sector to take greater interest in and responsibility for training have had disappointing results. Far too many firms take little interest in assessing and training for their own future needs, assuming that supply will always be there to meet demand. Industry as a whole is still insufficiently aware of the key changes ahead in the labour market (though skills shortages in some sectors are already becoming apparent) as so is not planning ahead to cope with future needs.

3. To achieve greater private sector involvement, we need to shift from a bureaucratic system within which the private sector has a purely advisory role to one which is led by the private sector. We can best bring the private sector to centre stage by giving real responsibility to a strong, employer-based delivery infrastructure. Such a system would at the same time stimulate a sense of local commitment and ownership and so strengthen local community identification and independence.

Need for a local framework

4. Under present arrangements, the Training Commission operates on the basis of a single GB labour market, so that policy on virtually all

training matters is set at GB level. But labour markets are essentially local. A more decentralised system would be better equipped to analyse local skills needs and to deliver appropriately, and so would be more effectively market-driven.

5. A delivery mechanism controlled from the centre made a good deal of sense while the focus was on coping with large numbers of unemployed across the whole country. But as the focus shifts towards promoting reskilling for the needs of tomorrow's economy, the requirement for a system which is more responsive to different local market conditions becomes clear.

6. Over recent years, there has been general agreement across the spectrum of Scottish opinion that the way in which the Training Commission operates at present is too rigid for Scottish needs. A more decentralised system, which is much more open and flexible according to local circumstances, would be likely to command general support, particularly within the Scottish business community.

7. Such a system would be characterised by a move away from standardised instruments to far greater flexibility of response to the local market. This would allow - indeed positively encourage - diversity rather than uniformity in how individual local agencies carry out their functions. A recurrent criticism levelled at existing programmes is that delivery of training is driven by considerations of process rather than outcome ie the emphasis is on controlling the process of training rather than on the output of training. Such a flexible system would be more output-oriented, with success being measured at the level of net gains to the local economy, and value for money being related to the effectiveness rather than the efficiency of the process.

Links with enterprise creation

8. The emphasis of the Training Commission has been on putting people through training, rather than on skilling them into the economy. The fact that training is only a means to an end, not an end in itself, has sometimes tended to be overlooked. By splitting training off from the main process of enterprise stimulation and wealth creation, there is a danger that the linkages are underestimated.

9. The demographic and economic changes which urge upon us a radical rethink of our training strategy give us in Scotland an opportunity to recreate that linkage by integrating training within an overall strategy for promoting economic well-being. Industry at present sees little coherence in the proliferation of new schemes and initiatives emanating from the Training Commission, let alone coherence as between these training measures and the range of the Government's other enterprise creation measures, delivered in Scotland mainly by the Scottish Development Agency. The Scottish Development Agency has had considerable success over the past decade in helping sectors of industry to make the most of the opportunities available, but its achievements have been more limited in terms of generating economic development at local level. Recognising this, the Agency has already started moving towards a more local framework, and towards greater private sector participation. The proposals to integrate existing Agency functions with those of the Training Commission set out in Annex 2 would therefore build on success to date, and are very much with the grain of Agency thinking, as well as of opinion in Scotland generally.

10. What would be created would be what industry values most: a one-door agency in each area which can tailor advice and support to individual needs in that area.

Summary

11. The present period of sustained economic recovery and sharp demographic change gives us the opportunity to restructure our approach to training and economic development on a more radical, market-based model.

12. The main ingredients are as follows:

- a. creation of true partnership with the private sector;
- b. gives responsibility to the private sector;
- c. stimulation of a sense of local ownership;
- d. creation of a more effectively market-driven system;
- e. greater flexibility of response to local needs;
- f. encouragement of diversity of approach;
- g. focus on outputs rather than inputs;
- h. relates value for money to effectiveness rather than efficiency;
- i. greater coherence of instruments at local level.

ANNEX 2: OUTLINE PROPOSALS

1. Enterprise Scotland (which would incorporate the Training Commission in Scotland, the Scottish Development Agency and if appropriate in part the Highlands and Islands Development Board) would comprise a board of [10] members, appointed by the Secretary of State for Scotland. At least [7] would have a business/industry background, with the emphasis on entrepreneurial drive and determination, across the widest possible sectoral spectrum. Other representation would be drawn from the local authority sector, trades unions, and the voluntary sector.

2. Enterprise Scotland would be responsible for a budget of about [£450 million] a year, provided by the Secretary of State for Scotland through the Scottish Office block vote. Its remit would be to stimulate the growth of enterprise in Scotland, to encourage job creation and the reduction of unemployment, and to improve the skills of the workforce. At its own hand, Enterprise Scotland would

- . appoint and monitor the performance of local agencies responsible for the delivery of provision in each travel-to-work area
- . consider strategic issues relating to enterprise, job creation and training in Scotland
- . perform any functions not devolved to local level (eg TSAS; Enterprise in Higher Education; interface with LIS).

3. Enterprise Scotland would be serviced by a Chief Executive, appointed by the [Secretary of State], plus a small secretariat. Other staff - on a permanent or consultancy basis - would deal with any non-devolved functions.

4. Enterprise Scotland would appoint [60] local agencies (eg Enterprise Falkirk), one for each travel-to-work area. In many cases it should be possible to build upon existing Enterprise Trusts. Again, each would

have a predominantly business/industry-oriented board, plus an executive staff under the direction of a Chief Executive. Each local agency would

- gather information on the present and future needs of the local labour market, and identify particular sectoral areas of opportunity and weakness
- provide marketing, technical, manufacturing and business development advice and support to businesses (including the European dimension)
- provide advice and support to firms to enhance the skills of their workforce
- provide financial assistance to the unemployed seeking training to equip themselves with marketable skills for employment or self-employment [tying in grants under the Enterprise Allowance Scheme]
- appoint and monitor the performance of contractors delivering training
- take such other steps as were desirable to improve the structure and performance of the local economy.

5. Each local agency would draw up and operate according to a rolling annual development plan (agreed with Enterprise Scotland), with agreed guidelines, objectives and performance targets in terms of net new firm formation, net job creation etcetera. Each local agency would have considerable flexibility in how it tackled its objectives: there would be no attempt to impose uniformity of delivery from area to area. Rather, the philosophy would be to work with the grain of the local economy and to build on and diversify its existing strengths. Funding would be related to the needs of the local area, and the local agency's success in meeting or exceeding performance targets.

6. Each local agency would need the services of

- . a core secretariat
- . economists to analyse the local labour market and economy
- . business advisers
- . training advisers.

At one end of the spectrum, all staff could be directly employed by the local agency; at the other, virtually all could be on a consultancy basis (and if suitable private sector firms were not already available locally, steps could be taken to create them). There is no reason to impose a single pattern when diversity can achieve the same end result.

150
226 - investments

S.D.A.
Reg.

ANNEX 3: IMPLICATIONS FOR EXISTING FUNCTIONS

	<u>Spend</u> (1988-89 unless other- wise shown)	<u>Proposal</u>
<u>Training Commission</u> TVEI (improving the school curriculum to make pupils better prepared for working life)	£ 9.1m	Transfer from TC to SED
YTS (2 year training for 16 and 17 year olds)	£122.2m	) Target same client) groups but with) more flexibility of) delivery; local) agency function
Employment Training (retraining the adult unemployed in new skills)	£200.0m (estimated full year cost))
Employment Rehabilitation (special provision for people with disabilities: 4 Scottish Employment Rehabilitation Centres at Bellshill, Dundee, Edinburgh and Glasgow)	£ 2.7m	Local agency function
Voluntary Projects Programme (supporting projects providing voluntary activities for the unemployed without affecting their entitlement to income support)	£ 1.2m	Local agency function
Compacts (local partnerships between schools and industry in deprived areas)	£ 0.4m (estimated full year cost)	Local agency function
Enterprise in Higher Education (improving the HE curriculum to make students better prepared for working life)	£ 0.4m (estimated full year cost)	Central function of Enterprise Scotland; or transfer to SED
TSAS (independent evaluation of training quality within YTS)	-	Central function of Enterprise Scotland
Skills Training Agency (providing training at Skillcentres at Bellshill, Dundee, Dunfermline, Edinburgh, Hillington and Irvine plus mobile Training Service)	-	Sell off
TOTAL GRANT IN AID	£330.1m	
<u>Department of Employment</u> Enterprise Allowance Scheme	£ 20.0m	Transfer from DE to local agencies

	<u>Spend</u> (1987-88) (net)	<u>Proposal</u>
<u>Scottish Development Agency</u>		
Property development	£ 4.0m	Local agency function
Land reclamation and environmental improvement	£52.0m	Local agency function
Investment	£ 1.7m	Local agency function
Advisory services	£ 5.8m	Local agency function
Marketing	£ 7.7m	Local agency function
Development planning and funding	£23.9m	Central or local agency function
- development planning studies		
- business development schemes		
- LEG-UP and Workshop grants		
TOTAL GRANT IN AID	£95.1m	
<u>Locate in Scotland</u>		Central function of Enterprise Scotland (as partner with IDS)

ANNEX 4: STAFFING BREAKDOWN

Training Commission

1. Training Commission staff are distributed as follows:

Office for Scotland	125.5
Glasgow City	109.0
Renfrew, Dunbarton and Argyll	88.5
Lothian and Borders	89.0
Lanarkshire	77.0
Ayrshire, Dumfries and Galloway	66.5
Central and Fife	81.5
Grampian and Tayside	85.0
Highlands and Islands	44.0
	<u>766.0</u>

2. In addition, there are 290 staff within the Skills Training Agency (mostly in the 6 Skillcentres) and 72 in Employment Rehabilitation (mostly in the 4 Employment Rehabilitation Centres).

Scottish Development Agency

3. Most SDA staff are based in Glasgow, and have an all-Scotland remit:

Industrial and Enterprise Development	120
Property Services and Urban Renewal	90
Finance and Information	85
Secretariat and Legal	53
Marketing	34
Investment	21
Locate in Scotland	27
Personnel	13
Policy Unit	8
Glasgow Action	6
Private Office	2
Central Support	5

4. In addition, there are now 7 area teams, dealing with specific parts of the country:

a.	East Core Group	15
	Edinburgh and Lothians	33
	North East	24
	Tayside and Fife	40
	Borders, Dumfries and Galloway	20
b.	West Core Group	6
	Glasgow and Strathclyde North	48
	Strathclyde South and West	45
	Lanark and Central	45

5. In total, the Agency staff complement is 740.

ANNEX 5: POSSIBLE TIMETABLE FOR IMPLEMENTATION

	<u>Start by</u>	<u>Complete by</u>
1. Draft and issue consultative document	Sept 88	Nov 88
2. Secure Enterprise Allowance Scheme transfer	Sept 88	Nov 88
3. Review responses/revise proposals/issue White Paper	Feb 89	April 89
4. Draft instructions to draftsmen	April 89	June 89
5. Draft legislation	June 89	Sept 89
6. Secure PES transfer arrangements	Sept 88	Sept 89
7. Reference in Queen's Speech	Oct 89	
8. Introduce legislation	Oct 89	April 90
9. Arrangements for existing staff and board members	Sept 88	April 91
10. Draft and agree strategic guidelines and set performance targets for new body	April 90	Sept 90
11. Draft and agree financial guidelines for new body	April 90	Sept 90
12. Appoint board members and key staff	Sept 90	
13. Appoint other staff	Sept 90	April 91
14. Appoint local agencies: board and staff	Sept 90	April 91
15. Set guidelines and targets for local agencies	Sept 90	April 91
16. EC clearance (resources notifiable as regional aid?)	April 90	April 91
17. Establishment of Enterprise Scotland	April 91	