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PART A

Part. A.

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begins : 25/1/89
ends : 10/7/89



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PART A

Chancellor's (Lawson) Papers:

ECONOMIC FORECASTING IN 1989

DD's : 25 Team

[Signature]

15/12/95.

NL/0403

PO -CH

PART A

FROM: SIR T BURNS
DATE: 25 JANUARY 1989

CHANCELLOR

cc Chief Secretary
Financial Secretary
Paymaster General
Economic Secretary
PCC
Mr Culpin
Mr A Edwards
Mr H Evans
Mr C W Kelly
Mrs Lomax
Mr Luce
Mr D Moore
Mr Odling-Smee
Miss Peirson
Mr Riley
Mr Sedgwick
Mr S Davies
Mr Grice
Mr Hibberd
Mr C M Kelly
Mr Melliss
Mr Mowl
Mr O'Donnell
Mr Pickford
Mr Owen
Ms Chaplin
Mr Tyrie
Mr Call

ECONOMIC FORECAST - JANUARY 1989

You have seen the January economic forecast.

Main Features

2. This is a bold forecast, particularly in the light of last year's experience when demand and output were much stronger than expected. But it is necessary to be bold if we hope to catch turning points. Whilst recognising the uncertainties I agree with the broad outline of the forecast.

3. The forecast shows an abrupt unwinding of the upswing. After two years when growth has been distinctly above productive potential it projects two years when growth is clearly below potential. It suggests that the peak of this cycle was somewhere towards the end of 1988.

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4. Given the shape of the output cycle the projections for the other major variables are not surprising. Excluding mortgage interest payments inflation has risen by 1 per cent between the final quarters of 1987 and 1988. Even though most of the rise took place between February and July, on past experience the underlying inflation rate is likely to lag the output cycle and is expected to carry on rising for a few more months. Of course the impact of mortgage interest rates exacerbates this pattern and the inflation rate is expected to peak at about 7½ per cent.

5. With two years of growth below trend we would expect to see some reversal of these trends. How far they are reversed will depend upon a number of factors apart from the profile of the mortgage rate: the extent to which output growth falls below potential, how far rising inflationary expectations affect pay settlements, the size of any sterling depreciation, and the pattern of commodity prices.

6. The current account deficit normally moves coincidentally with the output cycle. We would therefore expect to see some improvement in the underlying situation from now on. But even with some improvement through the year the forecast suggests an annual figure for 1989 that is little different from that for last year. It is not until 1990 that the forecast shows a decisive turn around, partly because investment has become much more investment intensive.

7. As monetary growth declines, activity slows and inflation is reduced, it is expected that there will be some scope for interest rates to come down, although by past standards interest rates are held at a high level for some time. The scope for lower interest rates will depend upon a number of factors including the strength of consumer spending and the behaviour of sterling. If consumer spending does not decelerate as forecast, interest rates may have to stay up for longer.

8. A slowdown of activity will also affect the outlook for the PSDR. The forecast shows the PSDR falling by £3-4 billion over

the next two years with only modest tax reductions. Some of the recent buoyancy of taxes may be absent - or even reversed. If this seems pessimistic it is worth bearing in mind that evidence from the past pattern of forecast errors suggests that periods of rapid growth deliver unexpected tax buoyancy - and that periods of recession leave us unexpectedly short of revenue. This suggests, if anything, that the cyclical component of the PSDR may be larger than is implicit in our methodology.

9. In many ways the picture that is painted in the forecast coincides with your objectives. On balance it would be regarded as a reasonably successful correction if output was to return to trend growth in 1991-92 with inflation at 3 to 4 per cent. It would be preferable if the inflation "blip" could be reversed without going through a period of below trend growth. But a sharp slowdown of money GDP growth is almost bound to mean a period of growth at below potential in the absence of considerable help from external forces. Looked at another way a period of slower growth would enable the excess demand to be worked off and return the economy decisively to a path of declining inflation.

10. However because the correction looks so convenient it is necessary to question some of the risks.

Is policy tight enough?

11. It is impossible to be confident that the action that has been taken so far is sufficient to put the economy on the trajectory described here. At the time of the October forecast we thought that the forces were in place although it would be necessary to monitor progress. Although it is not assured recent evidence supports that judgement.

12. This week's CBI Survey shows significant signs of a change in mood. The movement of the key indicators is consistent with a change of pace. And indicators of consumer confidence have slumped sharply.

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13. The projected slowdown of activity stems from a sharp deceleration of domestic demand. Between the second half of 1988 and the second half of 1989 domestic demand is projected to grow by less than 1 per cent. This compares with growth of almost 7 per cent through 1988. It comes about because of a turn-around in the normally volatile elements of demand - durable spending, housebuilding and stockbuilding. Typically these are the elements that play a large part in cyclical fluctuations.

14. The driving force behind the slowdown is the combination of a sharp tightening of monetary conditions and an over-stretched private sector, working, in particular, through the housing market.

15. The evidence is accumulating that we are seeing a sharp adjustment to the personal sector; the housing market is in a state of shock and the chorus of complaints about the higher mortgage rates is testimony to its effectiveness. There are a number of channels through which this should reduce demand growth. Higher debt costs reduce disposable income. Even though the effects of this will be partly offset by higher incomes to savers, the net effect is likely to be negative for some time. The personal sector as a whole is a net payer of interest and the normal experience is that losers adjust more rapidly than gainers.

16. A stationary housing market means a smaller turnover. In turn this should reduce the extent of mortgage equity withdrawal and the expenditure that is normally associated with moving house. And as real house prices decline the wealth effect should be less powerful.

17. Despite the accumulating evidence it is still too early to be sure of the extent of the slowdown. The projections show a sharp turn around coming after many years of sustained consumption growth. If consumers are determined to keep up their standard of living there may still be plenty of scope for borrowing to offset the impact of higher interest rates. The net wealth of the personal sector remains healthy in the absence of a sharp fall in house prices and if the downturn is expected to be mild and

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temporary many will choose to borrow to tide them over the hill. And as long as there is ample security the institutions will have a considerable incentive to keep the borrowing boom going. The supply side push following deregulation may not be over. Many of the banks and building societies have become used to a rapid expansion of their balance sheets and will be only too eager to provide finance. This would postpone the adjustment, not remove the need for it. We would have to keep interest rates up and the eventual adjustment would be all the more painful when it came as the level of indebtedness would be much higher.

18. Despite these reservations, if the tightening of monetary policy bites on the personal sector it could spread reasonably quickly to the corporate sector. The CBI Survey tentatively suggests that there may have been some involuntary stockbuilding in the final quarter of the year. And although the company sector is in a much stronger position now than it has been for many years there is scope for pressure upon cash flow to emerge over the next year or two. Survey intentions suggest that fixed investment is likely to grow further this year. Again, it is normal practice for fixed investment to lag behind the output cycle. But at the same time we could see the first squeeze of margins for many years as selling prices come under pressure of competition and unit labour costs grow faster after losing the benefit of sharply rising productivity growth. Taken together this could begin to put pressure on company sector liquidity.

19. It is through these channels that an initial year of reduced domestic demand growth brought about by a reversal of the durables, housing and stockbuilding cycles is likely to be extended into a second year through some turn-round of the fixed investment cycle. Of course this effect may be somewhat muted by the balance sheet strength of much of the corporate sector, and the CBI suggests that these pressures for lower investment will be offset in part by 1992 effects as companies try to position themselves strategically in the European market place.

Why data problems confuse the picture

20. Clearly there is great uncertainty about the speed of correction. This is made more difficult by problems with the data and the extent of our ignorance about past developments. There are various possible explanations for some of the balancing items in the accounts. The complication is that different explanations have different implications for future developments.

21. For example, if the current account deficit is smaller than currently measured it implies that private sector expenditure does not need to be adjusted upwards and this will affect our judgement of the degree of excess demand. The smaller the gap between private sector expenditure and income the smaller the future adjustment that is required. We might expect the inflationary pressures to be smaller and the correction of the current inflation "blip" less painful.

22. Alternatively the explanation for the residual error may be a much bigger than measured private sector deficit. The implications of this will depend in part upon whether it represents higher consumption or investment. If the excess domestic demand is higher investment this has implications for productive potential growth which could ease future inflationary pressure.

23. It is the other option - where consumption (or stockbuilding) forms the bulk of the discrepancy - that is the most worrying. It would imply that inflationary pressures are greater and that the private sector is even more extended than we think. In these circumstances the risk of a sharp slowdown is that much greater.

24. The forecast has allocated the discrepancy across sectors. It is the only sensible course of action at this time. Effectively, therefore, we have an element of each of these alternatives.

The Background to the Budget

25. This is a difficult background for the Budget. If the forecast is correct we are about to enter the most troublesome phase of the business cycle; where activity is beginning to weaken but inflation and interest rates remain high. The challenge is to make this period as short as possible. This may be helped by a cautious Budget and an acceptance that activity growth is likely to slow down. But it will look a fairly miserable prospect to many.

26. Once the inflation rate begins to turn there will be increasing pressure to relax the stance of monetary policy and attention will turn to the scope for "reflationary" action. The next difficult stage for monetary policy will be to decide when those signals are sufficiently strong to permit some easing. To act too soon could mean insufficient inflation correction and ultimately lead to extending the period of below trend growth. Delaying too long could turn the correction into a recession if the problem of heavy indebtedness became serious.

27. It is also at that stage that sterling could become an issue. We are just beginning to see the beginning of a campaign for a more competitive exchange rate. But for the moment companies are doing well and many people recognise that exchange rate depreciation and excess demand are a lethal combination. If the economy develops as shown in the forecast these arguments will give way to a concern about profitability and suggestions that having created some excess capacity it is necessary to fill the hole with external demand - hence the need for a lower exchange rate.

28. Although I find it difficult to imagine the circumstances in the near future when a large exchange rate depreciation would be in the interests of the UK economy we want to avoid being seen as excessively rigid. The exchange rate has risen by about 4 per cent over the past year whilst UK costs have risen faster than elsewhere. So I see some scope for sterling to fall slowly once the inflation rate has turned and the margin of excess demand has

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been eroded. So long as it does not lead to a sharp depreciation this does not contradict the basic message you have been giving that it is no part of policy to use exchange rate appreciation to bail out higher UK costs.

Conclusion

29. My own judgement at this stage is that enough has been done to bring the growth of output below its potential rate. Whether it will follow the track shown in the forecast is another matter. It will be necessary to monitor the various indicators carefully, particularly MO. Although we have yet to see a decisive downward move of MO growth there are some tentative signs and my presumption is that the next move of interest rates will be downwards even if we have to wait some time. When the decisive evidence appears it will probably come quickly and be evident in a number of indicators.

30. In the meantime a cautious Budget can support the monetary stance as well as being a further occasion to spell out the determination to maintain anti-inflationary monetary conditions for as long as necessary.



T BURNS

FROM: T PIKE

DATE: 27 FEBRUARY 1989

CHANCELLOR OF THE EXCHEQUER

cc: Chief Secretary
Financial Secretary
Paymaster General
Economic Secretary
Sir P Middleton
Sir T Burns
Mr Wicks
Mr Anson
Dame A Mueller
Mr Scholar
Mr Riley
Mr Sedgwick
Mr S J Davies
Mr Gieve
Mr Grice
Mr Hibberd
Mr Mowl
Mr O'Donnell
Mr Pickford
Mr Bush
Miss Wallace
Mr Patterson

FEBRUARY LBS ECONOMIC OUTLOOK AND NATIONAL INSTITUTE REVIEW

Further to my note on Friday, the 'line to take' on the LBS forecast for M0 next financial year included a reference to the Autumn Statement forecast. The sentence should be deleted as the M0 forecast was not published.



T PIKE



FROM: D I SPARKES
 DATE: 20 JUNE 1989

BE to m

4/7

MP

MR GIEVE

Mova
You wanted
to see this.
imp 5

cc PS/Chief Secretary
 Sir P Middleton
 Sir T Burns
 Mr Scholar
 Mr Sedgwick
 Mr Riley
 Mr Hibberd
 Mr Pickford
 Mr Bush
 Mr Owen
 Mr Brooks
 Mr Cornelius
 Mr Deane
 Ms Cutler
 Mrs Chaplin
 Mr Tyrie

INVESTMENT IN THE FIRST QUARTER OF 1989

The Chancellor has seen Mr Cornelius' minute of 19 June to you concerning the DTI investment figures to be published later this morning. He commented that the inconsistencies between these figures and those in the GDP Press Notice indicate an appalling shambles.

2. The Chancellor also commented that the line to take will need to include a health warning and point to the likelihood of subsequent upward revisions to these figures to narrow the gap between them and the manufacturing investment intentions figures, which show a strong upward trend.

3. The background briefing can also refer to these inconsistencies as an example of the need for further reform of the production and collection of economic statistics.

D.I.S.

DUNCAN SPARKES

FORECASTS FOR THE UK ECONOMY
A comparison of independent forecasts

Compiled by
 EB Division
 HM Treasury

June 1989 No. 29

This issue of the comparison includes new forecasts from: the National Institute; Henley; Cambridge Econometrics; the European Commission; Phillips and Drew; Goldman Sachs; Hoare Govett; County NatWest; ANZ-McCaughan; and Swiss Bank Corporation. The main points are:

AVERAGES

	Non-City (i)		City (ii)		Independent (iii)	
	1989	1990	1989	1990	1989	1990
GDP growth (per cent)	2.6	2.2	2.4	2.4	2.5	2.3
RPI inflation rate (Q4; per cent)	6.1	5.1	6.2	4.9	6.1	5.0
Unemployment (Q4; mn)	1.77	1.80	1.80	1.96	1.78	1.86
Current account (£bn)	-15.3	-13.6	-16.1	-13.6	-15.7	-13.6
PSBR (FY; £bn)	-15.5	-16.2	-16.4	-15.8	-16.0	-16.0

- (i) Average of the 11 non-City forecasts shown in tables 1 and 2.
- (ii) Average of the 11 City forecasts shown in tables 3 and 4.
- (iii) Average of the 22 independent forecasts shown in tables 1, 2, 3 and 4.

Please note that this comparison is a summary of published material reflecting the views of the forecasting organisations themselves and does not in any way provide new information on the Treasury's own views. The comparison contains only a selection of forecasters which is kept continually under review. No significance should be attached to the inclusion or exclusion of any particular forecasting organisation. HM Treasury accepts no responsibility for the accuracy of the material published in this comparison.

Subscription enquiries should be addressed to EB Division, HM Treasury, Parliament Street, London SW1P 3AG (01-270 5212/5206). An invoice for the annual subscription fee of £60 will be sent on receipt of application. Enquiries on contents and distribution to Robert Lind (01-270 5206).

FORECASTS FOR THE UK ECONOMY - TABLE 1

NON-CITY FORECASTS FOR 1989 AND 1989-90

Date of Forecast	HMT	NIESR	LBS	DRI	IMF	Henley	C'bridge		CBI	OECD	Oxford	EC	NON-CITY AVERAGE	INDEPENDENT AVERAGE
	Mar '89	May '89	Feb '89	Mar '89	Apr '89	June '89	Econ (z)	L'pool	Mar '89	Dec '88	Apr '89	June '89		
Forecasts for calendar year 1989 (a)														
GDP (#)	2.5 (C)	2.3 (O)	3.0 (C)	2.0 (A)	3.3 (A)	2.1 (A)	2.2 (O)	3.8 (O)	2.1 (A)	3.00 (A)	2.5 (A)	2.4 (A)	2.6	2.5
Consumers' Expenditure	3.5	3.8	2.4	2.4	4.1	3.1	2.6	2.9c	2.5	3.75	2.9	3.6	3.1	3.0
General Govt Consumption	0.5	1.0	0.6	1.4	-1.0	2.0	0.3	1.5d	0.6	0.75	0.9	0.9	0.7	0.8
Gross Fixed Investment	4.5	6.2	3.5	4.8	7.2	4.7	5.2	4.2e	5.9	6.75	5.5	6.3	5.6	6.0
Stockbuilding (bn pounds)	-0.5 n	2.0	1.3	1.9	0.1n	1.4	1.9	-	1.2	0.00n	1.9	1.0	1.6	1.4
Exports (goods & services)	4.5	5.7	4.4	2.6	1.8	4.3	5.0	-	5.1	4.50	5.9	2.7	4.2	4.6
Imports (goods & services)	4.5	10.1	3.3	5.1	4.5	5.9	5.7	-	5.3	6.50	6.0	6.4	5.9	6.1
Forecasts for financial year 1989-90 (a)														
RPI (CPI [b]) - Q4	5.5	6.6	5.4	5.6	(6.5)	6.2	(5.3)k	(4.4)k	5.9	(5.00)t	6.7	(5.2)k	6.1	6.1
Average Earnings & RPI	-	9.2	8.4	10.3	10.2	9.2	8.8	10.0	9.2	-	8.8	9.1	9.3	9.2
Employment Growth (r)	-	2.6	3.3	3.7	-	2.9	-	-	2.0	-	1.4	2.1	2.6	3.0
Unemployment (UK adults million - Q4)	-	1.5	1.3	1.2	1.4	1.9	-	-	1.4	1.00	1.2	1.6	1.4	1.4
Industrial Production	-	1.7	1.88	1.90	-	1.74	1.9km	1.6	1.91	-	1.71	1.75	1.77	1.78
Manufacturing Output	3.5	-	4.1	2.9	-	0.8	1.8	-	-	3.75	-	0.3	2.3	1.9
World Trade & Current Account (bn pounds)	8.0	7.0	6.5	6.1	5.8	4.6	-	4.5	6.8	7.50	5.0	6.8	6.1	6.2
Sterling Index(1985=100) Q4	-14.5	-17.1	-12.0	-15.3	-18.0	-16.0	-16.8	-11.8	-15.1	-14.0	-14.5	-16.8	-15.3	-15.7
Short term interest rate Q4 & Oil Price (\$ per barrel) &	-	93.7	96.0	-	-	93.6	92.7k	93.3k	95.0	-	93.7	-	94.4	93.1
	-	13.0	11.4	12.2	-	13.5	-	9.8k	13.0	11.50v	11.2	13.0u	12.4	12.2
	-	18.0	14.0	15.7	-	18.6	-	-	15.9	12.25	16.2	16.4	15.9	16.6
M0 Growth	1-5y	-	7.3	4.6	-	6.7	-	-	-	-	7.0k	5.0u	-	-
M4 Growth	-	-	14.9	-	-	-	-	-	-	-	-	11.5u	-	-
PSBR (bn pounds)	-14.0	-15.1	-15.7	-16.8	-	-14.5	-14.0k	-14.1	-14.1k	-	-14.2	-17.9	-15.5	-16.0

NOTES:

- | | | | | | |
|---|---|-----------------------------------|---------------------------------------|------------------------------------|-----------------------------------|
| (A) average measure | * | new forecast | (a) unless specified figures are | (f) 1989H2 | (y) target range set in 1989 FSBR |
| (O) output measure | & | for definition see | percentage changes on year earlier | (k) calendar year 1989 | (z) taken from longer term |
| (E) expenditure measure | - | individual forecasts | normally defined as consumers' | (m) including school leavers | disaggregate forecast |
| | - | Treasury's FSBR forecast | expenditure deflator | (n) change in stockbuilding as a % | |
| (C) compromise measure as used in 1989 FSBR | # | GDP and components at 1985 prices | (c) non durable consumption | (o) of GDP in previous period | |
| | | | (d) current and capital | (r) employed labour force | |
| | | | including stockbuilding | (s) employees in employment | |
| | | | (e) private sector investment, | (t) 1989H2 at annual rate | |
| | | | stockbuilding and durable consumption | (u) end 1989 | |

'Non-City average' is an unweighted average of comparable forecasts as summarised in Tables 1 and 2.

'Independent average' is an unweighted average of comparable non-City and City forecasts as summarised in Tables 1, 2, 3 and 4.

FORECASTS FOR THE UK ECONOMY - TABLE 2

NON-CITY FORECASTS FOR 1990 AND 1990-91

Date of Forecast	HMT	NIESR	LBS	DRI	IMF	Henley	C'bridge		CBI	OECD	Oxford	EC	NON-CITY AVERAGE	INDEPENDENT AVERAGE
	Mar '89	May '89	Feb '89	Mar '89	Apr '89	June '89	Econ (z)	L'pool	Mar '89	Dec '88	Apr '89	June '89		
Forecasts for calendar year 1990 (a)														
GDP (#)	2.5(C)h	1.6 (O)	2.4 (C)	2.6 (A)	2.1 (Z)	1.6 (Z)	1.8 (O)	4.1 (O)	2.3 (A)	2.00 (A)	2.0 (A)	2.1 (A)	2.2	2.3
Consumers' Expenditure	2.0 h	1.3	2.2	2.8	1.9	1.7	1.4	3.0c	2.2	2.75	1.3	1.9	1.9	2.3
General Govt Consumption	1.0 h	1.0	0.8	1.6	-1.2	1.3	1.1	0.7d	0.8	0.75	1.0	0.7	0.8	0.9
Gross Fixed Investment	3.0 h	-0.8	2.8	2.2	3.0	1.7	2.1	8.7e	1.7	4.00	2.4	3.1	2.2	2.2
Stockbuilding (bn pounds)	-0.5 n	0.4	0.9	1.4	-0.4n	1.3	0.9	-	0.7	0.00n	0.6	0.1	0.8	0.3
Exports (goods & services)	7.0 h	7.1	4.3	5.2	4.1	4.3	4.5	-	4.6	3.50	6.1	5.9	5.0	5.1
Imports (goods & services)	3.0 h	2.8	2.4	3.7	1.3	3.8	2.6	-	2.7	5.00	2.0	4.0	3.0	3.1
Forecasts for financial year 1990-91 (a)														
RPI (CPI [b]) - Q4	4.5 p	6.6	4.7	4.2	(5.0)	5.5	(5.1)k	2.8k	5.0	(4.50)t	4.4	(5.3)k	5.1	5.0
Average Earnings & RPDI	-	8.8	7.9	5.1	8.4	8.4	8.0	5.9	8.8	-	7.6	3.1	8.1	8.3
Employment Growth (r)	-	0.5	3.4	3.8	-	2.0	-	-	3.4	-	1.6	3.3	2.6	3.1
Unemployment (UK adults million - Q4)	-	0.6	0.5	0.3	0.3	0.8	-	-	0.8	0.00	0.3s	0.9	0.5	0.5
Industrial Production	-	1.7	2.07	1.80	-	1.82	2.0km	1.3	1.94	-	1.98	1.80	1.80	1.86
Manufacturing Output	1.5 h	-	2.7	3.5	-	1.8	2.6	-	-	2.25	-	6.0	3.1	3.3
World Trade & Current Account (bn pounds)	5.5 h	-	1.7	2.6	-	1.3	0.7	-	2.9	-	1.5	4.8	1.9	2.5
Sterling Index(1985=100) Q4	-	18.0	16.0	17.0	-	18.0	-	-	15.5	12.75	16.9	16.0	16.3	16.8
Short term interest rate Q4 & Oil Price (\$ per barrel) &	-	14.0	12.0	10.8	-	12.7	-	3.1k	11.0	10.50v	10.8	13.0u	11.9	11.2
Oil Price (\$ per barrel) &	-	18.0	16.0	17.0	-	18.0	-	-	15.5	12.75	16.9	16.0	16.3	16.8

NOTES:

- | | | | | | |
|-------------------------|---|-----------------------------------|------------------------------------|------------------------------------|-----------------------------|
| (A) average measure | * | new forecast | (a) unless specified figures are | (f) 1990H1 | (s) employees in employment |
| (O) output measure | & | for definition see | percentage changes on year earlier | (g) 1990H1 at annual rate | (t) 1990H2 on 1989H2 |
| (E) expenditure measure | - | individual forecasts | (b) normally defined as consumers' | (h) 1990H1 on 1989H1 | (u) end 1990 |
| | - | Treasury's FSBR forecast | expenditure deflator | (k) calendar year 1990 | (v) 1990H2 |
| (C) compromise measure | - | interpreted variously by | (c) non durable consumption | (m) including school leavers | (y) target range set in |
| as used in 1989 FSBR | - | forecasters as either residual | (d) current and capital | (n) change in stockbuilding as a % | 1989 FSBR |
| | # | or as target | including stockbuilding | (p) 1990Q2 on 1989Q2 | (z) taken from longer term |
| | | GDP and components at 1985 prices | (e) private sector investment, | | disaggregate forecast |
| | | | stockbuilding and durable | | |
| | | | consumption | | |

FORECASTS FOR THE UK ECONOMY - TABLE 4

CITY FORECASTS FOR 1990 and 1990-91

Date of Forecast	HMT	Phillips & Drew	Goldman Sachs	Hoare Govett	County Natwest	James Capel	Alex Laing Cr	Citicorp S-V	ANZ-Mc	Midland Bank	SBCI	Barclays Bank	CITY AVERAGE	INDEPENDENT AVERAGE
	Mar '89	June '89	June '89	June '89	June '89	May '89	Apr '89	Apr '89	June '89	Mar '89	June '89	May '89		
Forecasts for calendar year 1990 (a)														
GDP (#)	2.5 (C)h	1.6 (A)	1.7 (A)	3.4 (A)	2.8 (A)	1.8 (A)	2.2 (A)	2.6 (O)	2.9 (A)	1.7 (A)	3.0 (A)	2.3 (O)	2.4	2.3
Consumers' Expenditure	2.0 h	1.5	1.9	3.5	2.6	2.3	2.9	3.7	3.8	1.8	3.0	1.4	2.6	2.3
General Govt Consumption	1.0 h	0.8	1.5	0.4	0.8	0.3	1.4	0.6	1.9	0.9	1.0	1.0	1.0	0.9
Gross Fixed Investment	3.0 h	0.4	-1.4	5.0	2.2	0.6	3.0	4.2	4.3	-2.1	4.5	2.6	2.1	2.2
Stockbuilding (bn pounds)	-0.5 n	-1.9	-0.3	1.0	0.8	-2.2	0.9	-1.0	1.7	-0.2	0.0n	0.6	-0.1	0.3
Exports (goods & services)	7.0 h	4.7	7.2	7.5	6.6	6.0	5.0	3.9	4.2	2.5	5.5	4.8	5.3	5.1
Imports (goods & services)	3.0 h	0.7	2.5	4.2	4.1	2.1	4.5	4.0	5.9	0.1	4.0	1.8	3.1	3.1

RPI - Q4	4.5 p	5.6	5.6	4.5	4.4	4.1	4.3	5.0	5.8	3.9k	4.5	4.5u	4.9	5.0
Average Earnings & RPDI	-	10.1	9.1	7.5	8.0v	8.1	8.6	9.1	8.8	7.4	8.0	8.0	8.5	8.3
Employment Growth	-	1.7	2.6	4.5	3.4	4.2	3.7	3.3	3.0	4.0	4.0	2.5	3.4	3.1
Unemployment (UK adults million - Q4)	-	0.0	-0.9	0.4	0.5	0.5s	-0.1	1.7	1.5	-	0.5	-	0.5	0.5
Industrial Production	-	2.06	1.97	1.68k	1.95	2.07r	1.92	-	1.87r	-	1.91	2.35u	1.96	1.86
Manufacturing Output	1.5 h	2.4	2.7	5.4	4.3	-	3.6	-	2.1	-	3.0	-	3.4	3.3
		1.8	1.6	4.0	5.1	-	3.1	2.6	2.5	-	4.0	-	3.1	2.5

World Trade & Current Account (bn pounds)	5.5 h	4.9	-	-	4.4	5.0	4.0	-	4.5	-	6.0	-	4.8	5.1
Sterling Index(1985=100) Q4	-12.0 g	-14.4	-12.5	-10.5	-14.3	-11.8	-13.2	-13.5	-17.7	-10.0	-14.0	-12.8	-13.6	-13.6
Short term interest rate Q4 & Oil Price(\$ per barrel) &	-	83.1	85.0	-	90.3	92.2	87.3	-	94.8	92.0k	-	92.0u	88.8	89.5
	-	12.0	11.0	9.5	10.0	10.5	-	12.0	11.0	7.9k	10.0	11.0u	10.8	11.2
	-	18.2	17.0	16.0	17.0	17.0	18.0	16.3	19.0	-	17.5	17.0	17.3	16.8

Forecasts for financial year 1990-91 (a)														
M0 Growth	0-4y	4.6k	6.5k	-	-	-	-	-	3.4	-	5.0	-	-	-
M4 Growth	-	13.6k	16.7k	-	12.9	-	-	-	14.6	-	14.0	-	-	-
PSBR (bn pounds) scope for fiscal change (bn pounds)	-	-18.2	-13.0	-18.8	-13.0	-	-	-	-18.0	-	-14.0	-	-15.8	-16.0
	-	2.0	2.7	-	4.0	-	-	-	-	-	-	-	-	-

NOTES:

- | | | | |
|---|---|------------------------------------|-----------------------------------|
| (A) average measure | - Treasury's FSBR forecast | (a) unless specified figures are | (p) 1990Q2 on 1989Q2 |
| (O) output measure | * new forecast | percentage changes on year earlier | (q) 1990Q1 on 1989Q1 |
| (E) expenditure measure | & for definition see individual forecasts | (f) 1990H1 | (r) 1990H2 |
| (C) compromise measure as used in 1989 FSBR | · interpreted variously by forecasters as either residual or target | (g) 1990H1 at annual rate | (s) employees in employment |
| | # GDP and components at 1985 prices | (h) 1990H1 on 1989H1 | (u) end 1990 |
| | | (i) year to March 1991 | (v) 1990Q4 on 1989Q4 |
| | | (k) calendar year 1990 | (y) target range set in 1989 FSBR |

INDEPENDENT FORECASTING ORGANISATIONS COVERED IN THIS COMPARISON

ANZ-McCaughan Merchant Bank Ltd. (ANZ-Mc)
Barclays Bank
Cambridge Econometrics (C'bridge Econ)
Citicorp Scrimgeour Vickers (Citicorp S-V)
CL-Alexanders Laing & Cruikshank (Alex Laing Cr)
Commission of the European Communities (EC)
Confederation of British Industry (CBI)
County NatWest Securities Ltd. incorporating Wood Mackenzie & Co
(County NatWest)
Data Resources Inc. Europe (DRI)
Goldman Sachs
Henley Centre for Forecasting (Henley)
Hoare Govett
International Monetary Fund (IMF)
James Capel & Co
Liverpool Research Group in Macroeconomics (L'pool)
London Business School (LBS)
Midland Bank plc
National Institute for Economic and Social Research (NIESR)
Organisation for Economic Cooperation and Development (OECD)
Oxford Economic Forecasting (Oxford)
Phillips and Drew
Swiss Bank Corporation incorporating SBCI Savory Milln (SBCI)

FORECASTS FOR THE UK ECONOMY

A comparison of independent forecasts

Compiled by
EB Division
HM Treasury

June 1989 No. 29

This issue of the comparison includes new forecasts from: the National Institute; Henley; Cambridge Econometrics; the European Commission; Phillips and Drew; Goldman Sachs; Hoare Govett; County NatWest; ANZ-McCaughan; and Swiss Bank Corporation. The main points are:

AVERAGES

	Non-City (i)		City (ii)		Independent (iii)	
	1989	1990	1989	1990	1989	1990
GDP growth (per cent)	2.6	2.2	2.4	2.4	2.5	2.3
RPI inflation rate (Q4; per cent)	6.1	5.1	6.2	4.9	6.1	5.0
Unemployment (Q4; mn)	1.77	1.80	1.80	1.96	1.78	1.86
Current account (£bn)	-15.3	-13.6	-16.1	-13.6	-15.7	-13.6
PSBR (FY; £bn)	-15.5	-16.2	-16.4	-15.2	-16.0	-16.0

- (i) Average of the 11 non-City forecasts shown in tables 1 and 2.
(ii) Average of the 11 City forecasts shown in tables 3 and 4.
(iii) Average of the 22 independent forecasts shown in tables 1, 2, 3 and 4.

Please note that this comparison is a summary of published material reflecting the views of the forecasting organisations themselves and does not in any way provide new information on the Treasury's own views. The comparison contains only a selection of forecasters which is kept continually under review. No significance should be attached to the inclusion or exclusion of any particular forecasting organisation. HM Treasury accepts no responsibility for the accuracy of the material published in this comparison.

Subscription enquiries should be addressed to EB Division, HM Treasury, Parliament Street, London SW1P 3AG (01-270 5212/5206). An invoice for the annual subscription fee of £60 will be sent on receipt of application. Enquiries on contents and distribution to Robert Lind (01-270 5206).

FORECASTS FOR THE UK ECONOMY - TABLE 1

NON-CITY FORECASTS FOR 1989 AND 1989-90

Date of Forecast	HMT	NIESR	LBS	DRI	IMF	Henley	C'bridge		CBI	OECD	Oxford	EC	NON-CITY AVERAGE	INDEPENDENT AVERAGE
	Mar '89	May '89	Feb '89	Mar '89	Apr '89	June '89	Econ (z)	L'pool	Mar '89	Dec '88	Apr '89	June '89		
Forecasts for calendar year 1989 (a)														
GDP (#)	2.5 (C)	2.3 (O)	3.0 (O)	2.0 (A)	3.3 (A)	2.1 (A)	2.2 (O)	3.8 (O)	2.1 (A)	3.00 (A)	2.5 (A)	2.4 (A)	2.6	2.5
Consumers' Expenditure	3.5	3.8	2.4	2.4	4.1	3.1	2.6	2.9c	2.5	3.75	2.9	3.6	3.1	3.0
General Govt Consumption	0.5	1.0	0.6	1.4	-1.0	2.0	0.3	1.5d	0.6	0.75	0.9	0.9	0.7	0.8
Gross Fixed Investment	4.5	6.2	3.5	4.8	7.2	4.7	5.2	4.2e	5.9	6.75	5.5	6.3	5.6	6.0
Stockbuilding (bn pounds)	-0.5 n	2.0	1.3	1.9	0.1n	1.4	1.9	-	1.2	0.00n	1.9	1.0	1.6	1.4
Exports (goods & services)	4.5	5.7	4.4	2.6	1.8	4.3	5.0	-	5.1	4.50	5.9	2.7	4.2	4.6
Imports (goods & services)	4.5	10.1	3.3	5.1	4.5	5.9	5.7	-	5.3	6.50	6.0	6.4	5.9	6.1
Forecasts for financial year 1989-90 (a)														
RPI (CPI [b]) - Q4	5.5	6.6	5.4	5.6	(6.5)	6.2	(5.8)k	(4.4)k	5.9	(5.00)t	6.7	(5.8)k	6.1	6.1
Average Earnings & RFDI	-	9.2	8.4	10.3	10.0	9.2	8.8	10.0	9.2	-	8.8	9.1	9.3	9.2
Employment Growth (r)	-	2.6	3.3	3.7	-	2.9	-	-	2.0	-	1.4	2.1	2.6	3.0
Unemployment (UK adults million - Q4)	-	1.5	1.3	1.2	1.4	1.9	-	-	1.4	1.00	1.2	1.6	1.4	1.4
Industrial Production	-	1.7	1.88	1.90	-	1.74	1.9km	1.6	1.91	-	1.71	1.75	1.77	1.78
Manufacturing Output	3.5	3.0	5.5	4.0	-	3.9	3.9	-	3.7	-	3.9	4.7	4.1	4.1
Forecasts for financial year 1989-90 (a)														
World Trade & Current Account (bn pounds)	8.0	7.0	6.5	6.1	5.8	4.6	-	4.5	6.8	7.50	5.0	6.8	6.1	6.2
Sterling Index (1985=100) Q4	-14.5	-17.1	-12.0	-15.8	-18.0	-16.0	-16.8	-11.8	-15.1	-14.0	-14.5	-16.8	-15.3	-15.7
Short term interest rate Q4 & Oil Price (\$ per barrel) &	-	93.7	96.0	-	-	93.6	92.7k	93.3k	95.0	-	93.7	-	94.4	93.1
	-	13.0	11.4	12.2	-	13.5	-	9.8k	13.0	11.50v	11.2	13.0u	12.4	12.2
	-	18.0	14.0	15.7	-	18.6	-	-	15.9	12.25	16.2	16.4	15.9	16.6

NOTES:

- | | | | | | |
|---|---|-----------------------------------|---------------------------------------|------------------------------------|-----------------------------------|
| (A) average measure | * | new forecast | (a) unless specified figures are | (f) 1989H2 | (y) target range set in 1989 FSBR |
| (O) output measure | & | for definition see | percentage changes on year earlier | (k) calendar year 1989 | (z) taken from longer term |
| (E) expenditure measure | - | individual forecasts | normally defined as consumers' | (m) including school leavers | disaggregate forecast |
| | - | Treasury's FSBR forecast | expenditure deflator | (n) change in stockbuilding as a % | |
| (C) compromise measure as used in 1989 FSBR | # | GDP and components at 1985 prices | (c) non durable consumption | (o) of GDP in previous period | |
| | | | (d) current and capital | (r) employed labour force | |
| | | | including stockbuilding | (s) employees in employment | |
| | | | (e) private sector investment, | (t) 1989H2 at annual rate | |
| | | | stockbuilding and durable consumption | (u) end 1989 | |

'Non-City average' is an unweighted average of comparable forecasts as summarised in Tables 1 and 2.

'Independent average' is an unweighted average of comparable non-City and City forecasts as summarised in Tables 1, 2, 3 and 4.

FORECASTS FOR THE UK ECONOMY - TABLE 2

NON-CITY FORECASTS FOR 1990 AND 1990-91

Date of Forecast	HMT	NIESR	LBS	DRI	IMF	Henley	C'bridge Econ (z)	L'pool	CBI	OECD	Oxford	EC	NON-CITY AVERAGE	INDEPENDENT AVERAGE
	Mar '89	May '89	Feb '89	Mar '89	Apr '89	June '89	May '89	Mar '89	Mar '89	Dec '88	Apr '89	June '89		
Forecasts for calendar year 1990 (a)														
GDP (#)	2.5(C)h	1.6 (O)	2.4 (O)	2.6 (A)	2.1 (A)	1.6 (A)	1.8 (O)	4.1 (O)	2.3 (A)	2.00 (A)	2.0 (A)	2.1 (A)	2.2	2.3
Consumers' Expenditure	2.0 h	1.3	2.2	2.8	1.9	1.7	1.4	3.0c	2.2	2.75	1.3	1.9	1.9	2.3
General Govt Consumption	1.0 h	1.0	0.8	1.6	-1.2	1.3	1.1	0.7d	0.8	0.75	1.0	0.7	0.8	0.9
Gross Fixed Investment	3.0 h	-0.8	2.8	2.2	3.0	1.7	2.1	8.7e	1.7	4.00	2.4	3.1	2.2	2.2
Stockbuilding (bn pounds)	-0.5 n	0.4	0.9	1.4	-0.4n	1.3	0.9	-	0.7	0.00n	0.6	0.1	0.8	0.3
Exports (goods & services)	7.0 h	7.1	4.3	5.2	4.1	4.3	4.5	-	4.6	3.50	6.1	5.9	5.0	5.1
Imports (goods & services)	3.0 h	2.8	2.4	3.7	1.3	3.8	2.6	-	2.7	5.00	2.0	4.0	3.0	3.1
Forecasts for financial year 1990-91 (a)														
RPI (CPI [b]) - Q4	4.5 p	6.6	4.7	4.2	(5.0)	5.5	(5.1)k	2.8k	5.0	(4.50)t	4.4	(5.3)k	5.1	5.0
Average Earnings & RPI	-	8.8	7.9	9.1	8.4	3.4	8.0	5.9	8.8	-	7.6	8.1	8.1	8.3
Employment Growth (r)	-	0.6	0.6	0.3	0.3	0.8	-	-	0.8	0.00	0.3s	0.9	0.5	0.5
Unemployment (UK adults million - Q4)	-	1.7	2.07	1.80	-	1.82	2.0km	1.3	1.94	-	1.98	1.80	1.80	1.86
Industrial Production	-	-	2.7	3.5	-	1.8	2.6	-	-	2.25	-	6.0	3.1	3.3
Manufacturing Output	1.5 h	-1.7	3.3	2.6	-	1.3	0.7	-	2.9	-	1.5	4.8	1.9	2.5
Forecasts for financial year 1990-91 (a)														
World Trade & Current Account (bn pounds)	5.5 h	5.6	5.7	5.0	6.0	4.7	-	4.3	6.1	7.00	3.1	6.0	5.4	5.1
Sterling Index(1985=100) Q4	-12.0 g	-15.3	-11.6	-13.4	-15.2	-15.5	-12.8	-13.3	-10.9	-16.0	-9.9	-16.1	-13.6	-13.6
Short term interest rate Q4 & Oil Price (\$ per barrel) &	-	89.1	96.0	-	-	85.9	93.1k	92.2k	93.0	-	83.8	-	90.4	89.5
	-	14.0	12.0	10.8	-	12.7	-	8.1k	11.0	10.50v	10.8	13.0u	11.9	11.2
	-	18.0	16.0	17.0	-	18.0	-	-	15.5	12.75	16.9	16.0	16.3	16.8
Forecasts for financial year 1990-91 (a)														
M0 Growth	0-4 y	-	9.1	4.7	-	6.8	-	-	-	-	3.5j	4.8u	-	-
M4 Growth	-	-	12.5	-	-	-	-	-	-	-	-	9.9u	-	-
PSBR (bn pounds) scope for fiscal change (bn pounds)	-	-15.4	-15.0	-19.5	-	-14.2	-11.2k	-16.3	-14.0k	-	-13.9	-18.9	-16.2	-16.0
	-	-	-	-	-	0.0	-	-	-	-	-	1.0	-	-

NOTES:

- | | | | | |
|---|---|--|--|--|
| (A) average measure | * new forecast | (a) unless specified figures are percentage changes on year earlier | (f) 1990H1 | (s) employees in employment |
| (O) output measure | & for definition see individual forecasts | (b) normally defined as consumers' expenditure deflator | (g) 1990H1 at annual rate | (t) 1990H2 on 1989H2 |
| (E) expenditure measure | - Treasury's FSBR forecast interpreted variously by forecasters as either residual or as target | (c) non durable consumption | (h) 1990H1 on 1989H1 | (u) end 1990 |
| (C) compromise measure as used in 1989 FSBR | # GDP and components at 1985 prices | (d) current and capital including stockbuilding | (k) calendar year 1990 | (v) 1990H2 |
| | | (e) private sector investment, stockbuilding and durable consumption | (m) including school leavers | (y) target range set in 1989 FSBR |
| | | | (n) change in stockbuilding as a % of GDP in previous period | (z) taken from longer term disaggregate forecast |
| | | | (p) 1990Q2 on 1989Q2 | |

FORECASTS FOR THE UK ECONOMY - TABLE 3

CITY FORECASTS FOR 1989 and 1989-90

Date of Forecast	HM*	Phillips & Drew	Goldman Sachs	Hoare Govett	County NatWest	James Capel	Alex Laing Cr	Citicorp S-V	AMZ-Mc *	Midland Bank	SBCI *	Barclays Bank	CITY AVERAGE	INDEPENDENT AVERAGE
	Mar '89	June '89	June '89	June '89	June '89	May '89	Apr '89	Apr '89	June '89	Mar '89	June '89	May '89		
Forecasts for calendar year 1989 (a)														
GDP (#)	2.5 (C)	2.5 (A)	1.8 (A)	2.1 (A)	2.4 (A)	2.8 (A)	1.4 (A)	3.3 (O)	1.9 (A)	2.6 (A)	2.8 (A)	2.5 (O)	2.4	2.5
Consumers' Expenditure	3.5	3.4	2.3	3.0	2.8	2.8	2.5	3.6	3.4	1.8	3.5	2.4	2.9	3.0
General Govt Consumption	0.5	0.8	0.9	0.8	0.9	0.7	0.6	0.8	1.4	0.6	0.9	0.5	0.8	0.8
Gross Fixed Investment	4.5	5.2	9.6	6.0	5.5	6.6	6.0	5.7	5.9	7.8	7.0	5.5	6.4	6.0
Stockbuilding (bn pounds)	-0.5 n	1.7	2.2	1.2	0.5	0.8	2.4	0.5	1.3	0.3	0.3n	1.0	1.2	1.4
Exports (goods & services)	4.5	4.5	4.7	3.1	6.0	6.7	4.7	4.3	2.4	5.2	6.5	5.5	4.9	4.6
Imports (goods & services)	4.5	6.5	9.9	5.3	5.9	5.5	8.6	4.7	6.0	3.9	9.0	4.5	6.3	6.1
RPI - Q4	5.5	7.0	7.2	5.5	6.8	6.8	5.7	5.8	6.5	4.4	6.1	5.6u	6.2	6.1
Average Earnings & RPDI	-	9.8	9.8	8.6	8.1	9.0	9.1	9.5	9.3	8.4	9.2	9.0	9.1	9.2
Employment Growth	-	4.0	2.3	4.3	3.3	3.4	2.2	3.3	2.9	3.5	3.5	3.4	3.3	3.0
Unemployment (UK adults million - Q4)	-	2.7	1.3	1.3	1.7	1.0s	0.9	1.7	1.2	-	1.0	-	1.5	1.4
Industrial Production	-	1.78	1.73	1.72	1.81	1.85r	1.89	-	1.85r	-	1.86	2.15u	1.80	1.78
Manufacturing Output	3.5	1.3	0.0	1.0	2.1	-	3.0	-	1.2	-	2.5	-	1.6	1.9
World Trade & Current Account (bn pounds)	8.0	6.1	7.0	-	6.6	6.8	6.0	-	6.0	-	6.5	-	6.4	6.2
Sterling Index(1935=100) Q4	-14.5	-18.0	-16.6	-13.5	-16.7	-16.2	-18.4	-17.4	-16.1	-13.0	-15.5	-16.0	-16.1	-15.7
Short term interest rate Q4 & Oil Price(\$ per barrel) &	-	91.0	90.0	-	91.8	94.6	90.6	-	94.2	92.5	-	94.0u	92.1	93.1
	-	13.0	13.0	11.5	13.0	12.8	11.0	13.0	12.0	10.0	11.5	13.0u	12.1	12.2
	-	17.1	17.2	17.0	16.0	17.5	16.5	17.2	18.5	-	17.5	16.5	17.1	16.6
Forecasts for financial year 1989-90 (a)														
M0 Growth	1-5y	5.7k	4.5k	4.8	4.0	5.0	2.5	-	5.8	-	5.5	-	-	-
M4 Growth	-	16.2k	20.2k	12.8	13.7	16.3	-	-	14.5	-	14.0	-	-	-
PSBR (bn pounds)	-14.0	-20.0	-18.2	-15.2	-14.8	-17.3	-11.7	-16.0	-18.3	-	-16.0	-	-16.4	-16.0

NOTES:

(A) average measure	-	Treasury's FSBR forecast	(a) unless specified figures are	(u) end 1989
(O) output measure	*	new forecast	percentage changes on year earlier	(v) 1989Q4 on 1988Q4
(E) expenditure measure	&	for definition see individual forecasts	(i) year to March 1990	(y) target range set in 1989 FSBR
(C) compromise measure as used in 1989 FSBR	#	GDP and components at 1985 prices	(k) calendar year 1989	
			(q) 1990Q1 on 1989Q1	
			(r) 1989H2	
			(s) employees in employment	

'City Average' is an unweighted average of comparable City forecasts as summarised in Tables 3 and 4.

'Independent average' is an unweighted average of comparable non-City and City forecasts as summarised in Tables 1, 2, 3 and 4.

FORECASTS FOR THE UK ECONOMY - TABLE 4

CITY FORECASTS FOR 1990 and 1990-91

Date of Forecast	HMT	Phillips & Drew	Goldman Sachs	Hoare Govett	County NatWest	James Capel	Alex Laing Cr	Citicorp S-V	ANZ-Mc *	Midland Bank	SBCI *	Barclays Bank	CITY AVERAGE	INDEPENDENT AVERAGE
	Mar '89	June '89	June '89	June '89	June '89	May '89	Apr '89	Apr '89	June '89	Mar '89	June '89	May '89		
Forecasts for calendar year 1990 (a)														
GDP (#)	2.5 (C)h	1.6 (A)	1.7 (A)	3.4 (A)	2.9 (A)	1.8 (A)	2.2 (A)	2.6 (O)	2.9 (A)	1.7 (A)	3.0 (A)	2.3 (O)	2.4	2.3
Consumers' Expenditure	2.0 h	1.5	1.9	3.5	2.6	2.3	2.9	3.7	3.8	1.8	3.0	1.4	2.6	2.3
General Govt Consumption	1.0 h	0.8	1.5	0.4	0.8	0.3	1.4	0.6	1.9	0.9	1.0	1.0	1.0	0.9
Gross Fixed Investment	3.0 h	0.4	-1.4	5.0	2.2	0.6	3.0	4.2	4.3	-2.1	4.5	2.6	2.1	2.2
Stockbuilding (bn pounds)	-0.5 n	-1.9	-0.3	1.0	0.8	-2.2	0.9	-1.0	1.7	-0.2	0.0m	0.6	-0.1	0.3
Exports (goods & services)	7.0 h	4.7	7.2	7.5	6.6	6.0	5.0	3.9	4.2	2.5	5.5	4.8	5.3	5.1
Imports (goods & services)	3.0 h	0.7	2.5	4.2	4.1	2.1	4.5	4.0	5.9	0.1	4.0	1.8	3.1	3.1
Forecasts for financial year 1990-91 (a)														
RPI - Q4	4.5 p	5.6	5.6	4.5	4.4	4.1	4.8	5.0	5.8	3.9k	4.5	4.5u	4.9	5.0
Average Earnings & RPDI	-	10.1	9.1	7.5	8.0v	8.1	8.6	9.1	8.8	7.4	8.0	8.0	8.5	8.3
Employment Growth	-	1.7	2.6	4.5	3.4	4.2	3.7	3.3	3.0	4.0	4.0	2.5	3.4	3.1
Unemployment (UK adults million - Q4)	-	0.0	-0.9	0.4	0.5	0.5s	-0.1	1.7	1.5	-	0.5	-	0.5	0.5
Industrial Production	-	2.06	1.97	1.68k	1.95	2.07r	1.92	-	1.87r	-	1.91	2.35u	1.96	1.86
Manufacturing Output	1.5 h	2.4	2.7	5.4	4.3	-	3.6	-	2.1	-	3.0	-	3.4	3.3
		1.8	1.6	4.0	5.1	-	3.1	2.6	2.5	-	4.0	-	3.1	2.5
Forecasts for financial year 1990-91 (a)														
World Trade & Current Account (bn pounds)	5.5 h	4.9	-	-	4.4	5.0	4.0	-	4.5	-	6.0	-	4.8	5.1
Sterling Index(1985=100) Q4	-12.0 g	-14.4	-12.5	-10.5	-14.3	-11.8	-18.2	-13.5	-17.7	-10.0	-14.0	-12.8	-13.6	-13.6
Short term interest rate Q4 & Oil Price(\$ per barrel) &	-	83.1	85.0	-	90.3	92.2	87.3	-	94.8	92.0k	-	92.0u	88.8	89.5
	-	12.0	11.0	9.5	10.0	10.5	-	12.0	11.0	7.9k	10.0	11.0u	10.8	11.2
	-	18.2	17.0	16.0	17.0	17.0	18.0	16.3	19.0	-	17.5	17.0	17.3	16.8
Forecasts for financial year 1990-91 (a)														
M0 Growth	0-4y	4.6k	6.5k	-	-	-	-	-	3.4	-	5.0	-	-	-
M4 Growth	-	13.6k	16.7k	-	12.9	-	-	-	14.6	-	14.0	-	-	-
PSBR (bn pounds) scope for fiscal change (bn pounds)	-	-18.2	-13.0	-18.8	-13.0	-	-	-	-18.0	-	-14.0	-	-15.8	-16.0
	-	2.0	2.7	-	4.0	-	-	-	-	-	-	-	-	-

NOTES:

- | | | | |
|---|---|------------------------------------|-----------------------------------|
| (A) average measure | - Treasury's FSBR forecast | (a) unless specified figures are | (p) 1990Q2 on 1989Q2 |
| (O) output measure | * new forecast | percentage changes on year earlier | (q) 1990Q1 on 1989Q1 |
| (E) expenditure measure | & for definition see individual forecasts | (f) 1990H1 | (r) 1990H2 |
| (C) compromise measure as used in 1989 FSBR | - interpreted variously by forecasters as either residual or target | (g) 1990H1 at annual rate | (s) employees in employment |
| | # GDP and components at 1985 prices | (h) 1990H1 on 1989H1 | (u) end 1990 |
| | | (i) year to March 1991 | (v) 1990Q4 on 1989Q4 |
| | | (k) calendar year 1990 | (y) target range set in 1989 FSBR |

INDEPENDENT FORECASTING ORGANISATIONS COVERED IN THIS COMPARISON

ANZ-McCaughan Merchant Bank Ltd. (ANZ-Mc)
Barclays Bank
Cambridge Econometrics (C'bridge Econ)
Citicorp Scrimgeour Vickers (Citicorp S-V)
CL-Alexanders Laing & Cruikshank (Alex Laing Cr)
Commission of the European Communities (EC)
Confederation of British Industry (CBI)
County NatWest Securities Ltd. incorporating Wood Mackenzie & Co
(County NatWest)
Data Resources Inc. Europe (DRI)
Goldman Sachs
Henley Centre for Forecasting (Henley)
Hoare Govett
International Monetary Fund (IMF)
James Capel & Co
Liverpool Research Group in Macroeconomics (L'pool)
London Business School (LBS)
Midland Bank plc
National Institute for Economic and Social Research (NIESR)
Organisation for Economic Cooperation and Development (OECD)
Oxford Economic Forecasting (Oxford)
Phillips and Drew
Swiss Bank Corporation incorporating SBCI Savory Milln (SBCI)

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We are trying to update the distribution list for the 'Comparison of independent forecasts'. For this purpose, we would like to know:

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Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 01-273 . . 5803.
Telex 915564 Fax 01-273 5821

Secretary of State

Paul Gray Esq
10 Downing Street
LONDON
SW1A 2AA

10 July 1989

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 15 July 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), Simon Sparrow (Northern Ireland Office) David Fell (Department of Economic Development, Northern Ireland Office), and Andrew Dunlop (No 10 Policy Unit).

Yours ever,

Anne Marie

ANNE-MARIE LAWLOR
Private Secretary



Employment Department · Training Agency
Health and Safety Executive · ACAS

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10. EARNINGS
11. INDUSTRIAL STOPPAGES
12. EMPLOYMENT AND TRAINING MEASURES

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LABOUR MARKET STATISTICS-KEY FACTS

A2(i)

UNEMPLOYMENT IN JUNE

Seasonally adjusted (UK) (Consistent)
 Now 1.809 million, lowest for 8¹/₂ years
 (since December 1980).
 Down 26,500 in June.
 Rate 6.3%, lowest since November 1980.
 Down 35 months running, longest and
 largest continuous fall since the war.
 Down 1.324 million since July 1986.

Fall of 1,047,900 (consistent) since
 election June 1987. (1,144,600 since
 campaign, April 1987 figure)
 Fall in last 12 months 514,800
 Average fall of 38,000 per month over last
 six months.

TOTAL (unadjusted) (UK)

Now 1.743 million (6.1%)
 Down 59,000 since May.

Regional unemployment (Seasonally adjusted)

Fall in all regions of UK over last year:
 rates fallen most in West Midlands and
 Wales followed by the North and Yorkshire
 and Humberside.

Long term unemployment. (UK, unadjusted)

April: Claimants unemployed for one year
 or more 744,000 in April, lowest for more
 than 6 years. Now down by some 600,000
 since April 1986 including record fall of
 half a million in past two years. Fallen
 faster than total unemployed. Long term
 unemployed aged 18-24 more than halved in
 2 years, down by a 38% among over 25s.
 Over 5 year unemployed now falling
 sharply, down by 20 % over the past year.

Young unemployed (UK)

18 - 24's down by 41% in two years to
 April 1989; 47% lower than 3 years ago.
 Latest EC unemployment comparison for
 under 25's (March 89) showed UK 9.6 %
 compared with EC average 18.1% (lower than
 all other EC countries except Germany,
 Denmark and Luxembourg).

Fiddling the figures

Only 2 changes to compilation of the count
 since 1979; 7 changes altogether including
 5 administrative changes.

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

Effect of measures on unemployment count

- Participants in employment and
 training measures reduced slightly during
 past 2 years when unemployment fallen
 rapidly.

- Those on schemes are not unemployed,
 they are at work or training.

Labour force survey (GB Spring 1988)

(Gives international - ILO/OECD - measure
 of unemployment: without work, available
 and seeking work during past 4 weeks)

Confirms unemployment fallen sharply,
 Spring 1987 to 1988. Similar falls of half
 a million in ILO/OECD measure (505,000)
 and monthly count (540,000). (Difference
 within margins of survey error)
 ILO/OECD measure in spring 1988; 2.37
 million, marginally lower than (headline)
 count of 2.41 million. The international
 measure peaked in 1984 while the claimant
 count started to fall two years later.

International Comparisons

UK rate fallen faster in past 2 years
 than any other major industrialised
 country (also over the past year except
 for Spain). UK unemployment lower than EC
 average (9.3%). Latest international rates
 show unemployment higher in France
 (10.1%), Italy (10.7%), Canada (7.7%),
 Belgium (9.5%), Netherlands (9.4%), Spain
 (17.7%) and Ireland (17.0%). (Comparable
 UK 6.6% - OECD standardised rate for
 April.)

Flows out of unemployment

- Around 1/3 million per month leave the
 count. Over a quarter of those becoming
 unemployed leave within the first month;
 55% leave within the first 3 months.

- Job starts: 7.5 million per year (1987)
 includes employed and unemployed,
 equivalent to about 30,000 every working
 day.

VACANCIES (Seasonally adjusted, UK)

Unfilled vacancies at Jobcentres 226,400
 in June, up 8,200 since May, but down 11%
 on a year earlier.
 Only about a third of vacancies reported
 to Jobcentres.

AVERAGE EARNINGS (GB)

Underlying increase in average earnings in
 year to May 9¹/₄%, same as year to
 April.

INDUSTRIAL STOPPAGES (UK)

Working days lost 171,000 in May, has
 risen for 5 successive months. Lowest May
 figure since 1957, apart from May 1983 and
 May 1988. In 12 months ending May, 2.9
 million days lost compared with 2.1
 million over previous 12 months and with
 3.7 million in 1988, 3.5 million in 1987,
 1.9 million in 1986 and an average 12.9
 million for 1970's.

Number of stoppages 71 in May, lowest May
 figure since 1936. Total for 1988 lowest
 since 1935.

KEY FACTS**EMPLOYMENT (UK seasonally adjusted)****WORKFORCE IN EMPLOYMENT**

- Workforce in employment in Q1 1989
- now stands at 26,685,000 (highest ever)
- on a rising trend for 6 years since March 1983
- Increase since March 1983 by 3,122,000 (this will be revised following publication of 1987 Census of Employment results)
- Increase in year to March 1989 of 596,000, of which:
 - 247,000 male
 - 349,000 female
- 373,000 employees
- 124,000 self employed
- 106,000 trainees
- 7,000 HM Forces

TREND - LATEST QUARTER

- Employment growth of 177,000 in Q1 1989.

EMPLOYMENT IN MANUFACTURING

- at 5,250,000 in March 1989
- down by 2,000 in year to March
- down 6,000 in quarter 4.

EMPLOYMENT IN SERVICES

- at 15,777,000 in March 1989
- up by 405,000 over the year
- service sector (incl. self employment) accounts for almost two-thirds of employment
- the increase in the third and fourth quarters of 1988 and the first quarter of 1989 have been affected by the run-down in CP in preparation for ET.

SELF-EMPLOYMENT

- at an estimated 3,079,000 in Mar 89
- up by 124,000 over year to March
- up by more than 1.1 million since June 1979 (following little change in the seventies).

EMPLOYMENT (GB seasonally adjusted)**EMPLOYMENT IN MANUFACTURING (GB)**

- at 5,115,000 in May 1989
- down 15,000 in May
- down 37,000 in year to May
- down 5,000 in Q1 1989.

OVERTIME AND SHORT TIME (GB)

- overtime of 13.6 million hours a week worked in May
- short time of 0.43 million hours a week lost in May.

PART-TIME EMPLOYMENT (GB)

- at 6,339,000 (24% of workforce in employment) in March 1989
- up by 221,000 over year to March
- up by 1,494,000 since March 1983
- part-time jobs account for 37% of employment growth in year since March 1988
- continuing rise is a sign of increased labour market flexibility good for the economy
- according to 1988 LFS less than 8% of those working part-time did so because they could not find a full-time job (ie. majority preferred part-time work)
- NB. a part-time job can be anything up to 30 hours a week: ie. more than half a full-time job.

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
- Includes most YTS, NJTS and ET participants.

DOUBLE JOBBING

- increase includes second jobs as employees (but excludes second jobs as self-employed)
- second jobs are still extra jobs, even if held by people already employed.

INTERNATIONAL COMPARISONS

- Increase 83-87 (latest comparable) UK equals rest of EC combined (this will not be true for 83-88)
- UK proportion of population of working age in employment (68%) much higher than EC average.

LABOUR MARKET STATISTICS
SUMMARY STATISTICS

13 July 1989

		Level	Change on previous period	<u>Thousands</u> Change on previous year
<u>Unemployment (UK)</u>				
Total unadjusted	June 8	1,743	- 59	(-598)(a)
Seasonally adjusted (b)	June 8	1,809	- 27	-515
<u>Workforce in employment</u> (UK) (c),(d) (e)	Mar Q1 1989	26,685	+ 177	+596
<u>Employees in employment (UK) (c)</u>				
All industries and Services (UK)	Mar Q1 1989	22,848	+ 109	+373
Services (UK)	Mar Q1 1989	15,777	+ 114	+405
Manufacturing (UK)	Mar Q1 1989	5,250	- 6	- 2
Manufacturing (GB)	May 1989	5,115	- 15	- 37
<u>Vacancies (UK)(jobcentres)</u> (c)	June 2	226	+ 8	- 29
<u>Index of Average Earnings (GB) (c)</u>				
			Percentage change on previous year (underlying increase)	
Whole Economy	May		9¼	
Services	May		9	
Manufacturing	May		9¼	

Notes

- (a) The changes in the unadjusted unemployment figures compared with a year ago are affected by the new regulations for claimants aged under 18 introduced in September 1988.
- (b) To maintain a consistent assessment, the seasonally adjusted series relates only to claimants aged 18 and over (see notes to editors A7)
- (c) All figures seasonally adjusted
- (d) The workforce in employment comprises employees, the self-employed, participants on work related government training schemes and HM Forces.
- (e) The employment statistics are now presented on a UK basis, wherever possible.

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

Summary

Unemployment (UK seasonally adjusted) fell by 26,500 in the month to June. Male unemployment decreased by 14,300 and female unemployment decreased by 12,200. Over the past six months there has been a fall of 38,000 on average compared with a fall of 47,800 per month over the previous six months to December 1988.

The total, unadjusted, decreased in June by 59,378 to 1,743,141.

The workforce in employment in the United Kingdom is estimated to have increased by 177,000 in the first quarter of 1989 contributing to an overall increase of 596,000 in the year to March 1989. The workforce in employment has now been on a rising trend for six years.

The number of employees employed in manufacturing industry in Great Britain is estimated to have decreased by 15,000 in May 1989. In the first quarter of 1989 there was a fall of 5,000 in manufacturing employment, while over the year to May 1989 there was a fall of 37,000.

The stock of Jobcentre vacancies (UK seasonally adjusted) increased by 8,200 in June to 226,400. Over the past six months there has been a decrease of 2,000 per month on average.

The underlying increase in average earnings for the whole economy in the year to May was 9¼ per cent, the same level as 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 United Kingdom decreased by 26,500 to 1.809 million in June, 6.3 per cent of the workforce*.

Over the past six months on average unemployment has fallen by 38,000 per month.

The unadjusted total decreased by 59,378 between May and June to 1,743,141 giving an unemployment rate of 6.1 per cent of the workforce*.

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

THOUSAND

TABLE 1: UNEMPLOYMENT - SEASONALLY ADJUSTED⁺ - UNITED KINGDOM

	Male	Female	Total	Change since previous month	Average change over past 6 months	Average change over past 3 months	Unemployment rate: Percentage of workforce*
1988 Jun	1624.0	700.1	2324.1	-39.7	-40.8	-43.3	8.1
Jul	1586.7	680.6	2267.3	-56.8	-42.0	-45.2	7.9
Aug	1562.7	662.9	2225.6	-41.7	-43.2	-46.1	7.8
Sep ⁺⁺	1543.1	648.6	2191.7	-33.9	-43.7	-44.1	7.7
Oct	1522.4	635.5	2157.9	-33.8	-40.8	-36.5	7.6
Nov	1484.6	620.6	2105.2	-52.7	-43.1	-40.1	7.4
Dec	1439.4	598.0	2037.4	-67.8	-47.8	-51.4	7.1
1989 Jan	1405.4	582.4	1987.8	-49.6	-46.6	-56.7	7.0
Feb	1377.9	570.8	1948.7	-39.1	-46.2	-52.2	6.8
Mar	1359.5	557.1	1916.6	-32.1	-45.9	-40.3	6.7
Apr	1321.5	536.5	1858.0	-58.6	-50.0	-43.3	6.5
May(r)	1309.7	526.1	1835.8	-22.2	-44.9	-37.6	6.4
Jun(p)	1295.4	513.9	1809.3	-26.5	-38.0	-35.8	6.3 **

+ To maintain a consistent assessment, the seasonally adjusted series relates only to claimants aged 18 and over (see notes to editors, A7).

++ September's seasonally adjusted figures have also been adjusted to allow for the estimated distortion caused by the postal strike (See note A8).

** The separate rate for males was 7.8 per cent, and for females 4.3 per cent.

* See note A4

(p) Provisional and subject to revision (see note A5)

(r) Revised

TABLE 2: UNEMPLOYMENT SEASONALLY ADJUSTED⁺ (P) - REGIONS June 8 1989

	Male	Female	Total	Change since previous month	Unemployment rate percentage of workforce*	Change since previous month
	THOUSAND					
South East (incl. Greater London)	260.5 (156.6)	109.6 (61.9)	370.1 (218.5)	-3.5 (-2.7)	3.9 (5.0)	0.0 (-0.1)
East Anglia	23.7	11.4	35.1	0.0	3.3	0.0
South West	66.9	33.2	100.1	-0.8	4.7	0.0
West Midlands	118.7	50.1	168.8	-3.1	6.3	-0.1
East Midlands	78.2	32.0	110.2	-1.3	5.5	-0.1
Yorks and Humberside	129.1	49.2	178.3	-3.0	7.5	-0.1
North West	192.7	71.5	264.2	-4.5	8.8	-0.1
North	106.5	37.1	143.6	-2.7	9.8	-0.2
Wales	71.5	27.0	98.5	-1.4	8.2	-0.1
Scotland	169.9	65.0	234.9	-4.6	9.4	-0.2
GREAT BRITAIN	1,217.6	485.9	1,703.5	-25.3	6.1	-0.1
Northern Ireland	77.8	28.0	105.8	-1.2	15.3	-0.2
UNITED KINGDOM	1,295.4	513.9	1,809.3	-26.5	6.3	-0.1

* See note A4

(P) Provisional see note A5

+ To maintain a consistent assessment, the seasonally adjusted series relates only to claimants aged 18 and over (see notes to editors, A7).

TABLE 3: UNEMPLOYMENT TOTAL - UNADJUSTED - UNITED KINGDOM

		Male	Female	Number	Unemployment rate percentage of workforce*
1988	Jun	1,632,041	708,748	2,340,789	8.2
	Jul	1,606,313	720,390	2,326,703	8.1
	Aug	1,576,548	714,627	2,291,175	8.0
	Sep++	1,594,403	716,570	2,310,973	8.1
	Oct++	1,484,236	634,626	2,118,862	7.4
	Nov	1,454,771	612,173	2,066,944	7.2
	Dec	1,451,478	595,060	2,046,538	7.2
1989	Jan	1,473,163	601,149	2,074,312	7.3
	Feb	1,434,871	583,308	2,018,179	7.1
	Mar	1,399,364	560,856	1,960,220	6.9
	Apr	1,350,793	532,788	1,883,581	6.6
	May	1,297,067	505,452	1,802,519	6.3
	Jun	1,256,572	486,569	1,743,141	6.1+

+ The separate rate for males was 7.6 per cent, and for females 4.1 per cent.

TABLE 4: UNEMPLOYMENT TOTAL UNADJUSTED - REGIONS June 8 1989

THOUSAND

	Male	Female	Total	Change since previous month	Unemployment rate percentage of workforce*
South East incl. (Greater London)	251.9 (154.5)	103.3 (59.7)	355.2 (214.2)	-10.3 (-4.1)	3.8 (4.9)
East Anglia	22.4	10.5	32.9	-2.2	3.1
South West	61.3	29.2	90.5	-6.0	4.3
West Midlands	115.5	47.8	163.4	-4.5	6.1
East Midlands	75.7	30.6	106.3	-3.8	5.3
Yorks and Humberside	125.7	47.2	172.9	-6.2	7.2
North West	188.4	68.3	256.8	-8.4	8.5
North	104.6	35.5	140.0	-5.0	9.5
Wales	68.0	24.8	92.8	-5.0	7.7
Scotland	166.1	62.1	228.2	-7.0	9.1
GREAT BRITAIN	1,179.7	459.2	1,638.9	-58.2	5.9
Northern Ireland	76.9	27.3	104.2	-1.2	15.1
UNITED KINGDOM	1,256.6	486.6	1,743.1	-59.4	6.1

++ Changes in the unadjusted unemployment figures are affected by the new regulations for claimants aged under 18, introduced in September 1988, as well as seasonal influences. The figures for September 1988 were also affected by over-recording caused by the postal strike (see notes to editors).

* See note A4.

TABLE 5: UNEMPLOYMENT FLOWS ^x - STANDARDISED, UNADJUSTED
UNITED KINGDOM

Thousands

Month ending	INFLOW		OUTFLOW	
	Total	Change since previous year	Total	Change since previous year
1988 Jun	273.8	-41.7	367.1	-36.3
Jul	347.5	-81.6	359.7	-68.2
Aug	311.6	-72.8	350.1	-69.5
Sep**	327.4	-129.2	305.9	-145.9
Oct**	319.6	-100.6	486.1	-62.9
Nov	297.8	-77.5	354.0	-78.3
Dec	269.9	-58.7	292.0	-25.5
1989 Jan	269.4	-74.9	245.4	-76.2
Feb	290.0	-55.2	350.8	-55.8
Mar	264.0	-49.0	326.8	-65.7
Apr	247.5	-76.4	313.9	-58.6
May	230.8	-45.9	318.6	-76.3
Jun	225.0	-48.8	289.3	-77.7

^x See note A6

** See notes A7 and A8.

EMPLOYMENT IN THE UNITED KINGDOM

The presentation of employment statistics in the monthly press notice are on a United Kingdom basis where possible. The new figures available this month cover the whole economy for March 1989 and employees in production industries (in Great Britain only) for May 1989. Some of the estimates for earlier periods have been revised to take account of newly available information.

The workforce in employment (employees in employment, the self-employed, HM Forces and participants in work related government training programmes) in the United Kingdom is estimated to have increased by 177,000 in the first quarter of 1989 and by 596,000 in the year to March 1989. The increase of 177,000 in the first quarter of 1989 consists of an estimated increase of 109,000 in employees in employment, a projected increase of 31,000 in the self-employed, a rise of 40,000 in work related government training programmes (this reflects the continued rise in the number of Employment Training participants) and a fall of 3,000 in HM Forces.

In the year to March 1989 the number of employees in employment increased by 373,000, the net result of a rise of 405,000 in services offset by falls of 2,000 in manufacturing, 27,000 in the energy and water supply industries and 3,000 in other industries (agriculture and construction).

Recent United Kingdom employment figures are set out in Tables 6 to 8.

EMPLOYMENT AND HOURS WORKED IN MANUFACTURING INDUSTRIES IN GREAT BRITAIN

In the month of May the estimated number of employees in employment in manufacturing industries in Great Britain decreased by 15,000, compared with falls of 18,000 in April and 5,000 in the first quarter of 1989. Month to month changes can be erratic and it is therefore more appropriate to consider trends over a longer period; over the year to May 1989 the number of employees in manufacturing industries fell by 37,000.

Overtime working by operatives in manufacturing industries fell a little to 13.6 million hours per week in May, compared with 14.1 million hours per week in April and 13.7 million hours a week in May 1988.

Hours lost through short-time working in manufacturing industries remained low, at 0.43 million hours per week in April.

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 100.6 in May compared with 101.0 in April and an average of 101.2 over the three month period ending March.

Recent manufacturing employment and hours figures are set out in Table 9.

Table 6: The Workforce in Employment in the United Kingdom *

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	11,977	9,047	21,024	1,704	504	2,209	306	15	321	6	3	9	13,993	9,569	23,562
	June	11,945	9,109	21,053	1,705	516	2,221	306	16	322	8	8	16	13,964	9,648	23,613
	Sept	11,928	9,180	21,108	1,755	535	2,290	309	16	325	79	67	146	14,071	9,798	23,869
	Dec	11,914	9,253	21,168	1,804	554	2,359	309	16	325	101	86	187	14,129	9,909	24,038
1984	March	11,899	9,303	21,202	1,854	574	2,428	310	16	326	96	80	176	14,159	9,972	24,132
	June	11,895	9,332	21,227	1,903	594	2,496	310	16	326	95	80	175	14,203	10,022	24,224
	Sept	11,909	9,376	21,285	1,921	604	2,525	312	16	328	118	98	216	14,260	10,094	24,353
	Dec	11,958	9,431	21,389	1,939	614	2,554	311	16	327	115	94	209	14,323	10,155	24,478
1985	March	11,969	9,481	21,450	1,958	624	2,582	310	16	326	107	83	190	14,344	10,204	24,548
	June	11,972	9,524	21,496	1,975	635	2,610	309	16	326	100	76	176	14,357	10,251	24,608
	Sept	11,962	9,571	21,533	1,979	636	2,615	309	16	326	126	103	229	14,377	10,326	24,703
	Dec	11,963	9,592	21,556	1,982	636	2,619	307	16	323	120	97	217	14,373	10,342	24,715
1986	March	11,927	9,633	21,560	1,986	637	2,623	306	16	323	108	83	191	14,327	10,368	24,696
	June	11,895	9,675	21,570	1,989	637	2,627	305	16	322	127	99	226	14,317	10,427	24,744
	Sept	11,874	9,724	21,598	2,030	655	2,685	306	16	323	157	128	285	14,368	10,523	24,891
	Dec	11,850	9,786	21,637	2,071	673	2,743	304	16	320	155	123	278	14,380	10,598	24,978
1987	March	11,860	9,838	21,698	2,111	690	2,802	304	16	320	143	111	255	14,418	10,656	25,074
	June	11,933	9,945	21,878	2,152	708	2,860	302	16	319	177	134	311	14,564	10,804	25,368
	Sept	12,019	10,038	22,057	2,178	713	2,891	303	16	319	223	161	383	14,723	10,928	25,651
	Dec	12,111	10,154	22,266	2,204	719	2,923	301	16	317	216	151	366	14,833	11,040	25,872
1988	March	12,210R	10,265R	22,475R	2,231	724	2,954	301	16	317	205	138	343	14,946R	11,142R	26,089R
	June	12,237R	10,323R	22,560R	2,257	729	2,986	300	16	316	205	138	343	14,998R	11,205R	26,203R
	Sept	12,262R	10,408	22,671R	2,277	739	3,017	299	16	315	220	149	369	15,059R	11,313	26,371R
	Dec	12,272	10,467R	22,739R	2,297	750	3,048	297	16	313	252R	156R	408R	15,118R	11,389R	26,507R
1989	March	12,298	10,550	22,848	2,317	761	3,079	293	16	310	285	164	448	15,193	11,491	26,685

* 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 B8
Estimates for work related government training programmes are not seasonally adjusted.

R = Revised to incorporate late data now available.

Table 7: Quarterly changes in the Workforce in Employment in the United Kingdom *

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	June	-32	62	30	1	12	12	0	1	1	3	5	7	-29	79	50
	Sept	-16	71	55	50	19	69	3	0	3	71	59	130	107	150	257
	Dec	-14	73	59	49	20	69	0	0	0	22	19	41	58	112	169
1984	March	-15	49	34	50	19	69	1	0	1	-5	-6	-11	30	63	93
	June	-5	29	25	49	20	68	0	0	0	-1	0	-1	43	49	93
	Sept	14	44	58	18	10	29	2	0	2	22	18	40	57	72	129
	Dec	49	55	104	18	10	29	-1	0	-1	-3	-4	-7	64	61	125
1985	March	11	50	61	18	10	29	-1	0	-1	-8	-11	-19	20	49	69
	June	4	43	46	18	11	28	-1	0	0	-7	-7	-14	14	47	61
	Sept	-10	47	37	3	1	4	0	0	0	26	27	53	19	75	94
	Dec	1	22	22	3	1	4	-2	0	-2	-6	-6	-12	-4	16	12
1986	March	-36	41	4	3	1	4	-1	0	-1	-12	-14	-26	-46	27	-19
	June	-32	42	10	4	0	4	-1	0	-1	19	16	35	-10	58	49
	Sept	-21	49	28	41	18	58	1	0	1	30	30	59	50	96	146
	Dec	-24	63	39	41	18	58	-2	0	-2	-2	-5	-8	12	75	87
1987	March	10	52	61	41	18	58	0	0	0	-11	-12	-23	38	58	96
	June	73	107	180	40	18	58	-1	0	-1	33	23	57	145	148	294
	Sept	86	93	179	26	5	31	1	0	0	46	26	72	159	124	283
	Dec	92	116	208	26	5	31	-2	0	-2	-7	-10	-17	110	111	221
1988	March	99R	110R	209R	26	5	31	0	0	0	-11	-13	-24	114R	103R	216R
	June	27R	58R	85R	26	5	31	-1	0	-1	0	0	0	52R	63R	115R
	Sept	25R	86R	111R	20	11	31	-1	0	-1	16	11	26	60R	107R	168
	Dec	10	59R	68	20	11	31	-2	0	-2	32R	7R	39R	60R	77	136R
1989	March	26	83	109	20	11	31	-3	0	-3	32	8	40	75	102	177

* 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 B8
Estimates for work related government training programmes are not seasonally adjusted.

R = Revised to incorporate late data now available.

Table 8: Employees in Employment in the United Kingdom

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
1983	March	Q1	5,593	659		13,362		1,410		21,024	
	June	Q2	5,537	648	- 11	13,463	+ 101	1,405	- 5	21,053	+ 30
	September	Q3	5,485	643	- 6	13,572	+ 110	1,409	+ 4	21,108	+ 55
	December	Q4	5,456	634	- 8	13,671	+ 99	1,406	- 3	21,168	+ 59
1984	March	Q1	5,428	623	- 11	13,749	+ 78	1,402	- 4	21,202	+ 34
	June	Q2	5,423	616	- 7	13,799	+ 49	1,389	- 12	21,227	+ 25
	September	Q3	5,401	613	- 4	13,877	+ 78	1,394	+ 5	21,285	+ 58
	December	Q4	5,401	608	- 4	13,989	+ 112	1,391	- 3	21,389	+ 104
1985	March	Q1	5,388	601	- 7	14,073	+ 84	1,387	- 4	21,450	+ 61
	June	Q2	5,379	589	- 13	14,152	+ 79	1,376	- 11	21,496	+ 46
	September	Q3	5,373	577	- 11	14,223	+ 71	1,359	- 17	21,533	+ 37
	December	Q4	5,346	567	- 10	14,295	+ 72	1,347	- 12	21,556	+ 22
1986	March	Q1	5,309	549	- 17	14,365	+ 70	1,336	- 11	21,560	+ 4
	June	Q2	5,249	539	- 11	14,451	+ 86	1,331	- 5	21,570	+ 10
	September	Q3	5,210	528	- 11	14,535	+ 84	1,325	- 6	21,598	+ 28
	December	Q4	5,185	518	- 11	14,607	+ 72	1,327	+ 3	21,637	+ 39
1987	March	Q1	5,154	503	- 15	14,707	+ 100	1,334	+ 7	21,698	+ 61
	June	Q2	5,180	499	- 4	14,856	+ 149	1,343	+ 9	21,878	+ 180
	September	Q3	5,191	498	- 1	15,014	+ 158	1,355	+ 12	22,057	+ 179
	December	Q4	5,217	493	- 5	15,195	+ 181	1,360	+ 5	22,266	+ 208
1988	March	Q1	5,252	481	- 12	15,372R	+ 177R	1,370	+ 10	22,475R	+ 209R
	June	Q2	5,253	471	- 10	15,469R	+ 98R	1,367	- 3	22,560R	+ 85R
	September	Q3	5,253	468	- 2	15,593R	+ 124	1,356	- 11	22,671R	+ 111R
	December	Q4	5,256	464	- 4	15,663R	+ 70	1,356	+ 1R	22,739R	+ 68
1989	March	Q1	5,250	454	- 10	15,777	+ 114	1,367	+ 11	22,848	+ 109

* = Average monthly change over last three months

R = Revised to incorporate late data now available

Table 9: Great Britain

Employees in Employment in Production Industries

Working Hours of operatives in Manufacturing Industries

Thousand: Seasonally adjusted

Seasonally adjusted

	Energy & Water Supply Industries		Manufacturing Industries				Hours of overtime worked (millions)	Hours lost through short-time working (stood off for whole or part of week) (millions)	Index of average weekly hours (average 1985=100)
	Levels	Changes	Levels	Changes					
				Mon- thly	Three* monthly	Quar- terly			
1987 April	487	- 7	5,048	- 4	- 5	12.53	.40	100.3	
May	487	0	5,063	+ 14	+ 1	12.46	.38	100.3	
June Q2	490	+ 3 - 4	5,079	+ 17	+ 9 + 27	12.88	.32	100.6	
July	487	- 3	5,081	+ 1	+ 11	12.56	.34	100.4	
August	487	- 1	5,087	+ 6	+ 8	12.81	.29	100.6	
September Q3	489	+ 3 - 1	5,090	+ 3	+ 3 + 10	13.13	.25	100.8	
October	485	- 5	5,101	+ 11	+ 7	13.37	.27	101.0	
November	484	- 1	5,112	+ 11	+ 8	13.33	.40	100.9	
December Q4	485	+ 1 - 5	5,116	+ 4	+ 9 + 26	13.48	.26	100.9	
1988 January	480	- 4	5,133	+ 17	+ 11	14.13	.24	101.6	
February	476	- 4	5,144	+ 11	+ 11	13.48	.27	101.0	
March Q1	472	- 4 - 12	5,150	+ 6	+ 11 + 34	13.47	.23	101.0	
April	463	- 10	5,151	+ 1	+ 6	13.43	.22	100.9	
May	461	- 1	5,152	+ 1	+ 3	13.67	.23	100.9	
June Q2	462	+ 1 - 10	5,150	- 2	0 0	13.44	.26	100.7	
July	459	- 3	5,153	+ 3	+ 1	13.97	.31	101.0	
August	459	0	5,155	+ 2	+ 1	13.94	.29	101.0	
September Q3	460	+ 1 - 2	5,150	- 5	0 0	13.92	.24	100.9	
October	456	- 4	5,141	- 10	- 4	14.51	.25	101.4	
November	455	- 1	5,144	+ 3	- 4	14.66	.22	101.5	
December Q4	456	+ 1 - 4	5,152	+ 8	+ 1 + 2	14.81	.22	101.5	
1989 January	453	- 3	5,162	+ 10	+ 7	14.80	.18	101.7R	
February	450R	- 2	5,155	- 7	+ 4	14.06	.27	101.1R	
March Q1	446R	- 4R - 10R	5,147	- 8	- 2 - 5	13.80	.30	100.8R	
April	441R	- 5	5,130	- 18	- 11	14.09	.37	101.0	
May	439	- 3	5,115	- 15	- 14	13.59	.43	100.6	

* = 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) increased by 8,200 in the month to June to 226,400. Over the past three months to June, seasonally adjusted vacancies have increased on average by 1,200 per month.

Unadjusted, there was an increase of 15,138 unfilled vacancies in the month to 240,587.

The inflow of notified vacancies increased on average by 800 per month in the three months ending June 1989, the outflow decreased by 4,200 per month, and placings decreased by 3,000 per month.

Recent figures are shown in tables 10,11 and 12.

TABLE 10: UNFILLED VACANCIES - UNITED KINGDOM

THOUSAND

		VACANCIES AT JOBCENTRES ⁺			VACANCIES AT CAREERS OFFICES		
		SEASONALLY ADJUSTED		UNADJUSTED			
		Number	Change since previous month	Average change over past 3 months	Number	Unadjusted	
1988	Jun	255.1	0.6	1.9	269.5	30.7	
	Jul	249.7	-5.4	-2.1	258.2	32.3	
	Aug	242.8	-6.9	-3.9	244.0	31.6	
	Sep	240.3	-2.5	-4.9	260.1	31.9	
	Oct	251.2	10.9	0.5	271.8	30.6	
	Nov	245.2	-6.0	0.8	252.3	26.5	
	Dec	238.3	-6.9	-0.7	223.3	23.4	
	1989	Jan	229.2	-9.1	-7.3	203.3	21.9
		Feb	228.1	-1.1	-5.7	202.0	21.8
		Mar	222.9	-5.2	-5.1	204.8	23.1
		Apr	222.1	-0.8	-2.4	216.8	25.1
		May	218.2	-3.9	-3.3	225.4	27.4
Jun		226.4	8.2	1.2	240.6	35.2	

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

	INFLOW		OUTFLOW		of which: PLACINGS	
	Level	Average change over 3 Months ending	Level	Average change over 3 Months ending	Level	Average change over 3 Months ending
1988 Jun	230.8	-1.8	229.7	-2.1	156.3	-2.2
Jul	230.3	-0.1	231.8	1.5	156.4	-0.6
Aug	227.0	-1.4	232.6	1.5	156.8	-0.4
Sep	227.7	-1.0	229.0	-0.2	155.4	-0.3
Oct	232.8	0.8	229.3	-0.9	153.4	-1.0
Nov	234.0	2.3	242.5	3.3	162.3	1.8
Dec	230.8	1.0	233.4	1.5	157.6	0.7
1989 Jan	220.4	-4.1	231.0	0.6	160.5	2.4
Feb	234.8	0.3	239.4	-1.0	167.2	1.6
Mar	229.3	-0.5	234.8	0.5	164.0	2.1
Apr	220.8	0.1	221.9	-3.0	154.8	-1.9
May	221.4	-4.5	222.5	-5.6	154.5	-4.2
Jun	231.6	0.8	222.4	-4.2	155.1	-3.0

TABLE 12: UNFILLED VACANCIES* - REGIONS - 2 June 1989 THOUSAND

	VACANCIES AT JOBCENTRES			VACANCIES AT CAREERS OFFICES
	UNADJUSTED	SEASONALLY ADJUSTED		
	TOTAL	Number	Change since previous month	UNADJUSTED
South East (incl. Greater London)	79.5 (25.2)	74.3 (23.8)	2.3 (-0.2)	19.6 (10.8)
East Anglia	9.3	8.7	0.5	1.5
South West	23.0	20.0	0.8	2.0
West Midlands	20.8	20.5	-0.4	3.5
East Midlands	13.6	12.8	-0.2	2.2
Yorks and Humberside	14.5	13.7	0.8	1.3
North West	26.4	24.7	1.4	1.8
North	11.9	11.7	0.7	0.6
Wales	15.7	14.7	0.7	0.5
Scotland	23.3	21.9	1.7	1.0
GREAT BRITAIN	238.0	222.9	8.2	33.9
Northern Ireland	2.6	3.6	0.1	1.3
UNITED KINGDOM	240.6	226.4	8.2	35.2

* 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 May was about 9 1/4 per cent, the same as the increase in the year to April. The actual increase in the year to May, at 9.4 per cent (9.5 per cent seasonally adjusted), was above the underlying increase as arrears in 1988 were lower than in May 1989 and some groups of workers have had more than one pay increases in the past 12 months.

TABLE 13: INDEX OF AVERAGE EARNINGS OF EMPLOYEES IN GREAT BRITAIN: WHOLE ECONOMY

		Seasonally adjusted				
		Index	Index	Percentage	Underlying	
		1985	1985	increase over	% increase	
		= 100	= 100	previous 12	over previous	
				months	12 months	
1987	April	114.0	114.2	6.3	7 3/4	
	May	115.3	115.4	8.7	7 3/4	
	June	116.4	115.7	7.7	7 3/4	
	July	118.2	117.0	8.0	7 3/4	
	August	117.3	117.1	7.6	7 3/4	
	September	117.2	117.4	7.9	7 3/4	
	October	118.4	118.8	8.1	8	
	November	120.6	120.2	8.4	8 1/4	
	December	122.4	121.0	8.8	8 1/2	
	1988	January	120.4	121.8	8.7	8 1/2
		February	120.3	122.0	8.2	8 1/2
		March	124.0	124.0	9.5	8 1/2
April		124.3	124.4	8.9	8 1/2	
May		124.1	124.2	7.6	8 1/2	
June		125.9	125.1	8.1	8 3/4	
July		128.3	126.9	8.5	9	
August		126.8	126.6	8.1	9 1/4	
September		127.3	127.6	8.7	9 1/4	
October		128.9	129.5	9.0	9	
November		131.2	130.7	8.7	8 3/4	
December		135.7	134.3	11.0	8 3/4	
1989	January	131.8	133.3	9.4	9	
	February	132.0	133.8	9.7	9 1/4	
	March	134.9	134.9	8.8	9 1/4	
	April	135.6	135.7	9.1	9 1/4	
	May*	135.8	136.0	9.5	9 1/4	

* Provisional

In production industries, the underlying increase in average weekly earnings in the year to May was about 9 1/4 per cent, the same as the increase in the year to April. Within this sector, in manufacturing industries, the underlying increase in the year to May was about 9 1/4 per cent, a rise of 1/4 per cent on the increase in the year to April. The actual increases for production industries and manufacturing industries in the year to May were 9.0 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 9 per cent, the same as the increase in the year to April, which has been revised down from 9 1/4 per cent. The actual increase in the year to May was 9.6 per cent.

TABLE 14: INDEX OF AVERAGE EARNINGS OF EMPLOYEES IN GREAT BRITAIN: MAIN SECTORS
seasonally adjusted

		Production industries*			Manufacturing industries**			Service industries***		
		% increases over previous 12 months			% increases over previous 12 months			% increases over previous 12 months		
		Index 1985= 100	seas adj	under-lying	Index 1985= 100	seas adj	under-lying	Index 1985= 100	seas adj	under-lying
1988	Jan	121.7	8.0	8 1/2	121.7	8.5	8 1/2	121.4	9.2	8 1/2
	Feb	120.7	6.3	8 1/2	121.1	7.1	8 1/2	122.1	9.4	8 1/2
	Mar	123.1	8.6	8 1/4	123.2	8.8	8 1/2	124.4	10.2	8 1/2
	Apr	125.6	9.6	8 1/2	125.2	9.4	8 3/4	123.8	8.6	8 1/2
	May	126.0	9.4	8 1/2	124.9	8.9	8 3/4	123.5	6.2	8 1/2
	Jun	125.3	8.3	9	125.0	8.0	9	125.5	8.2	8 3/4
	Jul	127.0	8.6	9	126.6	8.3	9	126.6	8.4	9
	Aug	127.2	8.1	9	126.7	8.3	8 3/4	126.0	7.9	9 1/4
	Sep	128.3	8.2	8 3/4	127.6	8.0	8 3/4	126.6	8.7	9 1/4
	Oct	130.1	8.5	8 3/4	129.2	8.2	8 1/2	128.4	8.6	9
	Nov	130.4	8.6	8 3/4	130.2	8.7	8 3/4	131.0	8.8	8 3/4
	Dec	132.5	9.1	9	132.4	9.1	8 3/4	135.6	12.4	8 3/4
1989	Jan	133.2	9.4	9	133.2	9.4	9	132.7	9.3	9
	Feb	133.4	10.5	9 1/4	133.2	10.0	9	133.0	8.9	9
	Mar	133.9	8.8	9 1/4	133.4	8.3	9	135.1	8.6	9
	Apr	136.7	8.8	9 1/4	136.5	9.0	9	135.2	9.2	9 R
	May(p)	137.3	9.0	9 1/4	136.2	9.0	9 1/4	135.4	9.6	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 health services, etc).

UNIT WAGE AND SALARY COSTS

THIS PAGE WILL BE REVISED PRIOR TO PUBLICATION TO TAKE ACCOUNT OF UPDATED AND REVISED ESTIMATES OF WAGES AND SALARIES PER UNIT OF OUTPUT IN THE WHOLE ECONOMY THAT WILL THEN BE AVAILABLE. WAGES AND SALARIES PER UNIT OF OUTPUT IN MANUFACTURING WILL BE THE SUBJECT OF A SEPARATE PRESS RELEASE ON FRIDAY 14 JULY.

In the three months ending April 1989, wages and salaries per unit of output in manufacturing industries were 2.8 per cent above the corresponding period a year earlier. This increase was below the rise in average earnings in manufacturing (see Table 14) as there was a rise of about 6 per cent in productivity over this period (see Table 16).

In the fourth quarter of 1988 wages and salaries per unit of output in the whole economy were 7.7 per cent above the corresponding period a year earlier. This increase was below the rise in average earnings in the whole economy as there was a rise of about 1 per cent in productivity over this period.

TABLE 15: WAGES AND SALARIES PER UNIT OF OUTPUT seasonally adjusted

		Manufacturing		Whole Economy	
		Index 1985 = 100	Percentage increase on a year earlier	Index 1985 = 100	Percentage increase on a year earlier
1986	Q1	104.7	8.3	104.0	6.2
	Q2	104.7	6.5	105.1	6.7
	Q3	104.8	3.7	106.0	4.7
	Q4	103.7	-0.2	106.8	4.3
1987	Q1	105.9	1.1	107.6	3.5
	Q2	104.9	0.2	109.3	4.0
	Q3	105.9	1.0	110.6	4.3
	Q4	107.6	3.8	113.1	5.9
1988	Q1	108.4	2.4	114.9	6.8
	Q2	109.7	4.6	116.9	7.0
	Q3	108.1	2.1	118.3	7.0
	Q4	110.2	2.4	121.9	7.7
1989	Q1	111.7	3.0	..	..
1988	Nov	109.7	2.1	..	..
	Dec	111.5	2.6	..	..
1989	Jan	111.5	3.6	..	..
	Feb	112.0	3.0	..	..
	Mar	111.7	2.5	..	..
	Apr	114.1	3.0	..	..
3 months ending					
1988	Nov	109.0	1.8	..	..
	Dec	110.2	2.4	..	..
1989	Jan	110.9	2.8	..	..
	Feb	111.7	3.1	..	..
	Mar	111.7	3.0	..	..
	Apr	112.6	2.8	..	..

PRODUCTIVITY

THIS PAGE WILL BE REVISED PRIOR TO PUBLICATION TO TAKE ACCOUNT OF REVISED AND UPDATED ESTIMATES OF OUTPUT PER HEAD IN THE WHOLE ECONOMY THAT WILL THEN BE AVAILABLE. OUTPUT PER HEAD IN MANUFACTURING WILL BE THE SUBJECT OF A SEPARATE PRESS RELEASE ON FRIDAY 14 JULY 1989.

Manufacturing output per head in the three months to April was 0.3 per cent higher than in the three months ending January and 6.1 per cent higher than in the same period a year earlier.

Output per head in the whole economy in the fourth quarter of 1988 was 0.2 per cent higher than in the previous quarter and 1.1 per cent higher than in the same quarter a year earlier.

Recent figures are:

TABLE 16: OUTPUT PER HEAD seasonally adjusted

		Manufacturing		Whole Economy	
		Index 1985 = 100	Percentage increase on a year earlier	Index 1985 = 100	Percentage increase on a year earlier
1986	Q1	100.0	-0.3	101.0	1.7
	Q2	101.9	0.9	101.9	1.4
	Q3	103.3	3.5	102.7	2.8
	Q4	107.0	8.2	103.7	3.4
1987	Q1	106.6	6.6	104.0	3.0
	Q2	109.6	7.6	104.6	2.6
	Q3	110.8	7.3	105.4	2.6
	Q4	111.7	4.4	105.7	1.9
1988	Q1	112.5	5.5	106.0	1.9
	Q2	114.0	4.0	105.8	1.1
	Q3	117.4	6.0	106.6	1.1
	Q4	118.5	6.1	106.8	1.1
1989	Q1	119.3	6.0	..	..
1988	Nov	118.6	6.4	..	..
	Dec	118.7	6.4	..	..
1989	Jan	119.5	5.7	..	..
	Feb	118.9	6.7	..	..
	Mar	119.4	5.7	..	..
	Apr	119.7	5.9	..	..
3 months ending					
1988	Nov	118.3	6.3	..	..
	Dec	118.5	6.1	..	..
1989	Jan	118.9	6.1	..	..
	Feb	119.0	6.2	..	..
	Mar	119.3	6.0	..	..
	Apr	119.3	6.1	..	..

Industrial stoppages Personal and Confidential until 11.30 Jan 13.7.89

In May 1989, it is provisionally estimated that 171 thousand working days were lost in the United Kingdom through stoppages of work due to industrial disputes. This compares with a provisional estimate of 89 thousand in April 1989, 140 thousand in May 1988 and an average of 564 thousand for May during the ten year period 1979 to 1988.

During the twelve months to May 1989 it is provisionally estimated that a total of 2,911 thousand working days were lost through stoppages of work due to industrial disputes. During this twelve month period a total of 700 stoppages have been provisionally recorded as being in progress, involving a total of 649 thousand workers. The comparable figures for the twelve months to May 1988 were 2,147 thousand lost working days, 894 stoppages in progress and 607 thousand workers.

Table 17. Industrial stoppages in progress in the United Kingdom.

	<u>Working days lost (thousand)</u>	<u>Number of Stoppages</u>	<u>Workers involved (thousand)</u>
1988			
May	140	78	41
Jun	306	89	43
Jul	349	71	37
Aug	431	62	151
Sep	1,115	63	163
Oct	53	83	33
Nov	183	85	152
Dec	38	49	18
1989			
Jan(p)	42	57	13
Feb(p)	59	82	20
Mar(p)	74	68	23
Apr(p)	89	68	45
May(p)	171	71	53
<u>Cumulative totals</u>			
12 months to May 1988	2,147	894	607
12 months to May 1989(p)	2,911	700	649

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

NOTES TO EDITORS

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 1-5)

A1. The unemployment figures are based on records of those claiming benefits at Unemployment Benefit Offices. The figures therefore 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 8 June 1989 students numbered 5642 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 8 June 1989 these numbered 2,973 in Great Britain and 4,563 in the United Kingdom.

A4. National and regional unemployment rates are 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-1988.

Until July 1986, all rates were expressed as a percentage of the unemployed plus employees only. These narrower based rates continue to be used for local areas (travel-to-work areas and counties) because estimates for the self-employed needed to calculate the new rates are not made below regional level. The denominators for these narrow-based rates relate to mid-1987, but will be fully updated to mid-1988, and the rates revised, when the results of the 1987 Census of Employment, including revised employment estimates for travel-to-work-areas and counties, become available later this year. The UK narrower rates on 8 June 1989 were 9.0 per cent for males and 4.5 per cent for females, 7.1 per cent in total (unadjusted).

A5. 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 for the list of previous changes in coverage taken into account). The seasonally adjusted series now relates only to those aged 18 and over in order to maintain a consistent series, allowing for the change in benefit regulations for those aged under 18 from September 1988. See also notes A7 and A8.

For further details see the article 'Unemployment statistics : revisions to the seasonally adjusted series' in the December 1988 issue of Employment Gazette.

A6. The unemployment flows in Table 5 relate to people claiming and ceasing to claim benefit. 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 with the monthly changes in unemployment levels.

A7. The extension of the guaranteed offer of a YTS place to all those aged under 18 who have not found a job, and the associated change in September 1988 in the entitlement of young people to claim unemployment-related benefits have inevitably affected the coverage of the claimant count mainly from October 1988. There are now only a few under 18's remaining in the count. The effect of the new regulations is to remove about 90,000 on average from the total count with over 80,000 of this having taken place over the two months to October. Previously the seasonally adjusted unemployment series included those under 18's who had a job since leaving school (i.e. those not classed as school leavers); and without amendment there would be a discontinuity mainly from October 1988. To maintain consistency over time, the seasonally adjusted series has consequently been restricted to claimants aged 18 and over. On recent levels of unemployment the new series is about 40,000 lower than the former series. The new series are available back to January 1971 at national level (1974 for the regions). See also note A5.

A8. The seasonally adjusted unemployment figures for September 1988 allow for the estimated effect of temporary over-recording caused by the postal strike. The adjustments made at regional level are less precise than those at national level. September's unadjusted figures, however, remain distorted by this effect, estimated at around 55,000. This arose mainly through the special action taken to ensure that the unemployed received their benefits during the strike and delays in the post of information about when claimants ceased to be unemployed. The outflow from unemployment between the August and September counts was therefore understated, with a consequent upward effect on the September totals. This effect unwound between the September and October counts.

EMPLOYMENT AND HOURS (Tables 6-9)

B1. Information on the number of employees in employment is for most industries collected quarterly and monthly (for manufacturing in Great Britain only) 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. In Great Britain 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 quarter's 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 in Great Britain presented in this press notice also take account of the results of the 1985, 1986, 1987 and 1988 sample Labour Force Surveys (LFS). The series include allowances for undercounting in the estimates of the number of employees in employment derived from the sample survey of employers. When the 1988 LFS results were incorporated in March 1989 there was a small change in methodology - see page 201 of the April 1989 issue of Employment Gazette for details. Estimates of employees in employment will be further revised when the 1987 Census of Employment results become available.

B4. Collection of employees in employment statistics for Northern Ireland are the responsibility of the Northern Ireland Department of Economic Development, they are also based on similar census of employment, but the sample surveys are a little different and the LFS is not used to supplement the data collected from employers.

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 for Great Britain only 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 and by 31,000 a quarter between mid-1987 and mid-1988. Pending the results of the 1989 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 1988, the date of the latest available Labour Force Survey data. The derivation of recent estimates is described in an article on page 201 of the April edition of the Employment Gazette.

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 programmes receive

training in the context of a workplace but are not employees, self-employed or HM Forces. For the period up to September 1988 in Great Britain only 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. Participants in Employment Training (ET) are included in this series from December 1988. For Northern Ireland those on the following schemes are included: Youth Training Programme (excluding second year trainees in further education colleges); Job Training Programme; Attachment Training Scheme and other management training scheme participants training with an employer. The estimates are not seasonally adjusted.

B9. 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 S6 of the August 1988 edition of Employment Gazette for further details.

B10 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 in manufacturing industries in Great Britain. 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.

B11. 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.

VACANCIES (Tables 10-12)

C1. The statistics do not include any vacancies on government programmes (except for vacancies on Enterprise Ulster and Action for Community Employment (ACE) included in the seasonally adjusted figures for Northern Ireland). Previously up to August 1988, unadjusted vacancy figures have additionally been provided including Community Programme vacancies. With the introduction of Employment Training (ET) from September 1988 there are no longer any CP vacancies. ET places are training opportunities determined according to the individual needs of unemployed people and therefore cannot be considered as vacancies or counted as such. CP vacancies handled by jobcentres have been excluded from the seasonally adjusted series since the coverage was revised in September 1985. The seasonally adjusted series are therefore not affected by the cessation of CP vacancies. Figures on the current basis are available back to 1980. (See Employment Gazette October 1985 page 413 for further details).

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 vacancy figures 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 13 and 14)

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 1985 = 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 8 million employees.

D3. The rationale for the measurement of underlying changes in earnings was described in Employment Gazette, April 1981, page 193. In brief, the underlying measure adjusts actual earnings for temporary influences such as arrears of pay, variations in the timing of settlements, and industrial disputes. A short description and analysis of the differences between the seasonally adjusted earnings index and the underlying index appears quarterly in the Employment Gazette, the most recent being in the March 1989 issue.

D4. The average earnings index measures the monthly level of EARNINGS. Earnings include payments to employees for hours of overtime worked, bonus payments and shift premia, grading increments and other productivity or incentive payments. Increases in earnings will therefore include increases in these elements of pay and not just increases in basic pay rates. For this reason earnings increases usually exceed SETTLEMENT increases and WAGE CLAIMS. The Employment Department does not produce a settlements index but figures for settlements are produced by other bodies such as the CBI.

D5. Average earnings will also be affected by factors that are not temporary in nature such as changes in the composition of the workforce such as may arise through employing more or fewer part time employees, changes in hours worked, and irregular variations in bonuses, sickness etc on which no information is available.

UNIT WAGE AND SALARY COSTS (Table 15)

E1. New and revised estimates for the manufacturing industry will be available from the Department of Employment, Caxton House, Tothill Street from 11.30 am on Friday 14 July to coincide with the release by the CSO of Output of Production Industries figures.

E2. Wages and Salaries per unit of output in manufacturing in the United Kingdom is compiled using monthly series of average earnings, employment and output; it is described in Employment Gazette, June 1982, page 261.

E3. See note F2.

PRODUCTIVITY (Table 16)

F1. See note E1.

F2. Index numbers of output per person employed in the United Kingdom are calculated by dividing an index of output by an index of the numbers employed.

F3. 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.

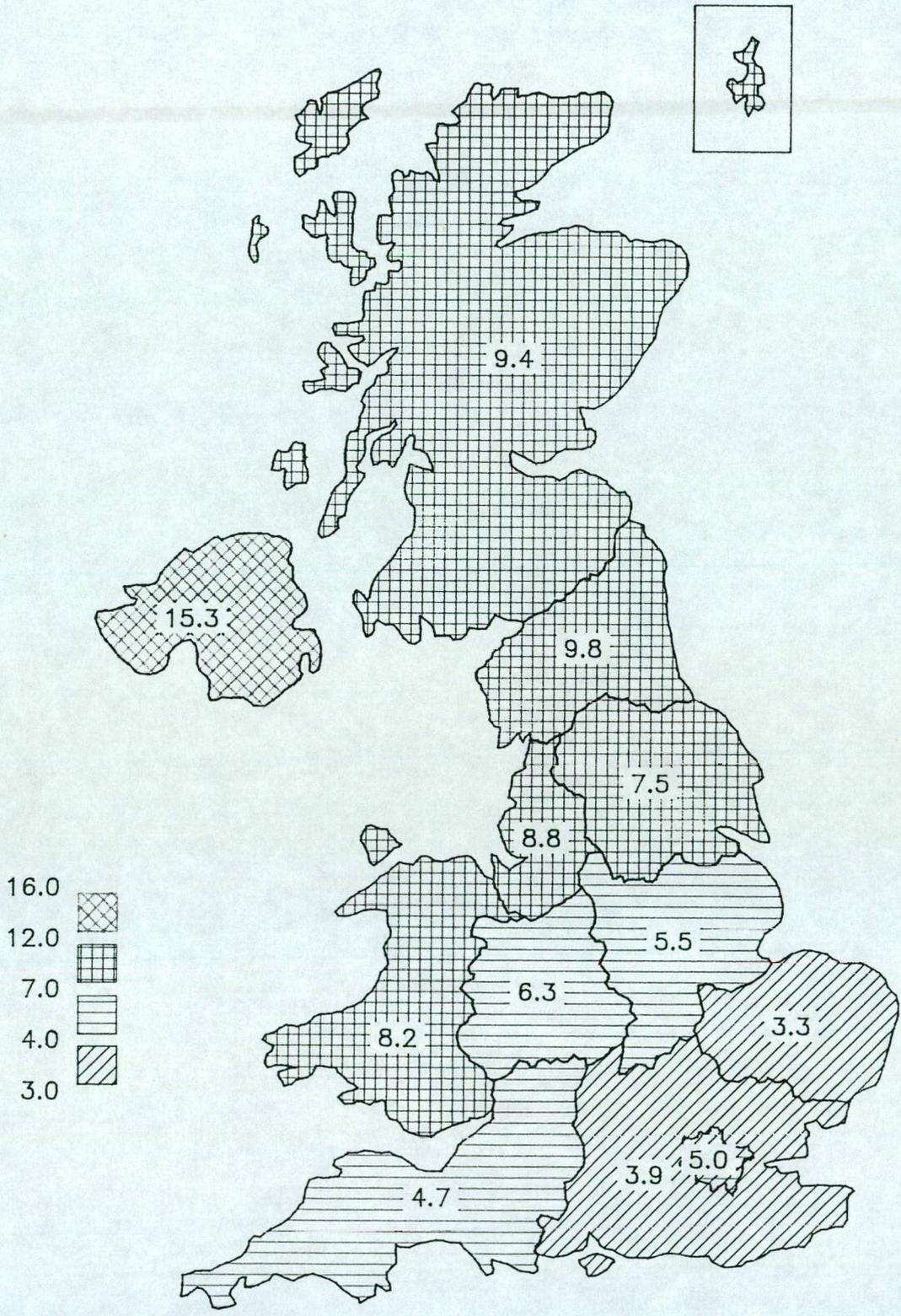
INDUSTRIAL STOPPAGES (Table 17)

G1. Statistics of stoppages of work due to industrial disputes in the United Kingdom relate only to disputes connected with terms and conditions of employment. Stoppage involving fewer than 10 workers or lasting less than one day are excluded except where the aggregate of working days lost exceeded 100. However, there are difficulties recording stoppages near the margin of this threshold and consequently greater emphasis should be placed on the figure for working days lost rather than on the number of stoppages. The monthly figures are provisional and subject to revision, normally upwards, to take account of additional or revised information received after going to press.

Seasonally Adjusted Unemployment Rate

8 June 1989

United Kingdom: Regions



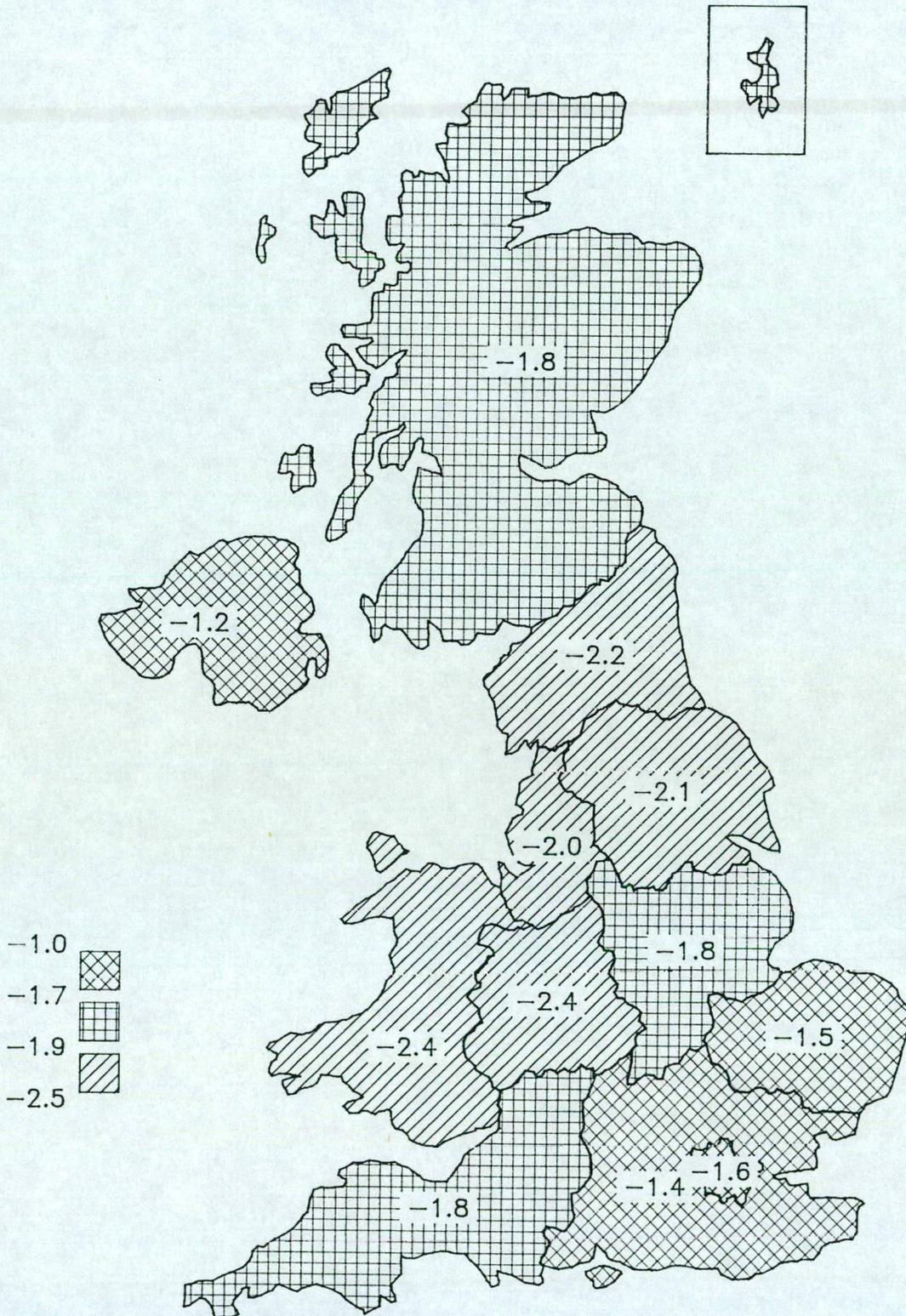
NOTE: South East Region includes Greater London

Source : DE Statistics / NOMIS

Change in Seasonally Adjusted Unemployment Rate

June 1988 – June 1989

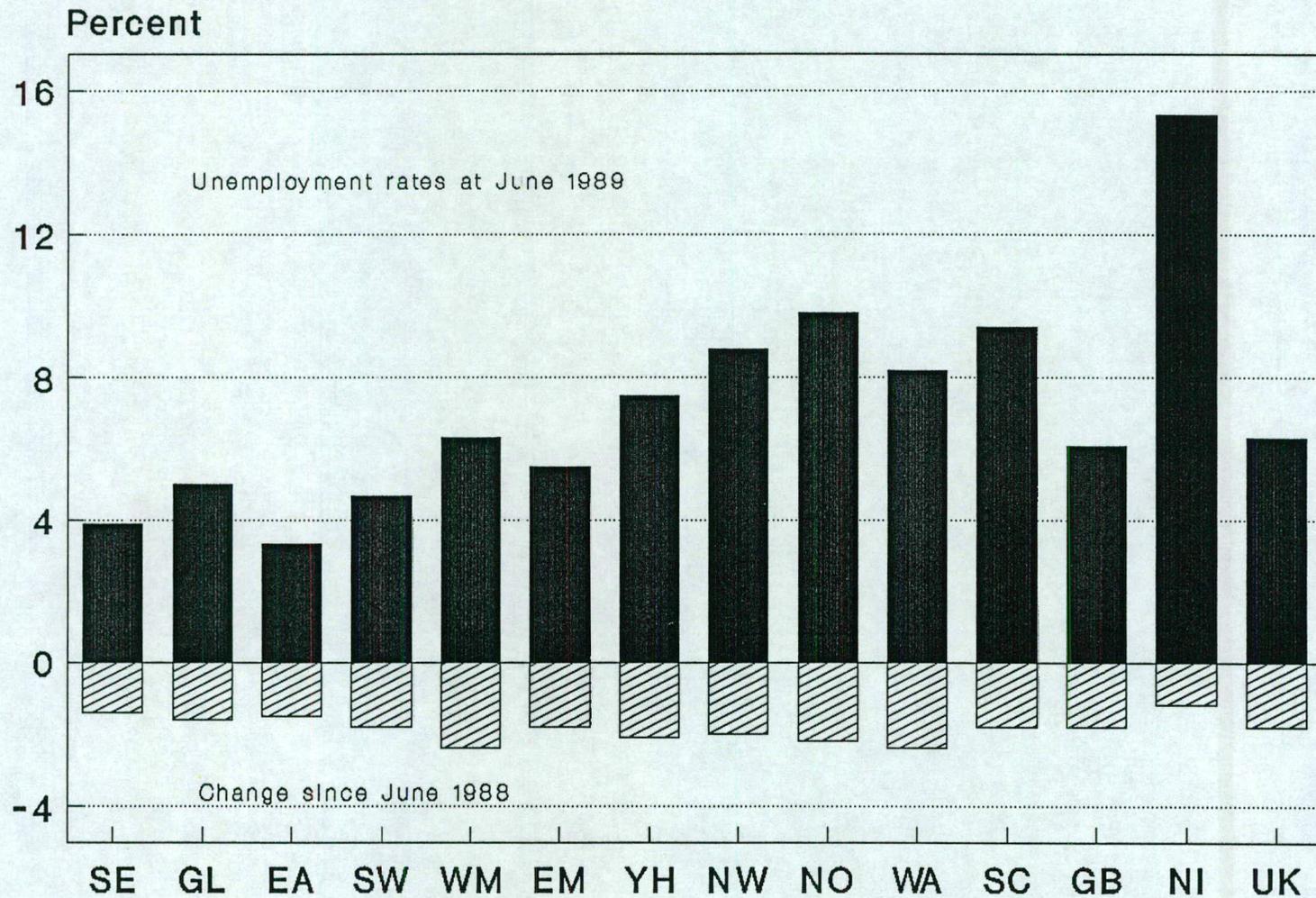
United Kingdom: Regions



NOTE: South East Region includes Greater London

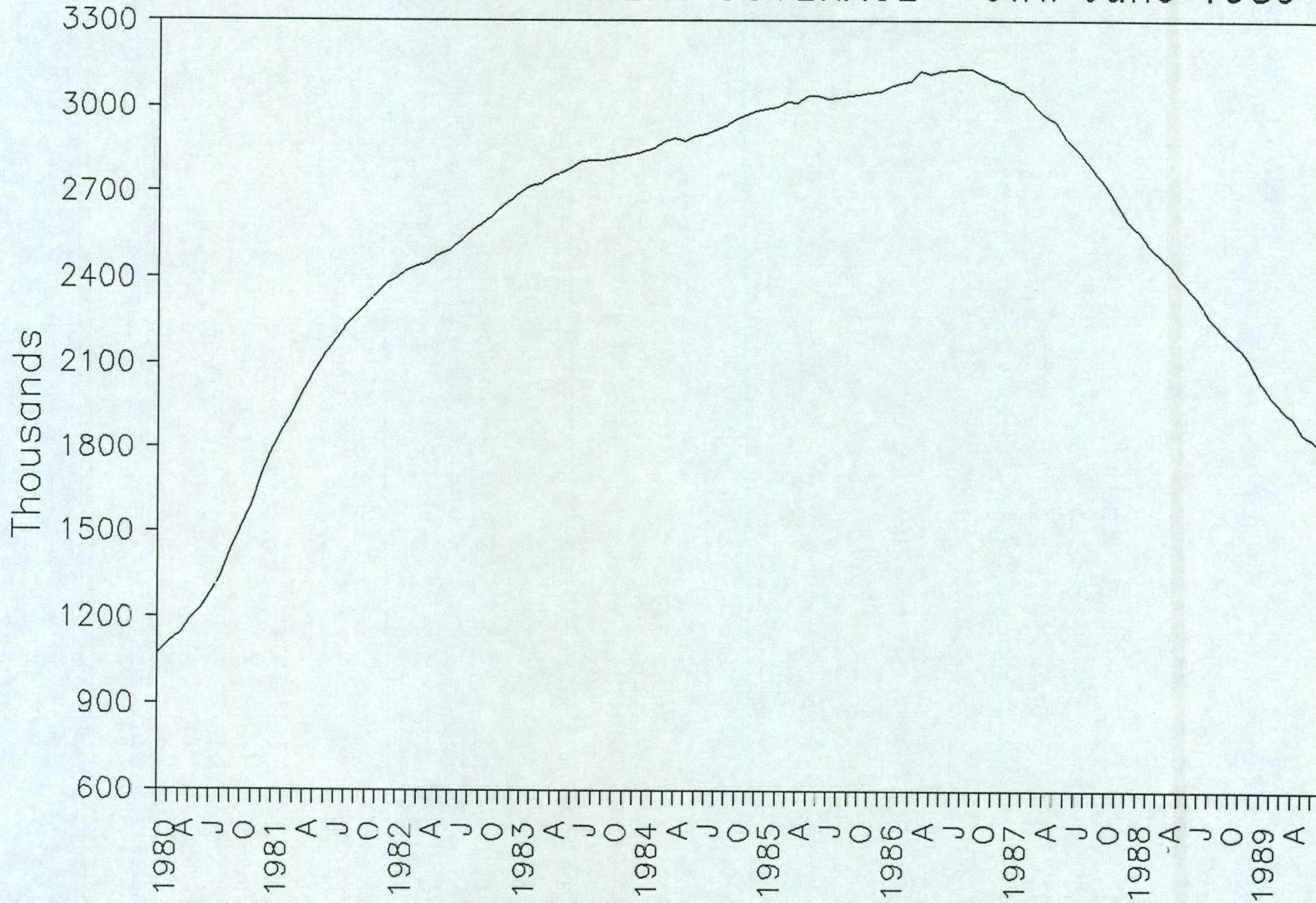
Source : DE Statistics / NOMIS

REGIONAL UNEMPLOYMENT RATES SEASONALLY ADJUSTED June 1989



C1c

SEASONALLY ADJUSTED UNEMPLOYMENT CONSISTENT WITH CURRENT COVERAGE U.K. June 1989



REGIONAL UNEMPLOYMENT, SEASONALLY ADJUSTED

REGIONS	June 1989	Change in month since May 1989	RATE (% of WORKFORCE)		
			Thousands	June 1989	Change in month since May 1989	Change in year since June 1988
South East (Greater London)	370.1 (218.5)	-3.5 (-2.7)	3.9	-0.0	-1.4
East Anglia	35.1	.0	5.0	-0.1	-1.6
South West	100.1	- .8	3.3	0.0	-1.5
West Midlands	168.8	-3.1	4.7	-0.0	-1.8
East Midlands	110.2	-1.3	6.3	-0.1	-2.4
Yorks & Humber	178.3	-3.0	5.5	-0.1	-1.8
North West	264.2	-4.5	7.5	-0.1	-2.1
North	143.6	-2.7	8.8	-0.1	-2.0
Wales	98.5	-1.4	9.8	-0.2	-2.2
Scotland	234.9	-4.6	8.2	-0.1	-2.4
GREAT BRITAIN	1703.5	-25.3	9.4	-0.2	-1.8
Northern I.	105.8	-1.2	6.1	-0.1	-1.8
UNITED KINGDOM					
Total	1809.3	-26.5	15.3	-0.2	-1.2
Male	1295.4	-14.3	6.3	-0.1	-1.8
Female	513.9	-12.2	7.8	-0.1	-2.0
			4.3	-0.1	-1.6

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

UNITED KINGDOM, claimants April 1989

C3a
Thousands

Unemployment by duration

<u>Duration</u>	<u>Number at April 1989</u>	<u>Change since April 1988*</u>	
All durations	1884	(-652)	-566
Over 6 months	1090	(-423)	-377
Over 1 year	744	(-285)	-271
Over 2 years	492	(-196)	-195
Over 3 years	370	-124	
Over 4 years	280	-89	
Over 5 years	217	-55	

Up to 6 months	794	(-229)	-188
6 to 12 months	345	(-138)	-106
1 to 2 years	252	(-90)	-77
2 to 3 years	121	(-72)	-71
3 to 4 years	90	-35	
4 to 5 years	64	-34	
Over 5 years	217	-55	

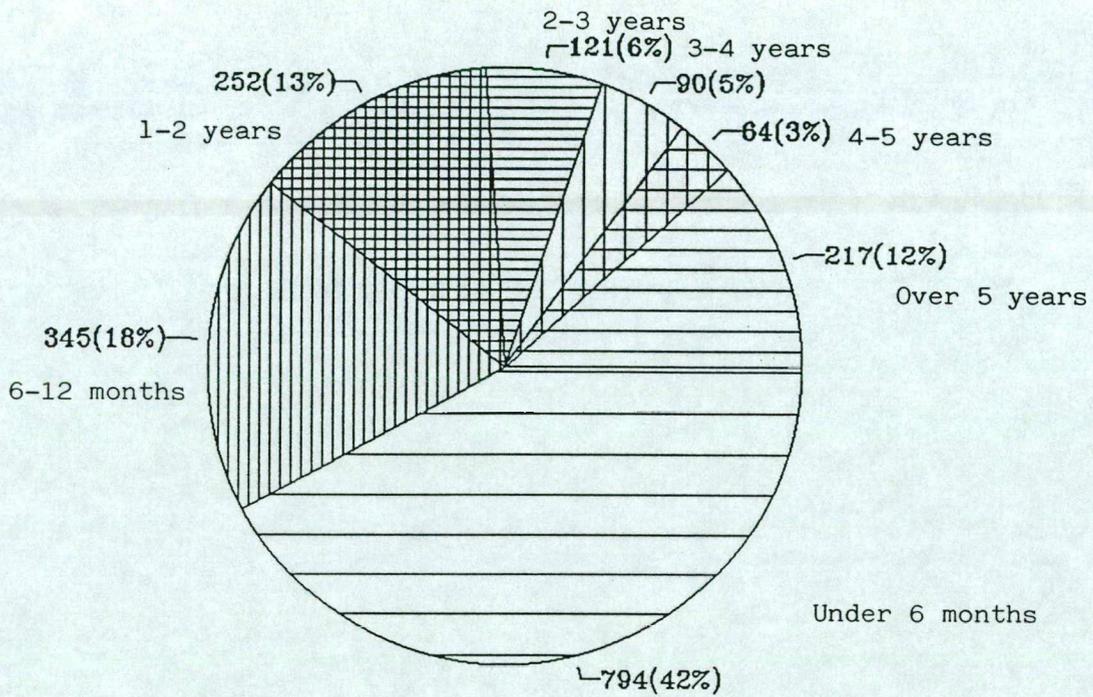
Unemployment by age

	<u>Number at April 1989</u>	<u>Change since April 1988*</u>	
18-19 years	147	-55	
20-24 years	384	-112	
25-49 years	946	-272	
50 and over	405	-109	
All ages ⁺	1884	(-652) ⁺	

* Changes given in brackets are affected by September's change in benefit regulations for the under 18 year olds. Estimates of changes allowing for these effects are given alongside (see note on discontinuities).

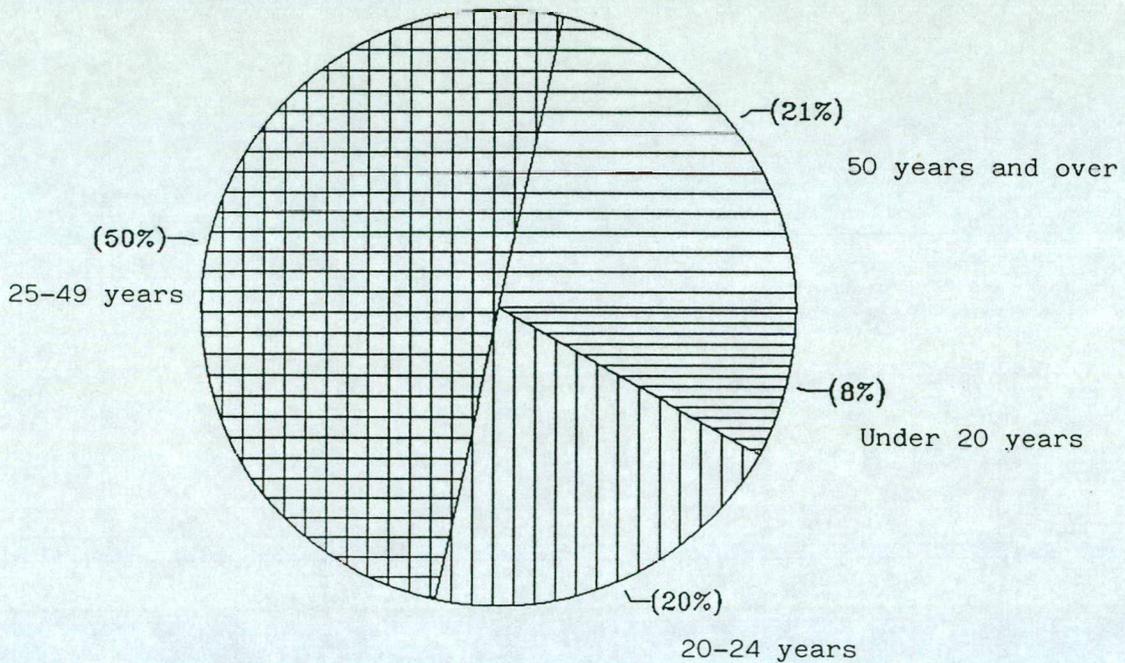
⁺ Includes those aged under 18.

U.K. UNEMPLOYMENT BY DURATION THOUSANDS



APRIL 1989

U.K. UNEMPLOYMENT BY AGE THOUSANDS



APRIL 1989

International standardised unemployment rates are used wherever possible in the following table comparing levels of unemployment. They are more comparable than the figures on national definitions which are subject to greater differences in coverage. OECD standardised rates are used wherever possible. (The latest available national figures are however used in tables C4b and C4c for the purposes of comparing recent changes.)

STANDARDISED UNEMPLOYMENT RATES* SEASONALLY ADJUSTED		
	% rate	Latest month
Spain	17.7	FEB
Ireland	(17.0)*	MAY
Italy	(10.7)*	MAY
France	10.1	APR
Belgium	9.5	APR
Netherlands	9.4	JAN
Canada	7.7	APR
Greece	(7.4)*	APR 87
Denmark	(7.1)*	MAY
United Kingdom	6.6	APR
Australia	6.2	APR
Germany	5.5	MAR
Portugal	5.5	NOV
United States	5.2	APR
Austria	[4.8]a	FEB
Norway	4.8	FEB
Finland	3.8	APR
Japan	2.3	MAR
Luxembourg	(1.8)*	APR
Sweden	1.6	APR
Switzerland	[0.6]a	APR
OECD Total	6.2	MAR (estimated)
MAJOR 7**	5.7	MAR (estimated)
EC Average	(9.3)*	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 6.8% in May compared with the EC average of 9.3%.

a National definitions. Standardised rates not available for Austria or Switzerland.

** UK, France, Germany, Italy, USA, Japan and Canada.

The following table shows the changes in unemployment using national definitions, both in terms of percentage increases and, more significantly, changes in percentage rates. The latter are recommended for comparisons of trends.

UNEMPLOYMENT, LATEST MONTH COMPARED WITH A YEAR EARLIER

Unadjusted unemployment, national definitions

RECOMMENDED

	Change in % rate	% Change in total	Change (000s)	Latest month
Norway	+ 1.6	+ 84	+ 36	APR
Denmark	+ 0.9	+ 10	+ 26	MAR
Italy	+ 0.8	+ 5	+ 175	JAN
Greece	+ 0.2	+ 13	+ 14	APR
Portugal	+ 0.2	+ 3	+ 11	MAR
USA	- 0.1	1	31	JUN
Netherlands	- 0.1	- 1	- 7	DEC
Canada	- 0.1	- 1	- 8	MAY
Sweden	- 0.1	- 4	- 3	APR
Luxembourg	- 0.2	- 13	NC	MAY
Switzerland	- 0.2	- 25	- 5	APR
France	- 0.3	- 1	- 20	MAY
Japan	- 0.4	- 9	- 170	MAR
Ireland	- 0.5	- 3	- 7	MAY
Germany	- 0.7	- 10	- 216	JUN
Austria	- 1.1	- 15	- 29	MAR
Finland	- 1.2	- 24	- 31	MAR
Belgium	- 1.5	- 9	- 39	MAR
Australia	- 1.5	- 15	- 99	MAR
United Kingdom*	- 1.8	- 22	- 515	JUN
Spain	- 2.1	- 10	- 298	MAY

NC No Change

* Seasonally adjusted series consistent with current coverage.

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.

UNEMPLOYMENT, LATEST 3 MONTHS COMPARED WITH PREVIOUS 3 MONTHS

Seasonally adjusted, national definitions RECOMMENDED				
	Change in Percentage rate	Percentage Changes	Change Number (000s)	Latest month
Portugal	+ 0.4	+ 5	+ 15	MAR
Norway	+ 0.3	+ 11	+ 7	APR
United States	NC	1	43	JUN
Denmark	NC	NC	- 1	MAR
Germany	NC	NC	- 6	JUN
Netherlands	- 0.1	NC	- 3	DEC
Canada	- 0.1	- 1	- 7	MAY
France	- 0.1	- 1	- 22	MAY
Japan	- 0.1	- 3	- 50	MAR
Sweden	- 0.1	- 5	- 4	DEC
Switzerland	- 0.1	- 13	- 2	FEB
Ireland	- 0.2	- 1	- 3	MAY
Australia	- 0.2	- 1	- 8	MAR
Italy	- 0.2	- 2	- 72	JAN
Austria	- 0.2	- 4	- 6	FEB
Belgium	- 0.3	- 2	- 8	MAR
United Kingdom	- 0.4	- 4	- 117	JUN
Finland	- 0.6	- 2	- 2	MAR
Spain	- 0.6	- 3	- 93	MAR

Note Seasonally adjusted figures not available for Greece and Luxembourg.

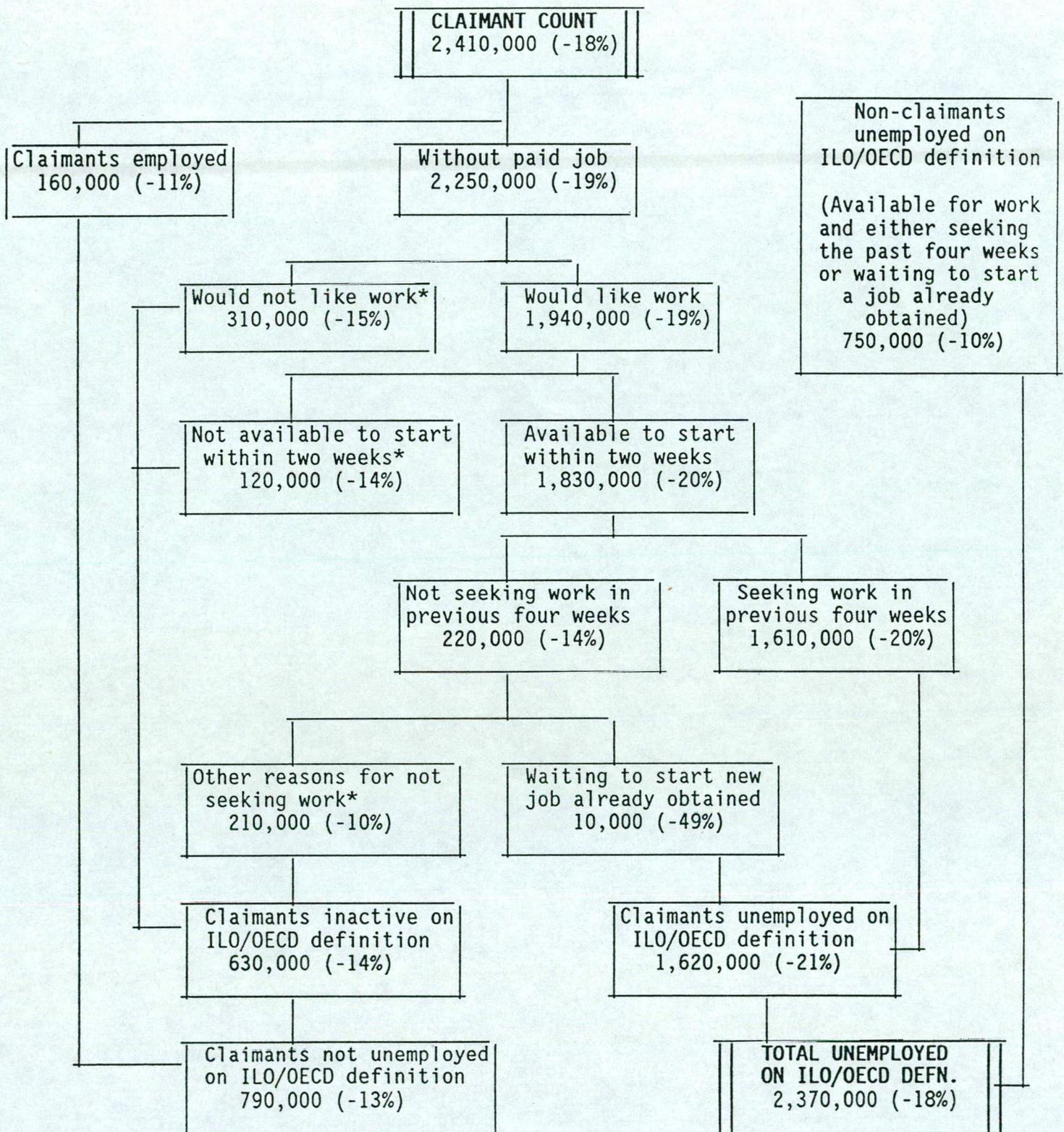
NC = No change

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

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

G.B. Spring 1988(p)

(Percentage changes since Spring 1987 are shown in brackets)



UNEMPLOYMENT COUNTCOMPARISON WITH ESTIMATES FROM THE LABOUR FORCE SURVEY

1. Unemployment can be taken by different people to mean different things depending on the context in which the figures are used, and can be measured in different ways.
2. As in most other Western European countries, we use an administrative system to provide monthly unemployment figures, although we also use household surveys to provide less frequent information on a different basis. We use the count of claimants* at unemployment benefit offices because the figures are available frequently, quickly and cheaply, in particular providing detailed local figures which would be very costly to obtain from alternative sources. However, the count necessarily reflects the administrative system on which it is based and cannot be ideal for every purpose eg to measure labour slack or social hardship.
3. Instead of using the claimant count, alternative measures of unemployment can be obtained from household sample surveys such as the annual Labour Force Survey (LFS). The criteria for defining unemployment in surveys can of course be varied and there is no universally accepted definition of "true" unemployment; but according to results of the LFS for GB in spring 1988 there were 2.37 million unemployed according to internationally recommended definitions (ILO/OECD) ie available and seeking work in the previous 4 weeks. This compares with 2.41 million in the claimant count on average over the survey period. The difference of 40,000 between these figures, which is within the margins of survey error, is the net result of the difference between two partly offsetting groups. 790,000 claimants were either employed or not unemployed on the ILO/OECD measure, while, on the other hand, some 750,000 people were without jobs and unemployed on the ILO/OECD definition but not claiming benefits. The preceding chart (D1a) illustrates the comparison, also showing percentage changes since 1987.
4. The Following are the main points from these latest results, published in a press release on 13 March and also the April 1989 issue of Employment Gazette.

*those claiming Unemployment Benefits, Income Support or National Insurance credits as an unemployed person.

MAIN POINTS

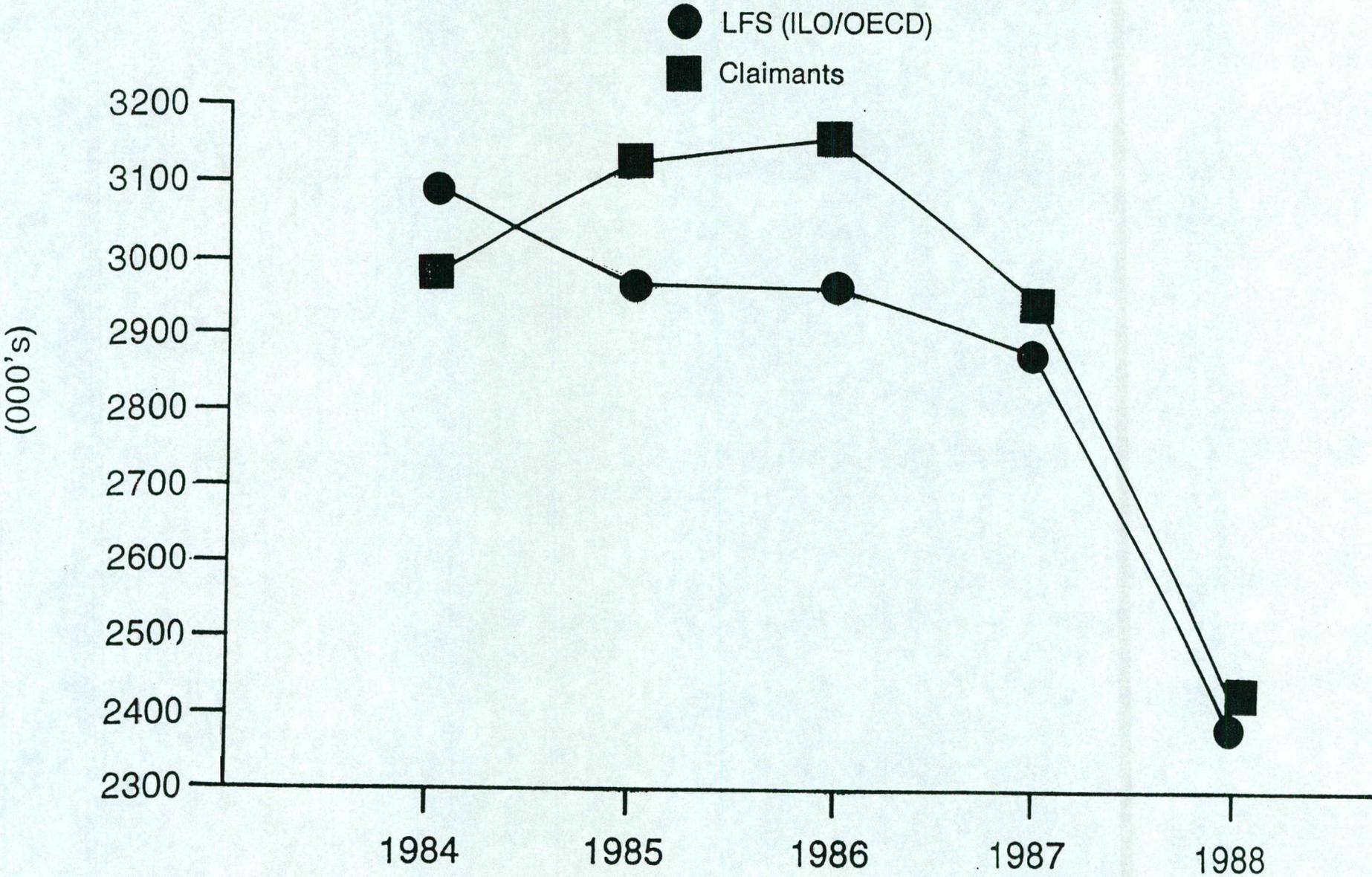
Latest annual Labour Force Survey for GB, Spring 1988:

- * Confirms beyond doubt that unemployment has been falling very sharply.
- * Shows similar falls of half a million since Spring 1987, in the official monthly count and in unemployment as measured by the survey using international definitions (claimant count fell by some 540,000, ILO/OECD measure by 505,000: difference within margins of survey error).
- * Shows that in 1988 the monthly claimant count was again similar to unemployment on the international definition (ILO/OECD). The international measure was 40,000 lower than the claimant count (2.37 million compared with the average count of 2.41 million (headline total) for Spring 1988: difference within margins of survey error.)
- * Shows that in Spring 1988 790,000 claimants (33%) not unemployed by the international definition, eg employed, looking after family, sick or disabled, retired, did not want work.

This compares with 750,000 unemployed on the international measure but not claiming benefits.

- * The sharpest falls in claimants between 1987 and 1988 occurred among those seeking work - indicative of a strong response by those genuinely unemployed to substantial improvements in the labour market.
- * Since 1984, the international survey measure of unemployment has generally been falling (all years apart from 1986 when it remained at the 1985 level), while the claimant count carried on rising until 1986. Since 1986 both measures have been falling substantially. (See the graph attached).
- * Survey definition of unemployment is consistent with international recommendations (ILO guidelines as used by OECD), and relates to those without a job, available for work and looking for work in the last 4 weeks.

Survey and Claimant Unemployment (GB)



CHANGES AFFECTING 'THE UNEMPLOYMENT' COUNT

The details of all recent changes affecting the monthly unemployment figures are as follows. Seven changes since 1979 have had a discernible effect on the totals for adult unemployment and have been taken into account in the consistent series of seasonally adjusted estimates according to the coverage of the current count of benefit claimants.

Most of the changes listed below have arisen from changes in rules or procedures for claiming benefits. The exceptions were the fifth and sixth which were made for statistical reasons to correct inaccuracies. Only two of the changes (the third and sixth) actually involved an amendment to the method of compiling the unemployment count.

1. In October 1979 fortnightly attendance at unemployment benefit offices was introduced and the estimated effect was to add about 20,000, both to the unemployment count used at the time, based on registrations at Jobcentres, and the claimant figures introduced later (see below).

2. In November 1981 the higher long-term rate of supplementary benefit was introduced for men aged 60 or over who had been on (then) Supplementary Benefit for over one year. Over the following 12 month period, this removed an estimated 37,000 men, again from both the registrant and claimant series.

3. In October 1982 registration at jobcentres became voluntary, saving administrative costs and eliminating the need for unemployed people to attend both a Jobcentre and an unemployment benefit office in order to get their benefits.

The previous count of registrants at Jobcentres became incomplete and it was necessary to move to counting claimants at Unemployment Benefit Offices. This reduced the count by 190,000 on average (for the year up to October 1982) as a result of three factors:

- computerisation of count and improved accuracy with more up-to-date record keeping of those becoming and ceasing to be unemployed.
(Estimated effect - 78,000)
- exclusion of registrants not claiming benefits (-135,000)

- inclusion of severely disabled (+23,000).

Details of the change were published in the September and December 1982 issues of Employment Gazette¹ and figures on the new claimant basis back to 1971 were then published.

4. The 1983 Budget provisions, at the time, enabled 162,000 men, mainly aged 60 and over, to receive National Insurance credits or the higher long term rate of (then) Supplementary Benefit without attending an Unemployment Benefit Office. The effect accumulated between April and August 1983.

5. In July 1985, a reconciliation between social security records and the Department of Economic Development's computer records of claimants showed discrepancies in the figures for Northern Ireland. The corrective action resulted in the unadjusted figures from July 1985 being some 5,000 lower than would otherwise have been the case.

6. From March 1986, the compilation of the figures was delayed by two weeks, to take place three weeks rather than one week after the specified count date. This excluded from the count an estimated average of 50,000 records of claimants who had already ceased to be unemployed before that date, and who were previously over-recorded².

7. From 12 September 1988 most people aged under 18 have been unable to claim Income Support and are therefore excluded from the monthly unemployment count. Consequently the seasonally adjusted series has been revised to include only those aged 18 or over, in order to maintain the consistent coverage. On recent levels of unemployment, the new series was some 40,000 lower than the former seasonally adjusted series. (The former series already excluded those aged under 18 classed as school leavers, but included those who had had a job since leaving school.)

In addition a change in regulations for school leavers in November 1980 did affect the total claimant series later introduced and, to a relatively minor extent, the registrant series in use at the time. It did not, however, affect the seasonally adjusted series significantly.

There have also been some temporary distortions, notably in the summer of 1981 and in September 1988, as a result of strikes for which adjustments have been made to the seasonally adjusted series. There have also been some other changes to the rules for receiving benefits which could have had a marginal effect on the unemployment count. These changes have not significantly influenced the trend in the series. For example, recent alterations to the entitlement to Unemployment Benefit will have had little effect because many of those involved would have continued to claim to get Income Support or, in some cases, National Insurance credits, and would therefore still be included in the unemployment count.

UNEMPLOYMENT RATES

In July 1986, new regional and national unemployment rates were introduced showing the number of unemployed as a percentage of the working population (the sum of employees in employment, the unemployed, the self-employed, and HM Forces). The considerable growth in self-employment in recent years has made it increasingly important to take them into account in the calculations. However, unemployment rates on the former basis - showing unemployment as a percentage of the sum of the unemployed and employees in employment only continue to be published, and are the only rates available for counties and travel-to-work areas because estimates of self-employment are not made below regional level.

A further minor amendment to the wider based regional and national denominators was made in July 1988, to include those on work-related training schemes in line with their inclusion in the statistics of the employed workforce.³ This means that the wider based unemployment rates are now expressed as a percentage of the total workforce. All the rates shown in table 1 are consistent with this basis.

These changes to the calculation of unemployment rates have not in any way affected the numbers included in the unemployment count.

1 Employment Gazette, September 1982 edition, p 389: 'Compilation of the unemployment statistics'; and December 1982 edition p S20: 'Changed basis of the unemployment statistics'.

2 Employment Gazete, March/April 1986 edition p 107: 'Change in the compilation of the unemployment statistics'.

3 Employment Gazete, August 1988 edition, p S6: 'Employment statistics: revised presentation'.

Effect of employment and training schemes
Numbers on employment and training schemes have reduced slightly over the past 2 years during which unemployment has been falling rapidly.

Effect of Restart/availability tests etc.
Unreasonable to deny genuine improvements, particularly at a time when growth of the economy has been outstripping most of our competitors, and given the record level of employment, and growth of nearly 3 million jobs since 1983.

Reasonable to ensure that only paying benefits to those entitled and available for work, and to help long-term unemployed back to work by offering variety of opportunities designed to find them a job or improve their prospects of finding one.

Tighter procedures do not affect the benefit of anyone genuinely available and looking for work. No apologies for stopping benefit of those working in the black economy or claiming when unable to take a job eg because of family responsibilities.

Impossible to make estimate of effects on the count of these various measures, in particular at a time when labour market has been improving so strongly (cannot separate the various effects).

Inflated claims of higher "real" totals
Such inflated estimates (sometimes as high as 5 million) have included all those who say they would like work even if they are not seeking work: eg early retired, sick or those looking after families.

Estimates sometimes include those on government schemes, who are at work (and included as in employment according to international guidelines.)

It is one thing to suggest some people might otherwise be unemployed without the help given, quite another to suggest they really are unemployed when they are at work or in training.

International measure of unemployment
(Labour force survey gives international - ILO/OECD - measure of unemployment: without work, available and seeking work during past 4 weeks)

Confirms unemployment fallen sharply Spring 1987 to 1988. Similar falls of half a million in ILO/OECD measure (505,000) and monthly count (540,000) (Difference within margins of survey error)

ILO/OECD measure 2.37 million marginally lower than (headline) count of 2.41 million. The international measure peaked in 1984 while the claimant count started to fall 2 years later.

OECD's published unemployment rate for UK estimated on standard definition was 6.6% in April 1989, similar to our 6.5% at that time.

Changes affecting the unemployment count
Only 2 changes to method of compiling unemployment count since 1979. Some other changes to administrative procedures have also occurred. However, all the significant changes in coverage (7 in total since 1979) have been allowed for in the seasonally adjusted series, which is maintained on a consistent basis, according to the current coverage, to provide comparable assessments of the trend.

(Not rewriting history but helping to explain it properly, by removing distortions. Basic counts remain unchanged as recorded at the time.)

Estimating past series according to new coverage is the only means of maintaining consistency for assessing trends.

Alternative attempts by others to make inflated estimates of unemployment on an old basis are meaningless (eg Unemployment Unit). Effects of changes in coverage vary over time, and estimating the effects today or into the future involves speculation about demographic, economic and other factors (eg cannot know how many people would now be registered at Jobcentres on the pre 1982 basis as if it were still compulsory to register to qualify for benefits. These procedures no longer exist. Similarly unrealistic to estimate under 18's in future who would claim benefits if rules had remained unchanged.)

PERSONAL AND CONFIDENTIAL UNTIL 11:30 AM ON 13 JULY 1989

Labour market
- job changes
and flows

LABOUR MARKET - job changes and flows

1. TOTAL JOB CHANGES have recently been running at about 7 1/2 million a year,* over 1/2 million per month, or about 30,000 per working day. These include movements of people with jobs as well as the unemployed taking up jobs.

2. VACANCY FLOWS run at lower levels than the above, eg the inflow in the year to June averaged 228,000 a month (UK seasonally adjusted), because only about a third of all vacancies are notified to jobcentres. Placings by jobcentres, in the year to June averaged about 158,000 a month (UK seasonally adjusted). These are estimated to be broadly a quarter of all engagements or job changes in the economy.

3. OUTFLOW from unemployment averaged about 333,000 per month in the year to May 1989. This represents an annual outflow of 4.0 million. Many took up jobs, though some would be leaving unemployment for other reasons eg retirement, training, or otherwise leaving the labour force, or exhaustion of entitlement to benefit.

Over a quarter of those becoming unemployed flow off the register within a month of joining it, more than half leave within 3 months, over two-thirds within 6 months. 87% leave within a year. The remaining 13% flow into long term unemployment. The attached chart illustrates these chances of remaining in the count or leaving it within certain durations of unemployment.

*The estimate of 7 1/2 million job changes relates to 1987 and is based on a survey conducted by IFF Research Ltd in January 1988. The same survey provided an estimate of over 7000,000 unfilled vacancies in the economy at that time, confirming that approximately only a third of all vacancies are notified to Jobcentres (Employment Gazette April 1988 page 211 gives further details.)

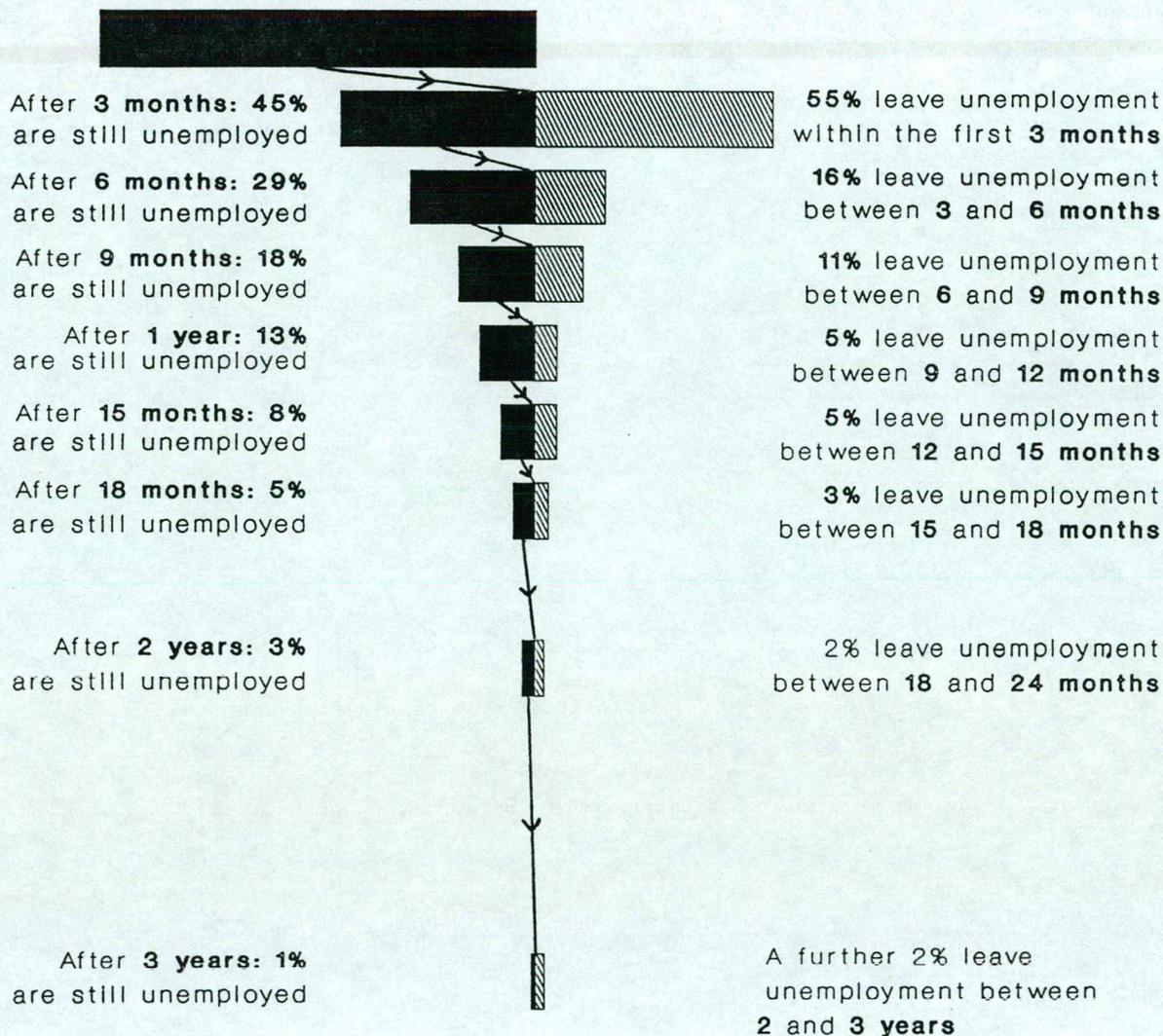
PERSONAL AND CONFIDENTIAL UNTIL 11:30 AM ON 13 JULY 1989

LIKELIHOOD OF REMAINING IN OR LEAVING UNEMPLOYMENT* (AGED 18 AND OVER).

Great Britain. Based on claimant data for the period **April 1988 - April 1989**

On average, 275,000 people become unemployed* each month.

Of those becoming unemployed:



Remaining unemployed
 Ceasing unemployment

* Percentages are based on outflows between April 1988 and April 1989 and therefore do not relate to the experience of a single group of individuals who all became unemployed over the same period.

DEMOGRAPHIC AND LABOUR FORCE BACKGROUND

Great Britain Thousand	Reaching school leaving age	Reaching retirement age and deaths	Net migration and adjustment	Population of working age (1)		Civilian labour force (2)	
				Number	Change over year	Number	Change over year
ESTIMATES							
1971	737	-	-	31,686	-	24,895	-
1972	760	739	-9	31,698	+12	24,953	+58
1973	778	750	+9	31,735	+37	25,125	+172
1974	801	751	-45	31,740	+5	25,269	+144
1975	818	740	-33	31,785	+45	25,305	+36
1976	840	707	+2	31,920	+135	25,702	+396
1977	871	683	+2	32,110	+190	25,901	+200
1978	891	655	-12	32,334	+224	25,949	+48
1979	906	662	-8	32,570	+236	26,021	+72
1980	930	773	+1	32,728	+158	26,198	+177
1981	936	729	-30	32,905	+177	26,242	+43
1982	912	697	-69	33,051	+146	26,045	-196
1983	902	650	-3	33,300	+249	25,907	-138
1984 GB LF	873	677	+67	33,563	+263	26,428	+522
ILO/OECD						26,604	-
1985	868	750	+60	33,741	+178	26,793	+189
1986	840	713	+23	33,891	+150	26,929	+136
1987	852	697	+18	34,064	+173	27,253	+324
1988	799	664	+8	34,207	+143	27,610	+358
PROJECTIONS							
1989	751	662	+4	34,300	+93	27,940	+330
1990	700	660	0	34,340	+40	28,059	+119
1991	677	655	-4	34,358	+18	28,152	+92
1992	651	643	+1	34,367	+9	28,208	+56
1993	623	628	+2	34,364	-3	28,244	+36
1994	634	628	+1	34,371	+7	28,278	+34
1995	688	640	-2	34,417	+46	28,336	+58
1996	715	646	-1	34,485	+68	28,409	+74
1997	710	646	+3	34,552	+67	28,478	+68
1998	699	641	-2	34,608	+56	28,527	+49
1999	700	640	-2	34,666	+58	28,575	+48
2000	697	644	-2	34,717	+51	28,620	+45

In the year to mid-1988 the population of working age is estimated to have grown by just under 150 thousand, and the civilian labour force by over 350 thousand as activity rates rose largely in response to falling unemployment. The rate of increase in the population of working age is projected to continue declining until 1993, reflecting the falling numbers of young people. Despite this, the labour force (on a working assumption of broadly stable claimant unemployment) shows a projected growth of 1 million by the end of the century, mainly due to anticipated further rises in female activity rates.

Notes :

(1) The population of working age comprises men aged 16-64 and women aged 16-59 years. The figures are OPCS estimates up to 1987 and GAD projections from 1988.

(2) The civilian labour force, on the international ILO/OECD definition, includes people either in civilian employment or looking for work and available to start (the estimates up to 1984 are on the slightly different GB Labour Force definition). The definitions and the projection methodology are described in more detail in an article in the April 1989 *Employment Gazette* ("Labour Force Outlook to the Year 2000").

EMPLOYMENT - CHANGES IN THE METHOD OF ESTIMATION

Workforce in employment (UK)

1) Introduction of Workforce in Employment - July 1988

The 'workforce in employment' replaced the 'employed labour force' as the broad aggregate measure of employment. The workforce in employment comprises the employees in employment, the self-employed, HM Forces and participants on work related government training programmes. This fourth group consists of those participants on 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. This change was made in the light of ILO recommended definitions of employment.

Employees in Employment (GB)

1) Introduction of Supplementary series - June 1983

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

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

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

3) Use of the 1984 LFS - March 1985

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

4) Use of the 1985 LFS - April 1986

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

5) Introduction of 1984 Census of Employment - December 1986

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

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

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

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

7) Use of the preliminary 1987 LFS results - February 1988

Preliminary results of the 1987 LFS were incorporated in the employment estimates as described above for the 1986 results.

8) Use of the preliminary 1988 LFS results - March 1989

Preliminary results of the 1988 LFS were incorporated in the employment estimates as in the past for the period May 1987 to April 1988, and with slight modifications thereafter. Previously, the degree of underestimation was assumed to continue accumulating at the rate observed in the previous year, but now an average of the degree of underestimation over the three years up to the latest LFS has been used. This change was made because the exceptionally high rate of growth in employees observed between the Spring 1987 LFS and the Spring 1988 LFS is not considered to be an adequate basis for carrying forward the degree of underestimation in the period since Spring 1988, the reference period of the latest Labour Force Survey.

Employees in Employment (NI)

With the exception of Agriculture, estimates of employees in employment are obtained from the Quarterly Employment Enquiry conducted by the Department of Economic Development (NI). This survey covers employers who employ 25 or more employees. Results are 'rated up' to provide estimates of total employment by Industrial Class and sex. The rating factors used are based on results from the Census of Employment. Information on employment in firms which have opened post Census is also included in the estimates.

The number of Employees in Agriculture is obtained at June of each year from the Agricultural Census which is conducted by the Department of Agriculture (NI).

Self Employment (GB)

1) New method of estimating Self Employment - January 1982

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

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

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

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

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

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

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

5) Use of the 1985 LFS - April 1986

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

6) Use of the 1986 LFS - March 1987

The estimates were up-dated to take account of new results from the 1986 LFS.

7) Use of the 1987 LFS - February 1988

The estimates were up-dated to take account of the preliminary results of the 1987 LFS.

8) Use of the 1988 LFS - March 1989

The estimates were up-dated to take account of the preliminary results of the 1988 LFS.

Self Employment (NI)

The numbers of self employed in Agriculture are obtained annually from the Agricultural Census. Self employment figures for other industries post 1981 are based on results from the Census of Population.

Estimates of self-employment

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

Work related government training programmes

4. The numbers on work related government training programmes cover those participants who in the course of their participation receive training in the context of a workplace but are not employees, self employed or HM Forces. This group is included in the workforce in employment. The numbers on work related government training programmes include 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). Participants on new Job Training Scheme (JTS) were included until September 1988 when they transferred to the ET scheme. All participants on Employment Training (ET) without contracts of employment who receive work experience, which is the great majority, have been included in the estimates of participants in work related government training programmes from December 1988. (The small proportion - about 3 per cent - who do not receive work experience were excluded). In Northern Ireland, participants in work related government training programmes comprise participants in the Job Training Programme, certain Management Training Schemes, adults on the Attachment Training Scheme (participants with firms only, as opposed to those in FE colleges) and Youth Training Programme participants without a contract of employment, excluding second year trainees in FE colleges.

5. Those on the Voluntary Projects Programme and Wider Opportunities Training Programme are not employed and are hence not covered by the workforce in employment series.

C-O-N-F-I-D-E-N-T-I-A-L until 11.30am on 13 July 1989

INTERNATIONAL COMPARISONS OF EMPLOYMENT

1. Latest figures for the major industrialised economies show that since March 1983, when employment began to rise in the United Kingdom, it has grown at a much faster rate than in Japan, Italy, Germany or France. However the rate of employment growth has been higher in the United States and Canada.

TABLE 1 : CIVILIAN EMPLOYMENT SEASONALLY ADJUSTED
CHANGE 1983 Q1 TO 1988 Q4

	Thousands	Per Cent
USA	16700	16.8%
CANADA	1761	16.7%
UK	2953	12.7%
JAPAN	3201	5.6%
GERMANY	827	3.3%
ITALY	389	1.9%
FRANCE *	-289	-1.4%

Source : OECD Quarterly Labour Force Statistics (except UK)
Notes : * 1982 Q4 to 1987 Q4.

2. Between 1983 and 1987 the increase in employment in the United Kingdom was greater than that in the rest of the European Community combined. This will not be true for period 1983 to 1988 but the UK rise will still be greater than that for any other Community country. Comparisons over more recent periods are not so favourable since the increase in Spain alone between 1985 and 1987 was greater than that recorded for the UK. Over the longer period 1979 to 1987 employment fell slightly in the UK whilst it rose in the rest of the Community as a whole.

TABLE 2 : CIVILIAN EMPLOYMENT IN THE EUROPEAN COMMUNITY

	1983 - 1987		1979 - 1987	
	Thousand	Per Cent	Thousand	Per Cent
BELGIUM	79	2.2	-86	-2.3
DENMARK	163	6.5	162	6.5
GERMANY	647	2.6	-76	-.3
GREECE	58	1.6	286	8.6
SPAIN	395	3.6	-462	-3.9
FRANCE	-192	-.9	-329	-1.5
IRELAND	-43	-3.9	-62	-5.5
ITALY	234	1.1	527	2.6
LUXEMBOURG	12	7.6	13	8.3
NETHERLANDS	286	5.8	430	8.9
PORTUGAL	30	.7	317	8.2
EC12 - UK	1669	1.7	720	.7
UK	1756	7.5	-19	-.1
EC12	3425	2.8	701	.6

Source: "Employment and unemployment 1988" and "Eurostatistics 8/9 1988" (EUROSTAT) except UK (DE).

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

TABLE 3 : TOTAL EMPLOYMENT AS A PERCENTAGE OF THE POPULATION AGED 15 TO 64 : 1987

	Per Cent
SWEDEN	80
DENMARK	77
UNITED STATES	71
JAPAN	70
CANADA	69
UNITED KINGDOM	68
GERMANY	61
FRANCE	59
BELGIUM	57
NETHERLANDS	53
OECD TOTAL	65
EC12	58

Source: OECD Labour Force Statistics 1967-1987

FULL TIME AND PART TIME WORKFORCE IN EMPLOYMENT IN GREAT BRITAIN

(Note: full-time and part-time employment estimates are not collected in Northern Ireland and are therefore not available for the United Kingdom)

In the year to March 1989 the workforce in employment is estimated to have increased by 593,000. This increase comprises 372,000 (63%) full-time jobs and 221,000 (37%) part-time jobs. (a part-time job is one of 30 hours per week or less.) Estimates of the employees in employment component of the workforce in employment will be revised when the 1987 census figures results are published later this year.

Great Britain		THE WORKFORCE IN EMPLOYMENT * - TOTAL								
		Thousands, seasonally adjusted								
		Males			Females			Persons		
		All	of which:		All	of which:		All	of which:	
			full time	part time*		full time	part time*		full time	part time*
1983	March	13,663	12,795	868	9,334	5,357	3,977	22,997	18,153	4,845
	June	13,635	12,740	895	9,411	5,378	4,032	23,046	18,119	4,928
	Sept	13,744	12,762	982	9,560	5,417	4,143	23,304	18,179	5,125
	Dec	13,801	12,762	1,039	9,670	5,459	4,212	23,471	18,221	5,251
1984	March	13,832	12,802	1,030	9,733	5,496	4,237	23,566	18,298	5,267
	June	13,875	12,831	1,045	9,783	5,523	4,260	23,658	18,354	5,305
	Sept	13,930	12,882	1,048	9,854	5,558	4,296	23,784	18,440	5,345
	Dec	13,994	12,917	1,077	9,914	5,570	4,344	23,908	18,487	5,421
1985	March	14,015	12,953	1,062	9,962	5,605	4,357	23,977	18,559	5,419
	June	14,029	12,944	1,086	10,010	5,623	4,387	24,039	18,566	5,473
	Sept	14,049	12,953	1,096	10,084	5,636	4,448	24,133	18,590	5,544
	Dec	14,047	12,935	1,112	10,099	5,643	4,456	24,146	18,578	5,568
1986	March	14,004	12,918	1,086	10,127	5,648	4,479	24,130	18,565	5,565
	June	13,996	12,859	1,138	10,185	5,649	4,537	24,182	18,508	5,674
	Sept	14,047	12,880	1,167	10,282	5,672	4,610	24,329	18,552	5,777
	Dec	14,060	12,862	1,198	10,357	5,701	4,655	24,417	18,563	5,854
1987	March	14,099	12,899	1,200	10,415	5,725	4,690	24,513	18,623	5,890
	June	14,245	12,982	1,263	10,563	5,818	4,745	24,808	18,800	6,008
	Sept	14,404	13,103	1,300	10,685	5,904	4,781	25,088	19,007	6,081
	Dec	14,514	13,181	1,333	10,795	5,998	4,797	25,309	19,179	6,130
1988	March	14,626	13,314	1,313	10,897	6,092	4,805	25,523	19,406	6,117
	June	14,678	13,345	1,333	10,960	6,146	4,813	25,638	19,491	6,147
	Sept	14,739	13,407	1,332	11,065	6,207	4,858	25,804	19,614	6,190
	Dec	14,798	13,442	1,356	11,140	6,240	4,900	25,938	19,682	6,256
1989	March	14,873	13,486	1,388	11,243	6,292	4,951	26,117	19,778	6,339
Change										
	Mar 83-Mar 89	1,210	690	520	1,909	935	974	3,119	1,625	1,494
	Mar 88-Mar 89	247	172	75	346	200	146	593	372	221

* The workforce in employment comprises employees in employment, the self employed, HM Forces and participants in work related government training programmes. In classifying the workforce in employment between full and part time all programme participants are counted as in employment part time.

THE WORKFORCE IN EMPLOYMENT - COMPONENTS

Great Britain

Thousands, seasonally adjusted

		Employees in Employment					Self Employment					HM Forces			Work related + government training programmes			
		Males		Females		Persons	Males		Females		Persons	Males	Females	Persons	Males	Females	Persons	
		All	of which part-time*	All	of which full-time	of which part-time	All	of which part-time	All	of which part-time	All	All	All	All	All	All		
1983	March	11,706	745	6,823	5,110	3,713	20,529	1,651	123	496	264	2,147	306	15	321	0	0	0
	June	11,674	766	6,881	5,121	3,760	20,556	1,652	126	508	267	2,160	306	16	322	3	5	8
	Sept	11,659	772	6,952	5,151	3,801	20,611	1,702	136	527	278	2,229	309	16	325	74	64	139
	Dec	11,645	798	9,025	5,184	3,841	20,670	1,751	145	547	289	2,298	309	16	325	96	82	178
1984	March	11,630	784	9,074	5,213	3,861	20,705	1,831	155	566	299	2,367	310	16	326	91	77	168
	June	11,625	790	9,104	5,232	3,872	20,729	1,850	164	586	311	2,435	310	16	326	91	78	168
	Sept	11,638	771	9,147	5,261	3,885	20,785	1,858	165	596	315	2,464	312	16	328	112	95	207
	Dec	11,688	801	9,201	5,268	3,933	20,888	1,886	167	606	320	2,493	311	16	327	109	91	200
1985	March	11,699	792	9,249	5,298	3,952	20,948	1,905	169	617	325	2,522	310	16	326	101	80	182
	June	11,703	822	9,252	5,309	3,983	20,995	1,923	170	628	321	2,550	309	16	326	94	74	168
	Sept	11,694	808	9,339	5,320	4,019	21,033	1,926	168	628	328	2,554	309	16	326	120	100	221
	Dec	11,696	832	9,360	5,323	4,037	21,056	1,929	166	629	325	2,558	307	16	323	114	94	208
1986	March	11,662	819	9,401	5,324	4,077	21,063	1,933	164	630	322	2,563	306	16	323	103	80	182
	June	11,632	853	9,444	5,322	4,122	21,076	1,937	163	630	319	2,567	305	16	322	122	96	218
	Sept	11,613	843	9,493	5,339	4,154	21,106	1,977	173	648	331	2,625	306	16	323	151	125	276
	Dec	11,590	866	9,556	5,363	4,193	21,145	2,016	184	665	343	2,684	304	16	320	148	119	268
1987	March	11,599	869	9,607	5,380	4,227	21,206	2,059	194	683	355	2,742	304	16	320	138	108	245
	June	11,672	888	9,714	5,468	4,246	21,386	2,099	204	701	367	2,801	302	16	319	171	132	303
	Sept	11,759	882	9,805	5,549	4,255	21,564	2,126	203	706	368	2,832	303	16	319	216	158	373
	Dec	11,852	922	9,920	5,639	4,281	21,772	2,152	202	711	368	2,863	301	16	317	209	147	356
1988	March	11,948	913	10,030	5,728	4,301	21,978	2,178	200	716	368	2,895	301	16	317	199	135	334
	June	11,974	935	10,087	5,778	4,309	22,062	2,205	199	721	369	2,926	300	16	316	199	135	335
	Sept	12,001	915	10,171	5,832	4,340	22,173	2,225	203	732	373	2,957	299	16	315	214	146	359
	Dec	12,011	904	10,229	5,858	4,371	22,240	2,245	207	743	377	2,988	297	16	313	245	152	398
1989	March	12,037	899	10,313	5,904	4,409	22,350	2,265	210	754	382	3,019	293	16	310	278	160	438
Change																		
Mar 83-Mar 89		331	154	1,490	794	696	1,821	614	88	258	118	872	-13	1	-11	278	160	438
Mar 86-Mar 89		89	-14	283	176	108	372	87	10	38	13	124	-8	0	-7	79	25	105

*Estimates of part-time male employees are not seasonally adjusted.

+ Participants in the YTS who receive work experience except those who have contracts of employment (those who have contracts of employment are included in the employees in employment) plus participants in new YTS (up to September 1988) and ET (from December 1988). Not seasonally adjusted. All participants in work related government training programmes are assumed to work part-time.

CHANGES IN EMPLOYEES IN EMPLOYMENT

United Kingdom

Thousands, not seasonally adjusted

Industry	Year ending Mar 1989 Change		Region	Year ending Mar 1989 Change	
	Absolute	Percent		Absolute	Percent
Agriculture forestry and fishing	-7.9	-2.5	South East	153.2	2.0
Energy and water supply	-26.8	-5.6	(Greater London)	-4.0	-.1
Other mineral and ore extraction etc	10.9	1.4	East Anglia	40.9	4.9
Metal goods, engineering and vehicles	-14.5	-.6	South West	27.1	1.7
Other manufacturing industries	1.2	.1	West Midlands	48.3	2.3
Construction	5.5	.5	East Midlands	47.4	3.0
Distribution, hotels, catering, repairs	142.1	3.1	Yorks & Humberside	6.5	.4
Transport & Communication	46.2	3.3	North West	.9	.0
Banking, finance insurance	173.4	7.0	North	20.3	1.8
Other Services	44.7	.7	Wales	2.8	.3
			Scotland	25.9	1.4
All Industries	374.8	1.7	Great Britain	373.2	1.7
			Northern Ireland	1.4	.3
			United Kingdom	374.8	1.7

1 AVERAGE EARNINGS

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

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

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

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INDUSTRY BREAKDOWN

3

INDEX OF AVERAGE EARNINGS (Unadjusted)*

Classes SIC 1980	Weights	Index (1985 = 100)						Percentage increase over previous 12 months					
		1988	1989					1988	1989				
		Dec	Jan	Feb	Mar	Apr	May**	Dec	Jan	Feb	Mar	Apr	May**
Metal processing and manufacture	14	134.1	138.4	126.3	127.8	150.0	131.9	9.8	9.7	9.2	8.7	9.9	9.8
Mineral extraction and manufacturing	14	136.3	129.6	131.6	130.4	133.3	135.1	7.3	7.5	8.5	5.6	7.6	7.0
Chemical and man-made fibres	20	138.5	131.3	130.6	130.5	135.9	136.7	8.0	8.2	8.6	8.3	8.6	9.3
Mechanical engineering	44	132.6	132.7	133.0	134.8	136.3	135.2	10.2	10.4	9.6	8.2	10.9	8.8
Electrical and electronic engineering	37	135.1	135.3	134.8	138.2	138.1	139.9	8.6	8.6	7.2	9.6	7.5	10.6
Motor vehicle and parts	17	139.4	137.0	139.8	141.4	137.6	142.2	15.4	14.2	36.4	6.4	8.3	9.5
Other transport and equipment	17	134.0	131.8	132.1	136.7	135.0	135.3	6.9	10.9	11.0	14.0	13.5	13.7
Metal goods and instruments	27	130.5	132.8	133.2	132.9	134.3	136.8	8.4	10.0	8.1	8.3	8.0	8.8
Food, drink and tobacco	33	135.2	130.6	130.4	134.2	138.3	138.4	9.2	7.8	7.6	10.7	10.8	9.3
Textiles	13	125.4	127.2	128.6	127.1	131.4	134.0	5.6	6.4	7.2	3.7	7.2	8.3
Leather, footwear and clothing	17	127.4	128.9	129.3	130.4	130.1	131.7	6.2	7.1	6.5	4.5	5.5	6.2
Timber and wooden furniture	11	138.3	146.4	142.9	130.1	133.0	134.7	21.4	18.7	13.4	5.3	8.0	5.6
Paper products, printing and publishing	26	128.3	126.8	127.4	128.7	130.6	132.4	7.3	7.6	7.1	6.6	7.9	8.0
Rubber, plastic and other manufacturing	14	131.2	131.5	132.2	133.3	133.2	136.2	4.4	8.1	8.0	7.8	7.9	6.8
*Manufacturing Industries	304	133.5	132.6	132.2	133.4	136.0	136.2	9.1	9.4	10.0	8.3	9.0	9.0
Coal and coke	15	140.7	144.8	145.7	151.1	152.6	149.7	11.8	13.0	24.7	14.6	7.5	11.5
Mineral oil and natural gas	1	141.0	143.7	141.3	137.9	142.5	152.0	13.6	13.1	12.3	8.7	10.0	9.5
Electricity, gas and other energy and water supply	19	124.2	123.0	124.2	129.6	128.9	131.2	6.9	6.0	7.4	11.7	7.2	6.2
*Production Industries [†]	339	133.4	132.7	132.5	134.2	136.5	136.8	9.1	9.4	10.5	8.8	8.8	9.0
Construction	55	138.8	135.2	136.8	142.7	139.9	140.3	12.0	11.6	12.2	11.4	10.8	11.9
*Production [†] and Construction Industries	394	134.2	133.1	133.1	135.3	137.0	137.3	9.2	9.5	10.4	8.9	8.8	9.1
Agriculture & forestry [‡]	19	119.2	113.5	112.1	115.9	120.2	♯	5.0	7.0	6.8	7.3	6.9	♯
Distribution and repairs	164	132.8	130.5	131.8	136.0	136.9	133.6	8.9	9.8	9.5	8.9	8.2	8.4
Hotel and catering	49	139.9	133.3	133.7	137.8	135.2	135.8	7.9	10.1	11.9	13.8	10.7	9.8
Transport and communication (except sea transport)	71	127.5	125.2	125.1	126.2	129.9	129.2	5.0	6.4	6.6	6.3	6.9	5.9
Banking, finance and insurance	44	136.7	136.6	135.8	154.6	142.3	140.4	6.7	7.2	7.2	14.2	7.2	8.2
Public administration	90	129.5	130.0	131.6	131.9	131.7	132.3	9.9	10.1	9.0	7.9	9.8	8.7
Education and health services	147	156.6	134.1	134.2	134.9	136.3	141.2	26.9	11.4	10.7	6.6	12.2	15.4
Other services	22	131.8	132.0	126.5	127.8	128.5	129.1	7.3	8.9	5.6	9.1	8.8	6.1
*Service Industries	587	137.5	131.2	131.5	135.1	134.8	135.0	12.4	9.3	8.9	8.6	9.2	9.6
*Whole economy	1,000	135.7	131.8	132.0	134.9	135.6	135.8	11.0	9.4	9.7	8.8	9.1	9.5

*Except for percentage increase figures shown in these lines which reflect seasonally adjusted index figures.

**Provisional.

†Manufacturing, coal and coke, mineral oil and natural gas, electricity, gas, other energy and water supply.

‡England and Wales only.

♯Not available.

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Stats A1

JULY 1989

INTERNATIONAL COMPARISONS

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

		Latest period available
Greece	20.4	Q4 1988
Portugal (h)	14.2	Q4 1988
Finland	9.6	Q4 1988
Great Britain (c)	9 1/4	MAY
Spain (e)	7.7	Q4 1988
Austria (a)(g)	6.7	JANUARY
New Zealand (i)	6.5	Q3 1988
Norway (d)	6.3	Q1 1989
Sweden (g)	6.2	MARCH
Italy (b)	5.7	APRIL
Denmark (g)	5.5	DECEMBER
Ireland	5.3	Q2 1988
Canada	5.0	MARCH
Japan (a)(f)	4.6	MARCH
Germany	4.4	DECEMBER
Australia (b)	3.6	FEBRUARY
France (b)	3.1	Q4 1988
United States	2.7	APRIL
Belgium (j)	0.6	Q4 1988
Netherlands (b)	0.6	APRIL
OECD	4.7	DECEMBER
EEC	5.9	DECEMBER

Source: OECD Main Economic Indicators: JUNE 1989

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

Industrial Disputes -Summary FactsWORKING DAYS LOST

Working days lost, provisionally estimated at 171,000 in May, have now risen for five successive months. However a longer term comparison is more favourable; the May 1989 figure is the lowest for any May since 1957 apart from the May 1983 and May 1988 figures (139,000 and 140,000 respectively).

The largest stoppage in May 1989 was in broadcasting (31,000 working days lost), with two stoppages in engineering resulting in the loss of 42,000 working days. Also included are the well publicised transport stoppages in the London area; in May a one day stoppage by London Bus employees and two one day stoppages on the London Underground resulted in about 18,000 working days lost by these employees. (Note the working days lost figures do not include the secondary effects of strike action eg. the days lost by non-transport employees in transport strikes).

The total of working days lost for the twelve months ended May is provisionally estimated as 2.9 million. The largest elements in this total are 1.2 million working days lost from postal workers' disputes and 0.8 million working days lost in shipbuilding. The 2.9 million days total compares with 2.1 million days lost in the corresponding period a year ago and an average over the previous ten years of 10.2 million days lost.

NUMBER OF STOPPAGES

The number of stoppages provisionally recorded as in progress in the twelve months to May is 700. Subsequent revisions will raise this total. The highly provisional single month figure for May is 71, which is slightly above the number recorded in April (68), but it is the lowest figure for any May since 1936.

All the above figures cover both official and unofficial stoppages, although because of definitional problems no such distinction is routinely made or published.

KEY FACTS - INDUSTRIAL STOPPAGES

(a) TWELVE MONTH PERIODS

	WORKING DAYS LOST (MILLION)	STOPPAGES (NUMBER)
Year to May 1989(p)	2.9	700
Year to May 1988	2.1	894
1985	6.4	903
1986 (best year for working days lost)	1.9	1,074
1987	3.5	1,016
1988 (best year for number of stoppages)	3.7	781
Average 1970 to 1979	12.9	2,631

(b) SINGLE MONTH FIGURES

	WORKING DAYS LOST (THOUSAND)	STOPPAGES (NUMBER)
April 1989(p)	89	68
May 1989(p)	171	71
May - Average of 1979 to 1988	564	137

(p) = provisional

BULL POINTS

1. Most recent figures for working days lost are at low levels: days lost in April 1989 (89,000) were, apart from the April 1988 figure (66,000) the lowest for any April since 1954; the May 1989 figure (171,000) is apart from the May 1983 and May 1988 figures (139,000 and 140,000 respectively) the lowest for any May since 1957.
2. 2.9 million working days lost in year to May (provisional estimate) compares with an average of 12.9 million for the 1970's.
3. Number of stoppages recorded in 1988 is lower than in any other year since 1935.

EMPLOYMENT AND TRAINING MEASURES: SCHEME PARTICIPANTS IN GB

THOUSANDS

Quarter	EAS	CI	NWS*	JRS	JOBSTART+ JOBSHARE	CP	ET OF WHICH:		JTS	YTS++
							ET** ALLOWANCES	CP WAGES		
Dec 84	39	8	57	78		130				279
Mar 85	41	8	52	70		133				252
Jun 85	48	8	43	61		138				236
Sep 85	49	8	50	54		151				296
Dec 85	52	8	57	48		174				278
Mar 86	55	8	51	43		200				243
Jun 86	60	8	31	37		221				270
Sep 86	66	8	28	32		235				333
Dec 86	74	8	33	27		248			1	323
Mar 87	81	8	34	24		244			2	306
<u>Monthly</u>										
Jun 87	90	8	24	22	7	232			13	247
Jul 87	93	8	18	21	7	231			17	376
Aug 87	94	8	18	21	7	229			20	389
Sep 87	96	8	18	21	6	229			22	424
Oct 87	97	8	19	20	5	224			24	413
Nov 87	96	8	20	20	5	222			25	410
Dec 87	96	8	19	19	4	221			24	402
Jan 88	95	7	19	19	4	221			26	393
Feb 88	95	7	18	19	4	224			28	386
Mar 88	95	7	16	18	4	223			30	376
Apr 88	94	7	14	16	3	223			30	367
May 88	94	7	13	15	3	220			31	355
Jun 88	94	7	12	14	3	213			31	381
Jul 88	94	7	11	13	3	208			30	395
Aug 88	93	7	10	12	3	202			30	403
Sep 88	93	7	9	11	3	10	48	128	-	417
Oct 88	92	7	5	10	3	10	67	100	-	411
Nov 88	91	7	3	9	4	10	92	78	-	407
Dec 88	92	7	2	8	4	1	108	60	-	397
Jan 89	90	7	-	8	4	-	131	38	-	397
Feb 89	90	7	-	7	4	-	158	14	-	391
Mar 89	89	8	-	7	5	-	176	1	-	383
Apr 89	88	7	-	6	-	-	185	-	-	386
May 89	86	7	-	6	-	-	189	-	-	369
Jun 89	84	-	-	6	-	-	194	-	-	391

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

** These are the figures normally quoted for ET. They include transfer from JTS but not CP

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

- Nil/Negligible