

PO-CH/NL/0379  
PART A

Part A

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PART A

Chancellor's (Lawson) Papers:

**LABOUR MARKET  
UNEMPLOYMENT STATISTICS  
1989**

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PART A

DD's: 25 Years  
*[Signature]*  
6/12/95

LABOUR MARKET STATISTICS: NOTES FOR THE PRIME MINISTER

12/6/89.

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STATISTICS DIVISION  
DEPARTMENT OF EMPLOYMENT  
12 JUNE 1989  
ENQUIRIES TEL: 01-273-5522

UNEMPLOYMENT IN MAY

Seasonally adjusted (UK) (Consistent)  
**Now 1.835 million, lowest for nearly 8<sup>1</sup>/<sub>2</sub> years (since December 1980).**  
 Down 22,800 in May.  
 Rate 6.4%, lowest since November 1980.  
 Down 34 months running, longest and largest continuous fall since the war.  
 Down 1.298 million since July 1986.

Fall of 1,022,000 (consistent) since election June 1987. (1,118,700) since campaign, April 1987 figure)  
 Fall in last 12 months 528,600  
 Average fall of 45,000 per month over last six months.

TOTAL (unadjusted) (UK)  
**Now 1.803 million (6.3%)**  
 Down 81,000 since April.

Regional unemployment (Seasonally adjusted)

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

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 (9.4%). Latest international rates show unemployment higher in France (10.2%), Italy (10.5%), Canada (7.5%), Belgium (9.5%), Netherlands (9.4%), Spain (18.1%) and Ireland (17.3%). (Comparable UK 6.9% - OECD standardised rate for March.)

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 218,200 in May, **down 3,900** since April. Only about a third of vacancies reported to Jobcentres.

AVERAGE EARNINGS (GB)

Underlying increase in average earnings in year to April **9<sup>1</sup>/<sub>4</sub>%**, same as year to March.

INDUSTRIAL STOPPAGES (UK)

Working days lost 82,000 in April, lowest April figure since 1954, apart from April 1988. 2.9 million in latest 12 months, compared with 2.2 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 per year million for 1970's.

Number of stoppages 67 in April, lowest for March since 1935. Total for 1988 lowest since 1935.

**KEY FACTS**

**EMPLOYMENT (UK seasonally adjusted)**

**WORKFORCE IN EMPLOYMENT**

- Workforce in employment in Q4 1988
- now stands at 26,510,000 (highest ever)
- on a rising trend for more than 5 years since March 1983
- Increase since March 1983 by 2,948,000, of which:
  - 1,714,000 employees
  - 839,000 self employed
  - 403,000 trainees
  - 8,000 HM Forces
- Even excluding trainees on work-related programmes, employment is now at the highest level ever.
- Increase in year to December 1988 of 638,000, of which:
  - 287,000 male
  - 350,000 female

**TREND - LATEST QUARTER**

- Employment growth of 139,000 in Q4 1988.

**EMPLOYMENT IN MANUFACTURING**

- at 5,256,000 in December 1988
- up by 38,000 in year to December
- up 2,000 in quarter 4.

**EMPLOYMENT IN SERVICES**

- at 15,662,000 in December 1988
- up by 467,000 over the year
- service sector (incl. self employment) accounts for almost two-thirds of employment
- the increase in the third and fourth quarters have been affected by the run-down in CP over the summer, in preparation for ET. (Effect = decreases of about 20,000 in September and about 130,000 in December).

**SELF-EMPLOYMENT**

- at an estimated 3,048,000 in Dec 88
- up by 125,000 over year to December
- 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 5,130,000 in April 1989
- down 18,000 in April
- down 22,000 in year to April
- down 5,000 in Q1 1989.

**OVERTIME AND SHORT TIME (GB)**

- overtime of 14.1 million hours a week worked in April
- short time of 0.37 million hours a week lost in April.

**PART-TIME EMPLOYMENT (GB)**

- at 6,253,000 (24% of workforce in employment) in December 1988
- up by 123,000 over year to December
- up by 1,408,000 since March 1983
- part-time jobs account for 19% of employment growth in year since Dec 1987
- 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 (66%) much higher than EC average.

DRAFT PRESS NOTICE - B

LABOUR MARKET STATISTICS  
SUMMARY STATISTICS

15 June 1989

			Level	Change on previous period	Thousands Change on previous year
<u>Unemployment (UK)</u>					
Total unadjusted	May	11	1,803	- 81	(-624)(a)
Seasonally adjusted (b)	May	11	1,835	- 23	-529
<u>Workforce in (UK) (c),(d) (e)</u>	Dec Q4	1988	26,510	+ 139	+638
<u>employment</u>					
<u>Employees in employment (UK) (c)</u>					
All industries and Services	(UK)	Dec Q4 1988	22,738	+ 68	+472
Services (UK)		Dec Q4 1988	15,662	+ 70	+467
Manufacturing (UK)		December Q4 1988	5,256	+ 2	+ 38
Manufacturing (GB)		April 1989	5,130	- 18	- 22
<u>Vacancies (UK)(jobcentres) (c)</u>		May 5	218	- 4	- 36
Percentage change on previous year (underlying increase)					
<u>Index of Average Earnings (GB) (c)</u>					
Whole Economy		April			9%
Services		April			9 1/4
Manufacturing		April			9

Notes

- (a) The changes in the unadjusted unemployment figures compared with a year ago is 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 22,800 in the month to May. Male unemployment decreased by 12,500 and female unemployment decreased by 10,300. Over the past six months there has been a fall of 45,000 on average compared with a fall of 43,100 per month over the previous six months to November 1988.

The total, unadjusted, decreased in May by 81,062 to 1,802,519.

The workforce in employment in the United Kingdom is estimated to have increased by 139,000 in the fourth quarter of 1988 contributing to overall increases of 638,000 in the year to December 1988 and 2,948,000 between March 1983, when the upward trend began, and December 1988.

The number of employees employed in manufacturing industry in Great Britain is estimated to have decreased by 18,000 in April 1989. In the first quarter of 1989 there was a fall of 5,000 in manufacturing employment, while over the year to April 1989 there was a fall of 22,000.

The stock of Jobcentre vacancies (UK seasonally adjusted) decreased by 3,900 in May to 218,200. Over the past six months there has been a decrease of 4,500 per month on average.

The underlying increase in average earnings for the whole economy in the year to April was 9% per cent, the same level as in the year to March.

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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PERSONAL AND CONFIDENTIAL UNTIL 11.30 ON 15 JUNE 1989

**UNEMPLOYMENT**

The seasonally adjusted level of unemployment<sup>+</sup> in the United Kingdom decreased by 22,800 to 1.835 million in May, 6.4 per cent of the workforce\*.

Over the past six months on average unemployment has fallen by 45,000 per month.

The unadjusted total decreased by 81,062 between April and May to 1,802,519 giving an unemployment rate of 6.3 per cent of the workforce\*.

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

THOUSAND

TABLE 1: UNEMPLOYMENT - SEASONALLY ADJUSTED<sup>+</sup> - 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 May	1648.8	715.0	2363.8	-39.1	-40.1	-40.4	8.3
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 <sup>++</sup>	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(r)	1321.5	536.5	1858.0	-58.6	-50.0	-43.3	6.5
May(p)	1309.0	526.2	1835.2	-22.8	-45.0	-37.8	6.4 **

+ 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 7.9 per cent, and for females 4.4 per cent.

\* See note A4

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

(r) Revised

Personal and Confidential until 11:30 am 15.6.89

TABLE 2: UNEMPLOYMENT SEASONALLY ADJUSTED<sup>+</sup> (P) - REGIONS May 11 1989

	Male	Female	Total	Change since previous month	Unemployment rate	
					percentage of workforce*	Change since previous month
	THOUSAND					
South East (incl. Greater London)	261.7 (157.9)	111.4 (63.0)	373.1 (220.9)	-2.0 (-2.6)	3.9 (5.1)	-0.0 (-0.1)
East Anglia	23.4	11.6	35.0	-0.5	3.3	-0.0
South West	67.1	33.7	100.8	-1.0	4.8	-0.0
West Midlands	120.1	51.5	171.6	-2.9	6.4	-0.1
East Midlands	78.5	33.0	111.5	-1.6	5.6	-0.1
Yorks and Humberside	130.6	50.6	181.2	-2.9	7.6	-0.1
North West	195.5	73.1	268.6	-3.5	8.9	-0.1
North	108.2	38.1	146.3	-2.9	10.0	-0.2
Wales	72.3	27.5	99.8	-1.6	8.3	-0.1
Scotland	172.9	66.9	239.8	-3.5	9.6	-0.1
<b>GREAT BRITAIN</b>	<b>1,230.5</b>	<b>497.5</b>	<b>1,728.0</b>	<b>-22.0</b>	<b>6.2</b>	<b>-0.1</b>
Northern Ireland	78.5	28.7	107.2	-0.8	15.5	-0.1
<b>UNITED KINGDOM</b>	<b>1,309.0</b>	<b>526.2</b>	<b>1,835.2</b>	<b>-22.8</b>	<b>6.4</b>	<b>-0.1</b>

\* 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).

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PERSONAL AND CONFIDENTIAL UNTIL 11.30 ON 15 JUNE 1989

TABLE 3: UNEMPLOYMENT TOTAL - UNADJUSTED - UNITED KINGDOM

		Male	Female	Number	Unemployment rate percentage of workforce*
1988	May	1,692,052	734,822	2,426,874	8.5
	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

+ The separate rate for males was 7.8 per cent, and for females 4.2 per cent.

TABLE 4: UNEMPLOYMENT TOTAL UNADJUSTED - REGIONS May 11 1989

THOUSAND

	Male	Female	Total	Change since previous month	Unemployment rate percentage of workforce*
South East	258.6	106.9	365.5	-14.8	3.9
incl. (Greater London)	(157.1)	(61.2)	(218.3)	(-6.8)	(5.0)
East Anglia	23.7	11.4	35.1	-2.3	3.3
South West	65.1	31.4	96.5	-7.1	4.6
West Midlands	118.3	49.6	167.9	-7.3	6.2
East Midlands	78.2	31.8	110.1	-6.3	5.5
Yorks and Humberside	130.0	49.0	179.0	-8.1	7.5
North West	194.3	70.8	265.1	-10.3	8.8
North	108.2	36.8	145.0	-6.8	9.9
Wales	71.5	26.4	97.8	-5.4	8.2
Scotland	171.2	63.9	235.2	-10.5	9.4
<b>GREAT BRITAIN</b>	<b>1,219.2</b>	<b>477.9</b>	<b>1,697.1</b>	<b>-78.8</b>	<b>6.1</b>
Northern Ireland	77.9	27.5	105.4	-2.2	15.3
<b>UNITED KINGDOM</b>	<b>1,297.1</b>	<b>505.5</b>	<b>1,802.5</b>	<b>-81.1</b>	<b>6.3</b>

++ 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 <sup>x</sup> - STANDARDISED, UNADJUSTED  
UNITED KINGDOM

Thousands

Month ending	INFLOW		OUTFLOW	
	Total	Change since previous year	Total	Change since previous year
1988 May	276.7	-44.1	394.9	-30.5
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

<sup>x</sup> See note A6

\*\* See notes A7 and A8.

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## EMPLOYMENT IN THE UNITED KINGDOM

The presentation of employment statistics in the monthly press notice are on a United Kingdom basis where possible. However, the new figures available this month cover employees in production industries in Great Britain only.

Figures for employees in the rest of the economy and the workforce in employment (employees in employment, the self-employed, HM Forces and participants in work related government training programmes) in the United Kingdom remain essentially as reported in May except for small revisions - reflecting some late data now to hand. The workforce in employment is estimated to have increased by 139,000 in the fourth quarter of 1988 and by 2,948,000 since March 1983 (when the upward trend began).

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 April the estimated number of employees in employment in manufacturing industries in Great Britain decreased by 18,000, compared with a fall of 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 April 1989 the number of employees in manufacturing industries fell by 22,000 compared with a rise of 103,000 in the previous 12 months and a fall of 149,000 in the year to April 1987.

Overtime working by operatives in manufacturing industries rose a little to 14.1 million hours per week in April, compared with 13.8 million hours per week in March and 13.4 million hours a week in April 1988. Despite the increase, the amount of overtime worked has not regained the exceptionally high levels seen during the winter months.

Hours lost through short-time working in manufacturing industries remained low, at 0.37 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 101.0 in April compared with an average of 101.3 over the three month period ending March.

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

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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	14,327R	10,368R	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	2,743R	304	16	320	155	123	278	14,380	10,598	24,978
1987	March	11,860	9,838	21,698	2,111R	690R	2,802	304	16	320	143	111	255	14,418	10,656	25,074
	June	11,933	9,945	21,878	2,152	708R	2,860R	302	16	319	177	134	311	14,564	10,804	25,368R
	Sept	12,019	10,038	22,057	2,178	713R	2,891R	303	16	319	223	161	383	14,723	10,928	25,651R
	Dec	12,111	10,154	22,266	2,204R	719	2,923	301	16	317	216	151	366	14,833	11,040	25,872R
1988	March	12,213	10,266	22,478	2,231	724	2,954R	301	16	317	205	138	343	14,949	11,144	26,092R
	June	12,238	10,320	22,558	2,257	729	2,986	300	16	316	205*	138	343	14,999R	11,203	26,202R
	Sept	12,261	10,408	22,670	2,277R	739	3,017	299	16	315	220	149	369	15,058	11,313	26,370R
	Dec	12,272R	10,466	22,738R	2,297R	750	3,048	297	16	313	254	157	412	15,120R	11,390	26,510R

\* 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.

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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	19R	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	49R
	Sept	-21	49	28	41	18	58R	1	0	1	30	30	59	50	96	146
	Dec	-24	63	39	41	18	58R	-2	0	-2	-2	-5	-8	12	75	87R
1987	March	10	52	61	41	18	58R	0	0	0	-11	-12	-23	38	58	96
	June	73	107	180	40R	18	58R	-1	0	-1	33	23	57	145R	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	101	112	213	26	5	31	0	0	0	-11	-13	-24	116	104	220
	June	26	54	80	26	5	31	-1	0	-1	0	0	0	51	59	110
	Sept	23	88	112	20	11	31	-1	0	-1	16	11	26	58	110	168
	Dec	10R	58R	68R	20	11	31	-2	0	-2	34	9	43	62R	77	139R

\* 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.

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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	- 55	648	- 11	13,463	+ 101	1,405	- 5	21,053	+ 30
	September	Q3	5,485	- 52	643	- 6	13,572	+ 110	1,409	+ 4	21,108	+ 55
	December	Q4	5,456	- 29	634	- 8	13,671	+ 99	1,406	- 3	21,168	+ 59
1984	March	Q1	5,428	- 28	623	- 11	13,749	+ 78	1,402	- 4	21,202	+ 34
	June	Q2	5,423	- 5	616	- 7	13,799	+ 49	1,389	- 12	21,227	+ 25
	September	Q3	5,401	- 22	613	- 4	13,877	+ 78	1,394	+ 5	21,285	+ 58
	December	Q4	5,401	0	608	- 4	13,989	+ 112	1,391	- 3	21,389	+ 104
1985	March	Q1	5,388	- 13	601	- 7	14,073	+ 84	1,387	- 4	21,450	+ 61
	June	Q2	5,379	- 9	589	- 13	14,152	+ 79	1,376	- 11	21,496	+ 46
	September	Q3	5,373	- 6	577	- 11	14,223	+ 71	1,359	- 17	21,533	+ 37
	December	Q4	5,346	- 27	567	- 10	14,295	+ 72	1,347	- 12	21,556	+ 22
1986	March	Q1	5,309	- 37	549	- 17	14,365	+ 70	1,336	- 11	21,560	+ 4
	June	Q2	5,249	- 60	539	- 11	14,451	+ 86	1,331	- 5	21,570	+ 10
	September	Q3	5,210	- 39	528	- 11	14,535	+ 84	1,325	- 6	21,598	+ 28
	December	Q4	5,185	- 25	518	- 11	14,607	+ 72	1,327	+ 3	21,637	+ 39
1987	March	Q1	5,154	- 31	503	- 15	14,707	+ 100	1,334	+ 7	21,698	+ 61
	June	Q2	5,180	+ 27	499	- 4	14,856	+ 149	1,343	+ 9	21,878	+ 180
	September	Q3	5,191	+ 11	498	- 1	15,014	+ 158	1,355	+ 12	22,057	+ 179
	December	Q4	5,217	+ 26	493	- 5	15,195	+ 181	1,360	+ 5	22,266	+ 208
1988	March	Q1	5,252	+ 35	481	- 12	15,375	+ 180	1,370	+ 10	22,478	+ 213
	June	Q2	5,253	0	471	- 10	15,468	+ 93	1,367	- 3	22,558	+ 80
	September	Q3	5,253	+ 1	468	- 2	15,592	+ 124	1,356	- 11	22,670	+ 112
	December	Q4	5,256	+ 2	464	- 4	15,662R	+ 70R	1,356R	0R	22,738R	+ 68R

\* = Average monthly change over last three months

R = Revised to incorporate late data now available

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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	Quar- terly		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	101.8		
	February	451	-	2	5,155	-	7	+	4	14.06	.27	101.2		
	March	Q1	448	- 2	- 8	5,147	- 8	- 2	- 5	13.80	.30	100.9		
	April	444	-	5	5,130	-	18	-	11	14.09	.37	101.0		

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

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VACANCIES

The stock of unfilled vacancies at jobcentres (seasonally adjusted) decreased by 3,900 in the month to May to 218,200. Over the past three months to May, seasonally adjusted vacancies have decreased on average by 3,300 per month.

Unadjusted, there was an increase of 8,646 unfilled vacancies in the month to 225,449.

The inflow of notified vacancies decreased on average by 4,500 per month in the three months ending May 1989, the outflow decreased by 5,600 per month, and placings decreased by 4,200 per month.

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

TABLE 10: UNFILLED VACANCIES - UNITED KINGDOM THOUSAND

		<u>VACANCIES AT JOBCENTRES<sup>±</sup></u>			<u>VACANCIES AT CAREERS OFFICES</u>		
		<u>SEASONALLY ADJUSTED</u>		<u>UNADJUSTED</u>			
		<u>Number</u>	<u>Change since previous month</u>	<u>Average change over past 3 months</u>	<u>Number</u>	<u>Unadjusted</u>	
1988	May	254.5	-1.5	1.6	262.2	27.0	
	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	

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

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TABLE 11: VACANCY FLOWS AT JOBCENTRES-SEASONALLY ADJUSTED UNITED KINGDOM THOUSAND

	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 May	231.2	-1.2	228.0	-3.7	157.9	-2.5
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(r)	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

(r) Revised

TABLE 12: UNFILLED VACANCIES\* - REGIONS - 5 May, 89 THOUSAND

	VACANCIES AT JOBCENTRES			VACANCIES AT CAREERS OFFICES
	UNADJUSTED	SEASONALLY ADJUSTED	Change since previous month	UNADJUSTED
South East (incl. Greater London)	74.0 (24.0)	72.0 (24.0)	-3.7 (-1.4)	14.7 (7.0)
East Anglia	8.4	8.2	-0.4	1.2
South West	21.6	19.2	0.7	1.6
West Midlands	20.8	20.9	-1.0	2.5
East Midlands	13.4	13.0	0.3	1.7
Yorks and Humberside	13.3	12.9	-0.5	1.4
North West	24.5	23.3	-0.2	1.6
North	11.0	11.0	0.3	0.5
Wales	14.5	14.0	0.7	0.4
Scotland	21.5	20.2	-0.1	0.7
<b>GREAT BRITAIN</b>	<b>223.0</b>	<b>214.7</b>	<b>-3.8</b>	<b>26.1</b>
Northern Ireland	2.5	3.5	-0.1	1.3
<b>UNITED KINGDOM</b>	<b>225.4</b>	<b>218.2</b>	<b>-3.9</b>	<b>27.4</b>

\* 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 April was about 9 1/4 per cent, the same as the increase in the year to March. The actual increase in the year to April, at 9.0 per cent, was below the underlying increase as some bonuses paid in April 1988 were paid in other months in 1989.

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

		Seasonally adjusted				
		Index 1985 = 100	Index 1985 = 100	Percentage increase over previous 12 months	Underlying % increase over previous 12 months	
1987	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*	135.5	135.6	9.0	9 1/4	

\* Provisional  
R Revised

In production industries, the underlying increase in average weekly earnings in the year to April was about 9 1/4 per cent, the same as the increase in the year to March. Within this sector, in manufacturing industries, the underlying increase in the year to April was about 9 per cent, the same as the increase in the year to March. The actual increases for production industries and manufacturing industries in the year to April were 8.9 per cent and 9.1 per cent respectively.

In service industries, the underlying increase in average weekly earnings in the year to April was about 9 1/4 per cent, a rise of 1/4 per cent on the increase in the year to March. The actual increase in the year to April was 8.9 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(p)	136.8	8.9	9 1/4	136.6	9.1	9	134.8	8.9	9 1/4

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

WAGES AND SALARIES PER UNIT OF OUTPUT IN MANUFACTURING WILL BE THE SUBJECT OF A SEPARATE PRESS RELEASE ON FRIDAY 16 JUNE. THE ESTIMATES SHOWN BELOW ARE UNCHANGED FROM THE MAY LABOUR MARKET PRESS RELEASE.

In the three months ending March 1989, wages and salaries per unit of output in manufacturing industries were 3.1 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 8.4 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 1/2 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	105.2	6.8
	Q3	104.8	3.7	106.0	4.7
	Q4	103.7	-0.2	106.8	4.3
1987	Q1	105.9	1.1	107.8	3.7
	Q2	104.9	0.2	109.4	4.0
	Q3	105.9	1.0	110.5	4.2
	Q4	107.6	3.8	112.9	5.7
1988	Q1	108.4	2.4	115.1	6.8
	Q2	109.7	4.6	117.0	6.9
	Q3	108.2	2.2	118.6	7.3
	Q4	110.0	2.2	122.4	8.4
1989	Q1	111.8	3.1	..	..
1988	Oct	109.2	2.3	..	..
	Nov	109.6	2.0	..	..
	Dec	111.1	2.2	..	..
1989	Jan	111.8	3.9	..	..
	Feb	112.0	3.0	..	..
	Mar	111.5	2.2	..	..
3 months ending					
1988	Oct	108.5	2.2	..	..
	Nov	109.0	1.8	..	..
	Dec	110.0	2.2	..	..
1989	Jan	110.8	2.7	..	..
	Feb	111.6	3.1	..	..
	Mar	111.8	3.1	..	..

PRODUCTIVITY

OUTPUT PER HEAD IN MANUFACTURING WILL BE THE SUBJECT OF A SEPARATE PRESS RELEASE ON FRIDAY 16 JUNE 1989. THE ESTIMATES BELOW ARE UNCHANGED FROM THE MAY LABOUR MARKET PRESS RELEASE.

Manufacturing output per head in the three months to March was 0.5 per cent higher than in the three months ending December and 6.0 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 lower than in the previous quarter but 0.5 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	100.9	1.6
	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	103.9	3.0
	Q2	109.6	7.6	104.5	2.6
	Q3	110.8	7.3	105.4	2.6
	Q4	111.7	4.4	105.8	2.0
1988	Q1	112.5	5.5	105.8	1.8
	Q2	114.0	4.0	105.7	1.1
	Q3	117.3	5.9	106.5	1.0
	Q4	118.7	6.3	106.3	0.5
1989	Q1	119.3	6.0	..	..
1988	Oct	118.2	5.6	..	..
	Nov	118.7	6.5	..	..
	Dec	119.1	6.7	..	..
1989	Jan	119.1	5.3	..	..
	Feb	118.9	6.7	..	..
	Mar	119.8	6.0		
3 months ending					
1988	Oct	117.7	5.8	..	..
	Nov	118.2	6.3	..	..
	Dec	118.7	6.3	..	..
1989	Jan	119.0	6.2	..	..
	Feb	119.0	6.2	..	..
	Mar	119.3	6.0		

Industrial stoppages

Personal and Confidential until 11.30.1m 15.6.89

In April 1989, it is provisionally estimated that 82 thousand working days were lost in the United Kingdom through stoppages of work due to industrial disputes. This compares with a provisional estimate of 74 thousand in March 1989, 66 thousand in April 1988 and an average of 654 thousand for April during the ten year period 1979 to 1988.

During the twelve months to April 1989 it is provisionally estimated that a total of 2,872 thousand working days were lost through stoppages of work due to industrial disputes. During this twelve month period a total of 699 stoppages have been provisionally recorded as being in progress, involving a total of 647 thousand workers. The comparable figures for the twelve months to April 1988 were 2,229 thousand lost working days, 903 stoppages in progress and 585 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			
Apr	66	55	18
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)	41	53	13
Feb(p)	59	79	20
Mar(p)	74	65	24
Apr(p)	82	67	42
<u>Cumulative totals</u>			
12 months to April 1988	2,229	903	585
12 months to April 1989(p)	2,872	699	647

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



GENERAL SYMBOLS

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

UNEMPLOYMENT (Tables 1-5)

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 11 May 1989 students numbered 1102 in the United Kingdom.

A3. The figures exclude temporarily stopped workers, that is, those who had a job on the day of the count but were temporarily suspended from work on that day and were claiming benefits. On 11 May 1989 these numbered 8,318 in Great Britain and 9,852 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 11 May 1989 were 9.3 per cent for males and 4.7 per cent for females, 7.3 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 recent 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 from 12 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. In addition, last summer's school leavers were not eligible for benefits on the 8 September count date. 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. The estimates in Tables 15 and 16 are the same as those in the May labour market Gazette. 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 16 June to coincide with the release by the CSO of Output of Production Industries figures. Revisions to the estimates for the whole economy will be published in the July edition of the Employment Gazette.

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.



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Secretary of State

Paul Gray Esq  
10 Downing Street  
LONDON  
SW1A 2AA

*mp*

*Alex*  
*Does he need to see any of this?*  
*Duped 12 June 1989*  
*I've already*  
*ht Alex*

*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 June and confidential thereafter.

I am copying this to Allex 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 sincerely,*

*Anne Marie*

**ANNE-MARIE LAWLOR**  
Private Secretary





mwp

A 1 (i)

PERSONAL AND CONFIDENTIAL UNTIL 11.30AM ON 15 JUNE THEREAFTER

CONFIDENTIAL

LABOUR MARKET STATISTICS

Summary

UK unemployment, seasonally adjusted, fell by 22,800 in May, following the sharp fall of nearly 60,000 in April. In April there was a further fall, of 18,000, in employees in manufacturing in Great Britain and although overtime working in manufacturing rose a little it has not regained the exceptionally high levels worked during the winter months. Short-time working remained low in April and recorded vacancies fell between April and May by some 3,900. The underlying increase in average earnings for the year to April was unchanged at 9¼ per cent and the number of working days lost for April are provisionally estimated at 82,000.

Unemployment

UK unemployment (seasonally adjusted) fell by 22,800 between April and May to 1.835 million, the lowest level for nearly 8½ years on the consistent basis. The unemployment rate fell to 6.4 per cent of the workforce. The continuous fall since July 1986 has now reached 1.298 million over 34 consecutive months.

The unemployment rate (seasonally adjusted) has fallen in all regions in the past 12 months with the largest falls in Wales and the West Midlands, followed by Yorkshire and Humberside and the North.

The latest monthly fall of 22,800 is the smallest since April 1987 when a small fall was followed by a large fall the following month. The relatively small fall in May this year can be seen as a possible rebound from the large erratic fall in April and cannot, at this stage, be seen as a significant departure from the downward trend of about 40,000 per month. Over the past six months there has been an average fall of 45,000 per month, while over the past three months the average monthly fall was about 38,000.

Unadjusted 'headline' total

There was a fall of 81,000 in the unadjusted claimant total in May to 1.803 million or 6.3 per cent of the workforce. The number of under 18 year olds still included in the headline total continues to fall as a result of the changes in benefit regulations introduced last September and is now below 2,000.

Personal and Confidential until 11:30 am 15.6.89  
Thereafter confidential.

Long-term unemployment

The quarterly analysis of unemployment by age and duration for April, released on 23 May, showed a continued further sharp fall in the numbers of claimants unemployed for more than a year. Long term unemployment was down to 744,000 in April, the lowest level for more than 6 years. This represents a fall of 77,000 in the last quarter since January and a record fall of over half a million during the past two years. Long term unemployment continues to fall faster than total unemployment.

June 'headline' total

Seasonal influences tend to reduce the unadjusted headline total between May and June. Therefore, even without a continuing downward trend, a further sizeable fall in the unadjusted total is likely next month.

Employment\*

In the month to April the estimated number of employees employed in manufacturing in GB fell by 18,000, compared with a fall of 5,000 in the first quarter of 1989. Month to month changes can be erratic and the April figures are based on a small sample and will be revised in the light of results from the larger June survey. It is therefore more appropriate to consider trends over a longer period. Over the year to April 1989 employment in manufacturing industries fell by 22,000 compared with a rise of 103,000 in the previous 12 months, and a fall of 149,000 in the 12 months to April 1987. Data for the next few months, in particular that for the larger June survey, should give a clearer indication of whether or not the latest manufacturing figures represent the beginning of a downward trend in manufacturing employment.

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\* The presentation of employment statistics in the labour market statistics press notice, and in this and other briefing, is on a UK basis where possible. The G.B. data is available on request. However, the new figures available this month cover G.B. only. The employment estimates will be revised when the 1987 Census of Employment results are incorporated later this year.

Thereafter confidential.

Figures for employees in the rest of the economy and the workforce in employment (employees in employment, the self-employed, HM Forces and participants on work related government training programmes) in the United Kingdom remain essentially as reported in April except for a small revision - reflecting some late data now to hand - for employment in the service sector and for self-employment in agriculture in Northern Ireland. The estimated growth in the workforce in employment was 139,000 in the fourth quarter of 1988 and 2,948,000 between March 1983, when the upward trend first began, and December 1988.

Overtime working by operatives in manufacturing industry rose a little to 14.1 million hours in April. Despite the increase, overtime working has not regained the exceptionally high levels seen during the winter months.

Hours lost through short-time working in manufacturing industries remain low; 0.37 million hours per week were lost in April.

#### Vacancies

The stock of vacancies at Jobcentres (UK, seasonally adjusted) fell by 3,900 between April and May to 218,200, the majority of the fall being concentrated in the South East. Some regions showed a small increase in the stock of vacancies. The level of vacancy inflows rose slightly to 221,400 which is still high relative to recent years, and could be seen as an indication of continued buoyancy in the labour market.

#### Average Earnings (G.B. only)

The provisional estimate of the underlying increase in earnings for the wholly economy for April 1989 is 9¼ per cent, unchanged from the rate of increase for the year to March. The component rates for production and manufacturing (at 9¼ per cent and 9 per cent respectively) are also unchanged from their March levels, but the figure for the service industries is up ¼ per cent to 9¼ per cent.

In April upward pressure from the large number of settlements, particularly in service industries, was countered by a downward influence resulting from the majority of nurses receiving their 1989 settlement on time thus displacing the higher 1988 settlement from the growth rate. Continuing pressure from settlements could still edge up the underlying rate of increase to 9½ per cent in May.

### Industrial Stoppages

For April, working days lost are provisionally estimated at 82,000. This is the highest figure since last November, but is the lowest April figure, apart from April 1988, since 1954. It compares with an April average over the previous ten years of 654,000.

Some of the well publicised stoppages included in the April figures are the stoppages in the BBC and London Underground and by dock workers. However, total working days lost in connection with these three disputes at 14,000, was small because each of the stoppages involved a relatively small number of workers and were short lived with most workers out on strike in April for only one day. Some other well publicised disputes did not result in strikes eg in the electricity and engineering industries, and in the railways where there has been a restriction on overtime working. The largest stoppage in April was in a Scottish bus company and resulted in 13,000 working days lost.

The highly provisional figure for the number of stoppages in April of 67 is the lowest for any April, apart from April 1988, since 1935. The number of stoppages recorded in 1988 was 781 and is the lowest figure for a calendar year since 1935. Small stoppages are excluded from these figures by definition.

### Next Labour Market figures

The next labour market briefing will be issued on Monday 10 July in advance of the press release on 13 July.

Statistics Division  
Department of Employment  
June 1989

*to take*

File:HB/001

*ch/ contact with line to take*

FROM: R DEANE (EB)  
DATE: 14 JUNE 1989  
x 5207

*Thanks  
One minor  
✓*

- 1. MR PICKFORD
- 2. CHANCELLOR

- cc Chief Secretary Mr Gieve
- Financial Secretary Mr Hibberd
- Paymaster General Mr Meyrick
- Economic Secretary Mr Bush
- Sir P Middleton Mr Darlington
- Sir T Burns Mr Dyer
- Mr Monck Mr O'Brien
- Mr Scholar Miss Wallace
- Mr Burgner Mrs Chaplin
- Mr Riley Mr Tyrie
- Mr Peretz Mr Call
- Mr Sedgwick Mr Gray - No 10
- Mr Burr

The below-average fall in unemployment is probably a reaction to last month's rapid fall, but the earnings figures are better than expected by the market.

*8 p.m. 14/6*

**COMBINED RELEASE OF LABOUR MARKET STATISTICS ON 15 JUNE**

Summary statistics (seasonally adjusted UK unless otherwise stated)

	Thousands	Level	Change on previous period	Change on previous year
<u>Unemployment</u> May				
Total (aged 18 and over)		1,835 (6.4%)†	-23	-529
Total (not seasonally adjusted: 'Headline Total')		1,803 (6.3%)†	-81	-624*
<u>Vacancies</u> May		218	-4	-36
<u>Workforce in employment</u> 1988Q4		26,510	+139	+638
<u>Manufacturing employees</u> (GB) April		5,130	-18	-22

Percentage change on previous year

<u>Index of average earnings</u> (GB) April			
Whole economy, underlying (actual)		9½	(9.0)
Manufacturing, underlying (actual)		9	(9.1)
Service industries, underlying (actual)		9½	(8.9)

<u>Wage and salary costs per unit of output</u> §			
Whole economy, 1988Q4		8.4	
Manufacturing, 1989Q1		3.1	

<u>Output per head</u> §			
Whole economy, 1988Q4		0.5	
Manufacturing, 1989Q1		6.0	

† per cent of workforce

\* figures distorted by change in regulations for claimants under 18.

§ new figures for manufacturing to be published on Friday 16 June..

ASSESSMENT AND COMMENT

2. The seasonally adjusted unemployment series fell by 22,800 in May. This follows the sharp fall of nearly 60,000 in April. DE suggest that the small fall this month is a possible rebound from the large erratic fall in April and is not a departure from the longstanding downward trend of around 40,000 per month (the average fall over the last six months has been 45,000). The early Easter this year, falling two weeks before the April count date, may have depressed the April count more than allowed for in the seasonal adjustment, thus overestimating the fall between March and April and underestimating the fall between April and May. A similar, but opposite, effect took place in 1987, when Easter occurred after the April count date; s.a. unemployment fell by only 19,000 in April 1987 but by 63,000 in May.

3. Vacancies fell by 3,900 between April and May to 218,000. Most of the fall was concentrated in the South East. There are some tentative signs that a regional pattern is beginning to emerge in the labour market. Since last October vacancies have fallen in the South East by nearly 20 per cent, compared with 10 per cent in the rest of the UK. Also over the same period the unemployment rate has fallen faster in the "South" than in the "North", suggesting that the labour market may be starting to react more in the South than in the North to the slowing of activity.

4. The number of employees in manufacturing (GB) fell sharply, by 18,000, in April. Although this series is very volatile, it now seems that the upward trend which began in the Spring of 1987 has been stopped, or even reversed. The level of overtime rose slightly in April, but is still below the record levels of the Winter months. Short-time working rose slightly, but remains at a low level.

5. The increase in underlying whole economy earnings was 9½ per cent in the twelve months to April, the same as it has been since February. The estimates for the production industries and for manufacturing were also unchanged at 9½ and 9 per cent respectively. The services sector estimate rose by ¼ per cent to 9½ per cent (the rounding was unfavourable). These figures should be received well since most commentators are expecting an increase in the whole economy figure to 9½ per cent.

6. [NOT FOR USE: DE estimate that overtime is currently adding around  $\frac{1}{4}$  per cent to the growth in underlying earnings in both the whole economy and manufacturing over the last year. Settlements are currently estimated to be adding only  $\frac{1}{4}$  per cent to earnings growth in the whole economy compared with a year ago (last year's high Nurses' settlement has dropped out of the comparison). In manufacturing the contribution of settlements to earnings growth remains over  $\frac{1}{2}$  per cent. DE expect underlying whole economy earnings growth to increase to  $9\frac{1}{2}$  per cent next month (the unrounded figure is currently very close to the level where it is rounded up, so only a small increase is needed).]

#### THE FIGURES IN DETAIL

##### Unemployment

7. Points of interest:

(a) Seasonally adjusted unemployment now at the lowest level for nearly  $8\frac{1}{2}$  years, since December 1980 on a consistent basis.

(b) Fallen by over  $1\frac{1}{4}$  million since July 1986. Seasonally adjusted total has fallen for thirty-four months in succession by 1,298,000 in total. This is the longest period of continuous decline in unemployment since the War.

(c) Fallen by 529,000 over past year.

(d) Unemployment has fallen in all regions over the past year. Unemployment rates have fallen fastest in the West Midlands and Wales, but there have been significant falls in all regions, including Northern Ireland.

(e) UK unemployment rate fallen more in past 2 years than in any other major industrialised country. UK unemployment rate lower than EC average, but still above the major 7 average, reflecting lower unemployment in the three largest countries - US, Japan and Germany.

Employment

8. The only new employment figures this month refer to the number of employees in manufacturing industries (GB) in April. (There are also small revisions to the whole economy Q4 figures). Manufacturing employment fell by 18,000 in April. Following the upward trend between Spring 1987 and Spring 1988 this series has been broadly flat over the past year, and now may have started to turn down (see chart attached). Employment in manufacturing has fallen by 22,000 over the past year.

Earnings

9. The underlying increase in the whole economy average earnings index was unchanged from March at  $9\frac{1}{4}$  per cent. The actual increase in the index was 9.0 per cent. The underlying increase is higher than the actual because both back pay and bonus payments in April were smaller than those last April. The underlying increase in the manufacturing sector was 9 per cent, unchanged from March. The actual increase was 9.1 per cent. The underlying increase in the production industries was also unchanged from the March figure at  $9\frac{1}{4}$  per cent (the actual increase was 8.9 per cent). The service sector underlying increase rose by  $\frac{1}{4}$  per cent to  $9\frac{1}{4}$  per cent. (The increase was small but pushed the index over the rounding). The actual increase was 8.9 per cent.

Hours

10. The level of overtime working rose slightly in April to 14.1 million hours. Overtime has fallen back to only a little above the levels seen in 1988Q3 following the record levels of the winter months, when it averaged  $14\frac{1}{2}$  million hours. Short time working remains low; 0.37 million hours per week were lost in April.

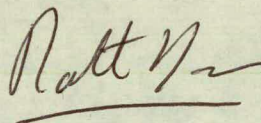
Productivity and unit wage costs

11. New figures for productivity and unit wage costs in manufacturing for April will be released on Friday 16 June at the same time as the IOP figures.



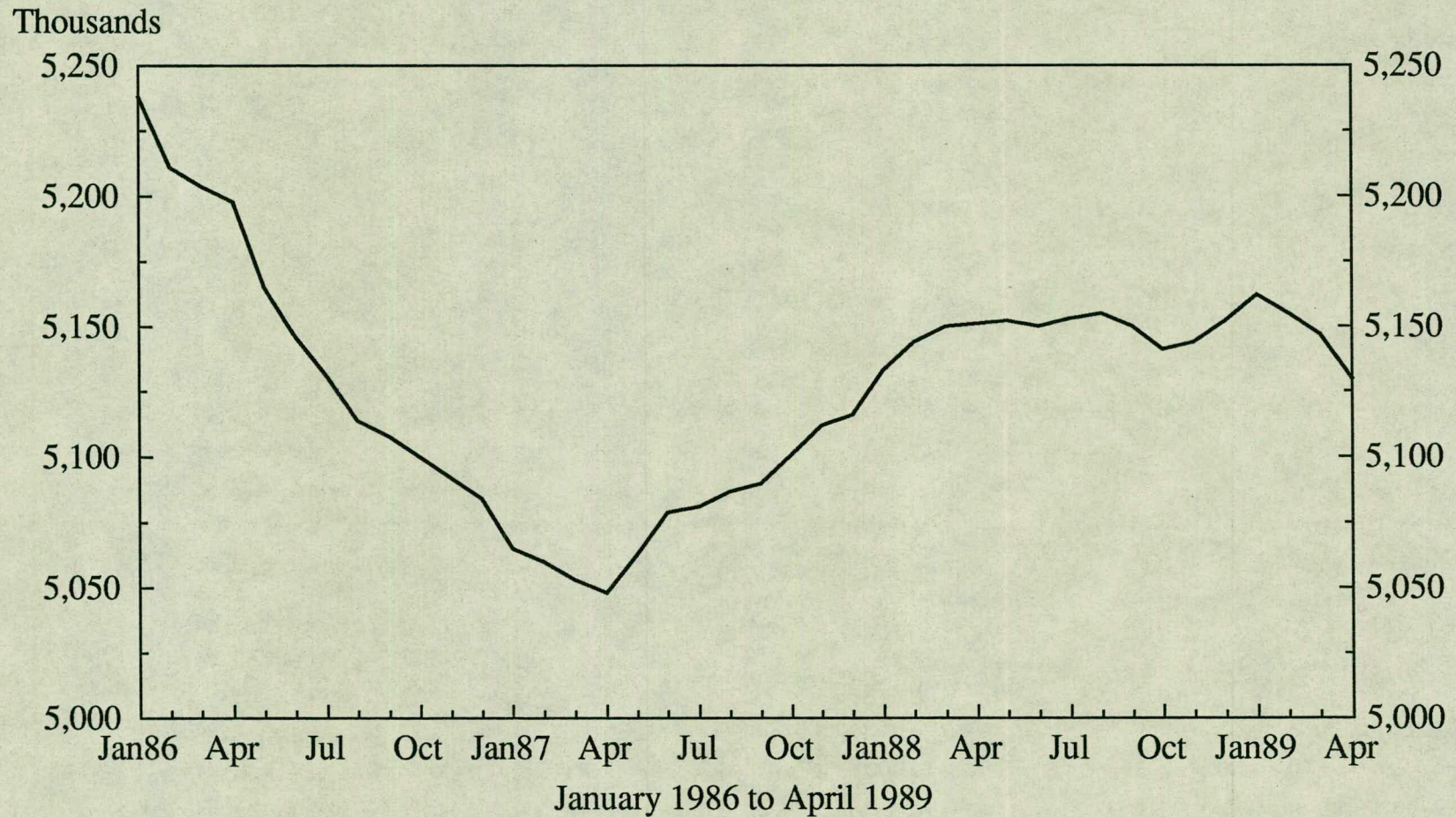
Line to take:

- Monthly unemployment figures erratic. Fall of 23,000 this month follows fall of 60,000 last month. Taking April and May together, trend fall ~~is~~ <sup>approx 60k</sup> still around 40,000.
  
- Labour market usually lags behind changes in activity. Labour market conditions expected to ease as output and demand continue to slow. [IF PRESSED: Red Book said unemployment "most unlikely to continue falling at the same rapid rate in 1989" as a whole as it did in 1988.]
  
- underlying earnings figures show no increase in whole economy.



ROBERT DEANE

# Manufacturing employment



GB, employees in employment, seasonally adjusted



FROM: D I SPARKES  
DATE: 15 JUNE 1989

MR DEANE (EB)

cc Mr Gieve  
Mr Pickford  
Mr Bush

*m p*

**LABOUR MARKET STATISTICS**

The Chancellor was grateful for your minute of 14 June concerning the Labour market statistics to be published later this morning. He had just one comment on your suggested line to take: the third sentence of the first indent should read "Taking April and May together, trend fall still appears to be around 40,000".

*D.I.S.*

DUNCAN SPARKES

rowp



Ch

Unemployment etc

Headline - 81,000

S. A. - 23,000

(6.4%)

Earnings 9 1/4%

AS:

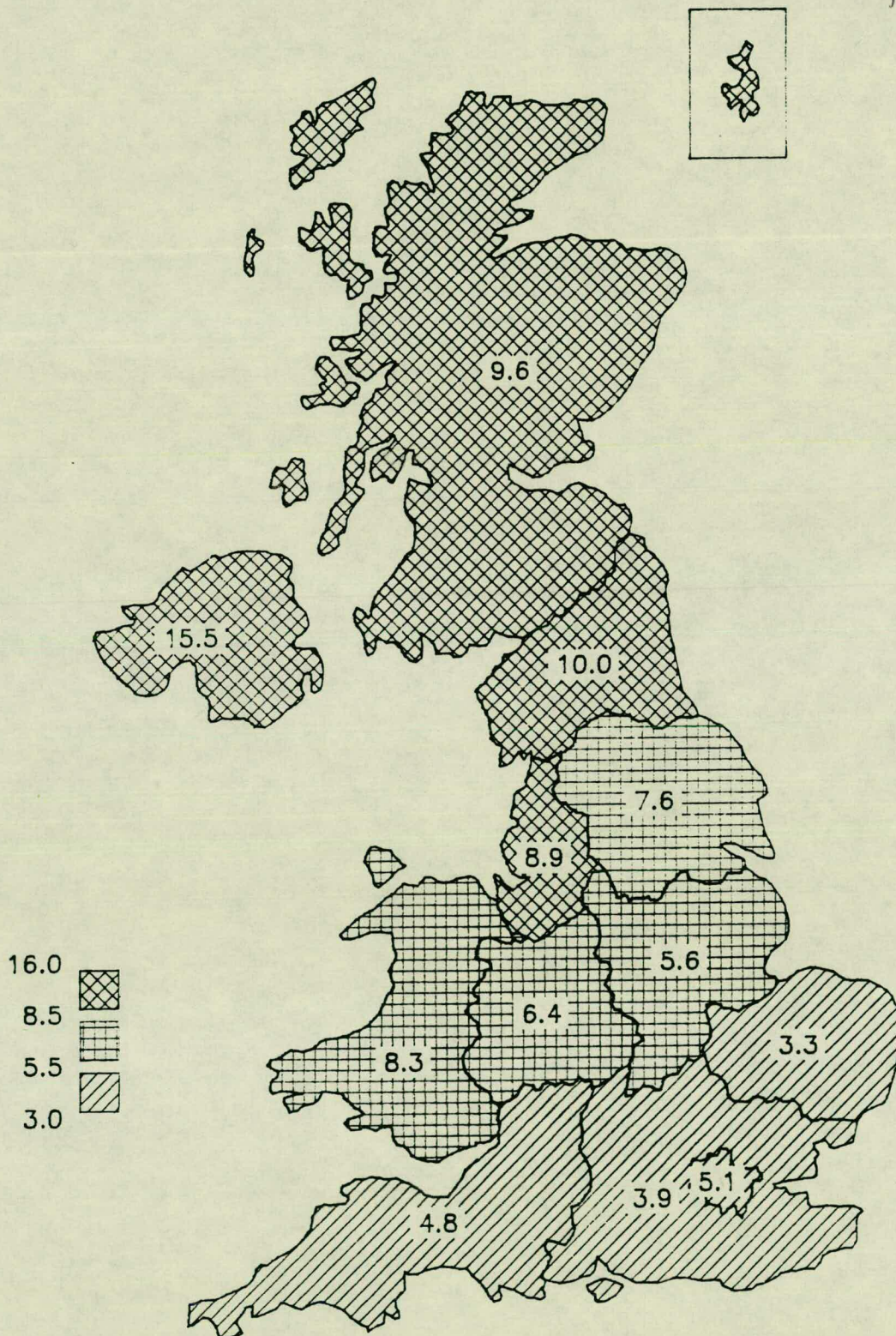
AA

# Seasonally Adjusted Unemployment Rate

11 May 1989

United Kingdom: Regions

15/6/89.



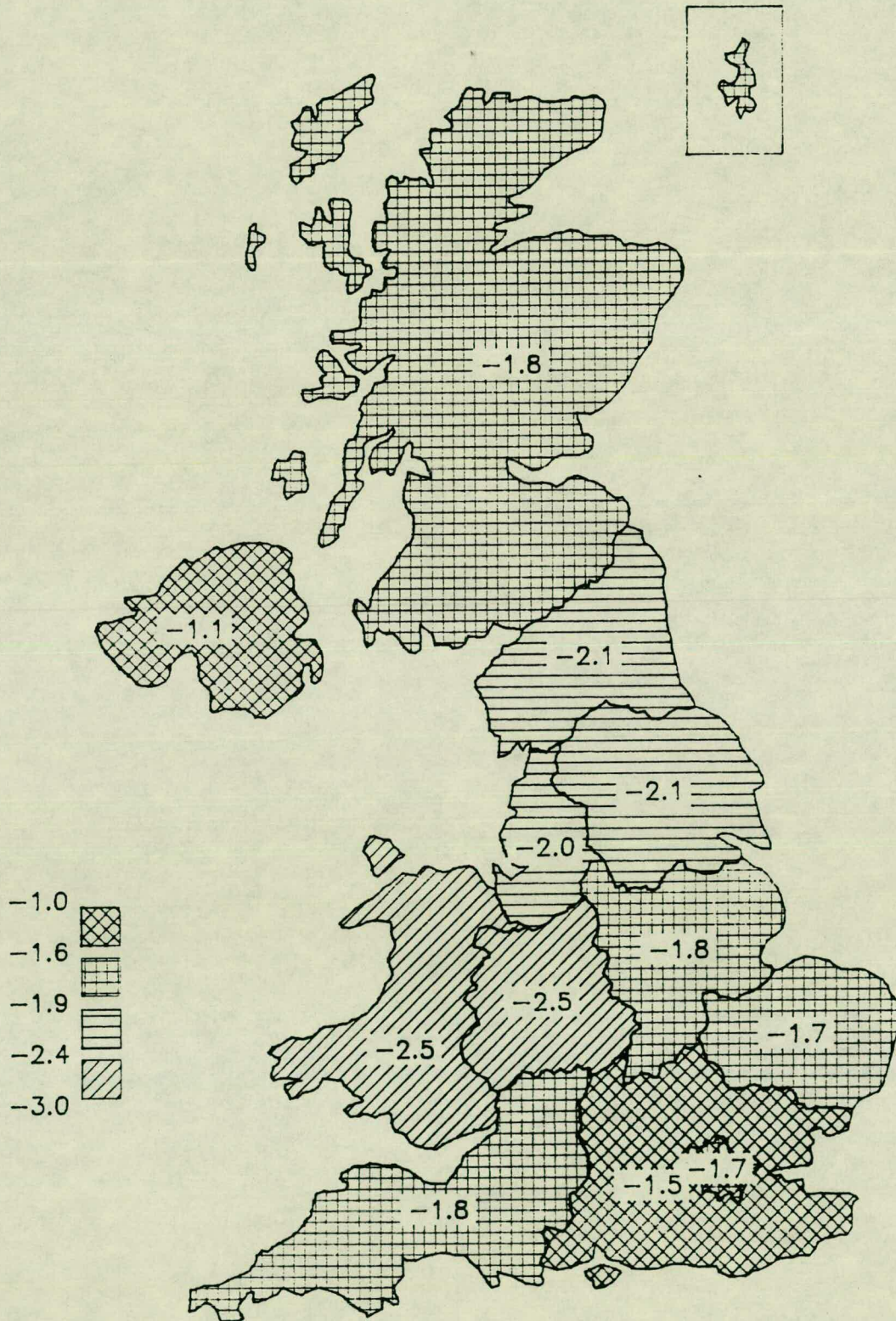
NOTE: South East Region includes Greater London

Source : DE Statistics / NOMIS

# Change in Seasonally Adjusted Unemployment Rate

May 1988 – May 1989

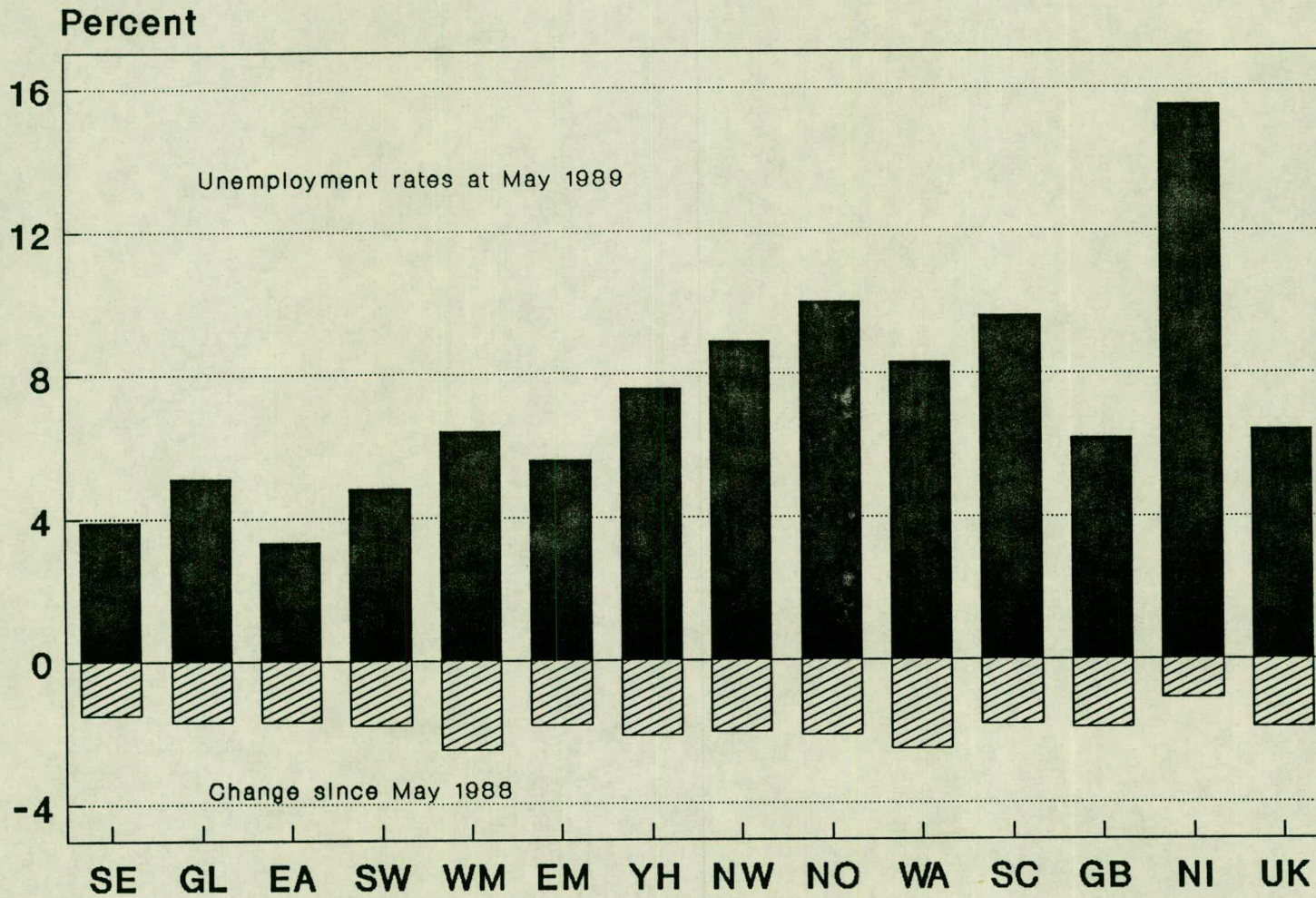
United Kingdom: Regions



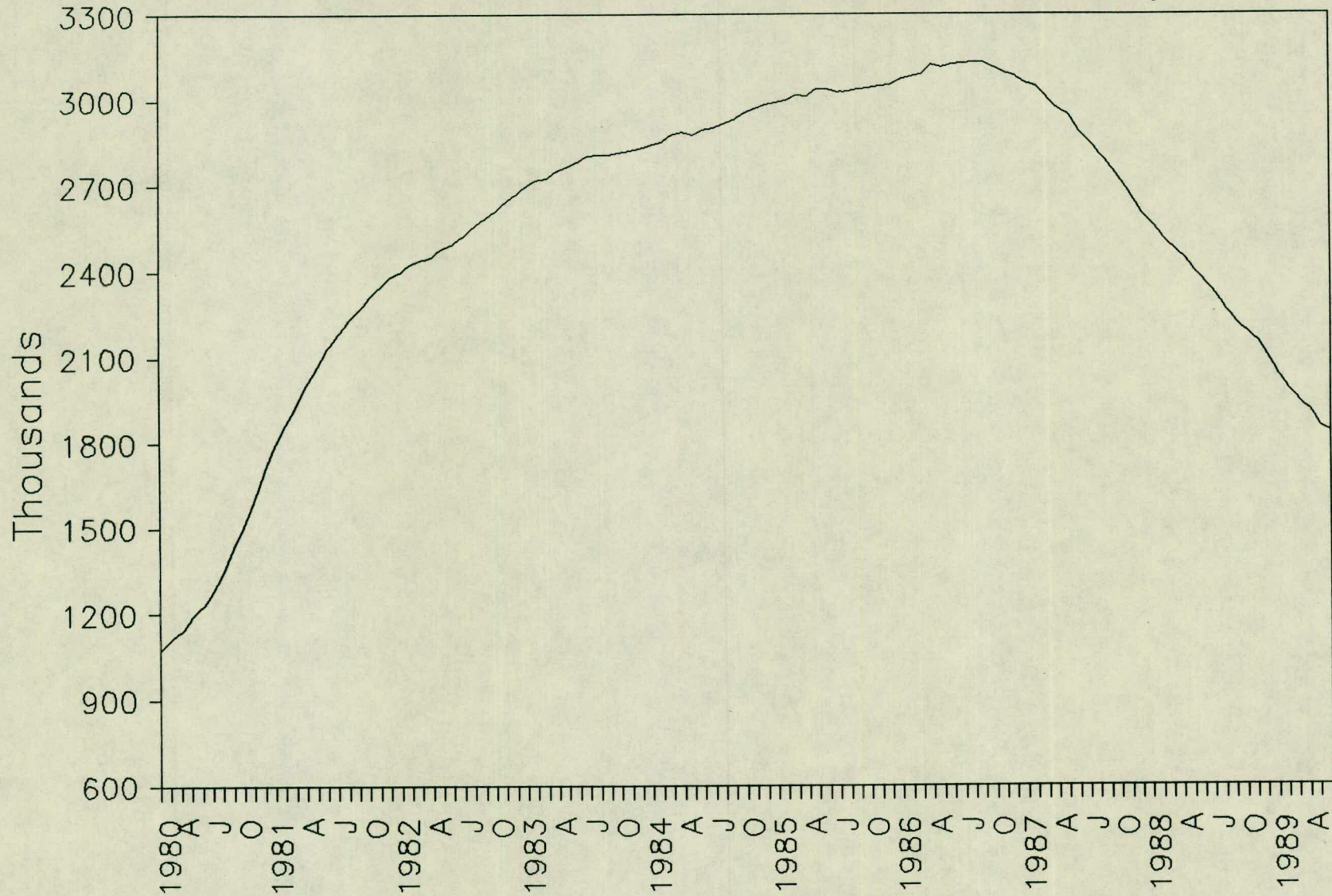
NOTE: South East Region includes Greater London

Source : DE Statistics / NOMIS

# REGIONAL UNEMPLOYMENT RATES SEASONALLY ADJUSTED May 1989



# SEASONALLY ADJUSTED UNEMPLOYMENT CONSISTENT WITH CURRENT COVERAGE U.K. May 1989



C17



Personal and Confidential until 11:30 am 15/6/89

**REGIONAL UNEMPLOYMENT, SEASONALLY ADJUSTED**

	May 1989	Change in month since April 1989	RATE (% of WORKFORCE)		
			May 1989	Change in month since April 1989	Change in year since May 1988
	Thousands				
<b>REGIONS</b>					
South East	373.1	-2.0	3.9	-0.0	-1.5
(Greater London)	(220.9)	(-2.6)	5.1	-0.1	-1.7
East Anglia	35.0	-.5	3.3	-0.0	-1.7
South West	100.8	-1.0	4.8	-0.0	-1.8
West Midlands	171.6	-2.9	6.4	-0.1	-2.5
East Midlands	111.5	-1.6	5.6	-0.1	-1.8
Yorks & Humber	181.2	-2.9	7.6	-0.1	-2.1
North West	268.6	-3.5	8.9	-0.1	-2.0
North	146.3	-2.9	10.0	-0.2	-2.1
Wales	99.8	-1.6	8.3	-0.1	-2.5
Scotland	239.8	-3.5	9.6	-0.1	-1.8
<b>GREAT BRITAIN</b>	<b>1728.0</b>	<b>-22.0</b>	<b>6.2</b>	<b>-0.1</b>	<b>-1.9</b>
Northern I.	107.2	-.8	15.5	-0.1	-1.1
<b>UNITED KINGDOM</b>					
Total	1835.2	-22.8	6.4	-0.1	-1.9
Male	1309.0	-12.5	7.9	-0.1	-2.0
Female	526.2	-10.3	4.4	-0.1	-1.6

Personal and Confidential until 11:30 am 15/6/89

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	

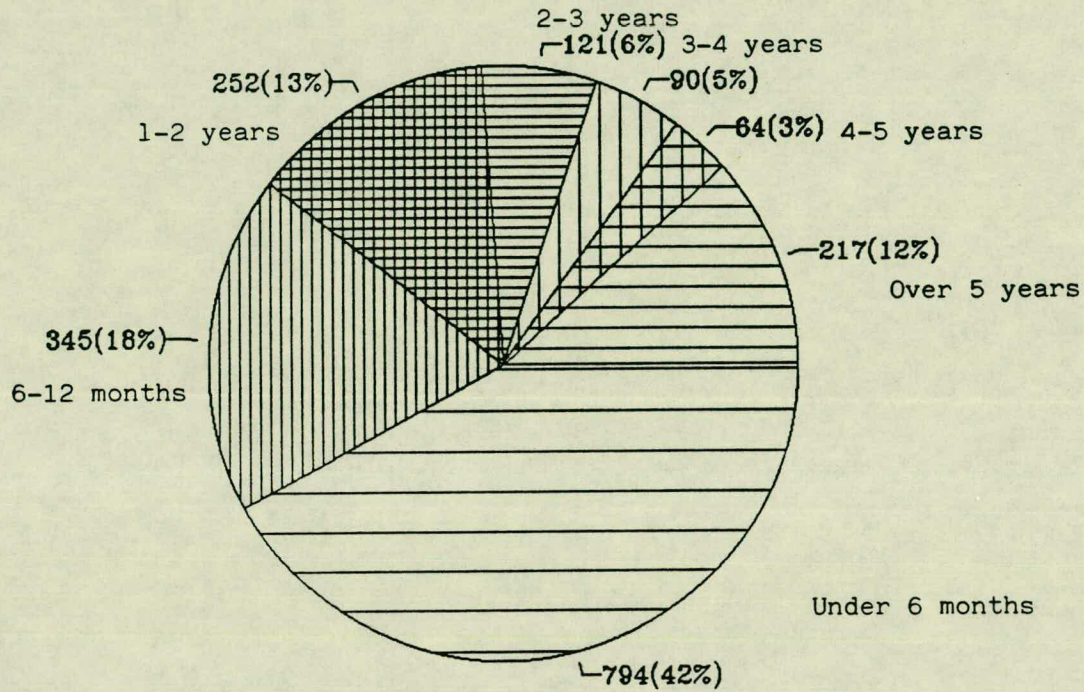
Unemployment by age

	<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 <sup>+</sup>	1884	(-652) <sup>+</sup>	

\* 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).

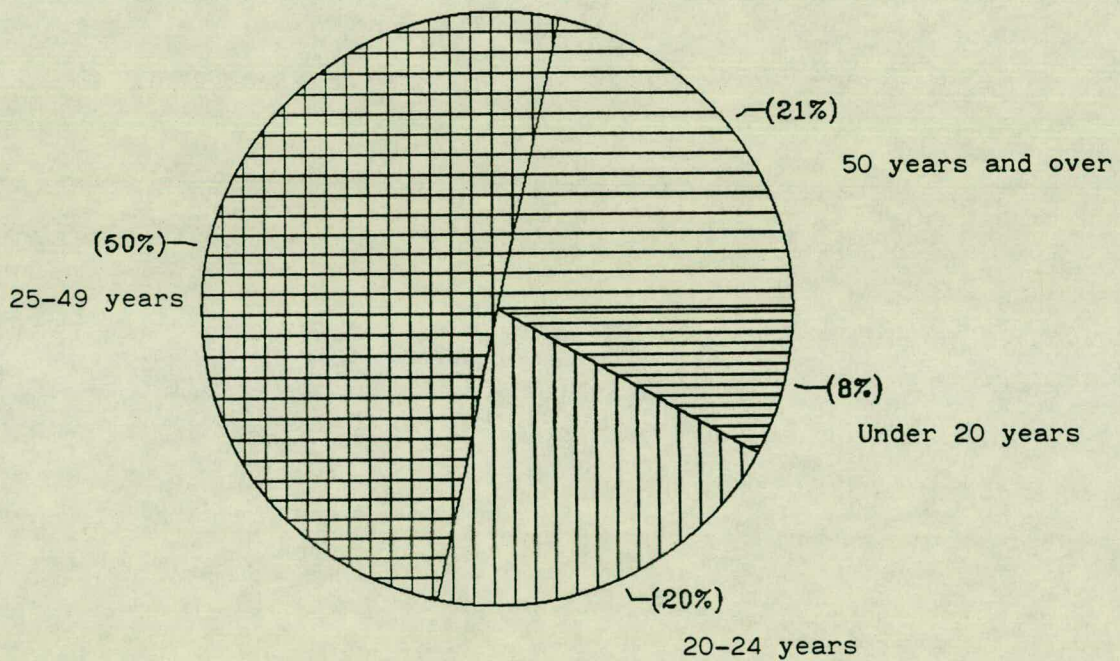
<sup>+</sup> Includes those aged under 18.

### 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	18.1	NOV
Ireland	(17.3)*	MAR
Italy	(10.5)*	MAR
France	10.2	MAR
Belgium	9.6	MAR
Netherlands	9.4	JAN
Canada	7.5	MAR
Greece	(7.4)*	APR 87
United Kingdom	6.9	MAR
Denmark	(6.6)*	FEB
Australia	6.2	MAR
Germany	5.5	MAR
Portugal	5.5	NOV
United States	4.9	MAR
Austria	[4.8]a	FEB
Norway	4.8	FEB
Finland	4.0	MAR
Japan	2.3	MAR
Luxembourg	(1.9)*	MAR
Sweden	1.3	MAR
Switzerland	[0.6]a	FEB
OECD Total	6.2	JAN (estimated)
MAJOR 7**	5.7	JAN (estimated)
EC Average	(9.4)*	MAR

\* 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 7.2% in March compared with the EC average of 9.4%.

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	+ 2.2	+ 85	+ 36	MAR
Denmark	+ 1.0	+ 13	+ 34	JAN
Italy	+ 0.8	+ 5	+ 175	JAN
Greece	+ 0.2	+ 13	+ 14	APR
Portugal	+ 0.2	+ 3	+ 11	MAR
Netherlands	- 0.1	- 1	- 7	DEC
Canada	- 0.1	- 2	- 20	APR
Switzerland	- 0.2	- 25	- 6	MAR
France	- 0.3	NC	- 1	MAR
Luxembourg	- 0.3	- 17	- 1	JAN
USA	- 0.4	- 6	- 405	MAY
Japan	- 0.4	- 9	- 170	MAR
Ireland	- 0.5	- 3	- 7	MAY
Sweden	- 0.5	- 23	- 18	MAR
Australia	- 0.8	- 8	- 53	JAN
Germany	- 1.0	- 9	- 202	MAY
Austria	- 1.1	- 15	- 29	MAR
Finland	- 1.2	- 22	- 28	FEB
Belgium	- 1.5	- 9	- 39	MAR
United Kingdom*	- 1.9	- 22	- 529	MAY
Spain	- 2.1	- 10	- 298	MAR

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
Norway	+ 0.4	+ 15	+ 10	MAR
Portugal	+ 0.4	+ 5	+ 15	MAR
Denmark	+ 0.3	+ 4	+ 11	JAN
Australia	+ 0.1	+ 2	+ 10	FEB
Finland	NC	NC	NC	FEB
Canada	NC	- 1	- 9	APR
Netherlands	- 0.1	NC	- 3	DEC
France	- 0.1	- 1	- 27	MAR
Japan	- 0.1	- 3	- 50	MAR
Sweden	- 0.1	- 5	- 4	DEC
Switzerland	- 0.1	- 13	- 2	FEB
Ireland	- 0.2	- 1	- 3	MAY
Italy	- 0.2	- 2	- 72	JAN
United States	- 0.2	- 3	- 206	MAY
Austria	- 0.2	- 4	- 6	FEB
Belgium	- 0.3	- 2	- 8	MAR
Germany	- 0.3	- 3	- 57	MAY
United Kingdom	- 0.4	- 6	- 121	MAY
Spain	- 0.6	- 3	- 93	MAY

Note Seasonally adjusted figures not available for Greece and Luxembourg.

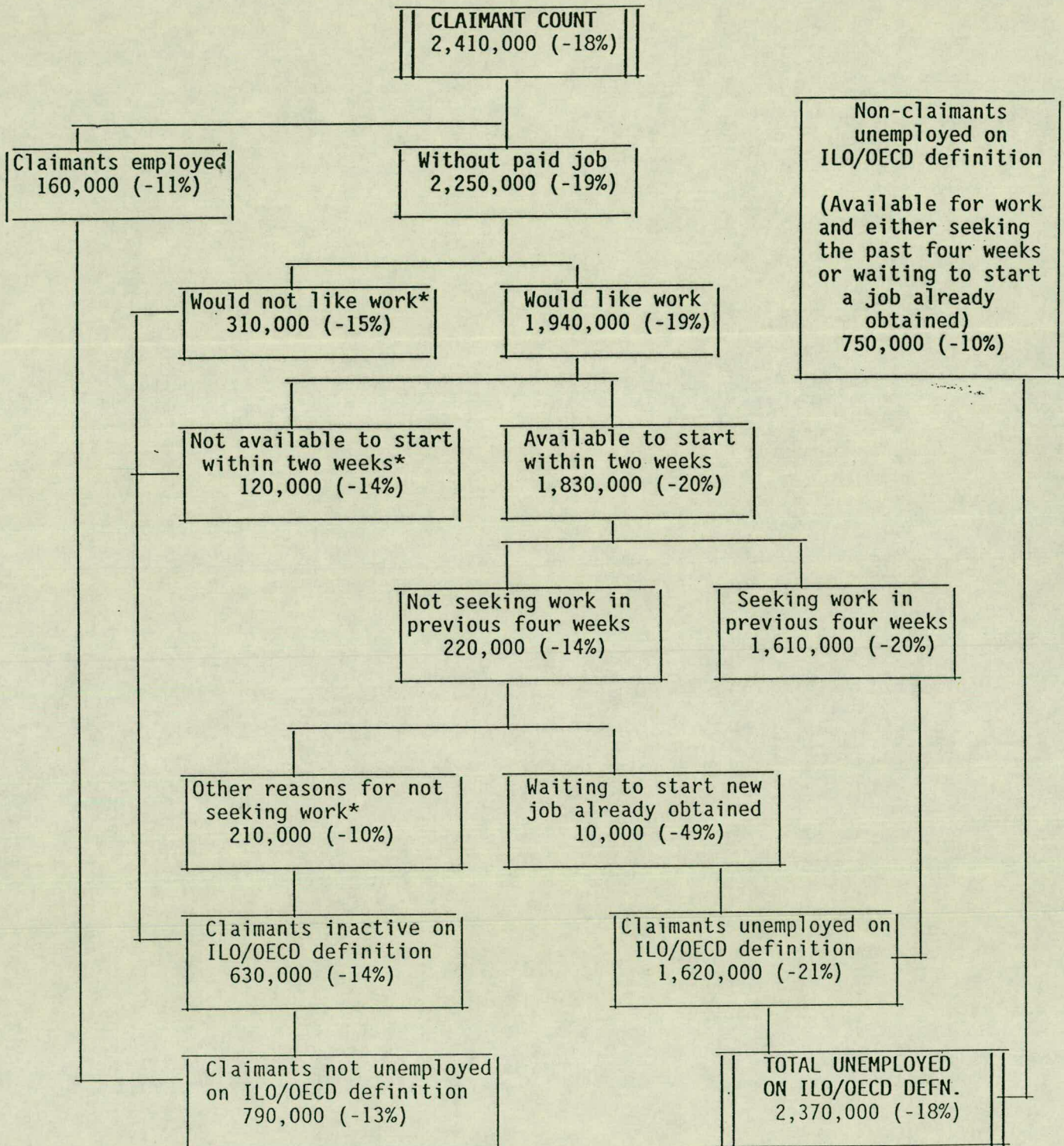
NC = No change

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.

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

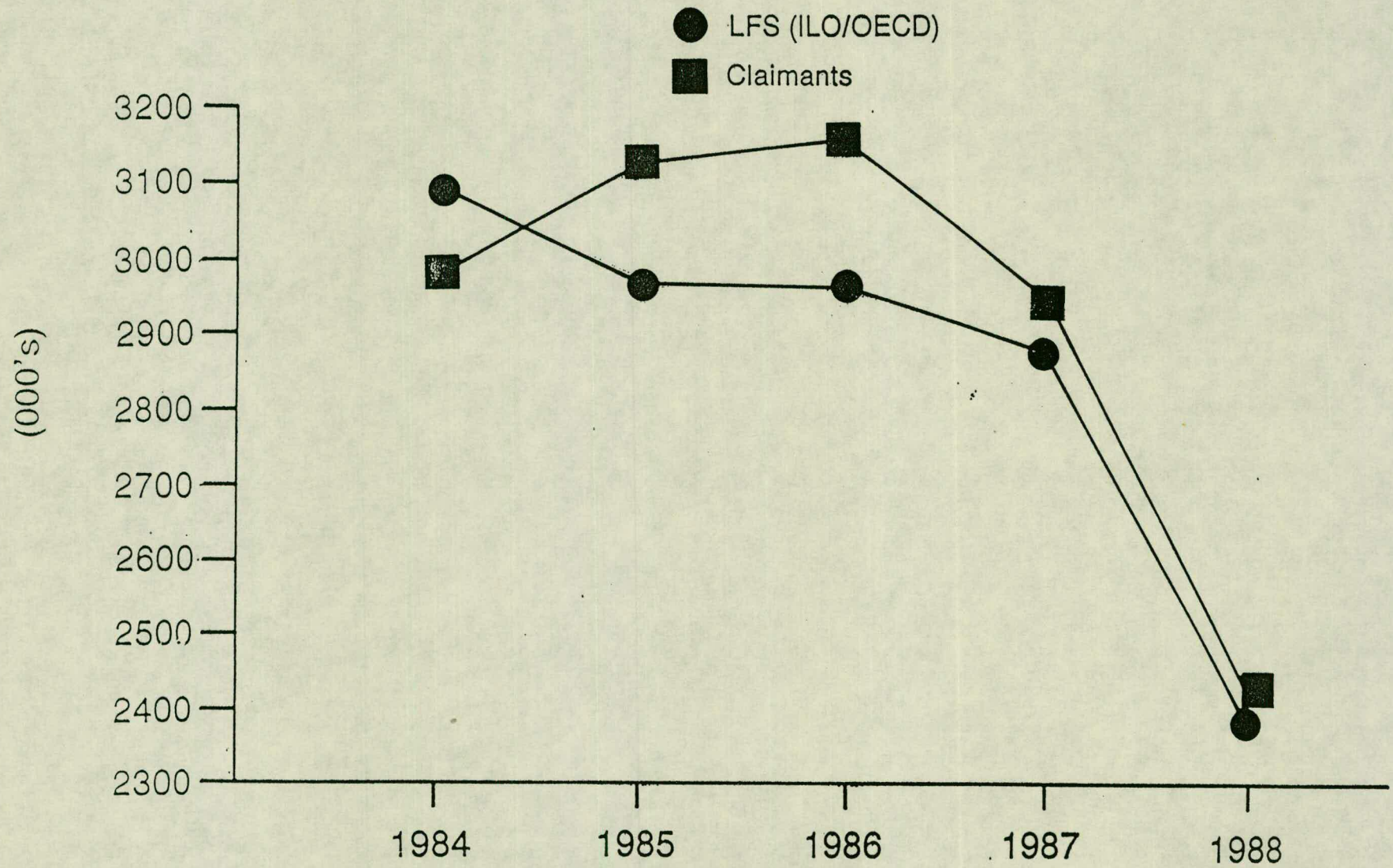


MAIN POINTS

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 Gazette<sup>1</sup> 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-recorded?

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.<sup>3</sup> 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.

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

3 Employment Gazette, 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 6.9% in March 1989, similar to our 6.7% 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.)

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 May 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 May 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 339,000 per month in the year to May 1989. This represents an annual outflow of 4.1 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.

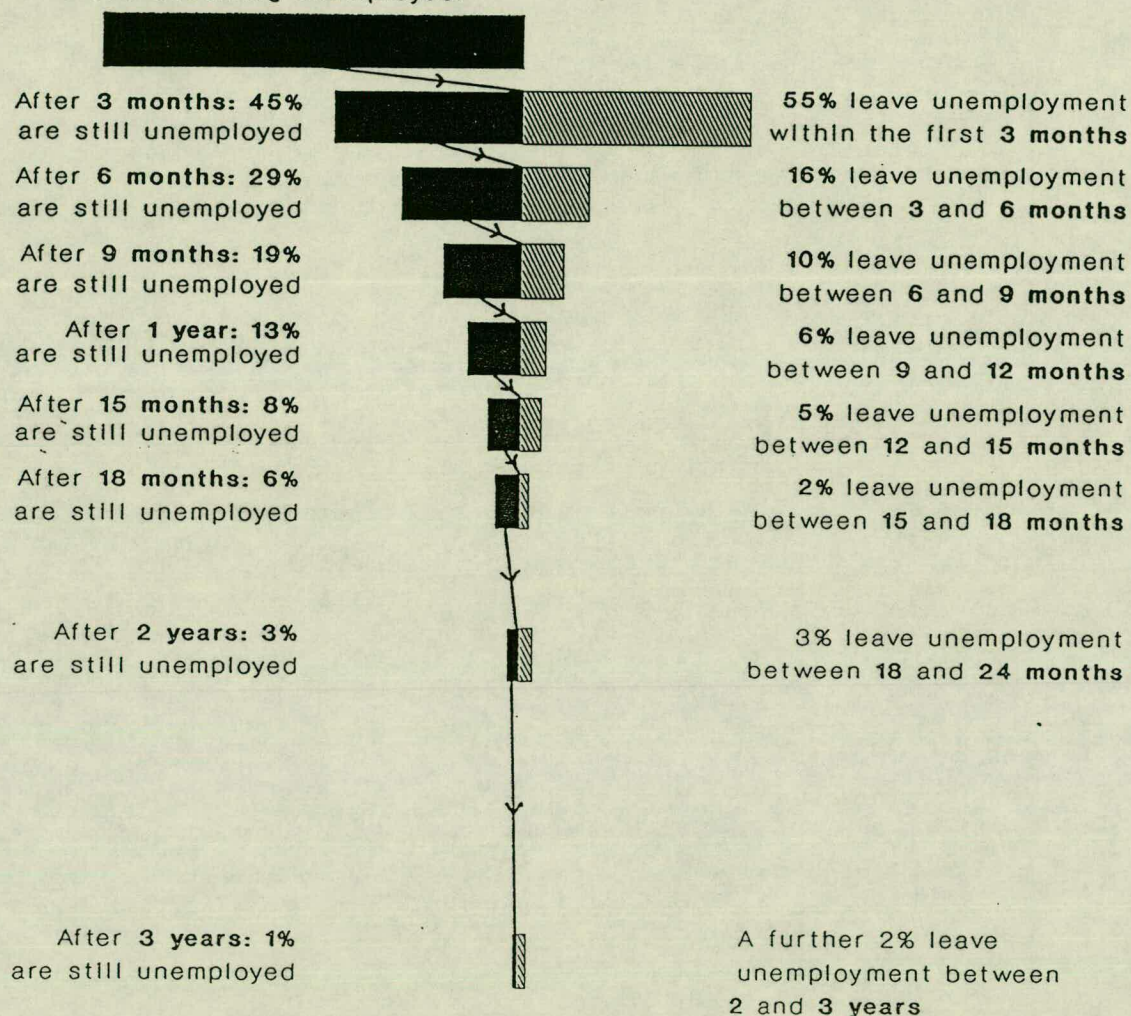
\*The estimate of 7 1/2 million job changes relates to 1987 and is based on a survey conducted by IFF Research Ltd in January 1988. The same survey provided an estimate of over 7000,000 unfilled vacancies in the economy at that time, confirming that approximately only a third of all vacancies are notified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



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

Great Britain. Based on claimant data for the period **January 1988 - January 1989**  
On average, 286,000 people become unemployed\* each month.

Of those becoming unemployed:



\* Percentages are based on outflows between January 1988 and January 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.

EMPLOYMENT: DOUBLE JOBBING AND GOVERNMENT SCHEMES AND PROGRAMMES

The treatment of double jobbing in the employees in employment estimates

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

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

GOVERNMENT SCHEMES AND PROGRAMMES

Estimates of employees in employment

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

- in Great Britain:                   New Workers Scheme  
  Community Programme  
  Community Industry
- in Northern Ireland:           Action for Community Employment

Note: The number of employees in employment has however been affected by the run down of CP during the summer, in preparation for Employment Training (ET). It is estimated that without this change there would have been a further 20,000 employees in employment in the service sector in September 1988, and a further 130,000 employees in employment in the service sector in December 1988. It is expected that these estimates of employees in employment will be reduced further as CP comes to an end but that this will be broadly offset by increasing numbers on ET included in the workforce in employment as participants on work related government training programmes.

2. Those young people on the Youth Training Scheme (in Great Britain) or the Youth Training Programme (in Northern Ireland) who have contracts of employment - currently estimated to be about 15 percent of participants - are included in the employees in employment series. Similarly some participants on Employment

Training who have contracts of employment, ie. those receiving continuation funding, will be included in the employees in employment series.

#### 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.

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 Q3

	Thousands	Per Cent
CANADA	1810	17.1%
USA	16046	16.2%
UK	2815	12.1%
JAPAN	2938	5.1%
GERMANY	792	3.2%
ITALY	697	3.4%
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	-18	-.1
EC12	3425	2.8	702	.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 : 1986

	Per Cent
SWEDEN	79
DENMARK	78
JAPAN	70
UNITED STATES	69
CANADA	67
UNITED KINGDOM	66
GERMANY	60
FRANCE	59
BELGIUM	56
NETHERLANDS	52
OECD TOTAL	64
EC12	58

Source: OECD Historical Statistics 1966-1986

## 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)

Since March 1983, when the rising trend began, the workforce in employment is now estimated to have increased by 2,944,000. This increase comprises 1,536,000 (52%) full-time jobs and 1,408,000 (48%) part-time jobs. However in the year to December 1988 only one fifth of the increase in employment was in part-time jobs. (A part-time job is one of 30 hours per week or less.)

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	14,629	13,316	1,313	10,898	6,094	4,805	25,527	19,410	6,117
	June	14,680	13,346	1,333	10,957	6,143	4,814	25,637	19,490	6,147
	Sept	14,738	13,407	1,331	11,065	6,207	4,858	25,803	19,614	6,190
	Dec	14,800	13,449	1,352	11,141	6,240	4,901	25,941	19,688	6,253
Change										
	Mar 83-Dec 88	1,137	653	484	1,807	883	924	2,944	1,536	1,408
	Dec 87-Dec 88	286	267	19	346	242	104	632	509	123

\* 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 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	8,823	5,110	3,713	20,529	1,651	123	496	264	2,147	306	15	321	0	0	0
	June	11,674	766	8,881	5,121	3,760	20,556	1,652	126	508	267	2,160	306	16	322	3	5	8
	Sept	11,659	772	8,952	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	1,801	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	1,868	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	9,292	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	2,018	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	11,951	913	10,031	5,730	4,301	21,982	2,178	200	716	368	2,895	301	16	317	199	135	334
	June	11,976	935	10,085	5,775	4,310	22,061	2,205	199	721	369	2,926	300	16	316	199	135	335
	Sept	12,000	914	10,171	5,832	4,340	22,172	2,225	203	732	373	2,957	299	16	315	214	146	359
	Dec	12,011	898	10,228	5,858	4,370	22,240	2,245	207	743	377	2,988	297	16	313	247	154	401
Change																		
Mar 83-Dec 88		305	153	1,405	748	657	1,711	594	84	247	114	841	-9	1	-8	247	154	401
Dec 87-Dec 88		159	-25	308	219	89	467	93	5	32	9	125	-5	0	-5	38	6	45

\*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 JTS (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 Dec 1988 Change		Region	Year ending Dec 1988 Change	
	Absolute	Percent		Absolute	Percent
Agriculture forestry and fishing	-11.4	-3.5	South East	205.2	2.7
Energy and water supply	-29.0	-5.9	(Greater London)	39.1	1.1
Other mineral and ore extraction etc	18.1	2.3	East Anglia	41.4	5.0
Metal goods, engineering and vehicles	- 4.2	-0.2	South West	23.1	1.4
Other manufacturing industries	25.9	1.2	West Midlands	52.7	2.5
Construction	7.0	0.7	East Midlands	35.3	2.2
Distribution, hotels, catering, repairs	140.5	3.0	Yorks & Humberside	30.0	1.6
Transport & Communication	54.7	4.0	North West	7.0	0.3
Banking, finance insurance	186.6	7.6	North	27.3	2.5
Other Services	88.3	1.3	Wales	10.2	1.2
			Scotland	39.3	2.1
All Industries	476.5	2.1	Great Britain	471.4	2.2
			Northern Ireland	5.0	1.0
			United Kingdom	476.5	2.1

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.

CONFIDENTIAL UNTIL 11.30 AM THURSDAY 15 JUNE 1989

## INDUSTRY BREAKDOWN

B

## INDEX OF AVERAGE EARNINGS (Unadjusted)\*

Classes SIC 1980	Weights	Index (1985 = 100)						Percentage increase over previous 12 months					
		1988		1989				1988		1989			
		Nov	Dec	Jan	Feb	Mar	Apr**	Nov	Dec	Jan	Feb	Mar	Apr*
Metal processing and manufacture	14	124.2	134.1	138.4	126.3	127.8	150.2	8.5	9.8	9.7	9.2	8.7	10.0
Mineral extraction and manufacturing	14	127.9	136.3	129.6	131.6	130.4	133.0	6.7	7.3	7.5	8.5	5.6	7.3
Chemical and man-made fibres	20	139.2	138.5	131.3	130.6	130.5	136.0	8.8	8.0	8.2	8.6	8.3	8.7
Mechanical engineering	44	129.5	132.6	132.7	133.0	134.8	136.6	8.8	10.2	10.4	9.6	8.2	11.1
Electrical and electronic engineering	37	131.7	135.1	135.3	134.8	138.2	138.7	8.7	8.6	8.6	7.2	9.6	7.9
Motor vehicle and parts	17	136.3	139.4	137.0	139.8	141.4	137.9	13.5	15.4	14.2	36.4	6.4	8.5
Other transport and equipment	17	126.1	134.0	131.8	132.1	136.7	134.7	6.5	6.9	10.9	11.0	14.0	13.3
Metal goods and instruments	27	131.3	130.5	132.8	133.2	132.9	134.4	7.3	8.4	10.0	8.1	8.3	8.1
Food, drink and tobacco	33	133.2	135.2	130.6	130.4	134.2	138.0	10.5	9.2	7.8	7.6	10.7	10.6
Textiles	13	128.0	125.4	127.2	128.6	127.1	130.5	5.9	5.6	6.4	7.2	3.7	6.4
Leather, footwear and clothing	17	124.9	127.4	128.9	129.3	130.4	130.5	6.9	6.2	7.1	6.5	4.5	5.8
Timber and wooden furniture	11	138.3	138.3	146.4	142.9	130.1	132.9	11.6	21.4	18.7	13.4	5.3	7.9
Paper products, printing and publishing	26	127.3	128.3	126.8	127.4	128.7	130.9	6.8	7.3	7.6	7.1	6.6	8.2
Rubber, plastic and other manufacturing	14	131.2	131.2	131.5	132.2	133.3	133.2	7.1	4.4	8.1	8.0	7.8	7.9
*Manufacturing Industries	304	130.8	133.5	132.6	132.2	133.4	136.1	8.7	9.1	9.4	10.0	8.3	9.1
Coal and coke	15	142.1	140.7	144.8	145.7	151.1	152.6	14.0	11.8	13.0	24.7	14.6	7.5
Mineral oil and natural gas	1	147.2	141.0	143.7	141.3	137.9	142.5	10.3	13.6	13.1	12.3	8.7	10.0
Electricity, gas and other energy and water supply	19	125.3	124.2	123.0	124.2	129.6	129.1	4.6	6.9	6.0	7.4	11.7	7.4
*Production industries †	339	131.2	133.4	132.7	132.5	134.2	136.6	8.6	9.1	9.4	10.5	8.8	8.9
Construction	55	136.4	138.8	135.2	136.8	142.7	139.7	12.7	12.0	11.6	12.2	11.4	10.6
*Production † and Construction Industries	394	131.9	134.2	133.1	133.1	135.3	137.0	8.9	9.2	9.5	10.4	8.9	8.9
Agriculture & Forestry ‡	19	116.1	119.2	113.5	112.1	115.9	∅	-3.8	5.0	7.0	6.8	7.3	∅
Distribution and repairs	164	127.1	132.8	130.5	131.8	136.0	136.4	8.4	8.9	9.8	9.5	8.9	7.8
Hotel and catering	49	132.5	139.9	133.3	133.7	137.8	135.4	9.3	7.9	10.1	11.9	13.8	10.9
Transport and communication (except sea transport)	71	127.0	127.5	125.2	125.1	126.2	129.9	4.6	5.0	6.4	6.6	6.3	6.9
Banking, finance and insurance	44	142.1	136.7	136.6	135.8	154.6	142.1	6.0	6.7	7.2	7.2	14.2	7.1
Public administration	90	131.8	129.5	130.0	131.6	131.9	131.7	12.9	9.9	10.1	9.0	7.9	9.8
Education and health services	147	132.8	156.6	134.1	134.2	134.9	135.6	11.0	26.9	11.4	10.7	6.6	11.6
Other services	22	124.8	131.8	132.0	126.5	127.8	128.3	5.0	7.3	8.9	5.6	9.1	8.6
*Service industries	587	130.9	137.5	131.2	131.5	135.1	134.5	8.8	12.4	9.3	8.9	8.6	8.9
*Whole economy	1,000	131.2	135.7	131.8	132.0	134.9	135.5	8.7	11.0	9.4	9.7	8.8	9.0

\*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

JUNE 1989

## INTERNATIONAL COMPARISONS

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

		Latest period available
Greece	18.5	Q3 1988
Portugal (h)	12.0	Q3 1988
Finland	9.0	Q2 1988
Great Britain (c)	9	APRIL
Spain (e)	7.7	Q4 1988
New Zealand (i)	6.5	Q3 1988
Austria (a)(g)	6.1	NOVEMBER
Italy (b)	5.6	MARCH
Denmark (g)	5.5	DECEMBER
Sweden (g)	5.5	FEBRUARY
Australia (b)	5.4	DECEMBER
Ireland	5.3	Q2 1988
Canada	5.1	FEBRUARY
Germany	4.4	Q4 1988
Japan (a)(f)	3.7	FEBRUARY
United States	3.3	MARCH
France (b)	3.1	Q4 1988
Norway (d)	2.7	Q4 1988
Netherlands (b)	1.0	MARCH
Belgium (j)	0.6	Q4 1988
OECD	5.2	JUNE
EEC	6.0	JUNE

Source: OECD Main Economic Indicators; MAY 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

In April, working days lost are provisionally estimated at 82,000. Although the April 1989 figure is the highest since last November it is, apart from the April 1988 figure (66,000), the lowest for any April since 1954.

The three largest stoppages in April 1989 occurred in a Scottish bus company (13,000 working days lost), broadcasting (9,000) and aerospace manufacturing (7,000).

The total of working days lost for the twelve months ended April 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 2.2 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 April is 699. Subsequent revisions will raise this total. The highly provisional single month figure for April is 67, which is slightly above the number recorded in March (65), but apart from the number in April 1988 (55), it is the lowest figure for any April since 1935.

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

1988 (Final Figures)

The number of working days lost through stoppages of work due to industrial disputes in 1988 is estimated at 3.7 million days. This is slightly higher than the figures in recent years of 3.5 million days lost in 1987 and 1.9 million days lost in 1986 but is well below the average of 10.3 million days lost in the 10 year period 1978 to 1987.

The number of stoppages recorded as in progress in 1988 is estimated at 781. This is lower than the 1,016 stoppages recorded in 1987 and the lowest figure since 1935 (564 stoppages). Comparisons involving the stoppages figures should be made with caution: some small stoppages are excluded by definition and the figures are also affected by the difficulties in ensuring complete recording of stoppages, in particular of short disputes.



KEY FACTS - INDUSTRIAL STOPPAGES

(a) TWELVE MONTH PERIODS

	WORKING DAYS LOST (MILLION)	STOPPAGES (NUMBER)
Year to April 1989(p)	2.9	699
Year to April 1988	2.2	903
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)
March 1989(p)	74	65
April 1989(p)	82	67
April - Average of 1979 to 1988	654	154

(p) = provisional

BULL POINTS

1. Most recent figures for working days lost are at low levels: days lost in March 1989, 74,000, were the lowest for any March since 1949, the April 1989 figure, 82,000, is, apart from the 1988 figure, 66,000, the lowest for any April since 1954.
2. 2.9 million working days lost in year to April (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

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>										
Mar 87	81	8	34	24		244			2	306
Apr 87	85	8	32	23	6	238			2	300
May 87	87	8	29	22	6	235			8	290
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	-	157	14	-	391
Mar 89	89	8	-	7	5	-	175	1	-	383
Apr 89	88	7	-	6	-	-	184	-	-	386
May 89	86	-	-	6	-	-	187	-	-	378

\* 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

File:HB/001

FROM: R DEANE (EB)  
 DATE: 11 JULY 1989  
 x 5207

Another below average fall in unemployment,  
 and unchanged earnings growth should be  
 well received by the markets.

1. MR PICKFORD
2. CHANCELLOR

cc Chief Secretary Mr Gieve  
 Financial Secretary Mr Hibberd  
 Paymaster General Mr Meyrick  
 Economic Secretary Mr Bush  
 Sir P Middleton Mr Cornelius  
 Sir T Burns Mr Dyer  
 Mr Monck Mr O'Brien  
 Mr Scholar Miss Wallace  
 Mr Riley Mrs Chaplin  
 Mr Peretz Mr Tyrie  
 Mr Sedgwick Mr Call  
 Mr Wilson Mr Gray - No 10  
 Mr Burr

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**COMBINED RELEASE OF LABOUR MARKET STATISTICS ON 13 JULY**

Summary statistics (seasonally adjusted UK unless otherwise stated)

	Thousands	Level	Change on previous period	Change on previous year
<u>Unemployment</u> June				
Total (aged 18 and over)		1,809 (6.3%)†	-27	-515
Total (not seasonally adjusted: 'Headline Total')		1,743 (6.1%)†	-59	-598*
<u>Vacancies</u> June		226	+8	-29
<u>Workforce in employment</u> 1989Q1		26,685	+177	+596
<u>Manufacturing employees</u> (GB) May		5,115	-15	-37

Percentage change  
on previous year

<u>Index of average earnings</u> (GB) May			
Whole economy, underlying (actual)		9½	(9.4)
Manufacturing, underlying (actual)		9½	(9.0)
Service industries, underlying (actual)		9	(9.6)

<u>Wage and salary costs per unit of output</u> §			
Whole economy, 1989Q1		8.3	
Manufacturing, 3 months to April		2.8	

<u>Output per head</u> §			
Whole economy, 1988Q4		0.4	
Manufacturing, 3 months to April		6.1	

† per cent of workforce

\* figures distorted by change in regulations for claimants under 18.

§ new figures for manufacturing to be published on Friday 16 June.

ASSESSMENT AND COMMENT

2. The seasonally adjusted unemployment series fell by 26,500 in June to its lowest level for 8½ years. Total unemployment fell in all regions except East Anglia. In the South East male unemployment remained flat, and in East Anglia it rose slightly; female unemployment fell in all regions. The South also experienced a greater slowdown in the number of outflows than is normally associated with a declining stock. This could be an indication of some slowdown in the rate of fall in unemployment, with the South being more affected than the North. DE have revised their estimate of the trend rate of fall downwards to between 35 and 40 thousand a month. The average fall over the last six months is now 38,000; the average fall over the last 3 months is 35,800. Although the fall in unemployment in the last two months is the smallest since early 1987, this month's figure is close to the consensus of outside forecasts.

3. Vacancies rose by 8,200 between May and June to 226,400. The rise is mainly due to a high level of inflows. This seems to be due both to the effect of the good weather on seasonal vacancies and the efforts of Jobcentres to "chase up" firms which they think may have jobs available. This increase in vacancies is fairly well spread across regions.

4. The workforce in employment (employees in employment, the self-employed, HM Forces and participants in government training programmes) is estimated to have increased by 177,000 in 1989Q1. This follows an increase of 635,000 in 1988 and continues the upward trend observed since March 1983. [NB: Employment has now increased by over 3 million since March 1983 but the figures will probably be revised down to show an increase of less than 3 million later this year when the 1987 census of employment results are incorporated for the first time.] The figures for 1989Q1 show continued strong growth in the service sector partly offset by a fall in employment in manufacturing and energy and water industries.

5. The number of employees in manufacturing (GB) fell by 15,000 in May following a fall of 18,000 in April and a fall of 5,000 in 1989Q1. Although these figures can be erratic, it would now seem that the upward trend which began in the spring of 1987 has been reversed. The level of overtime fell in May and is now at about the same level as last spring but significantly below the record levels of the winter months. Short-time working rose a little but remains low.

6. The increase in underlying whole economy earnings remained at 9¼ per cent in the year to May, the same as it has been since February. (This should be

received well since most commentators are expecting an increase to  $9\frac{1}{2}$  per cent.) The services sector underlying increase in May was 9 per cent, unchanged from the increase in April (which has been revised down from  $9\frac{1}{4}$  per cent). The underlying increase in manufacturing in May rose to  $9\frac{1}{4}$  per cent from 9 per cent in April.

7. [NOT FOR USE: DE estimate that overtime is currently adding less than  $\frac{1}{4}$  per cent to the growth in underlying earnings in both the whole economy and manufacturing over the last year. Next month the contribution from overtime should fall to zero. Settlements are currently estimated to be adding only  $\frac{1}{3}$  per cent to earnings growth in the whole economy compared with a year ago (last year's high Nurses' settlement has dropped out of the comparison). In manufacturing the contribution of settlements to earnings growth remains at around  $\frac{3}{4}$  per cent. DE now expect underlying whole economy earnings growth to remain at  $9\frac{1}{4}$  per cent next month as the falling contribution from overtime offsets higher settlements (previously they had been expecting an increase) .]

#### THE FIGURES IN DETAIL

##### Unemployment

8. Points of interest:

(a) Seasonally adjusted unemployment (on a consistent basis) now at the lowest level for  $8\frac{1}{2}$  years, since December 1980.

(b) Fallen by over  $1\frac{1}{4}$  million since July 1986. Seasonally adjusted total has fallen for thirty-five months in succession by 1,324,000 in total. This is the longest period of continuous decline in unemployment since the War.

(c) Fallen by 515,000 over past year.

(d) Unemployment has fallen in all regions over the past year. Unemployment rates have fallen fastest in the West Midlands, Wales and the North but there have been significant falls in all regions, including Northern Ireland.

(e) UK unemployment rate fallen more in past 2 years than in any other major industrialised country. UK unemployment rate lower than EC average, but still above the major 7 average, reflecting lower unemployment in the three largest countries - US, Japan and Germany.

### Employment

9. New figures are available this month for the workforce in employment in March (quarterly series) and employees in manufacturing industries (GB) in May.

10. The March quarter increase of 177,000 in the workforce in employment is higher than the increases recorded in the second, third and fourth quarters of 1988. The increase over December 1988 is composed of:

(a) a projected increase in self-employment of 31,000;

(b) an increase of 109,000 employees in employment. This includes an increase of 114,000 in the service sector and 11,000 in other industries (agriculture and construction) partly offset by falls of 6,000 in manufacturing and 10,000 in energy and water supply;

(c) a rise of 40,000 in workforce related government training schemes. This increase is offset by the continued rundown of the Community Programme, participants on which were counted as employees in the services sector.

(d) a fall of 3,000 in HM Forces.

11. The increase of 3,122,000 in the workforce in employment since March 1983 consists of 1.8 million employees in employment, 0.9 million self-employed, 0.4 million on Government training schemes, and a reduction of 0.1 million in HM Forces.

12. In GB during the year to March full-time employment is estimated to have increased by 372,000 while 221,000 part-time jobs were created (including all of the 105,000 increase in participants on Government training programmes). Of the increase in employment in GB over the last year 58 per cent was female employment and 37 per cent was part-time.

13. The number of employees in manufacturing industries (GB) fell by 15,000 in May (see para 5).

Earnings

14. The underlying increase in the whole economy average earnings index in May was unchanged from April at  $9\frac{1}{4}$  per cent. The actual increase in the index was 9.4 per cent. The actual is higher than the underlying increase due to negative adjustments for groups who have been paid two annual increases in the last year. The underlying increase in the manufacturing sector was  $9\frac{1}{4}$  per cent, up from 9 per cent in April. The actual increase was 9.0 per cent. The underlying increase in the production industries was unchanged from the April figure at  $9\frac{1}{4}$  per cent (the actual increase was 9.0 per cent). The service sector underlying increase was also unchanged at 9 per cent (the April figure was revised down by  $\frac{1}{4}$  per cent to 9 per cent). The actual increase was 9.6 per cent.

Hours

15. The level of overtime working fell in May to 13.59 million hours. Overtime has fallen back to the levels last seen in 1988Q2 following the record levels of the winter months, when it averaged  $14\frac{1}{2}$  million hours. Short time working remains low; 0.43 million hours per week were lost in May.

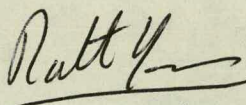
Productivity and unit wage costs

16. Figures are now available for the whole economy in 1989Q1. Figures for manufacturing in May will be released on Friday with the IOP figures.

17. Productivity in the whole economy rose by 0.4 per cent in the year to 1989Q1. This follows (revised) figures of 1.1 per cent in each of the previous three quarters. Unit wage costs are estimated to have increased by 8.3 per cent in the year to 1989Q1, following a (revised) increase of 7.7 per cent in the previous quarter. About half of the deterioration in the whole economy productivity and unit wage costs between 1988Q4 and 1989Q1 is due to further problems with North Sea output. The total effect of North Sea accidents is now estimated to be almost 1 per cent on both productivity and unit wage costs in the whole economy.

Line to take:

- Labour market usually lags behind changes in activity. Labour market conditions expected to ease as output and demand continue to slow. [If pressed: Red Book said unemployment "most unlikely to continue falling at the same rapid rate in 1989" as a whole as it did in 1988.]
- Strong growth in employment in first quarter follows rapid output growth of 1988.
- Monthly unemployment figures erratic, but underlying trend may now be beginning to slow.
- No increase in whole economy underlying earnings growth since February.



ROBERT DEANE