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EMPLOYMENT

STARTS : 14/09/89
ENDS : 19/10/89



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PRESS NOTICE

228/89

14 September 1989

FURTHER FALL IN UNEMPLOYMENT

Statement by the Secretary of State for Employment
Norman Fowler, MP

Unemployment fell by 36,000 in August to 1,750,000 on the seasonally adjusted basis. Unemployment has now fallen over 37 consecutive months and by a total of 1,380,000 since July 1986, giving the longest and largest sustained fall on record. Unemployment is now lower than at any time since November 1980 and the fall over the past twelve months alone has been 475,000.

The United Kingdom unemployment rate now stands at 6.1%, compared with 6.3% in July and is down 1.7 percentage points compared with a year ago. All regions have shared in this improvement with Wales, the West Midlands and North experiencing the biggest reductions, followed by Yorkshire and Humberside and North West. On the agreed OECD international basis the UK rate of unemployment has dropped faster over the past two years than in any other major industrialised country and is now lower than France, Italy, Canada, Belgium, Netherlands, Spain, Ireland and Greece. Latest figures also show that in the United Kingdom the unemployment rate amongst 18 to 24 year olds is about half the European Community average.

Also published today are revised employment estimates incorporating the latest available 1987 Census of Employment data. These figures moderate the previously estimated growth in employment between 1984 and 1987 but nevertheless confirm that a strong and sustained growth in jobs has accompanied the fall in unemployment. Since March 1983, when the current upward trend in employment began, the number of people in jobs in the UK has increased by about 2 3/4 million. There are now about 26,300,000 people in employment - the highest number ever. Over the period 1983 to 1987 the rate of employment growth in the United Kingdom was more than 3 times the average in the rest of the Community.

The reduction in unemployment is very welcome. With about 600,000 vacancies in the economy as a whole there is good opportunity for unemployment to fall further. But continued progress with reducing unemployment and creating jobs will depend on pay negotiators setting pay at realistic levels. The annual underlying increase in earnings over the whole economy rose by 1/4 per cent in July returning to the level prevailing in the Spring. Pay negotiators should remember that unrealistic settlements put jobs at risk.



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LABOUR MARKET STATISTICS SUMMARY STATISTICS

14 September 1989

		Level	Change on previous period	Thousands Change on previous year
<u>Unemployment (UK)</u>				
Total unadjusted	August 10	1,741	- 30	(-550)(a)
Seasonally adjusted (b)	August 10	1,751	- 36	-475
<u>Workforce in employment</u> (UK) (c),(d) (e) Mar Q1 1989		26,261	+ 161	+522
<u>Employees in employment (UK) (c)(e)</u>				
All industries and Services (UK) Mar Q1 1989		22,425	+ 93	+300
Services (UK) Mar Q1 1989		15,346	+ 99	+308
Manufacturing (UK) Mar Q1 1989		5,239	- 5	- 12
Manufacturing (GB) July 1989		5,095	- 6	- 39
<u>Vacancies (UK)(jobcentres) (c) August 4</u>		217	- 3	- 26
<u>Index of Average Earnings (GB) (c)</u>				
			Percentage change on previous year (underlying increase)	
Whole Economy	July		9¼%	
Services	July		8¾%	
Manufacturing	July		9%	

Notes

- The changes in the unadjusted unemployment figures compared with a year ago are affected by the regulations for claimants aged under 18 introduced in September 1988.
- To maintain a consistent assessment, the seasonally adjusted series relates only to claimants aged 18 and over (see notes to editors A7)
- All figures seasonally adjusted
- The workforce in employment comprises employees, the self-employed, participants on work related government training schemes and HM Forces.
- Estimates of employees in employment and therefore the workforce in employment have been revised this month to include the results of the 1987 census of employment (see notes to editors B2).



prepared by the
Government Statistical Service

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

Summary

Unemployment (UK seasonally adjusted) fell by 36,200 in the month to August. Male unemployment decreased by 18,500 and female unemployment decreased by 17,700. Over the past six months there has been a fall of 33,000 on average compared with a fall of 46,200 per month over the previous six months to February 1989.

The total, unadjusted, decreased in August by 30,291 to 1,741,091.

Estimates of employees in employment and therefore the workforce in employment have been revised this month to incorporate the results of the 1987 census of employment.

The workforce in employment in the United Kingdom is now estimated to have increased by 161,000 in the first quarter of 1989 contributing to an overall increase of 522,000 in the year to March 1989.

The number of employees employed in manufacturing industry in Great Britain is estimated to have increased by 6,000 in July 1989. In the second quarter of 1989 there was a fall of 33,000 in manufacturing employment, while over the year to July 1989 there was a fall of 39,000.

The stock of Jobcentre vacancies (UK seasonally adjusted) decreased by 3,200 in August to 216,700. Over the past six months there has been a decrease of 1,900 per month on average.

The underlying increase in average earnings for the whole economy in the year to July was 9¼ per cent, a rise of ¼ per cent in the year to June.

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

LABOUR MARKET STATISTICS

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UNEMPLOYMENT

The seasonally adjusted level of unemployment⁺ in the United Kingdom decreased by 36,200 to 1.751 million in August, 6.1 per cent of the workforce*.

Over the past six months on average unemployment has fallen by 33,000 per month.

The unadjusted total decreased by 30,291 between July and August to 1,741,091 giving an unemployment rate of 6.1 per cent of the workforce*.

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

THOUSAND

TABLE 1 : UNEMPLOYMENT - SEASONALLY ADJUSTED⁺ - UNITED KINGDOM

	Male	Female	Total	Change since previous month	Average change over past 6 months	Average change over past 3 months	Unemployment rate: Percentage of workforce*
1988 Aug	1562.7	662.9	2225.6	-41.7	-43.2	-46.1	7.8
Sep ⁺⁺	1543.1	648.6	2191.7	-33.9	-43.7	-44.1	7.7
Oct	1522.4	635.5	2157.9	-33.8	-40.8	-36.5	7.6
Nov	1484.6	620.6	2105.2	-52.7	-43.1	-40.1	7.4
Dec	1439.4	598.0	2037.4	-67.8	-47.8	-51.4	7.1
1989 Jan	1405.4	582.4	1987.8	-49.6	-46.6	-56.7	7.0
Feb	1377.9	570.8	1948.7	-39.1	-46.2	-52.2	6.8
Mar	1359.5	557.1	1916.6	-32.1	-45.9	-40.3	6.7
Apr	1321.5	536.5	1858.0	-58.6	-50.0	-43.3	6.5
May	1309.7	526.1	1835.8	-22.2	-44.9	-37.6	6.4
Jun	1296.1	514.2	1810.3	-25.5	-37.9	-35.4	6.3
Jul(r)	1284.8	502.4	1787.2	-23.1	-33.4	-23.6	6.3
Aug(p)	1266.3	484.7	1751.0	-36.2	-33.0	-28.3	6.1 **

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

++ September 1988'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 7.6 per cent, and for females 4.1 per cent.

* See note A4

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

(r)Revised

TABLE 2: UNEMPLOYMENT SEASONALLY ADJUSTED⁺ (P) - REGIONS August 10 1989

	THOUSAND			Change since previous month	Unemployment rate	
	Male	Female	Total		percentage of workforce*	Change since previous month
South East (incl. Greater London)	252.9 (152.1)	101.2 (59.0)	354.1 (211.1)	-10.5 (-6.0)	3.7 (4.9)	-0.1 (-0.1)
East Anglia	23.7	10.5	34.2	-0.5	3.2	0.0
South West	65.3	30.5	95.8	-2.3	4.5	-0.1
West Midlands	114.2	46.5	160.7	-5.3	6.0	-0.2
East Midlands	76.6	29.9	106.5	-2.1	5.4	-0.1
Yorks and Humberside	128.1	47.1	175.2	-2.6	7.3	-0.1
North West	187.4	68.5	255.9	-5.7	8.5	-0.2
North	104.0	34.6	138.6	-2.4	9.4	-0.2
Wales	68.8	25.1	93.9	-2.3	7.8	-0.2
Scotland	168.0	63.2	231.2	-1.6	9.2	-0.1
GREAT BRITAIN	1,189.1	457.1	1,646.2	-35.2	5.9	-0.1
Northern Ireland	77.2	27.6	104.8	-1.0	15.2	-0.1
UNITED KINGDOM	1,266.3	484.7	1,751.0	-36.2	6.1	-0.1

* See note A4

(P) Provisional see note A5

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

TABLE 3: UNEMPLOYMENT TOTAL - UNADJUSTED - UNITED KINGDOM

		Male	Female	Number	Unemployment rate: percentage of workforce*
1988	Aug	1,576,548	714,627	2,291,175	8.0
	Sep++	1,594,403	716,570	2,310,973	8.1
	Oct++	1,484,236	634,626	2,118,862	7.4
	Nov	1,454,771	612,173	2,066,944	7.2
	Dec	1,451,478	595,060	2,046,538	7.2
1989	Jan	1,473,163	601,149	2,074,312	7.3
	Feb	1,434,871	583,308	2,018,179	7.1
	Mar	1,399,364	560,856	1,960,220	6.9
	Apr	1,350,793	532,788	1,883,581	6.6
	May	1,297,067	505,452	1,802,519	6.3
	Jun	1,256,572	486,569	1,743,141	6.1
	Jul	1,261,625	509,757	1,771,382	6.2
	Aug	1,238,399	502,692	1,741,091	6.1 ⁺

+ The separate rate for males was 7.4 per cent, and for females 4.2 per cent.

TABLE 4: UNEMPLOYMENT TOTAL UNADJUSTED - REGIONS August 10 1989 THOUSAND

	Male	Female	Total	Change since previous month	Unemployment rate: percentage of workforce*
South East (incl. Greater London)	250.1 (152.9)	106.7 (62.1)	356.8 (215.0)	-6.5 (-4.5)	3.8 (5.0)
East Anglia	22.2	10.4	32.7	-0.5	3.1
South West	61.5	29.7	91.1	-0.6	4.3
West Midlands	113.6	48.5	162.1	-3.8	6.0
East Midlands	74.3	31.2	105.5	-2.4	5.3
Yorks and Humberside	124.7	49.0	173.7	-2.5	7.3
North West	184.9	70.6	255.6	-5.4	8.5
North	100.3	35.2	135.5	-3.4	9.2
Wales	65.8	25.3	91.1	-2.2	7.6
Scotland	163.5	66.4	229.9	-2.4	9.2
GREAT BRITAIN	1,161.0	473.0	1,634.1	-29.6	5.9
Northern Ireland	77.4	29.7	107.0	-0.7	15.5
UNITED KINGDOM	1,238.4	502.7	1,741.1	-30.3	6.1

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

* See note A4.

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

Thousands				
Month ending	INFLOW		OUTFLOW	
	Total	Change since previous year	Total	Change since previous year
1988 Aug	311.6	-72.8	350.1	-69.5
Sep**	327.4	-129.2	305.9	-145.9
Oct**	319.6	-100.6	486.1	-62.9
Nov	297.8	-77.5	354.0	-78.3
Dec	269.9	-58.7	292.0	-25.5
1989 Jan	269.4	-74.9	245.4	-76.2
Feb	290.0	-55.2	350.8	-55.8
Mar	264.0	-49.0	326.8	-65.7
Apr	247.5	-76.4	313.9	-58.6
May	230.8	-45.9	318.6	-76.3
Jun	225.0	-48.8	289.3	-77.7
Jul	293.8	-53.7	269.3	-90.4
Aug	276.8	-34.7	309.6	-40.4

^x See note A6

** See notes A7 and A8.

EMPLOYMENT IN THE UNITED KINGDOM

Estimates of employees in employment and therefore the workforce in employment have been revised this month to incorporate the results of the 1987 census of employment, which are now available.

One of the primary purposes of the the census of employment is to provide "benchmark" figures on which to re-align the short term estimates of employees in employment which are derived from monthly and quarterly sample enquiries.

The full results of the 1987 census of employment will be presented in the October issue of Employment Gazette along with an article describing the consequent revisions to the quarterly and monthly series in more detail.

Figures for the workforce in employment (employees in employment, the self-employed, HM Forces and participants in work related government training programmes) in the United Kingdom are now estimated to have increased by 161,000 in the first quarter of 1989 and by 522,000 in the year to March 1989, and by 2,697,000 in the six years to March 1989.

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

EMPLOYMENT AND HOURS WORKED IN MANUFACTURING INDUSTRIES IN GREAT BRITAIN

New figures this month show that in July 1989 the estimated number of employees in employment in manufacturing industries in Great Britain fell by 6,000 confirming the downward trend following the fairly level picture seen previously.

Overtime working by operatives in manufacturing industries fell very slightly to 13.27 million hours per week in July, compared with 13.31 million hours per week in June and 13.57 million hours a week in July 1988.

Hours lost through short-time working in manufacturing industries remain very low, at 0.27 million hours per week in July.

A revised index of average weekly hours will be published in next months press notice taking account of the revised employment and hours figures.

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

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

Thousands, seasonally adjusted

		Employees in Employment			Self Employed **			HM Forces			Work related government training programmes +			Workforce in employment **		
		Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total
		R	R	R										R	R	R
1983	March	11,977	9,048	21,026	1,704	504	2,209	306	15	321	6	3	9	13,993	9,571	23,564
	June	11,944	9,109	21,054	1,705	516	2,221	306	16	322	8	8	16	13,964	9,649	23,613
	Sept	11,927	9,179	21,107	1,755	535	2,290	309	16	325	79	67	146	14,070	9,797	23,867
	Dec	11,914	9,255	21,169	1,804	554	2,359	309	16	325	101	86	187	14,129	9,911	24,040
1984	March	11,899	9,305	21,204	1,854	574	2,428	310	16	326	96	80	176	14,159	9,975	24,134
	June	11,895	9,334	21,229	1,903	594	2,496	310	16	326	95	80	175	14,203	10,024	24,226
	Sept	11,907	9,374	21,281	1,921	604	2,525	312	16	328	118	98	216	14,258	10,092	24,350
	Dec	11,937	9,426	21,363	1,939	614	2,554	311	16	327	115	94	209	14,302	10,150	24,452
1985	March	11,926	9,471	21,397	1,958	624	2,582	310	16	326	107	83	190	14,301	10,194	24,495
	June	11,908	9,506	21,414	1,975	635	2,610	309	16	326	100	76	176	14,293	10,233	24,527
	Sept	11,879	9,548	21,427	1,979	636	2,615	309	16	326	126	103	229	14,293	10,303	24,596
	Dec	11,858	9,560	21,418	1,982	636	2,619	307	16	323	120	97	217	14,268	10,309	24,577
1986	March	11,799	9,596	21,395	1,986	637	2,623	306	16	323	108	83	191	14,199	10,332	24,531
	June	11,748	9,631	21,379	1,989	637	2,627	305	16	322	127	99	226	14,170	10,383	24,553
	Sept	11,709	9,671	21,380	2,030	655	2,685	306	16	323	157	128	285	14,202	10,470	24,672
	Dec	11,661	9,728	21,389	2,071	673	2,743	304	16	320	155	123	278	14,191	10,539	24,730
1987	March	11,643	9,773	21,416	2,111	690	2,802	304	16	320	143	111	255	14,201	10,591	24,792
	June	11,701	9,874	21,575	2,152	708	2,860	302	16	319	177	134	311	14,332	10,733	25,065
	Sept	11,774	9,966	21,740	2,178	713	2,891	303	16	319	223	161	383	14,477	10,856	25,333
	Dec	11,864	10,092	21,956	2,204	719	2,923	301	16	317	216	151	366	14,585	10,977	25,562
1988	March	11,942	10,183	22,125	2,231	724	2,954	301	16	317	205	138	343	14,678	11,061	25,739
	June	11,973	10,247	22,220	2,257	729	2,986	300	16	316	205	138	343	14,734	11,130	25,864
	Sept	11,994	10,327	22,322	2,277	739	3,017	299	16	315	220	149	369	14,790	11,232	26,022
	Dec	11,968	10,364	22,332	2,297	750	3,048	297	16	313	252	156	408	14,814	11,286	26,100
1989	March	11,982	10,443	22,425	2,317	761	3,079	293	16	310	285	164	448	14,878	11,384	26,261

* 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 the results of the 1987 census of employment

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
		R	R	R										R	R	R
1983	June	-33	61	28	1	12	12	0	1	1	3	5	7	-29	78	49
	Sept	-17	70	53	50	19	69	3	0	3	71	59	130	106	148	254
	Dec	-13	76	62	49	20	69	0	0	0	22	19	41	59	114	172
1984	March	-15	50	35	50	19	69	1	0	1	-5	-6	-11	30	64	94
	June	-4	29	24	49	20	68	0	0	0	-1	0	-1	44	49	92
	Sept	12	40	53	18	10	29	2	0	2	22	18	40	55	69	124
	Dec	30	52	81	18	10	29	-1	0	-1	-3	-4	-7	44	58	102
1985	March	-10	45	35	18	10	29	-1	0	-1	-8	-11	-19	-1	44	43
	June	-18	35	17	18	11	28	-1	0	0	-7	-7	-14	-8	39	31
	Sept	-29	42	12	3	1	4	0	0	0	26	27	53	0	69	69
	Dec	-21	12	-9	3	1	4	-2	0	-2	-6	-6	-12	-25	6	-19
1986	March	-59	36	-23	3	1	4	-1	0	-1	-12	-14	-26	-69	23	-46
	June	-51	35	-17	4	0	4	-1	0	-1	19	16	35	-29	51	22
	Sept	-39	41	1	41	18	58	1	0	1	30	30	59	32	88	120
	Dec	-47	56	9	41	18	58	-2	0	-2	-2	-5	-8	-11	69	57
1987	March	-18	45	27	41	18	58	0	0	0	-11	-12	-23	11	51	62
	June	58	102	160	40	18	58	-1	0	-1	33	23	57	131	143	273
	Sept	73	92	164	26	5	31	1	0	0	46	26	72	145	123	268
	Dec	91	126	216	26	5	31	-2	0	-2	-7	-10	-17	108	121	229
1988	March	78	91	169	26	5	31	0	0	0	-11	-13	-24	93	84	177
	June	31	64	95	26	5	31	-1	0	-1	0	0	0	56	69	125
	Sept	21	81	102	20	11	31	-1	0	-1	16	11	26	56	102	158
	Dec	-26	36	10	20	11	31	-2	0	-2	32	7	39	24	55	79
1989	March	14	79	93	20	11	31	-3	0	-3	32	8	40	63	98	161

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

** See notes B5 and B6.

+ See note B9
Estimates for work related government training programmes are not seasonally adjusted.

R = Revised to incorporate the results of the 1987 census of employment.

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	
		R	R	R	R	R	R	R	R	R	R	
1983	March	Q1	5,594	- 75	659	- 8	13,363	+ 26	1,410	- 19	21,026	- 76
	June	Q2	5,538	- 56	648	- 11	13,463	+ 100	1,405	- 5	21,054	+ 28
	September	Q3	5,485	- 53	643	- 6	13,570	+ 108	1,409	+ 4	21,107	+ 53
	December	Q4	5,455	- 30	634	- 8	13,673	+ 103	1,407	- 2	21,169	+ 62
1984	March	Q1	5,429	- 26	623	- 11	13,750	+ 77	1,402	- 5	21,204	+ 35
	June	Q2	5,424	- 5	616	- 7	13,800	+ 49	1,389	- 12	21,229	+ 24
	September	Q3	5,402	- 22	613	- 4	13,873	+ 73	1,394	+ 5	21,281	+ 53
	December	Q4	5,399	- 3	609	- 3	13,964	+ 91	1,391	- 3	21,363	+ 81
1985	March	Q1	5,387	- 11	603	- 6	14,021	+ 57	1,386	- 5	21,397	+ 35
	June	Q2	5,377	- 11	591	- 12	14,072	+ 51	1,375	- 12	21,414	+ 17
	September	Q3	5,371	- 6	581	- 11	14,117	+ 45	1,358	- 16	21,427	+ 12
	December	Q4	5,339	- 32	571	- 10	14,161	+ 44	1,347	- 12	21,418	- 9
1986	March	Q1	5,304	- 35	554	- 17	14,203	+ 42	1,334	- 13	21,395	- 23
	June	Q2	5,242	- 62	545	- 10	14,263	+ 60	1,329	- 6	21,379	- 17
	September	Q3	5,201	- 42	535	- 10	14,322	+ 59	1,322	- 6	21,380	+ 1
	December	Q4	5,173	- 28	525	- 10	14,366	+ 44	1,325	+ 3	21,389	+ 9
1987	March	Q1	5,144	- 29	511	- 14	14,430	+ 65	1,330	+ 5	21,416	+ 27
	June	Q2	5,167	+ 23	508	- 3	14,561	+ 131	1,339	+ 9	21,575	+ 160
	September	Q3	5,177	+ 10	508	0	14,703	+ 142	1,351	+ 12	21,740	+ 164
	December	Q4	5,200	+ 23	505	- 3	14,893	+ 190	1,358	+ 7	21,956	+ 216
1988	March	Q1	5,227	+ 27	495	- 10	15,038	+ 145	1,366	+ 8	22,125	+ 169
	June	Q2	5,230	+ 3	487	- 3	15,139	+ 101	1,365	- 1	22,220	+ 95
	September	Q3	5,238	+ 9	486	- 0	15,242	+ 103	1,355	- 9	22,322	+ 102
	December	Q4	5,244	+ 6	483	- 3	15,247	+ 6	1,357	+ 2	22,332	+ 10
1989	March	Q1	5,239	- 5	475	- 8	15,346	+ 99	1,364	+ 7	22,425	+ 93

R=Revised to incorporate the results of the 1987 census of employment.

Table 9: Great Britain

Employees in Employment in Production Industries

Thousand: Seasonally adjusted

	Energy & Water Supply Industries			Manufacturing Industries			
	Levels	Changes		Levels	Changes		
		Mon-thly	Quar-terly		Mon-thly	Three* monthly	Quar-terly
	R	R	R	R	R	R	R
1987 April	496	- 7		5,036	- 5	- 5	
May	496	+ 1		5,048	+ 11	0	
June Q2	499	+ 3	- 3	5,064	+ 16	+ 8	+ 23
July	497	- 3		5,061	+ 3	+ 8	
August	496	0		5,068	+ 7	+ 7	
September Q3	499	+ 3	0	5,074	+ 5	+ 3	+ 10
October	498	- 2		5,082	+ 8	+ 7	
November	497	0		5,092	+ 10	+ 8	
December Q4	497	+ 1	- 3	5,096	+ 4	+ 7	+ 22
1988 January	495	- 1		5,110	+ 14	+ 10	
February	491	- 4		5,119	+ 9	+ 9	
March Q1	487	- 5	- 10	5,122	+ 3	+ 9	+ 26
April	480	- 7		5,124	+ 2	+ 5	
May	479	0		5,126	+ 2	+ 2	
June Q2	479	+ 1	- 8	5,124	- 2	+ 1	+ 3
July	478	0		5,134	+ 9	+ 3	
August	479	+ 1		5,134	0	+ 3	
September Q3	478	- 1	0	5,132	- 2	+ 3	+ 8
October	476	- 2		5,129	- 3	- 1	
November	476	0		5,134	+ 5	0	
December Q4	476	+ 1	- 3	5,138	+ 3	+ 2	+ 5
1989 January	475	- 1		5,142	+ 4	+ 4	
February	473	- 2		5,139	- 3	+ 1	
March Q1	468	- 5	- 8	5,134	- 5	- 1	- 4
April	465	- 2		5,118	- 15	- 8	
May	463	- 2		5,106	- 12	- 11	
June Q2	460	- 3	- 7	5,101	- 5	- 11	- 33
July	457	- 4		5,095	- 6	- 8	

* = Average monthly change over last three months

R = Revised to incorporate the results of the 1987 census of employment

Working Hours of operatives in Manufacturing Industries

Seasonally adjusted

	Hours of overtime worked	Hours lost through short-time working (stood off for whole or part of week)
	(millions)	(millions)
	R	R
1987 April	12.56	.40
May	12.50	.37
June Q2	12.96	.34
July	12.58	.35
August	12.82	.30
September Q3	13.10	.27
October	13.13	.25
November	13.19	.29
December Q4	13.17	.25
1988 January	13.37	.24
February	13.09	.26
March Q1	13.11	.22
April	12.96	.21
May	13.26	.23
June Q2	13.04	.26
July	13.57	.28
August	13.46	.26
September Q3	13.36	.23
October	13.92	.26
November	13.87	.23
December Q4	14.04	.25
1989 January	13.87	.23
February	13.75	.29
March Q1	13.43	.31
April	13.64	.36
May	13.35	.35
June Q2	13.31	.30
July	13.27	.27

A revised index of average weekly hours will be published next month incorporating the revised employment and hours data now available.

VACANCIES

The stock of unfilled vacancies at jobcentres (seasonally adjusted) decreased by 3,200 in the month to August to 216,700. Over the past three months to August, seasonally adjusted vacancies have decreased on average by 500 per month.

Unadjusted, there was a decrease of 11,094 unfilled vacancies in the month to 217,154.

The inflow of notified vacancies increased on average by 1,500 per month in the three months ending August 1989, the outflow increased by 1,700 per month, and placings increased by 1,000 per month.

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

TABLE 10: UNFILLED VACANCIES - UNITED KINGDOM

THOUSAND

		<u>VACANCIES AT JOBCENTRES+</u>			<u>VACANCIES AT CAREERS OFFICES</u>	
		<u>SEASONALLY ADJUSTED</u>		<u>UNADJUSTED</u>		
		Number	Change since previous month	Average change over past 3 months	Number	Unadjusted
1988	Aug	242.8	-6.9	-3.9	244.0	31.6
	Sep	240.3	-2.5	-4.9	260.1	31.9
	Oct	251.2	10.9	0.5	271.8	30.6
	Nov	245.2	-6.0	0.8	252.3	26.5
	Dec	238.3	-6.9	-0.7	223.3	23.4
1989	Jan	229.2	-9.1	-7.3	203.3	21.9
	Feb	228.1	-1.1	-5.7	202.0	21.8
	Mar	222.9	-5.2	-5.1	204.8	23.1
	Apr	222.1	-0.8	-2.4	216.8	25.1
	May	218.2	-3.9	-3.3	225.4	27.4
	Jun	226.4	8.2	1.2	240.6	35.2
	Jul	219.9	-6.5	-0.7	228.2	34.3
	Aug	216.7	-3.2	-0.5	217.2	31.6

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

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	Aug	227.0	-1.4	232.6	1.5	156.8	-0.4
	Sep	227.7	-1.0	229.0	-0.2	155.4	-0.3
	Oct	232.8	0.8	229.3	-0.9	153.4	-1.0
	Nov	234.0	2.3	242.5	3.3	162.3	1.8
	Dec	230.8	1.0	233.4	1.5	157.6	0.7
1989	Jan	220.4	-4.1	231.0	0.6	160.5	2.4
	Feb	234.8	0.3	239.4	-1.0	167.2	1.6
	Mar	229.3	-0.5	234.8	0.5	164.0	2.1
	Apr	220.8	0.1	221.9	-3.0	154.8	-1.9
	May	221.4	-4.5	222.5	-5.6	154.5	-4.2
	Jun	231.6	0.8	222.4	-4.2	155.1	-3.0
	Jul	226.6	1.9	228.8	2.3	157.4	0.9
	Aug	226.0	1.5	227.5	1.7	157.5	1.0

TABLE 12: UNFILLED VACANCIES* - REGIONS - August 1989

THOUSAND

	VACANCIES AT JOBCENTRES			VACANCIES AT CAREERS OFFICES#
	UNADJUSTED	SEASONALLY ADJUSTED		
	TOTAL	Number	Change since previous month		UNADJUSTED
South East (incl. Greater London)	69.6 (21.9)	70.1 (23.6)	-2.5 (-0.5)	17.2 (9.0)
East Anglia	8.3	8.0	-0.1	1.3
South West	18.4	18.3	-0.4	1.9
West Midlands	18.9	19.3	-0.3	3.3
East Midlands	12.7	12.7	-0.1	1.7
Yorks and Humberside	13.4	13.3	0.3	1.4
North West	24.7	24.3	0.4	1.7
North	10.8	10.3	-0.8	0.5
Wales	15.1	14.6	-0.2	0.5
Scotland	22.7	22.0	0.3	0.9
GREAT BRITAIN	214.6	212.9	-3.3	30.4
Northern Ireland	2.6	3.7	0.0	1.3
UNITED KINGDOM	217.2	216.7	-3.2	31.6

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

See note C2.

AVERAGE EARNINGS

The underlying increase in average weekly earnings in the year to July was about 9 1/4 per cent, a rise of 1/4 per cent from the increase in the year to June. The actual increase in the year to July 1989, at 8.7 per cent, was below the underlying increase as arrears in 1988 were higher than 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	July	118.2	117.0	8.0	7 3/4	
	August	117.3	117.1	7.6	7 3/4	
	September	117.2	117.4	7.9	7 3/4	
	October	118.4	118.8	8.1	8	
	November	120.6	120.2	8.4	8 1/4	
	December	122.4	121.0	8.8	8 1/2	
	1988	January	120.4	121.8	8.7	8 1/2
		February	120.3	122.0	8.2	8 1/2
		March	124.0	124.0	9.5	8 1/2
		April	124.3	124.4	8.9	8 1/2
		May	124.1	124.2	7.6	8 1/2
		June	125.9	125.1	8.1	8 3/4
July		128.3	126.9	8.5	9	
August		126.8	126.6	8.1	9 1/4	
September		127.3	127.6	8.7	9 1/4	
October		128.9	129.5	9.0	9	
November		131.2	130.7	8.7	8 3/4	
December		135.7	134.3	11.0	8 3/4	
1989	January	131.8	133.3	9.4	9	
	February	132.0	133.8	9.7	9 1/4	
	March	134.9	134.9	8.8	9 1/4	
	April	135.6	135.7	9.1	9 1/4	
	May	135.9	136.1	9.6	9 1/4	
	Jun	137.6	136.8	9.4	9	
	Jul*	139.4	137.9	8.7	9 1/4	

* Provisional

R Revised

In production industries, the underlying increase in average weekly earnings in the year to July was about 9 1/4 per cent, the same level as the increase in the year to June, which has been revised from 9 per cent. Within this sector, in manufacturing industries, the underlying increase in the year to July was about 9 per cent, the same as the increase in the year to June. The actual increases for production industries and manufacturing industries in the year to July were, respectively, 9.4 per cent and 9.2 per cent.

In service industries, the underlying increase in average weekly earnings in the year to July was about 8 3/4 per cent, the same as the increase in the year to June. The actual increase in the year to July was 8.1 per cent.

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

		Production industries*			Manufacturing industries**			Service industries***		
		% increases over previous 12 months			% increases over previous 12 months			% increases over previous 12 months		
		Index 1985=100	seas adj	under-lying	Index 1985=100	seas adj	under-lying	Index 1985=100	seas adj	under-lying
1988	Jan	121.7	8.0	8 1/2	121.7	8.5	8 1/2	121.4	9.2	8 1/2
	Feb	120.7	6.3	8 1/2	121.1	7.1	8 1/2	122.1	9.4	8 1/2
	Mar	123.1	8.6	8 1/4	123.2	8.8	8 1/2	124.4	10.2	8 1/2
	Apr	125.6	9.6	8 1/2	125.2	9.4	8 3/4	123.8	8.6	8 1/2
	May	126.0	9.4	8 1/2	124.9	8.9	8 3/4	123.5	6.2	8 1/2
	Jun	125.3	8.3	9	125.0	8.0	9	125.5	8.2	8 3/4
	Jul	127.0	8.6	9	126.6	8.3	9	126.6	8.4	9
	Aug	127.2	8.1	9	126.7	8.3	8 3/4	126.0	7.9	9 1/4
	Sep	128.3	8.2	8 3/4	127.6	8.0	8 3/4	126.6	8.7	9 1/4
	Oct	130.1	8.5	8 3/4	129.2	8.2	8 1/2	128.4	8.6	9
	Nov	130.4	8.6	8 3/4	130.2	8.7	8 3/4	131.0	8.8	8 3/4
	Dec	132.5	9.1	9	132.4	9.1	8 3/4	135.6	12.4	8 3/4
1989	Jan	133.2	9.4	9	133.2	9.4	9	132.7	9.3	9
	Feb	133.4	10.5	9 1/4	133.2	10.0	9	133.0	8.9	9
	Mar	133.9	8.8	9 1/4	133.4	8.3	9	135.1	8.6	9
	Apr	136.7	8.8	9 1/4	136.5	9.0	9	135.2	9.2	9
	May	137.2	8.9	9 1/4	136.1	9.0	9	135.6	9.8	8 3/4
	Jun	136.4	8.9	9 1/4 R	135.7	8.6	9	137.1	9.2	8 3/4
	Jul(p)	138.9	9.4	9 1/4	138.3	9.2	9	136.8	8.1	8 3/4

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

NEW AND REVISED FIGURES FOR WAGES AND SALARIES PER UNIT OF OUTPUT WILL BE RELEASED ON WEDNESDAY 20 SEPTEMBER. THE ESTIMATES SHOWN BELOW ARE UNCHANGED FROM THE AUGUST LABOUR MARKET PRESS RELEASE.

In the three months ending June 1989, wages and salaries per unit of output in manufacturing industries were 3.2 per cent above the corresponding period a year earlier. This increase was below the rise in average earnings in manufacturing (see Table 14) as there was a rise of about 5 1/2 per cent in productivity over this period (see Table 16).

In the first quarter of 1989 wages and salaries per unit of output in the whole economy were 8.3 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	Q3	104.8	3.7	106.0	4.7
	Q4	103.7	-0.2	106.8	4.3
1987	Q1	105.9	1.1	107.6	3.5
	Q2	104.9	0.2	109.3	4.0
	Q3	105.9	1.0	110.6	4.3
	Q4	107.6	3.8	113.1	5.9
1988	Q1	108.5	2.5	114.9	6.8
	Q2	109.8	4.7	116.9	7.0
	Q3	108.3	2.3	118.3	7.0
	Q4	110.2	2.4	121.9	7.7
1989	Q1	111.6	2.9	124.4	8.3
	Q2	113.3	3.2	..	..
1989	Jan	111.2	3.3	..	..
	Feb	111.8	2.8	..	..
	Mar	111.9	2.6	..	..
	Apr	114.7	3.4	..	..
	May	112.3	2.6	..	..
	Jun	112.8	3.5	..	..
3 months ending					
1989	Jan	110.8	2.7	..	..
	Feb	111.5	2.9	..	..
	Mar	111.6	2.9	..	..
	Apr	112.8	2.9	..	..
	May	113.0	2.9	..	..
	Jun	113.3	3.2	..	..

Note: The effects of the Piper Alpha disaster and other oil industry interruptions are estimated to have added about 1 percentage point to the increase in unit wage costs for the whole economy in 1989 Q1 and about 1/2 a percentage point in each of the two previous quarters.

PRODUCTIVITY

NEW AND REVISED FIGURES FOR OUTPUT PER HEAD WILL BE RELEASED ON WEDNESDAY 20 SEPTEMBER 1989. THE PRODUCTIVITY ESTIMATES BELOW ARE UNCHANGED FROM THOSE THAT APPEARED IN THE AUGUST LABOUR MARKET PRESS RELEASE.

Manufacturing output per head in the three months to June was 0.6 per cent higher than in the three months ending March and 5.5 per cent higher than in the same period a year earlier.

Output per head in the whole economy in the first quarter of 1989 was 0.3 per cent lower than in the previous quarter but 0.4 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	Q3	103.3	3.5	102.7	2.8
	Q4	107.0	8.2	103.7	3.4
1987	Q1	106.6	6.6	104.0	3.0
	Q2	109.6	7.6	104.6	2.6
	Q3	110.8	7.3	105.4	2.6
	Q4	111.7	4.4	105.7	1.9
1988	Q1	112.4	5.4	106.0	1.9
	Q2	113.8	3.8	105.8	1.1
	Q3	117.2	5.8	106.6	1.1
	Q4	118.4	6.0	106.8	1.1
1989	Q1	119.4	6.2	106.4	0.4
	Q2	120.1	5.5	..	..
1989	Jan	119.8	6.0	..	..
	Feb	119.1	7.0	..	..
	Mar	119.2	5.6	..	..
	Apr	118.9	5.4	..	..
	May	121.1	6.2	..	..
	Jun	120.3	5.0	..	..
3 months ending					
1989	Jan	119.0	6.2	..	..
	Feb	119.2	6.5	..	..
	Mar	119.4	6.2	..	..
	Apr	119.1	6.0	..	..
	May	119.7	5.7	..	..
	Jun	120.1	5.5	..	..

Note: The effects of the Piper Alpha disaster and other oil industry interruptions are estimated to have reduced the increase in whole economy output per head by about 1 percentage point in 1989 Q1 and by about 1/2 a percentage point in each of the previous two quarters.

Industrial stoppages

In July 1989, it is provisionally estimated that 2,371 thousand working days were lost in the United Kingdom through stoppages of work due to industrial disputes. This compares with a provisional estimate of 239 thousand in June 1989, 349 thousand in July 1988 and an average of 503 thousand for July during the ten year period 1979 to 1988.

During the twelve months to July 1989 it is provisionally estimated that a total of 4,872 thousand working days were lost through stoppages of work due to industrial disputes. During this twelve month period a total of 683 stoppages have been provisionally recorded as being in progress, involving a total of 1,052 thousand workers. The comparable figures for the twelve months to July 1988 were 2,243 thousand lost working days, 855 stoppages in progress and 468 thousand workers.

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

	<u>Working days lost</u> (thousand)	<u>Number of</u> <u>Stoppages</u>	<u>Workers involved</u> (thousand)
1988			
Jul	349	71	37
Aug	431	62	151
Sep	1,115	63	163
Oct	53	83	33
Nov	183	85	152
Dec	38	49	18
1989			
Jan(p)	42	58	13
Feb(p)	60	84	20
Mar(p)	77	72	27
Apr(p)	89	67	42
May(p)	174	85	51
Jun(p)	239	70	99
Jul(p)	2,371	74	467
<u>Cumulative totals</u>			
12 months to July 1988	2,243	855	468
12 months to July 1989(p)	4,872	683	1,052

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

NOTES TO EDITORS

GENERAL SYMBOLS

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

UNEMPLOYMENT (Tables 1-5)

A1. The unemployment figures are based on records of those claiming benefits at Unemployment Benefit Offices. The figures therefore include those who claim Unemployment Benefit, Income Support (formerly Supplementary Benefit up to April 1988) or National Insurance credits. The figures include the severely disabled but exclude students seeking vacation work and the temporarily stopped (see below). A full description of the system of compiling the figures appeared in the September 1982 Employment Gazette.

A2. The unemployment figures exclude students who are claiming benefit during a vacation but who intend to return to full-time education when the new term begins. From November 1986 most students have only been eligible for benefits in the summer vacation. On 10 August 1989 students numbered 84,323 in the United Kingdom.

A3. The figures exclude temporarily stopped workers, that is, those who had a job on the day of the count but were temporarily suspended from work on that day and were claiming benefits. On 10 August 1989 these numbered 2,060 in Great Britain and 2,976 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 10 August 1989 were 8.9 per cent for males and 4.7 per cent for females, 7.0 per cent in total (unadjusted).

A5. The latest figures for national and regional seasonally adjusted unemployment are provisional and subject to revision, mainly in the following month. The seasonally adjusted series takes account of all past discontinuities to be consistent with the current coverage. (See the article "Unemployment adjusted for discontinuities and seasonality" in the July 1985 Employment Gazette and also page 422 of the October 1986 edition for the list of previous changes in coverage taken into account). The seasonally adjusted series now relates only to those aged 18 and over in order to maintain a consistent series, allowing for the change in benefit regulations for those aged under 18 from September 1988. See also notes A7 and A8.

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

A6. The unemployment flows in Table 5 relate to people claiming and ceasing to claim benefit. A seasonally adjusted series cannot yet be estimated. The figures are standardised to a four and one third week month to allow for the varying periods between successive monthly count dates, and may therefore appear not to balance with the monthly changes in unemployment levels.

A7. The extension of the guaranteed offer of a YTS place to all those aged under 18 who have not found a job, and the associated change in September 1988 in the entitlement of young people to claim unemployment-related benefits have inevitably affected the coverage of the claimant count mainly from October 1988. There are now only a few under 18's remaining in the count. The effect of the new regulations is to remove about 90,000 on average from the total count with over 80,000 of this having taken place over the two months to October 1988. 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, for most industries is 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 census results to provide current estimates.

B2. The results of the 1987 Census of Employment (for both Great Britain and Northern Ireland) are incorporated in the employees in employment series for the first time this month. The availability of the census data causes revisions to the unadjusted estimates from the

data of the previous Census of Employment in September 1984 and to the seasonally adjusted series from the beginning of 1983. These revisions will be described in more detail in an article to be published in the October issue of Employment Gazette.

B3. 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.

B4. 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.

B5. 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 censuses of employment carried out at the same time as those for Great Britain, but the sample surveys are a little different and the LFS is not used to supplement the data collected from employers.

B6. 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.

B7. 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.

B8. Figures for HM Forces are provided by the Ministry of Defence.

B9. 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.

B10. 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.

B11 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.

B12. 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. It requires revision in the light of the new employment and hours series. A new index of average weekly hours will be published next month.

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, and also due to a difference between the timing of the two counts, they 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. Later figures for unit wage costs and productivity will be available from the Department of employment, Caxton House, Tothill Street from 11.30 am Wednesday 20 September. These estimates will be consistent with the Output of production Industries released by the CSO at the same time.

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.

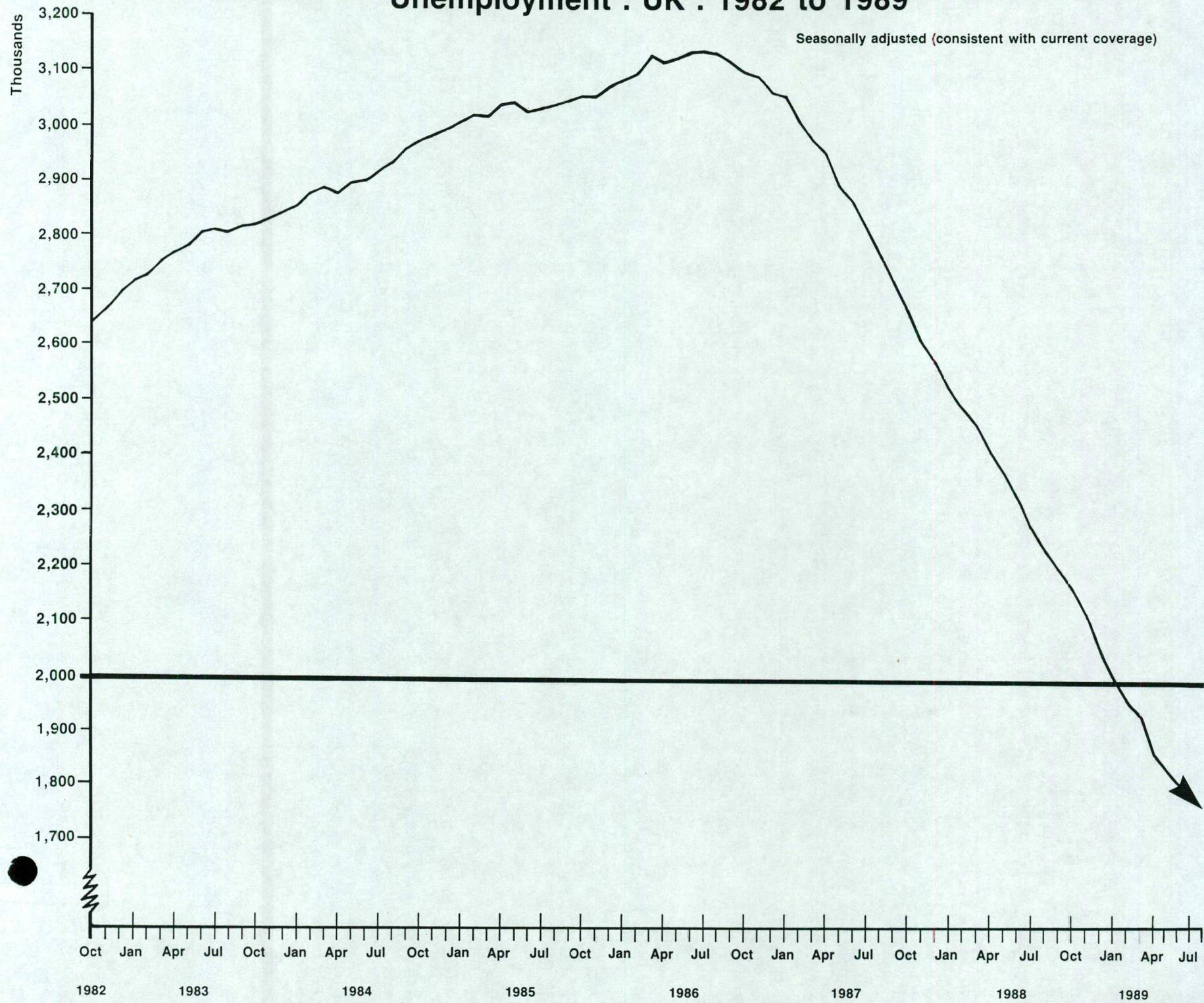
INDUSTRIAL STOPPAGES (Table 17)

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.

Unemployment : UK : 1982 to 1989

Seasonally adjusted (consistent with current coverage)



000485

amp



SECRET

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Secretary of State

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REC.	27 SEP 1989
ACTION	Mr Binn,
COPIES TO	cc, Mr Anson, Mr Monck, Mr Lane, Mr Wilson, Mr MacAvellan, Mr Hamford, Mrs Chaplin, Mr Tyne.

The Right Hon Norman Lamont MP
Chief Secretary to the Treasury
Treasury Chambers
Great George Street
LONDON SW1

26 September 1989

Following our bilateral meeting on 18 September, I am writing to follow up the points we discussed about the Employment Service relating to the rationalisation of the local office network, the IS Strategy and charging for ES services.

As you know, I intend to write to the Prime Minister about my proposals for rationalising the Employment Service local office network of Jobcentres and Benefit Offices. Since the Employment Service was established, unemployment has fallen consistently and the service has shed large numbers of staff - 5,100, or 12%, since January 1988 - as the result of a major reduction in the number of people receiving unemployment benefit. There is now a considerable surplus of space throughout the ES network which needs to be reduced and which represents an opportunity to make further savings in public expenditure.

In proposing a rationalisation of ES local offices I have also taken account of recent developments in our employment policies. Taken together, the reduced requirement for office space and the stricter benefit regime signalled by this year's Social Security Act lead me to the firm view that there would be considerable benefits to be had from a physical merger under one roof of Jobcentre and Benefit Office functions. Such a merger should bring together the ES's job placing work and the administration of unemployment benefit. This would enable ES staff to coordinate these functions better and with the support of some strategic computer systems to implement much more effectively the provisions of the Social Security Act which require unemployed people to demonstrate they are actively seeking work. The merger should also improve the take up by the unemployed of our programmes to get them back to work given that they would be accepting offers in the same offices that they would have to attend to sign on every fortnight.



SECRET

Employment Department · Training Agency
Health and Safety Executive · ACAS



SECRET
Secretary of State
for Employment

As to the detail of my proposals, the ES currently has some 2,000 Jobcentres and Benefit Offices operating out of about 1,800 sites. I believe that it needs a network of more like 1,100 offices to fulfil the objectives it will be set as an Executive Agency. It will take between 4-5 years to achieve a merger and reduction of this scale because of premises and other constraints. However, very considerable progress could be made over the next 2-3 years by when the ES Network would be reduced to some 1,200 offices of which the greater part would be merged.

The annual capital cost of such a merger would be some £12 million on top of the ES's existing capital baseline. My original PES bid made on the strength of a more elaborate and costly integration of offices, which I no longer intend to pursue, was for twice that amount. From year 3 of the PES period onward I would expect this additional capital cost to be offset by annual running costs savings of some £12 million: we cannot expect to generate the savings until then. I have offered up the savings in year 3 as you will see from my other letter of today's date. The relatively small scale of savings reflects the fact that most of the office closures will be Jobcentres or limited Benefit Offices, which have considerably lower running costs than the larger Benefit Offices on which the rationalised Employment Service's estate would need to be based. To maximise the impact of this rationalisation and the new Social Security Act it will be necessary to develop some of the computer systems which comprise the ES IS Strategy. However, in view of the pressures on public expenditure I am now proposing a less costly approach to the strategy which has both lower capital costs across the PES years and reduces the running costs bid by £10.4 million in the final year.

You raise the possibility of charging for ES services as a means of further reducing running costs. I am reluctant to consider charging at this stage for the following reasons. We cannot realistically consider charging employed people seeking another job: private agencies are prohibited from doing so and we should probably need main legislation to do so. As for charging employers, the current service we provide to them is a very basic one which benefits us as much as them. It amounts to little more than displaying vacancies on self-service vacancy boards in Jobcentres and referring would-be applicants - employed or unemployed - to them. Employers using Jobcentres tend not to do so exclusively and advertise the vacancies they place with Jobcentres with the local press and elsewhere; we would lose many of the vacancies and hence the chance to place unemployed people if they were charged for referrals of employed people.

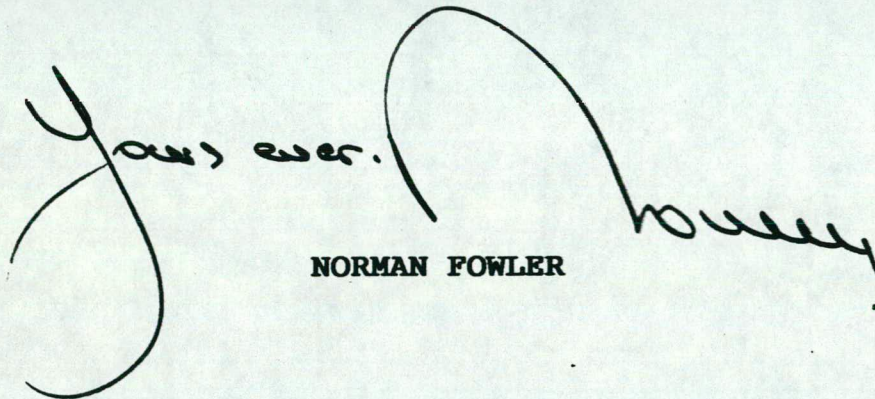


SECRET
Secretary of State
for Employment

The ES service is much more basic than the one offered by private employment agencies. It is also much more basic than the one offered by Jobcentres in the past and before the staff resources were geared to placing unemployed people in work. It now consumes very few resources, but to provide a service for which employers will be willing to pay would mean providing extra staff resources to work up a market-credible offering. I believe such a step would also create a considerable distraction for ES staff which would carry with it a serious risk that they would no longer focus their efforts on unemployed people who we know are less attractive to employers as prospective employees. There would as a result be a tendency for ES staff to want to develop an up-market product at the expense of placing unemployed people in work.

Your alternative proposal was that we should cease to provide any service to employed people. The creation of a merged ES office network located off the High Street and geared to helping unemployed people back into work will in any case reduce the use made by employed people of ES services. At most they are likely only to make use of the self-service vacancy displays. It will be apparent from what I have said above that we cannot expect significant savings in running costs because the cost of providing a service for employed people is a marginal one given that the operation has to be maintained for placing unemployed people in work. Moreover, although about 20% of the present clientele is employed, the work entailed in placing them in jobs is very considerably less because unemployed people require on average several times as many submissions to vacancies before they are placed.

In summary, I do not think it is in our policy interest to contemplate either a charging regime for the ES at the present time or attempting to debar the employed from using the service. Either course would distract the service from its prime purpose of placing unemployed people in work.

Yours ever,


NORMAN FOWLER

Unemployment

9 □ 1989 Monthly

Handwritten signature and a red checkmark.

26 September 1989

UNEMPLOYMENT IN THE COMMUNITY

August 1989

After compensating for differences in national recording methods, the seasonally adjusted **unemployment rate in the European Community is estimated to have been 9.2% in August 1989**, the same level as the previous month.

The overall picture for unemployment in the Community shows that, after some downward movement in the early part of the year, unemployment rates for all categories of age and sex have remained static during the last four months.

However, over the last 12 months, the rate for the Community as a whole has dropped from 10.1% to 9.2%, with that of males falling slightly faster. Over the same period there has been a far bigger fall, from 20.2% to 17.8%, in the unemployment rate for young people under 25 years of age. The rate for males in this age group once again decreased at a slightly faster rate.

The number of registered unemployed in the 12 Member States in July 1989 was 14.2 millions. Due to the new method of counting unemployed in the Netherlands, the figure for August 1989 will be available only in next month's bulletin.

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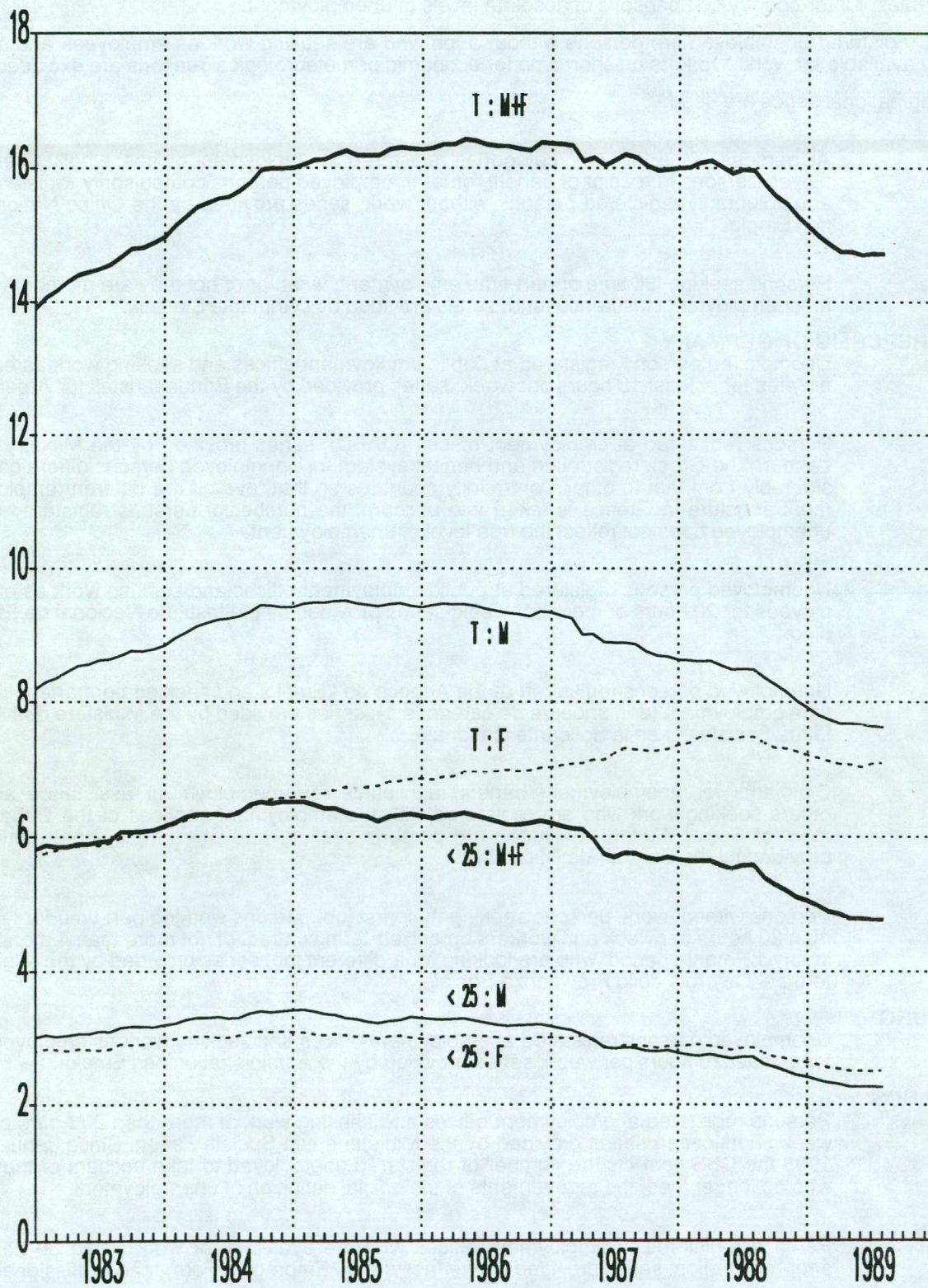
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Symbols and abbreviations:

T	Total	Ø	Average
M	Males	:	Not available
F	Females	*	Estimated by Eurostat

Number of registered unemployed in accordance with national legislation
Seasonally adjusted

EUR 12 - Millions



Registered unemployed in accordance with national legislation

Explanatory notes

This part of the bulletin is based on national data of numbers of **persons registered as unemployed at public employment offices**. The data given are standardized to the greatest extent possible at the present time and may differ in some cases from those normally used by the individual countries. Differing national legislation and administrative procedures in the Member States prevent the establishment of fully comparable unemployment figures. The data should therefore be used only for analysis and the identification of trends and are not suitable for inter-country comparisons of absolute levels of unemployment.

In principle, registered unemployed are persons without a job who are seeking work as employees and are immediately available for work. Workers on short time for economic or meteorological reasons are excluded.

The following national series are used:

BELGIUM

All persons in the following categories registered at employment offices: wholly unemployed persons in receipt of benefit, other unemployed persons compulsorily registered and voluntarily registered persons without work; series provided by the Office National de l'Emploi.

DENMARK

Persons seeking full-time or part-time employment, whether or not they are members of an unemployment insurance fund; series provided by Danmarks Statistik.

FEDERAL REPUBLIC OF GERMANY

Unemployed persons registered at public employment offices and seeking work as employees for at least 18 hours per week; series provided by the Bundesanstalt für Arbeit.

GREECE

Persons registered at employment offices (OAED); series provided by the Ministry of Labour. The Greek registration and benefit system for unemployed persons differs considerably from that in other Community countries so that, even if the different employment structure in Greece is taken into account, the number of persons registered as unemployed does not reflect the true level of unemployment.

SPAIN

Unemployed persons registered at public employment offices and seeking work as employees for 20 hours or more per week; series provided by the Instituto Nacional de Empleo.

FRANCE

Unemployed persons registered at the Agence de l'Emploi and seeking permanent full-time employment (demandeurs de catégorie 1); series provided by the Ministère des Affaires Sociales et de la Solidarité Nationale.

IRELAND

Claimants for unemployment benefit, applicants for unemployment assistance and others seeking work who are registered with the employment services of the Department of Social Welfare. Excluded are persons seeking part-time employment; series provided by the Central Statistics Office.

ITALY

Persons without work, persons seeking their first job, persons working part-time for less than 20 hours per week and workers on a fixed-term contract of not more than 4 months in any 12-month period, who are looking for a different job; series provided by the Ministero del Lavoro e della Previdenza Sociale.

LUXEMBOURG

Unemployed persons registered at employment offices and seeking work as employees for at least 20 hours per week; series provided by the Administration de l'Emploi.

NETHERLANDS

Persons registered at employment offices and seeking work of more than 20 hours per week (werklozen); series provided by the Ministerie van Sociale Zaken. Since January 1988 the CBS corrects the number of registered unemployed to take account of those who no longer meet the requirements of the official definition of unemployment.

PORTUGAL

Persons registered at employment offices who are available for work within 30 days after registration; series provided by the Instituto de Emprego e Formação Profissional.

UNITED KINGDOM

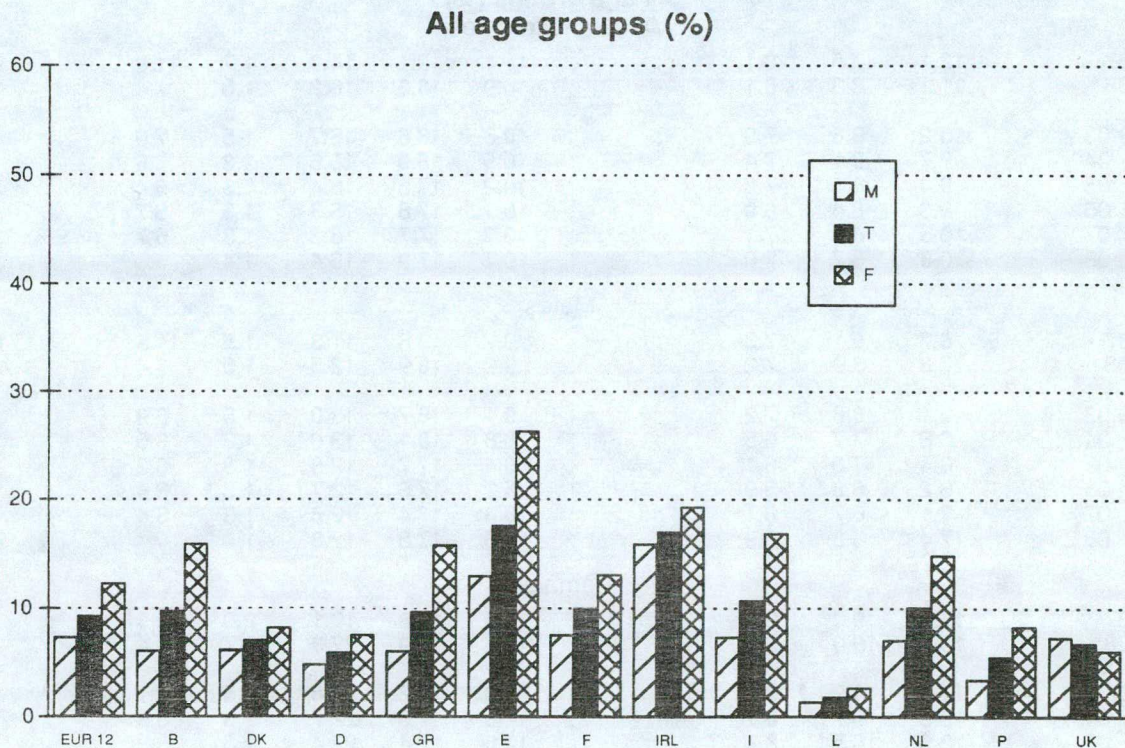
Persons seeking full-time work and claiming unemployment benefit because they are out of work; series provided by the Department of Employment.

Detailed explanatory notes are published by EUROSTAT in "Definitions of registered unemployed".

Unemployment rates for comparison between Member States

In contrast with the unemployment data derived from registrations at unemployment offices, the following estimates of comparable rates allow comparisons of the level of unemployment in the Member States. The comparable rates are based on the results of the Community labour force survey, and the effects of differences in national registration systems are thereby largely removed.

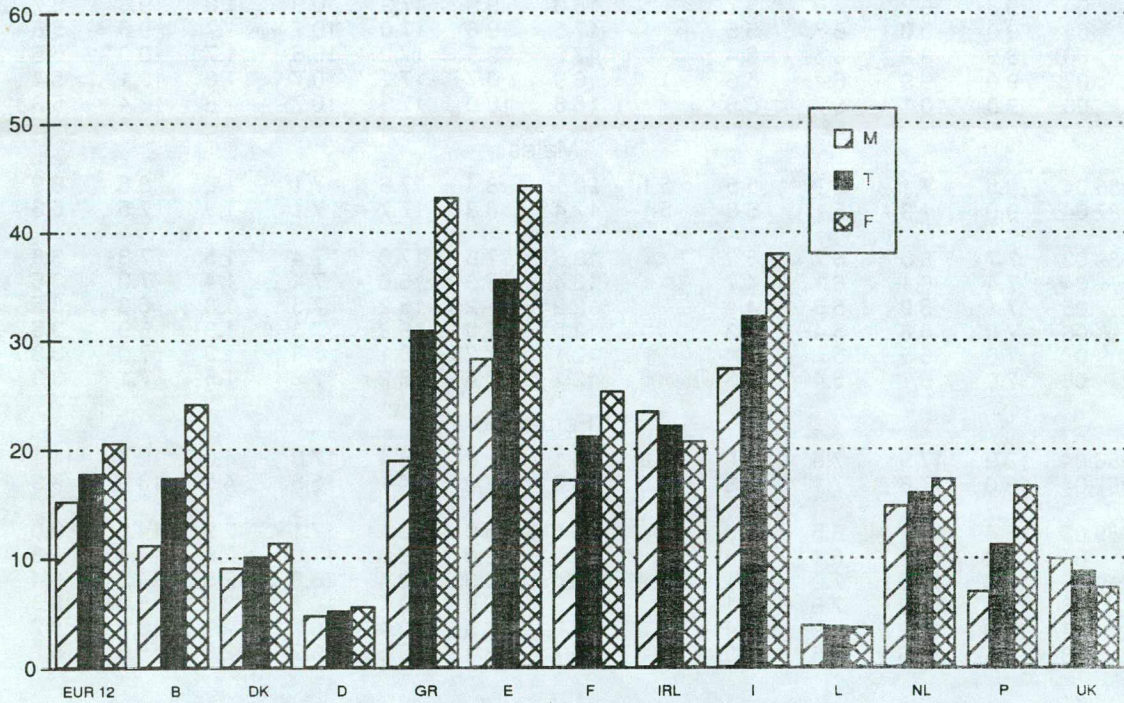
August 1989 (seasonally adjusted)



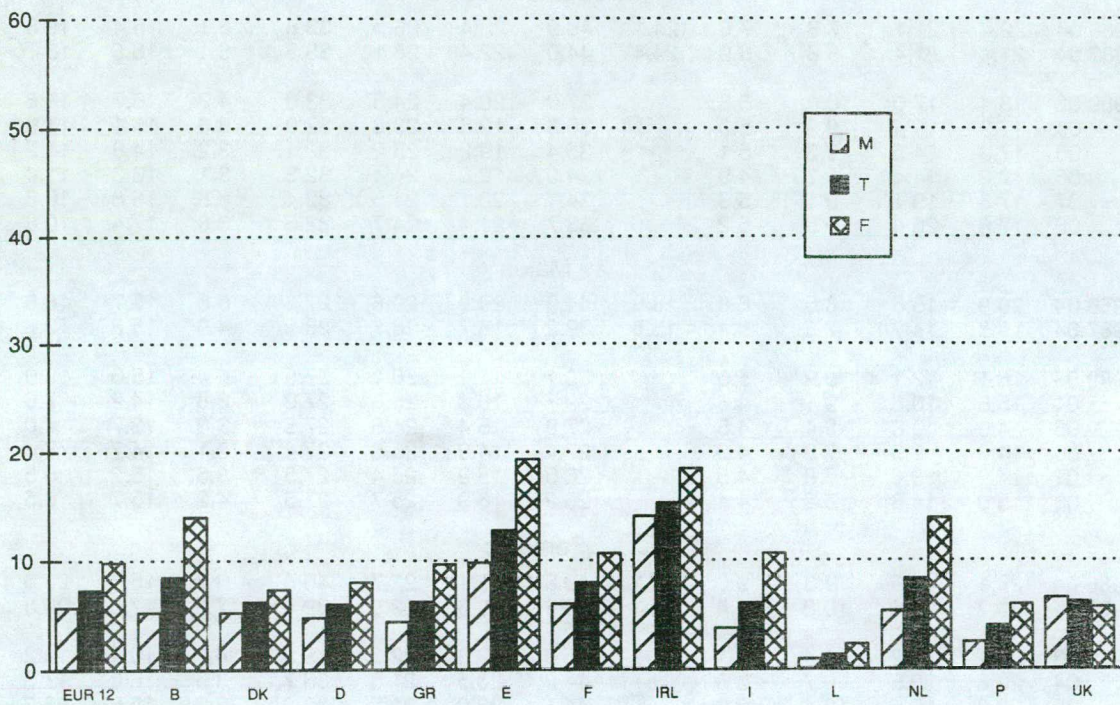
Unemployment rates for comparison between Member States

August 1989 (seasonally adjusted)

Under 25 years (%)



25 years and over (%)



Unemployment rates for comparison between Member States

Method of estimation

1. The comparable unemployment rates are calculated as the ratio of the estimated number unemployed to the labour force (armed forces excluded).

A person is regarded as being unemployed if he/she is aged 14 or over, without work, actively seeking work and immediately available for work.

The labour force comprises persons in employment and unemployed persons.

2. The comparable unemployment rates are based on the results of the Community Labour Force Survey (LFS), carried out in Spring of each year ⁽¹⁾.

The definitions of this survey conform to the recommendations of the 13th International Conference of Labour Statisticians.

The LFS unemployment data are updated using the trend in the monthly numbers of registered unemployed. In Spain and Portugal, the figures are updated using data from the quarterly national LFS in conjunction with the number of registered unemployed. No updating is done for Greece.

The estimated number of persons employed is kept constant at the level of the most recent survey. The number of unemployed is updated monthly.

3. The updating of the number of unemployed is carried out for the following four categories :

- persons aged less than 25 years - males/females
- persons aged 25 years and over - males/females

The totals are obtained by additions of these categories.

4. Unadjusted and seasonally adjusted rates are shown. Seasonal adjustment is performed using the X-11 Variant of the US Bureau of the Census Method.

5. The OECD uses similar methods to calculate its "Standardised Unemployment Rates", which for the 7 Community countries included are based on the results of the EC Labour Force Survey. Differences between Eurostat and OECD in the level of the rates are due to minor conceptual differences and variations in the method of seasonal adjustment.

⁽¹⁾ The most recent results are based on the 1988 surveys except for Denmark, the Netherlands, and the United Kingdom (1987).

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FROM: D I SPARKES
DATE: 9 OCTOBER 1989

MR MONCK

cc PS/Chief Secretary
Mrs Case
Mr Burr
Mrs Chaplin
Mr Lightfoot

mp

TRAINING: PAPER BY ROBERT JACKSON MP

The Chancellor was most grateful for your minute of 6 October commenting on Mr Jackson's paper. He is inclined not to see Mr Jackson, at least for the time being.

D.I.

DUNCAN SPARKES

CONFIDENTIAL AND PERSONAL

Handwritten notes in red ink:
M...
I win...
see Mr Jackson...
No...
rule:

FROM: N MONCK
DATE: 6 October 1989
EXT: 4399

CHANCELLOR OF THE EXCHEQUER

cc Chief Secretary
Mrs Case
Mr Burr
Mrs Chaplin
Mr Lightfoot

TRAINING : PAPER BY ROBERT JACKSON MP

I understand that Mr Jackson has asked for a meeting to discuss the paper he sent you in August on a personal basis.

2. The paper's key points are that inadequate training of the 16-18 age group in the UK is not a problem of supply but one of lack of demand; and that a scheme of training vouchers, entitling all school leavers to two years of publicly financed training, would be the solution.

3. Mr Jackson has had some support from the CBI Task Force chaired by Sir Bryan Nicholson whose report will be put to the CBI's conference in November for endorsement. The CBI, like Mr Jackson, argue that vouchers ("credits" in their terminology) could be financed from two sources:

(a) the funds that would otherwise be devoted by DE to YTS (which will be reduced in the Survey) and for Non-Advanced Further Education; and

(b) a 50 per cent increase in employer spending on this group which would among other things take over the funding of the income support element in YTS.

4. We and DE have a number of, largely shared, reservations about these schemes:

(a) effectiveness: it is highly uncertain whether and how far the scheme really would lead to a big increase in demand for training;

(b) financing and value for money: increased employer finance on the scale envisaged by the CBI and DES cannot be relied on. In any case the universal nature of the

scheme, in contrast to the present 60 per cent of 16-17 year old school leavers who benefit from YTS, would mean either an increase in total cost or a sharp cut in amount spent per trainee. Much of this would be dead weight for people now trained at employer expense outside YTS;

- (c) timing and compatibility with TECs: Mr Jackson started his campaign late - after the launching of TECs - and his officials did not mention vouchers/credits during the Review of YTS whose results Mr Fowler has been hoping to announce after the Autumn Statement.

The Present Position

5. Mr Baker circulated some proposals for vouchers in June in response to a letter from Mr Fowler about the YTS Review. Mr Fowler complained about the timing of the proposals and pointed out that the inter-departmental group, including DES, had been;

"against an early move to a voucher based system, while recognising the possibility of a pilot approach through TECs".

But he agreed that vouchers were worth considering seriously and that his officials should take part. Since then there have been two official meetings chaired by DES. The arguments of substance have been exposed; and it has been agreed that vouchers should be excluded from this year's Survey and that Mr Fowler's announcement about the YTS Review should pre-empt as little as possible the future direction of policy. It is possible that DES Ministers will raise vouchers at the collective discussion proposed by the Prime Minister (probably soon after the Survey):

"to consider the extent to which the Government should fund training at a time of tighter labour market conditions"

DE will show us their paper and we will consider whether Treasury Ministers should be offered a draft paper.

6. It is not yet clear whether or in what way DES Ministers will in fact raise a voucher scheme at this meeting. I gather that when Mr Jackson returns from Japan next week he will consider a

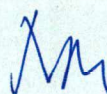
draft paper he plans to send to Mr MacGregor. DES Ministers are likely to discuss it around the end of October and until that has happened it will not be clear whether Mr MacGregor shares Mr Jackson's enthusiasm for vouchers. I guess that Mr Jackson's object in talking to you is to be able to tell Mr MacGregor that you have said something favourable about vouchers.

Line to Take

7. If you are inclined to see Mr Jackson, I suggest the following rather cautious line to take:

- (a) some attractive features in vouchers at first sight;
- (b) worthwhile for officials to produce an agreed report on the pros and cons, financing, and, if they look like a genuine runner, on possible steps for testing and perhaps eventually introducing them;
- (c) but not prepared to go further than this in advance of such an examination. Clearly problems of effectiveness, financing and value for money, and compatibility with leading role for TECs in which the Government has invested a good deal of credit.

8. The annex responds to your comments on Mr Jackson's paper.



N MONCK

ANNEX

Your comments on Mr Jackson's paper

I agree that his statement that "it is almost always cheaper to pay a higher wage to attract a worker trained by someone else than to undertake the training oneself" goes too far. But in principle and no doubt sometimes in practice there can be a free rider problem and the poaching argument is certainly often used by British businessmen. I asked Treasury economists in the summer to see if there is any evidence to support this familiar claim. They concluded that international comparisons of labour turnover suggest that the attribution of low training provision in the UK to an unusually high level of "poaching" is untenable.

2. I do not recognise Mr Jackson's figures (in his para 4) for the proportion of trainees pay as a proportion of adult earnings here and in Germany. But Treasury economists do confirm that apprentice and trainee wages here are relatively high here compared with competitor countries. For example, a study published in 1985 showed that over the term of an apprenticeship a British apprentice paid the minimum rate in the collective agreement would receive about 75 per cent of the minimum skilled rate compared to perhaps 30-35 per cent in Germany. There is also a contrast in the payments received by trainees and non-trainees of the same age. In Germany the trainee gets only about half the basic pay of other young workers, whereas in the UK pay levels are very similar for both groups. These differences partly explain why the amount of training provided by employers is lower than in other countries although their expenditure on training, including pay or allowances, seems to be similar. On the other hand it is encouraging that there was some reduction ^{here} between 1978-80 and 1986-88 in the ratio of youth earnings to average earnings.

3. I attach* Annex 3 from the YTS Review which answers your request for a comparison of practice on youth training here and in the main competitor countries. I have assumed you would skim it, but if you would prefer a summary we could provide one later.

INTERNATIONAL COMPARISONS

General

1. This Annex makes comparisons between vocational education and training for young people in Great Britain and in four major competitor countries - Japan, the United States of America, the German Federal Republic and France. The Annex focusses on three main aspects:

- participation by young people in education (paragraphs 4-9)
- vocational education at upper secondary level (10-34)
- relevant vocational outcomes, ie, skills, qualifications and productivity. (35-46).

2. Some caveats should be noted. There is generally a lack of comprehensive statistics on training, particularly that undertaken on employers' premises. Terminology, definitions and methods of measurement also vary. In addition, training in different countries tends to be adapted to the wider economic and social conditions prevailing in those countries, particularly to the general education system and to job market structures. Considerable caution must therefore be applied in making judgements that a successful aspect of one country's approach to training can be "exported" and successfully applied in another country.

3. Nonetheless, international comparisons can play an important part in informing judgements about training and vocational education in this country. Indeed, there is a long tradition of looking overseas in examinations of training in Britain. For example, the 1882-1884 Royal Commission of Technical Instruction (The Samuelson Commission) concluded that "the neglect of education and training by the state in Britain was one of the key factors for her losing ground to foreign competitors". A century later the report "Competence and Competition" (Sussex University Institute of Manpower Studies, 1984) made unfavourable comparisons between the position in Britain and that in Japan, the United States of America and West Germany.

Participation by Young People in Education and Training

4. A significant difference in education and training between the major industrial countries is the extent of participation by young people in full time education. Table 10.1 below sets out data on enrolment rates compiled by the OECD.

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Table 1

Education Enrolment Rates for 16 and 17 Year Olds,
and Higher Education Participation Rates (a)

	Enrolment Rates 1985-86						Participation Rate in Higher Education 1984
	16 year olds			17 year olds			
	Full Time	Part Time	Total	Full Time	Part Time	Total	
Germany	74	26	100	54	45	98	27
Japan	91	2	93	89	2	91	38
United States	94	0	94	86	1	87	60(b)
France	81	7	88	71	8	79	34(b)
United Kingdom	50	17	68	32	13	45	31

Sources: 16 and 17 year old enrolment rates from Education in OECD Countries 1985-86: Comparative Statistics, OECD 1988 and higher education participation rates from International Statistical Comparisons in Higher Education; DES Statistical Bulletin, March 1987.

NOTES: (a) Based on new entrants to higher education and population base in total population of the age range which includes 70% of new entrants, divided by the number of years involved

(b) 1982 figures.

5. Almost all young people in Japan and the USA stay on in full time education until they are at least 18. In the USA, particularly, this is associated with a relatively non selective approach to entry to higher education and relatively high higher education participation rates.

6. In the middle range come France and Germany. French participation rates are just under 80% for 16 year olds and just under 70% for 17 year olds. German rates are slightly lower and just about 70% and just above 50% respectively. Entry into a higher education is also on a more selective basis.

7. The UK has the lowest participation rates for 16 and 17 year olds at just under 50% and just over 30% respectively. But the gap with other countries as regards participation in higher

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education is much less. Entry to higher education conforms more to the non-selective model found in France and Germany than the non-selective approach taken in the USA.

8. The inclusion of those participating in education part time results in some re-ordering of relativities between countries. In particular, the legal requirement in Germany for all young people entering the labour market at 15 or 16 to attend school part time until they are 18 raises participation rates to 100%. This requirement forms part of the underpinning of the 'Dual' system of training for young people in Germany which is discussed further below.

9. Including part time education also results in some closing of the gap between UK participation rates and those of Japan, USA and France. But the effect is not as much as in the German case; UK rates with the addition of part-time participants approximate to German rates on a full time only basis. And the gap between the UK and other countries is narrowed further when the UK figures are amended to take full account of young people receiving training under the Youth Training Scheme and those attending evening only education courses. On this basis the 16 year old participation rate rises to 81% and the 17 year old rate rises to 66%.

Table 2

PARTICIPATION IN EDUCATION AND TRAINING GB 1988
(per cent of age group)

	Persons Aged	
	16	17
Full Time Education	47	32
YTS	25	21
Part Time Day Education	5	7
Evening Only	4	5
All	81	65

Source: Training Agency estimates based on DES data.

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Upper Secondary Level Vocational Education

10. Most industrial countries provide opportunities for vocational education to be undertaken at upper secondary level. However, the extent of these opportunities and the form in which they are offered vary. Two important areas of difference are:

a. the extent to which opportunities are concentrated in part-time education which is accompanied by complementary training in employment;

b. the extent to which vocational education is a distinct offering as opposed to an element, possibly a relatively minor element, within a predominantly general education programme.

United States of America

11. In the USA most High School students (mainly in their 11th and 12th grades ie, when they are 16-18 years old) have the opportunity to take up some vocational education.

12. It is usual to distinguish between two broad categories of vocational education programmes: occupationally specific and general. Occupational programmes aim to provide entry level skills for specific occupation. General programmes are more concerned to provide a foundation for career planning and the skills necessary for subsequent occupational training and those which will be useful in work generally and in everyday life.

13. The heterogeneous and decentralised nature of vocational education offerings in the USA makes the gathering of statistics difficult. However, the Vocational Education Data System indicated that in 1979-80 there were 7.17m enrolments in general programmes at the secondary level. The corresponding figure for occupationally specific programmes was 2.91m. Taking the 16-19 year old age group as probably encompassing most enrolments in secondary vocational education, enrolments in general programmes are 42% of this base and occupational programme enrolments 17%.

14. In addition to these opportunities in the High School system, there are a large number of institutions described as 'non-collegiate secondary schools' offering occupational programmes at below higher educational level. In 1982 there were 7,603 schools with 1.9m enrolments of which about three quarters were in privately controlled institutions and just under two thirds were attending full time.

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15. High School education is normally available free of charge. Post-secondary students are required to pay towards the cost of vocational training. In 1980-81 average programme charges were \$2,200 for privately controlled post secondary non collegiate schools offering occupational programmes and \$593 for those publicly controlled, reflecting in part the greater contribution from public sources towards the cost of the latter.

Japan

16. Vocational education in the Japanese High School system shows some similarities to the position in the USA, except that in Japan there is a greater tendency for schools to specialise in either vocational or general education. In 1985 16% of high schools in Japan offered only vocational programmes. 31% offered vocational as well as general programmes, though usually as a minority activity. The remaining 53% of schools offered only general programmes. In total there were 1.44m young people undertaking vocational education programmes in 1985. This was 28% of all pupils in High School.

17. Vocational education in the school system is mainly confined to upper secondary level covering the age band 15 to 18 years. Schools specialising in vocational education at this stage are often called Vocational Upper Secondary Schools. There are also Technical Colleges aiming at higher levels and offering 5 year courses to 16 and 20 year olds. But the number of pupils in these colleges is very small compared to the number in Vocational Upper Secondary Schools.

18. There is a marked tendency for vocational schools to specialise in particular subject areas. Amongst the most common specialisations are machinery, electricity, electronics, architecture, civil engineering and industrial chemistry. Government regulations require that at least one third of total school hours be devoted to general education. This includes mathematics and science which are compulsory. The general practice, even in vocational schools, seems to be for the Government requirement to be exceeded so that about 50% of school time is spent in general education.

19. Schooling in Japan is provided free up to the statutory minimum school leaving age of 15. Thereafter fees become payable. In 1983 the average yearly cost of a place in an Upper Secondary School (accounting for about two-thirds of pupils) was the equivalent of some £700 per year. A place at a private school averaged £1,500.

20. In addition to the opportunities for secondary level vocational education offered within the school system, opportunities are also available in a number of other

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institution. The most important are Special Training Schools. Students at these schools are mainly drawn from those who have completed a general education in Upper Secondary School. The vocational courses undertaken are specialised and usually last a year or longer. The total proportion of students is about 40% of those in Vocational Upper Secondary Schools. There are in addition a number of other training institutions offering short, specialised training or retraining, some of which are sponsored by Government Ministries.

France

21. The French school system also offers substantial opportunities for full time vocational education. As in Japan there are upper secondary level schools which specialise in providing vocational education. These are known as Lycees Professionnels.

22. There are two main vocational education options for young people within the school system. They may either enter a vocational lycee to take a 3 year course leading to a craft qualification (Certificate d'Aptitude Professionnelle - CAP); alternatively, they may enter later to take a two year 'short' course leading to the same craft qualification or the less narrowly specialised and somewhat higher level Brevet d'etudes Professionnelles - BEP). About 12% of 14 year olds take the former route and 23% of young people aged 15+ take the latter route.

23. In addition to these courses there are others that allow entry to higher education and the final qualification on offer officially constitutes the first level of higher education. These are three year courses leading to either the recently introduced Baccaalaureate Professionnel or the somewhat narrower Brevet de Technicien.

24. Tuition in the state school system is free, though in some cases parents may have to pay for textbooks.

Germany

25. Arrangements for vocational education in Germany are different from those in Japan, the USA and France, and are closer to those in the UK. Most vocational education at upper secondary level is on a part-time basis accompanied by training in employment. This is commonly known as the 'Dual' system of training.

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26. The Dual system involves two strands. Young people entering employment at the end of compulsory full time schooling (usually at age 15, though 16 in some Lander) receive practical training either on their employer's premises or in group training centres. This is complemented by vocational education at part-time vocational schools - Berufsschulen. The latter is underpinned by a legal requirement that all young people leaving school at the compulsory school leaving age continue vocational education up to age 18 for one or two days a week. During the period of training young people are called apprentices and have the status of pupils not workers.

27. About 40% of the time spent in Berufsschulen is devoted to the continuation of general education in German, social studies, economics, religious instruction and sport. The remainder is devoted to vocational education, the content of which is largely determined by which of the 450 or so recognised 'training occupations' a young person has chosen.

28. There are also full time vocational schools - Berufssachschulen. These cater for students from general schools and provide one or two year courses, which can lead either to higher vocational training or a shortened apprenticeship.

29. In 1979 of all young people receiving upper secondary schooling (part time or full time) about 60% were doing so under the Dual System. Only about 8% were in full time vocational schools.

30. Some vocational education is also available at lower secondary school level. The largest group of pupils at this level are enrolled in secondary modern schools - Hauptschulen. Most leave to look for work or take up apprenticeship training under the Dual System at or near the compulsory school leaving age. And they are generally provided with some vocational preparation during their last few years in full time schooling. In most parts of Germany this now takes the form of a single subject 'Arbeitslehre' or work tuition which includes an element of careers guidance. The number of periods a week and the topics covered vary, as does the number of years over which it is taken. But usually work tuition will be obligatory for at least 2 years and during that time some elements in the basic skills required for pupils preferred occupations will have been taught.

31. Compulsory state education is effectively free, including that taken part time under the Dual System.

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Summary

32. In all of the four countries surveyed there are substantial opportunities for young people to undertake vocational education at upper secondary level. In Japan, America and France the emphasis is on full time study. The courses undertaken in many cases go a significant way towards equipping students with entry level skills for a variety of occupations. These features are accompanied by a relatively minor role for apprenticeship training along the lines of the model to be found in Germany and to a lesser extent the UK.

33. The approach taken in Japan, the USA and France may lead to a relatively greater share of the cost of initial training being borne by Government and individuals and a lower share being borne by employers. In France vocational education inside the state system is free to students. In Japan and the USA students have to pay fees but, particularly in the public sector, these are unlikely to cover full costs in many cases.

34. In Britain and Germany the bulk of vocational education at upper secondary level is on a part-time basis and complements practical training undertaken by employers. In both cases most of the cost is met by Government. The main contrast is that in Germany the system is underpinned by a legal requirement on attendance which ensures almost universal participation.

The Outcomes of Vocational Training and Education: Skills, Qualifications and Productivity

35. Thus far, this Annex has been concerned with "Macro" comparisons between arrangements in different countries. In addition, there have been a number of studies making comparisons between particular sectors, occupations and industries. The foremost amongst these have been studies conducted by the National Institute for Economic and Social Research (NIESR) which have largely been concerned with comparisons between matched plants, and training arrangements in Great Britain, Germany and France.

36. The remainder of this Annex summarises the main studies which have been conducted in this area.

Construction

37. In Britain, some 5000 secured the City and Guilds' Advanced Craft Certificate in 1983. In France four times as many qualified at the equivalent level and twelve times as many qualified in Germany. The NIESR study of construction training in Britain and France found that:

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"Recent defects in high-rise residential tower blocks have been traced to faulty workmanship, incorrect positioning of the reinforcing steel rods within the concrete, and incorrect mix of concrete In France the training given to all basic building craftsmen include instruction and practice in concrete skills, those who take the basic British building course do not study concrete techniques as part of their course".

(Ref: Vocational Training in Britain and France: The Building Trades, by S.J.Prais and Hilary Steedman. NIER, May 1986).

Technicians

38. Research compared numbers trained in engineering at levels from craft to doctorate level in Britain, France, Germany, Japan and the USA. The shortage in this country at technician level was felt to be less acute than at craft level. Nonetheless, Britain would still need to train another 20,000 technicians a year to match levels of training of graduates and technicians in Germany. (Ref: Qualified Manpower in Engineering. Britain and other industrially advanced countries, by S.J Prais NIER, February 1988)

Supervisors

39. About seven times as many foremen in Germany acquire technical and organisation qualifications of a high standard; the steps taken in recent years in Britain towards bridging that gap still had a long way to go. Britain trains around 6000 to NEBSS/CSM level, while Germany trains around 40000 (7 times as many) to Meister level. (Ref: Productivity and Management: The training of foremen in Britain and Germany. by S.J.Prais and Karin Wagner NEIR, February 1988.)

40. Early findings from a 1988 study, "Matched plants in Britain and Germany: hotels" show that:

In "room-cleaning.. the number of occupied rooms cleaned per full-time equivalent chambermaid . . . the Germans had an (productivity) advantage of just under 40 per cent. Almost all the German chambermaids, as all British chambermaids, were without vocational qualifications in hotel occupations. The German advantage apparently derived from a more professional approach at the first supervisory level, the housekeeper".

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Craft and Level 3 training: Clothing

41. A draft report of the study, "Productivity, Machinery and Skills: Clothing Manufacturing in Britain and Germany", by Hilary Steedman and Karin Wagner, noted that:

"In closely comparable plants producing high quality garments in similar batch-sizes ... Germany produced roughly twice as many garments per employee as Britain The number of controllers or supervisors required in Germany is less than in Britain. In the German firms we visited, the number of quality-controllers ("passers") to check machinists' work was less than a third of that in Britain. There was also a difference in the number of supervisors-one for two dozen machinists in Germany compared with one for a dozen in Britain . Taking supervisors and passers together, there was one for each twelve machinists in Germany, and one for each five machinists in Britain".

Kitchen Manufacture

42. A study found that at least nine times as many shop floor workers in Germany are qualified to C&G craft level as in Great Britain. There is one apprentice for each 20 German workers compared with 1 to 200 in Britain. Two-thirds of all Germany workers are qualified to Craft level or higher. In Britain the proportion is 41% of the employed. The study also found that:

"...the typical German and British firms that we visited were visibly of different calibre. Both had access on international markets to the same selection of modern machinery; but the qualifications of those employed were entirely different. Nine tenths of all German employees had vocational qualifications based on a three-year apprenticeship type course followed by qualifying examinations; in Britain only one tenth came near to being in that category. These qualified personnel provided the speed-bed in Germany for promotion to foreman and higher levels of management; and it was with the help of a thoroughly qualified workforce that advanced machinery and advanced production equipment were introduced, put into smooth operation and fully exploited" (Ref: "A Second Look at Productivity, Machinery and Skills in Britain and Germany", by Hilary Steedman and Karin Wagner. NIER, November 1987).

Metal Working Trades

43. A matched plants study which looked at plants in the metal-working trades in Britain and Germany found that:

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"The specifications of products made by six pairs of firms were sufficiently similar to warrant a simple comparison of labour productivity In all six comparisons the German firms showed higher labour productivity, varying from a mere 10% to as much as 130% advantage. The average differential was 63%." (Ref: "Productivity, Machinery and Skills in a Sample of British and German Manufacturing Plants. Results of a Pilot Enquiry", by A. Daly, D.M.W.N Hitchens and K. Wagner. (NIER, February 1985.)

Hotels

44. Early findings from a 1988 NIESR study, "Matched plants in Britain and Germany: hotels", show that:

"In the reception area the Germans had a labour productivity advantage of 60%; in Britain there was an average of 8.1 employees engaged in front office operations in an average hotel of 50 rooms, while in Germany the average was only 5.0 employees". In Germany between three and six times as many achieve various hotel reception and accommodation services qualifications (including the equivalents of C&G 708, 709, 720; BTEC National) as in Britain, with a total of 13000 becoming qualified, compared with 2400 in Britain.

Retail

45. France trains about nine times as many as Great Britain at level 3 equivalent; the relative numbers are 14500 and 1650. Fewer are trained in France than in Germany. Numbers training for qualifications offering routes to middle-management, the Baccalaureate and BTEC National were 12000 and 150 respectively.

The levels of qualifications of the retail work forces in the two countries were as follows:

% at:	France	Britain
Above 'A' level	1	1
Intermediate vocational	24	5
Intermediate general education	5	4
General first level qualification	70	90

(Ref: Two Nations of Shopkeepers: Training for Retailing in France and Britain by Valerie Jarvis and S.J. Prais. NIER. Discussion paper No 140).

Office Work

46. France produces more highly-qualified office workers who can assume greater control and work independently. A study,

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which compared Britain and France in 1983 and 1984, identified four levels of qualification in office work. In France ten times as many reached the top two levels (PA - above BTEC National, intermediate/secretary - BTEC Diploma). Britain's training effort was concentrated at the two lower levels which were seen in France as at too low a level to be useful. Overall the workforce was qualified as follows:

	Proportion of the workforce	
	BR.(%)	Fr.(%)
above 'A' level	5	5
intermediate vocational	11	42
intermediate educational	11	7
general education at 'O' level/below	73	46

(Ref: Vocational Training in France and Britain: Other Work, by Hilary Steedman. NIER, May 1987)

RYT.ANN

BF 9/10
9



FROM: D I SPARKES
DATE: 4 SEPTEMBER 1989

MR MONCK

~~BF 5/18~~

cc PS/Chief Secretary
Mrs Chaplin
Mr Tyrie

Duncan - Note: Robert Jackson would like to have a 'brief Char' with Chancellor when he is available. (his PS is Patrick 134 0713)

TRAINING: PAPER BY ROBERT JACKSON MP

... The attached paper has been sent to the Chancellor on a purely personal basis and arises from a conversation the Chancellor had with Mr Jackson on the subject of training recently. The Chancellor would be grateful for any comments from you and copy recipients.

2. His own comments were as follows:

*Duncan
He should have something by the end of the week
P.*

- Paragraph 4: Can it really be true (except in the very short term and apart from the obvious problem for small businessmen) that "it is almost always cheaper to pay a higher wage to attract a worker trained by someone else than to undertake the training oneself"?
- Paragraph 4: To what year do the statistics in brackets in the final sentence refer and what do trends in these statistics show?
- Paragraph 5: It would be of interest to see a matrix showing what our main competitors do.
- Paragraph 9: Regarding the Government's "withdrawal from the concept of a public interest in training", YTS is scarcely the kind of training required.

D.I.
DUNCAN SPARKES



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH

TELEPHONE 01-934 9000

FROM THE PARLIAMENTARY UNDER-SECRETARY OF STATE

7.8.89

Dear Nigel

He spoke about training,
and I promised to send
you a personal note about the
problem.

I hope you will agree that
there are important issues
here: perhaps he could find
20 minutes to talk about them.

When he all get back in

September?

Yours as
Robert

TRAINING

THE PROBLEM

1. No serious doubt that one of the causes of Britain's uncompetitiveness is the relatively poor level of training in our workforce. NIESR research by S Prais, etc. Important to boost training of existing workforce - various schemes now in operation. But continuing problem at the source: relatively low proportion of British 16/17/18 year olds staying on in full-time education and training, or receiving part-time education and training. (75% in the UK, most of them only part-time, compared with virtually 100% in Germany and over 90% in Japan.)
2. An important consequence is that British workers are more difficult to train and retrain in later life: they lack the basic grounding instilled elsewhere.

THE CAUSES OF THE PROBLEM

3. A large socio/cultural/economic phenomenon like this will have many causes. An important one is negative experience of pre-16 schooling among many less academic youngsters: our school reforms are designed to address this problem.
4. There is, however, one fairly straightforward economic explanation. From the point of view of any particular company, it is almost always cheaper to pay a higher wage to attract a worker trained by someone else than to undertake the training oneself. The consequence is that there is little incentive for companies to train, so that they under-provide training and bid-up wages instead. In a free market this should create incentives for individuals to train. But in Britain, because of powerful trade union pressure on differentials, the premiums for

skill are also available to semi-and un-skilled labour. (For example, trainees' pay as a proportion of adult earnings in the chemical industry in the UK is 78%, compared to 37% in Germany. The corresponding figures in the electrical industry are 55% and 22%).

DEALING WITH THE PROBLEM

5. Open society countries respond to these general problems - amounting to a 'training gap' - in a variety of ways. Trade Union pressures against differentials are generally resisted, but can nowhere be eliminated. So the common factor in training policies is compulsion, in varying degrees and in different directions. In some countries state intervention is directed to the young person: each is required to undergo a course of training or education of a certain level until the age of, say, 18. In others, the intervention is directed to companies: They can only employ people under a certain age on the basis that a certain amount and level of training is offered. In others compulsion is placed upon taxpayers: they are taxed to provide subsidies for training. Although the forms of intervention vary, its intensity seems to be greater in the continental countries than in the Anglo-Saxon world: the 'training gap' is least in Germany, and most in Britain, Australia and New Zealand. (The US seems to be an intermediate case - with relatively weak trade unions and strong social conventions standing in for legislative compulsion to stay on 'in college'.)

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6. In Britain, the forms of intervention have changed over the past decade. We inherited a focus on compelling companies to train, through the Training Board/levy system. This was dismantled in the early 1980s, no doubt for good reasons. The focus of compulsion then shifted to the

taxpayer: public subsidies to training, notably through the YTS, were substantially increased.

7. There seems now, however, to be a school of thought which holds that the decline of youth unemployment in the late 80s and early 90s offers an opportunity to withdraw the public subsidy to training. A supposedly attractive vista beckons, of reduced public spending on training, and greater 'freedom' (with responsibility) for companies.

8. But if my analysis is right, this vista is an invitation to disaster. Without compulsion, whether on companies or individuals, and without subsidy - compulsion on the taxpayer - the British 'training gap', already too wide, will get wider.

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training, and in-company training. Much energy is spent in reciprocal criticism and sterile in-fighting about boundaries: the only beneficial effect, so far as I can see, has been a substantial improvement in the market-responsiveness of the public sector trainers.

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13. That is why public subsidy should be directed not to the supply-side, but to the stimulation of demand.

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14. This is the intellectual basis for the DES's proposal - paper attached - to transform the existing YTS subsidy into a per capita entitlement to 2 years of training, up to a specified national level, for every school leaver. The basic idea is that each young person will have a voucher entitling him or her to training, such that a high-powered effort can be made in the last year in school, and in national campaigns, to encourage each school leaver to make constructive use of his or her voucher. At the same time, in the emerging labour market situation, employers will be forced to compete not only in terms of remuneration, but also in terms of willingness to facilitate the encashment of the voucher.


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15. This concept has powerful support from the CBI and, I understand, from some officials in the Training Agency. The point is perhaps fairly made of a lack of discrimination in the approach: each young person would get a voucher, although some employers would ensure training for their employees even without taxpayer subsidy (but to what level?). But perfect discrimination is never attainable, even with large administrative outlay; and I do not believe the price too high for the culture change which vouchers should achieve. Note that, like other countries, we already make public provision for compulsory full-time education up to 16 and for full-time education 16-18; where we differ is in our apparent unconcern about education and training for those aged 16-18 in employment.

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CONCLUSION

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ROBERT JACKSON

4 August 1989



From the Parliamentary Under-Secretary of State
With the Private Secretary's Compliments

Dear Private Secretary,

The Chancellor discussed
the issue of training with
Mr Jackson, who undertook
to send him the attached
paper, on a personal basis.

Robert Kent
7/8/89

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



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

FROM THE PARLIAMENTARY UNDER-SECRETARY OF STATE

7.8.89

Dear Nigel

We spoke about training,
and I promised to send
you a personal note about the
problem.

I hope you will agree that
there are important issues
here: perhaps we cannot find
20 minutes to talk about them
when we all get back in
September?

Yours as
Robert

TRAINING

Ch/ Do you wish
to take comments
from officials and
advisers?

Yes
2. *Don't*
bring
in
much
criticism

THE PROBLEM

1. No serious doubt that one of the causes of Britain's uncompetitiveness is the relatively poor level of training in our workforce. NIESR research by S Prais, etc. Important to boost training of existing workforce - various schemes now in operation. But continuing problem at the source: relatively low proportion of British 16/17/18 year olds staying on in full-time education and training, or receiving part-time education and training. (75% in the UK, most of them only part-time, compared with virtually 100% in Germany and over 90% in Japan.)
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6/1/84
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business
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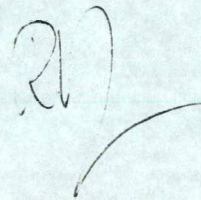
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ROBERT JACKSON

4 August 1989

Janp

File:HB/001

FROM: R DEANE (EB)
 DATE: 18 October 1989
 x 5207

- ✓ Seen in draft.*
1. MR RITCHIE
 2. CHANCELLOR

cc Chief Secretary Mr O'Donnell
 Financial Secretary Mr Hibberd
 Paymaster General Mr Melliss
 Economic Secretary Mr Meyrick
 Sir P Middleton Mr Dyer
 Sir T Burns Miss Simpson
 Mr Monck Mr Cornelius
 Mr Odling-Smee Mr O'Brien
 Mr A C S Allan Ms Wallace
 Mr Scholar Ms Cutler
 Mr Peretz Mr Roaf
 Mr Riley Mrs Chaplin
 Mr Sedgwick Mr Lightfoot
 Mr I Wilson Mr Tyrie
 Mr Burr

*Ch/ Contact with
 line-to-take?*

OK - DIS

Mr Gray - No 10

COMBINED RELEASE OF LABOUR MARKET STATISTICS ON 19 OCTOBER

Summary statistics (seasonally adjusted UK unless otherwise stated)

	Thousands	Level	Change on previous period	Change on previous year
<u>Unemployment</u> September				
Total (aged 18 and over)		1,695 (6.0%)†	-50	-497
Total (not seasonally adjusted: 'Headline Total')		1,703 (6.0%)†	-38	-608*
<u>Vacancies</u> September		218	+2	-22
<u>Workforce in employment</u> 1989Q2		26,357	+85	+493
<u>Manufacturing employees</u> (GB) August		5,111	+16	-23
			Percentage change on previous year	
<u>Index of average earnings</u> (GB) August				
Whole economy, underlying (actual)			8¼	(8.8)
Manufacturing, underlying (actual)			8¼	(9.0)
Service industries, underlying (actual)			8¼	(8.2)
<u>Wage and salary costs per unit of output</u>				
Whole economy, 1989Q2			8.2	
Manufacturing, 3 months to August			4.6	
<u>Output per head</u>				
Whole economy, 1989Q2			0.7	
Manufacturing, 3 months to August			4.2	

† per cent of workforce

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

ASSESSMENT AND COMMENT

2. This month DE are introducing a restructured average earnings index. This new series gives a considerably different picture of underlying earnings growth over the course of this year from the old (discontinued) series. The coverage of the old series was last updated in 1983. The attached charts illustrate the changes. Whole economy underlying earnings growth is now thought to have peaked at 9½ per cent in March (9¼ per cent on the old series) and fallen to 8¾ per cent in June where it has remained in both July and August (9 per cent in all three months on the old series). Last month DE published a figure of 9¼ per cent for whole economy underlying earnings growth in July. This figure has now been revised down to 9 per cent - this revision will be published but no figure on the old basis will be published for August and the series will now be discontinued.

3. This should all come as rather a surprise to outside commentators. The City are expecting the whole economy figure to either remain at 9¼ per cent or rise to 9½ per cent. There have been some reports about the restructuring of the index (see attached cuttings). These reports (wrongly) expect the new series to show higher rates of growth than the old series.

4. The changed picture is largely due to revised coverage of the service sector (in particular greater coverage of business services) and the increased weight that this sector is given in the whole economy figure. Underlying earnings growth in the service sector is now estimated to be 8¾ per cent in August - considerably lower than its peak of 9½ per cent in March. The old series only showed a fall of ¼ per cent between April and July (August figure showing further ¼ per cent fall is not to be published). The reasons for the fall in the new series are apparently relatively subdued earnings growth in both the banking and finance sector (the weight of which has been increased) and the distribution and repairs sector (about a quarter of the services sector). Earnings growth in the latter sector has been very subdued since April as a result of cut-backs in bonus payments. Underlying earnings growth in manufacturing has also been revised downward in the new series but the pattern has not changed significantly. Growth is now estimated to have been between 8½ and 8¾ per cent since the beginning of the year, compared with 9 per cent on the old series.

5. The seasonally adjusted unemployment series fell by 50,400 between August and September. This is substantially larger than the fall of around 25,000 which the market is expecting. This follows last month's larger than expected fall of 42,000. Unlike last month, this month's fall has been fairly evenly spread across regions. DE have identified two administrative changes which might have had a downward effect on the count this month: the changes to the Redundant Mineworkers Payments Scheme and a tightening of entitlement conditions for married women. However, the combined effect of these factors does not explain the majority of the larger than expected fall. The last two months' figures are thus a departure from the slowdown in the trend rate of fall observed during the summer.

6. Vacancies rose by 1,700 between August and September to 218,400. Placings were also higher in September. These figures are consistent with the larger than expected fall in unemployment.

7. The workforce in employment (employees in employment, the self-employed, HM Forces, and participants in government training programmes) is estimated to have increased by 85,000 between March and June. This follows an increase of 533,000 in the year to March 1989 and is a significant slowdown from the rapid rates of growth seen (particularly) in 1987 and in 1988. Just over a third of the increase in employment during 1989Q2 was in participants on government training programmes. Of the rest, increases in employment in the service industries and agriculture and construction were partially offset by falls in the manufacturing and energy and water supply industries.

8. The number of employees in manufacturing (GB) rose by 16,000 in August. This is a departure from the downward trend seen since the beginning of this year. However, DE have told us that problems with their panel have exaggerated the size of the recorded increase. The level of overtime also rose in August to the highest level so far this year. Short-time working remains low.

THE FIGURES IN DETAIL

Unemployment

9. Points of interest:

(a) Seasonally adjusted unemployment (on a consistent basis) now at the lowest level for nearly 9 years, since October 1980.

(b) Fallen by almost 1½ million since July 1986. Seasonally adjusted total has fallen for thirty-eight months in succession by 1,438,000 in total. This is the longest period of continuous decline in unemployment since the War.

(c) Fallen by 497,000 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 year than in any other major industrialised country. UK unemployment rate well below EC average, but still above the major 7 average, reflecting lower unemployment in the three largest countries - US, Japan and Germany.

Employment

10. New figures are available this month for the workforce in employment in June (quarterly series) and employees in manufacturing industries (GB) in August.

11. The June quarter increase of 85,000 in the workforce in employment is the smallest quarterly increase since 1987Q1, with the exception of 1988Q4 which was affected by the rundown of the community programme. The increase over March 1989 is composed of:

- (a) a projected increase in self-employment of 31,000;
- (b) an increase of 26,000 employees in employment. This includes an increase of 51,000 in the service sector and 16,000 in other industries (agriculture and construction) partly offset by falls of 34,000 in manufacturing and 7,000 in energy and water supply;
- (c) a rise of 31,000 in workforce related government training schemes;
- (d) a fall of 4,000 in HM Forces.

12. The increase of 2,793,000 in the workforce in employment since March 1983 consists of 1.4 million employees in employment, 0.9 million self-employed, 0.5 million on government training schemes, and a reduction of 13,000 in HM Forces.

13. In GB during the year to June full-time employment is estimated to have increased by 226,000 while 264,000 part-time jobs were created (including the 136,000 increase in participants on government training programmes). Of the increase in employment in GB over the last year 63 per cent was female employment and 54 per cent was part-time.

14. The number of employees in manufacturing industries (GB) rose by 16,000 in August (see para 8).

Earnings

15. On the new series, the underlying increase in the whole economy average earnings index in August was unchanged at 8½ per cent. The actual increase was 8.8 per cent. The underlying increases in the manufacturing and service sectors were also unchanged in August at 8½ per cent and 8½ per cent respectively. The actual increase in the manufacturing sector was 9.0 per cent, in the service sector the actual increase was 8.2 per cent. The lack of movement in any of the sector figures this month reflects the lack of major new settlements affecting the August index. However much more activity is expected next month with summer

settlements for over a million employees likely to appear in September's index. In particular the Local Authority administrative staff, Police and ICI settlements will come through in the next few months.

16. Overtime working increased in August to 13.99 million hours, the highest level since the peak level of last December. Short-time working fell again in August to 0.21 million hours. It is now at the lowest level since April 1988.

17. [Not for use: DE estimate that the contribution of overtime to earnings growth is still zero despite the rise in August. The contribution may turn negative later this year helping to offset the increase in settlement levels. Settlements are currently estimated to be adding almost nothing to the increase in earnings in the whole economy but about 1 percentage point to earnings growth in manufacturing. However there are some large settlements in the pipeline (see above). DE expect whole economy earnings growth to remain at 8 $\frac{3}{4}$ per cent in September before rising to 9 per cent in October].

Productivity and Unit Wage Costs

18. Whole economy productivity growth in the year to 1989Q2 was 0.7 per cent, down from 1.1 per cent in the year to 1989Q1. Whole economy unit wage costs rose by 8.2 per cent in the year to 1989Q2, up from 7.3 per cent in the year to 1989Q1. These figures are still being adversely affected by output problems in the North Sea. Manufacturing productivity growth in the year to the three months ending in August was 4.2 per cent; in the same period unit wage costs rose by 4.6 per cent. Both increases are a little worse than recent figures reflecting the more rapid slowdown in output growth than employment in the manufacturing sector.

Line to take

On unemployment figures:

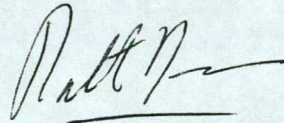
- Monthly figures erratic. [If pressed: Red Book said unemployment "most unlikely to continue falling at the same rapid rate in 1989" as a whole as it did in 1988].

On employment figures:

Slower growth of employment is consistent with slowdown in growth.

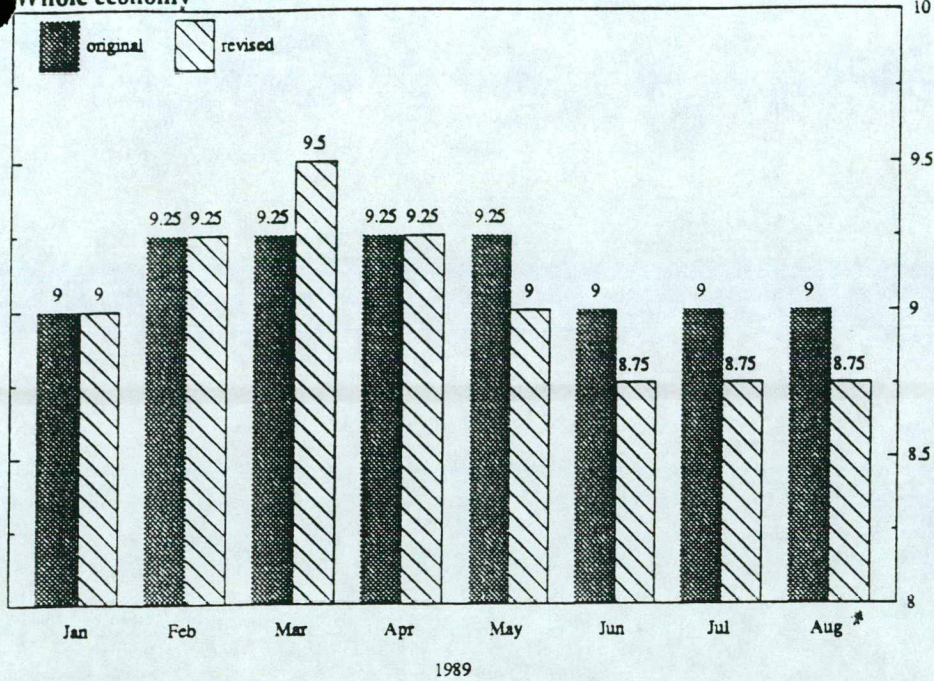
On revised earnings series:

- Underlying earnings growth in August unchanged from July. [If pressed: new series more accurately reflects structure of economy, weights last updated in 1983].



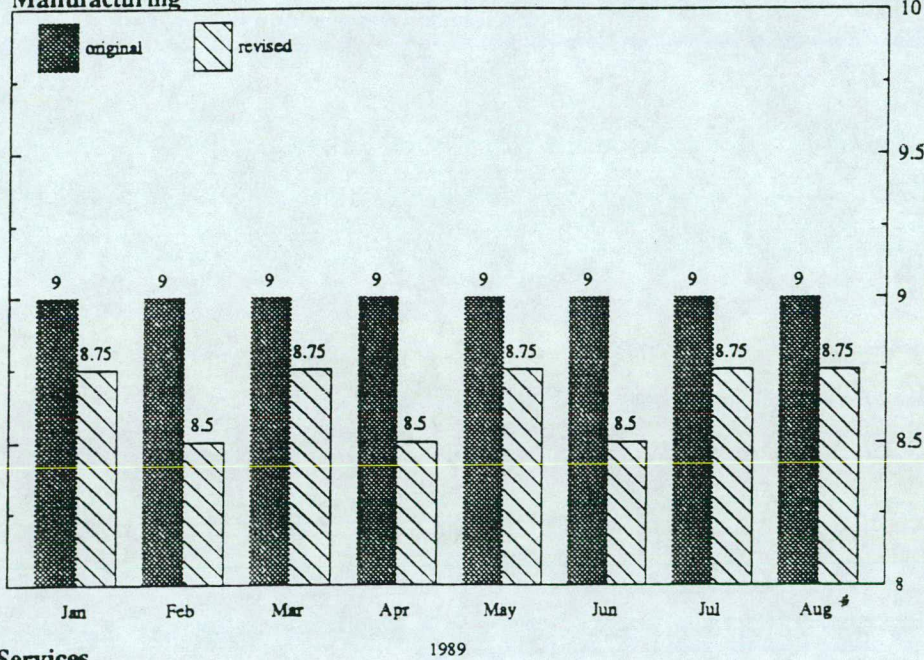
ROBERT DEANE

Whole economy



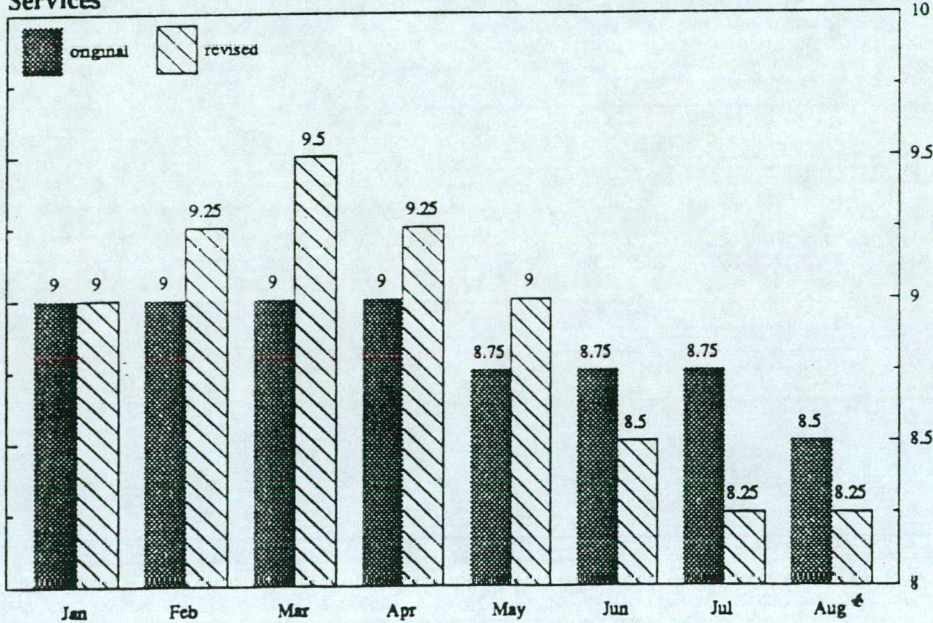
	original	revised
Peak rate	9.25	9.50
current rate	9.00	8.75

Manufacturing



	original	revised
Peak rate	9.00	8.75
current rate	9.00	8.75

Services



	original	revised
Peak rate	9.00	9.50
current rate	8.50	8.25

* Underlying earnings growth for August 1989 is to be published.

AVERAGE EARNINGS

- MARKET EXPECTATIONS COMMENTARY

WALBORG'S (5/10/89):

The inflation news is unlikely to be too encouraging. Input prices look set to have risen by almost 1% in September; retail price inflation may actually have nudged very slightly upwards; and the underlying rate of growth of average earnings is likely to have seen a further rise taking it to 9½% (principally the result of higher public sector pay settlements partially offset by lower overtime etc).

ANZ (13/10/89)

We anticipate that the underlying earnings growth will have remained at 9.25% in August. Even though there is evidence of further rises in wage settlements during August, the slowdown in activity in the economy should keep overtime and bonus payments down easing the pressure on underlying earnings.

FT (17/10/89)

Average earnings basis to change

The Department of Employment is to change the basis on which it calculates rises in average earnings.

The sample of companies is to be expanded and altered to reflect rises and falls in employment of various industrial sectors since the 1980s.

Figures reflecting the changes will be published on Thursday. Incomes Data Services, the pay research group, said the statistics may show that earnings have been increasing at a faster rate than the Government previously thought.

CREDIT LYONNAIN (17/10/89)

3. Thursday's average earnings figures are likely to reflect changes in the basis on which the Department of Employment calculates the figures. Given the general view that the official 9.25% estimate for the rate of increase in underlying earnings understates the true rate of increase, some upward revision is on the cards.

JO2067

Ref: F8/2

FROM: D C K STIRLING
Room 132A/2, Ext 5942. CSO

DATE: 18 October 1989

MR S FLANAGAN

Financial Secretary's Office, HM Treasury

cc Mr P Gray, Prime Minister's Office
Principal Private Secretary, Chancellor's Office)
Sir Terence Burns)
Mr P Sedgwick)
Mr A Ritchie) Treasury
Mr R Deane)
Mr J Roaf)
Mr T O'Brien)

Mr P Stibbard)
Mr M Hughes) DEm
Mr M Janes)

Mr R Ward)
Mr S Kingaby) CSO
Mr A Lang)

WHOLE ECONOMY AND MANUFACTURING PRODUCTIVITY AND UNIT WAGE COSTS

1. I attach tables and charts showing growth rates, updating the productivity and unit wage cost estimates last supplied on 19 September. Table 1, covering the whole economy, extends to the first quarter of 1989 and Table 2, covering manufacturing, to August 1989.

Whole economy (Table 1)

2. In the second quarter of 1989 **output per head** was $\frac{1}{2}$ per cent lower than the first quarter and was $\frac{1}{2}$ per cent higher than in the corresponding period last year which is the lowest recorded annual increase since the first quarter of 1985. Both these figures were affected by interruptions to oil supply which started in the third quarter of 1988 with the Piper Alpha disaster, but increased quarter by quarter due to accidents in the Fulmar, Brent and Cormorant fields. Overall the effect of these problems has been to reduce the growth rate in productivity over the year to the second quarter by just over 1 per cent. The attached Chart 1.1 shows that the annual rate of increase in whole economy productivity has been in a band between 1 and 4 per cent for several years but for over a year has been at the lower end of this band.

3. **Wages and salaries per unit of output** in the first quarter of 1989 were $2\frac{1}{2}$ per cent higher than in the first quarter and were 8 per cent higher than in the corresponding period

last year. Again both figures were affected by the oil supply difficulties and the latter figure would have been about 7 per cent had it not been for the effects of the oil supply problems. Over the past year the increase of 10 per cent in total wages and salaries has only been partially offset by rises in employment and productivity. The attached Chart 1.1 shows that the annual rate of growth shown in unit wage costs has been in a band between 3 and 7 per cent for several years but has recently exceeded this band partly as a result of the oil supply difficulties.

Manufacturing (Table 2)

5. From the first quarter of 1987 to the third quarter of 1988 output growth was particularly rapid, but since then growth has moderated. The employed labour force reached a low point in the first quarter of 1987, but then grew during that year. Subsequently, the growth in the employed labour force has slowed and recently employment has begun to fall (although the figure for the month of August shows an increase on July). For the past year the annual increase in productivity has been mainly between 5 and 6 per cent (see attached Chart 2.1). Usually trends in employment tend to lag behind trends in output but, on this occasion, provisional figures suggest that employment growth started to decline before output growth (see Chart 2.2). Recently, however, the decline in output growth has been quite sharp and consequently there has been a small decline in productivity growth.

6. In the three months to July 1989 **output per head** was 1 per cent higher than in the previous three months and 4 per cent up on the same period a year ago.

7. In the three months to August 1989 **unit wage costs** were $\frac{1}{2}$ per cent higher than in the previous three months but $4\frac{1}{2}$ per cent higher than in the same period a year ago. The attached Chart 2.1 shows that the annual rate of growth in unit wage costs was between 2 and 4 per cent for about a year but is this month just above this band. The trend in unit wage costs suggest a growth of 4 to $4\frac{1}{2}$ per cent.

Background on Manufacturing Output

8. In the three months to August 1989 manufacturing output was 4 per cent higher than a year earlier, a figure which coincides with our trend estimate of the rate of growth in recent months. In the latest three months manufacturing output was $12\frac{1}{2}$ per cent above the previous peak in the first half of 1979 and 7 per cent above the all time peak in the third quarter of 1974.

Sources

9. The manufacturing output figures were published on 16 October by the CSO and the manufacturing labour productivity and unit wage cost figures will be published tomorrow by the Department of Employment. The whole economy output figures were published on 22 September by the CSO and the corresponding labour productivity and unit wage cost figures will be published tomorrow by the Department of Employment.

10. The earnings figures used to calculate manufacturing unit wage costs have been taken from the Department of Employment's restructured average earnings index which has 1988 equals 100 as its base. The overall effect of this change is quite small.


D C K Stirling
Central Statistical Office

LABOUR PRODUCTIVITY AND COSTS
TABLE 1
WHOLE ECONOMY

1985=100 Seasonally adjusted

	Output(1)	Employed Labour Force(2)	PRODUCTIVITY Output per person employed	Wages and salaries (£mns)	UNIT WAGE COSTS Wages and salaries per unit of output
1983	94.0	97.2	96.7	145,476	90.4
1984	96.6	98.9	97.6	155,158	94.8
1985	100.0	100.0	100.0	168,837	100.0
1986	103.0	100.1	102.9	182,881	105.4
1987	108.1	101.9	106.1	198,201	109.6
1988	113.1	104.9	107.9	219,622	116.3
1983 1	92.9	96.9	95.9	35,522	89.3
1983 2	93.4	96.9	96.4	36,039	90.1
1983 3	94.4	97.3	97.0	36,640	90.9
1983 4	95.5	97.8	97.7	37,275	91.5
1984 1	97.6	98.3	99.2	37,757	91.1
1984 2	95.9	98.7	97.2	38,260	94.1
1984 3	95.9	99.1	96.8	38,959	96.0
1984 4	96.9	99.5	97.4	40,182	98.1
1985 1	98.9	99.8	99.1	40,883	97.9
1985 2	100.3	100.0	100.3	41,758	98.6
1985 3	100.2	100.1	100.1	42,815	101.3
1985 4	100.6	100.1	100.5	43,381	102.2
1986 1	101.6	100.0	101.6	44,409	103.7
1986 2	102.4	100.0	102.4	45,429	105.2
1986 3	103.4	100.1	103.3	46,127	106.0
1986 4	104.6	100.4	104.2	46,916	106.8
1987 1	105.7	100.7	104.9	47,558	107.4
1987 2	107.2	101.4	105.7	48,849	109.0
1987 3	109.1	102.3	106.6	50,152	110.0
1987 4	110.4	103.2	107.0	51,642	111.9
1988 1	111.9	104.1	107.5	53,092	113.6
1988 2	112.4	104.7	107.4	54,130	115.4
1988 3	113.8	105.2	108.2	55,357	116.6
1988 4	114.5	105.5	108.5	57,043	119.6
1989 1	115.1	105.9	108.7	58,450	121.9
1989 2	114.9	106.3	108.1	59,645	124.8
Percentage change latest quarter on:					
Previous quarter					
	-0.2	0.4	-0.6	2.0	2.4
Same quarter a year ago					
	2.2	1.5	0.7	10.2	8.2

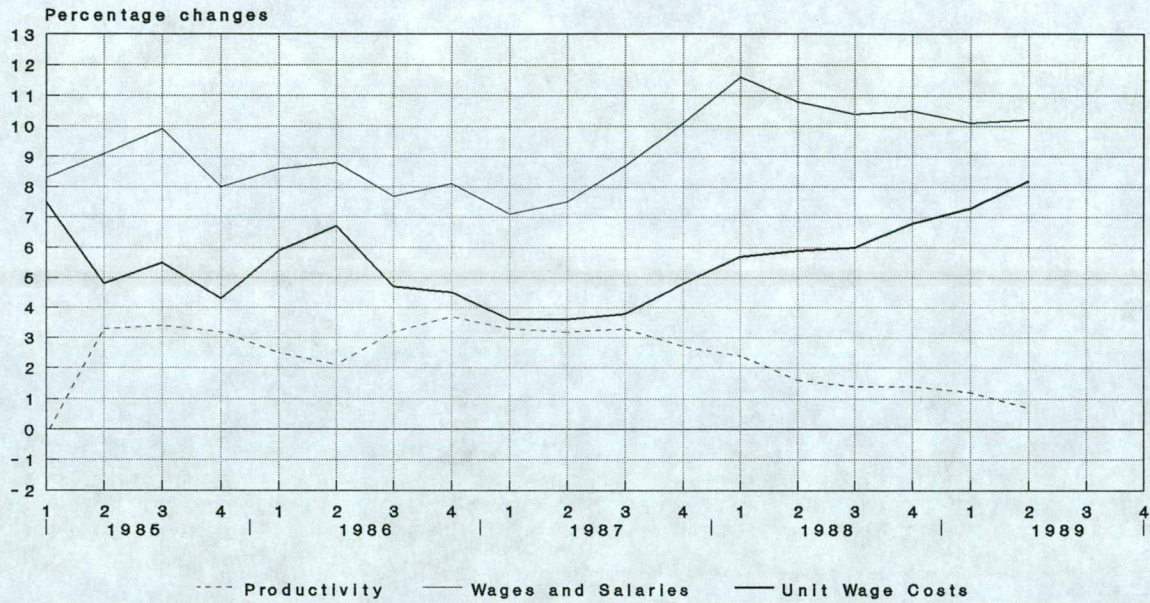
(1) Output measure of GDP

(2) Comprises employees in employment, self-employed and HM Forces

 Sources: Department of Employment
Central Statistical Office

CHART 1.1

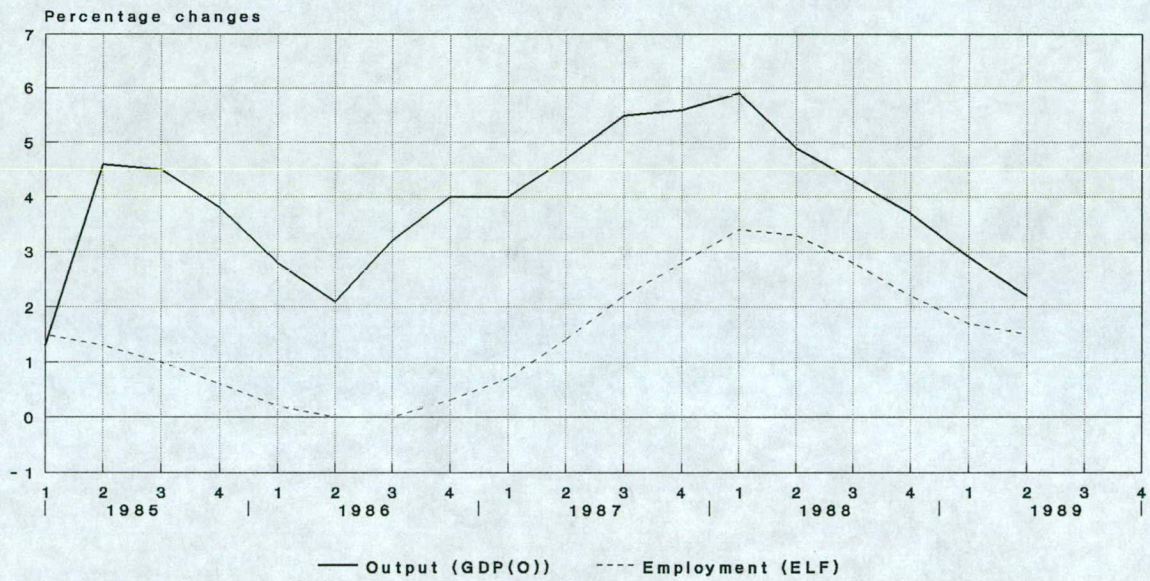
**WHOLE ECONOMY WAGES & SALARIES,
PRODUCTIVITY AND UNIT WAGE COSTS**



Percentage change of latest quarter compared with a year earlier
CSO OCT 89

CHART 1.2

**WHOLE ECONOMY OUTPUT AND
EMPLOYED LABOUR FORCE**



Percentage change of latest quarter compared with a year earlier
CSO OCT 89

ELF comprises employees and self-employed

LABOUR PRODUCTIVITY AND COSTS
TABLE 2
MANUFACTURING INDUSTRY

1985=100 Seasonally adjusted

	Output	Employed Labour Force(1)	Average Hours (2)	PRODUCTIVITY		UNIT WAGE COSTS	
				Output per hour (2)	Output per person employed	Average Earnings 1988=100	Wages and salaries per unit of output
1983	93.7	102.1			91.8	66.8	91.8
1984	97.6	100.5			97.1	72.6	94.4
1985	100.0	100.0			100.0	79.2	100.0
1986	101.0	97.9			103.1	85.3	104.4
1987	106.6	97.0			109.9	92.2	105.9
1988	113.9	98.5			115.6	100.0	109.1
1986 1	99.1	99.1			100.0	82.9	104.6
1986 2	100.1	98.2			102.0	84.6	104.7
1986 3	100.6	97.3			103.4	85.8	104.7
1986 4	103.9	97.0			107.2	87.9	103.5
1987 1	103.0	96.5			106.7	89.4	105.8
1987 2	106.2	96.8			109.8	91.1	104.7
1987 3	107.9	97.2			111.0	93.0	105.7
1987 4	109.3	97.6			112.0	95.2	107.3
1988 1	110.9	98.2			112.9	96.8	108.2
1988 2	112.3	98.4			114.2	99.2	109.6
1988 3	115.7	98.6			117.4	100.5	108.1
1988 4	116.6	98.7			118.1	103.3	110.3
1989 1	118.6	98.9			120.0	105.4	110.8
1989 2	118.4	98.4			120.4	108.0	113.3
1988 J	111.3	98.0			113.5	96.2	107.0
F	109.7	98.2			111.7	96.3	108.8
M	111.6	98.3			113.5	97.9	108.8
A	111.3	98.4			113.2	99.1	110.5
M	112.3	98.4			114.2	99.2	109.6
J	113.3	98.4			115.1	99.3	108.8
J	115.3	98.6			116.9	100.0	107.9
A	115.5	98.6			117.1	100.4	108.2
S	116.5	98.6			118.0	101.2	108.2
O	116.1	98.6			117.8	102.2	109.5
N	116.7	98.7			118.2	103.1	110.0
D	117.0	98.8			118.4	104.6	111.5
1989 J	119.1	98.9			120.4	104.7	109.7
F	118.3	98.9			119.7	105.8	111.6
M	118.4	98.8			119.8	105.6	111.2
A	117.4	98.5			119.2	108.2	114.6
M	119.2	98.3			121.2	107.9	112.4
J	118.7	98.3			120.8	108.0	112.9
J	119.2	98.2			121.3	109.2	113.6
A	120.0	98.5			121.8	109.5	113.5
Percentage change latest 3 months on: Previous 3 months	0.8	-0.2			1.0	1.6	0.5
Same 3 months a year ago	4.0	-0.2			4.2	9.0	4.6

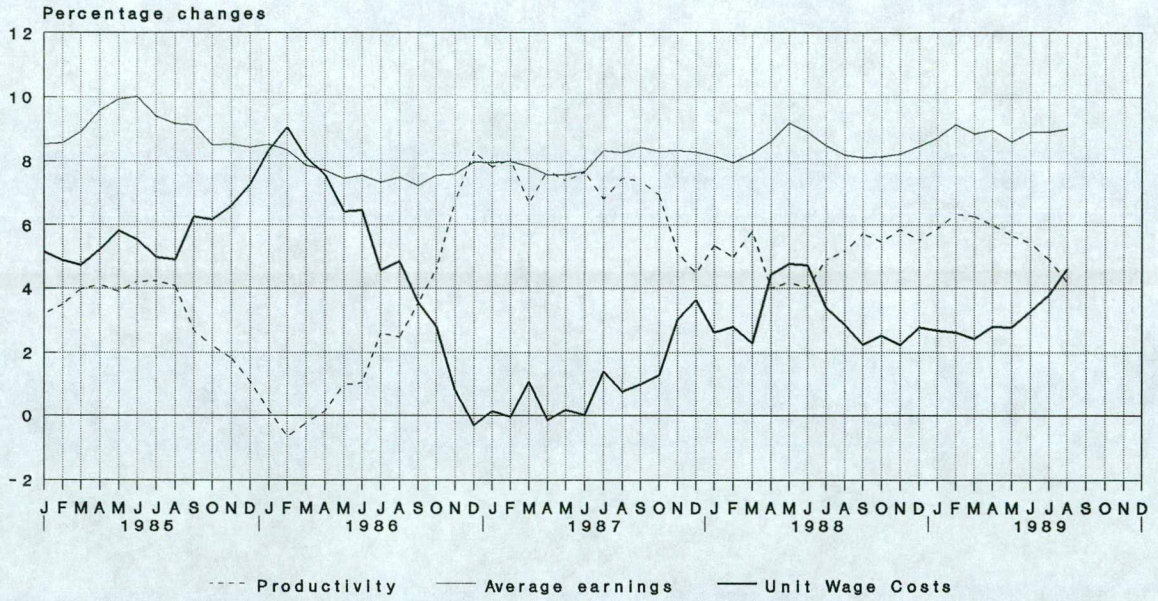
 (1) Comprises employees in employment
and the self-employed

 Sources: Department of Employment
Central Statistical Office

 (2) A revised index of average weekly hours
and output per hour will be published
next month incorporating the revised
employment and hours data now available

CHART 2.1

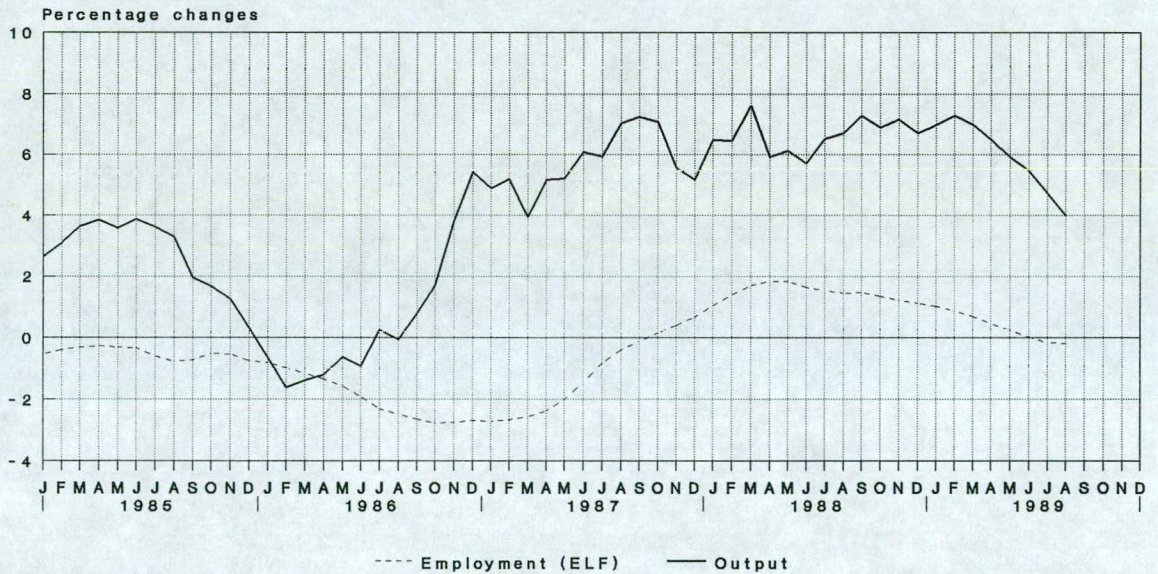
MANUFACTURING AVERAGE EARNINGS, PRODUCTIVITY AND UNIT WAGE COSTS



Percentage change of latest 3 months compared with a year earlier
CSO OCT 89

CHART 2.2

MANUFACTURING OUTPUT AND EMPLOYED LABOUR FORCE



Percentage change of latest 3 months compared with a year earlier
CSO OCT 89

ELF comprises employees and self-employed



Secretary of State
for Employment

mp

PRIME MINISTER

✓
✓

CH/EXCHEQUER	
REC.	16 OCT 1989
ACTION	
COPIES TO	

FUTURE OF THE EMPLOYMENT SERVICE

Following our discussion in E(A) earlier in the year, I have been considering further how best we can take forward our policies on Jobcentres and improve the Employment Service.

In March the Attorney General advised that in his view primary legislation was necessary for the privatisation of the vacancy filling business of the Jobcentres. I remain convinced that there is scope to carry out a privatisation of this part of the Jobcentres' activities at some future juncture and that on no account should we close that option. Primary legislation is not available in the next session and I therefore believe that no action can be taken in this Parliament.

There are however various steps we can now take. I would like to announce that the Employment Service is to be launched as an Executive Agency on 1 April 1990. In addition, we can move ahead quickly to rationalise the ES network of offices.

Secretary of State
for Employment

Unemployment has been falling rapidly over the past few years, and the ES has shed 5,100 staff since January 1988. This has created a considerable surplus of space throughout the ES network which represents an opportunity for further savings in public expenditure. We can also make the make-up and location of the ES network more relevant to the execution of our employment policies. In particular, the changes signalled by this year's Social Security Act and the obligation it places on the unemployed to actively seek work will call for a greater co-ordination of the activities of staff in the Jobcentres and Benefit Offices than has been necessary hitherto.

The separate operation of the functions in these offices also limits the effectiveness of our counselling programmes such as Restart. For example, there is an unsatisfactory rate of drop-out between the numbers of people submitted to my Department's programmes and those who take up the opportunity to join one of them. Of those people referred to Employment Training, only 45% currently take up a place on the programme. And only 29% of those people referred to a Jobclub actually join one. Tackling this problem is hindered by the separate location of Jobcentres and Benefit Offices.

All this leads me to the view that there would be considerable benefits to be had from a physical merger under one roof of Jobcentre and Benefit Office functions. It would bring about gains in efficiency and productivity as the staff in them became more versatile and capable of undertaking a range of functions as well as understanding more about local labour market opportunities. It would also reinforce to staff the need to focus exclusively on the longer-term unemployed rather than employed job



Secretary of State
for Employment

changers and the frictionally unemployed who currently make use of Jobcentre services. Currently twenty per cent of the people we are dealing with already have jobs and the High Street site of our Jobcentres perpetuates the old policy of seeking passing trade whether clients are employed or unemployed. I visualise a withdrawal both from these functions and the premises that go with it.

The Employment Service currently has some 2,000 Jobcentres and Benefit Offices operating out of about 1,800 individual sites. I believe it could operate with a network of around 1,100 offices, while maintaining an ES presence in every significant travel to work area. Very considerable progress could be made by 1992/93 to achieving a merger of offices.

On this basis, the eventual make-up of the network as between England, Scotland and Wales would be as follows:

	LOCAL OFFICES	
	CURRENT NETWORK	PROPOSED NETWORK
ENGLAND	1,391	841
SCOTLAND	228	142
WALES	174	117
TOTAL	1,793	1,100



Secretary of State
for Employment

There would be an additional annual capital cost of around £12 million, but this cost would be off-set by the running costs that would be saved as a result of reducing the ES local office network as well as by other savings that could be achieved by the merger.

I have agreed these proposals with the Chief Secretary as part of the 1989 Public Expenditure Survey. I would now like to make an announcement outlining the changes. It would then be for the Employment Service as an Executive Agency to carry out the network plans, on the basis of an annual plan that would be set down by Ministers.

As I have indicated above, it would be possible and desirable in the longer term to consider either privatisation of the vacancy filling function or its contracting out. A physical merger of Jobcentres and Benefit Offices does not rule this out although clearly the Jobcentre estate would be very substantially reduced in any event under my proposals.

I am copying this minute to members of E(A) and to Sir Robin Butler.

NF

15th October 1989



EMPLOYMENT DEPARTMENT

Department of Employment
Caxton House
Tothill Street
London SW1H 9NF

Press Office (24 hrs) 01-273 6950
Public enquiries 01-273 6969
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PRESS NOTICE

260/89

19 October 1989

UNEMPLOYMENT RATE FALLS TO 6 PER CENT

**STATEMENT BY THE SECRETARY OF STATE FOR EMPLOYMENT,
NORMAN FOWLER**

Seasonally adjusted unemployment fell in September by 50,400 to 1.695 million, and is now lower than it has been at any time since October 1980.

The unemployment rate is now down to six per cent. On the agreed OECD international basis the rate of unemployment in the United Kingdom is now lower than the average for the European Community. The United Kingdom now has a lower unemployment rate than that in France, Italy, Canada, Belgium, the Netherlands, Spain, Ireland and Greece. The number of unemployed people aged 18 to 24 has gone down by 39% in the two years to July 1989 and their rate of unemployment is about half the EC average for this age group.

All regions of the country have shared in the fall in unemployment with the largest falls in unemployment rates in the West Midlands, the North and Wales.

Employment also remains at record levels. The number of people in jobs is estimated to have increased by 85,000 in the second quarter of 1989 and by 2,793,000 since March 1983 when the current upward trend began. There are now well over 26 million people in jobs - the highest number ever. The stock of vacancies at Jobcentres - 218,400 in September - remains high. Figures also released today show that the number of working days lost in August from industrial stoppages has reverted to the lower levels we have experienced over recent years.

The fall in unemployment is larger than in recent months but was affected by some special factors. It also coincides with a growth in manufacturing employment. However, these are figures for one month only.

Unit wage costs in manufacturing are now rising at 4.6% per annum which is higher than most of our major competitors, including Germany, Japan and the United States. Productivity increases have not been enough to offset wage increases. Firms will be selling in markets where wage costs cannot simply be passed on to the customer. The growth in earnings in August, at $8\frac{3}{4}\%$, although unchanged from July on the revised basis, is still too high. In such circumstances, excessive pay settlements will inevitably mean fewer jobs.



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PRESS NOTICE

258/89

LABOUR MARKET STATISTICS
SUMMARY STATISTICS

19 October 1989

		Level	Change on previous period	Thousands Change on previous year
<u>Unemployment (UK)</u>				
Total unadjusted	September 14	1,703	- 38	(-608)(a)
Seasonally adjusted (b),(e)	September 14	1,695	- 50	-497
<u>Workforce in (UK) (c),(d) June Q2 1989 employment</u>				
		26,357	+ 85	+493
<u>Employees in employment (UK) (c)</u>				
All industries and Services (UK) June Q2 1989		22,460	+ 26	+241
Services (UK) June Q2 1989		15,408	+ 51	+269
Manufacturing (UK) June Q2 1989		5,205	- 34	- 24
Manufacturing (GB) August 1989		5,111	+ 16	- 23
<u>Vacancies (UK)(jobcentres) (c) September 8</u>				
		218	+ 2	- 22
<u>Index of Average Earnings (GB) (c)(f)</u>				
			Percentage change on previous year (underlying increase)	
Whole Economy	August		8¾%	
Services	August		8¼%	
Manufacturing	August		8¾%	

Notes

- (a) The changes in the unadjusted unemployment figures compared with a year ago are affected by the 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) See Note A9.
- (f) Based on restructured average earnings index.



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

Summary

Unemployment (UK seasonally adjusted) fell by 50,400 in the month to September. Male unemployment decreased by 31,100 and female unemployment decreased by 19,300. Over the past six months there has been a fall of 37,000 on average compared with a fall of 45,900 per month over the previous six months to March 1989.

The total, unadjusted, decreased in September by 38,196 to 1,702,895.

The workforce in employment in the United Kingdom is estimated to have increased by 85,000 in the second quarter of 1989 contributing to an overall increase of 493,000 in the year to June 1989.

The number of employees employed in manufacturing industry in Great Britain is estimated to have risen by 16,000 in August 1989. However, month to month changes can be erratic and it is more appropriate to consider trends over a longer period. In the second quarter of 1989 there was a fall of 33,000 in manufacturing employment, while over the year to August 1989 there was a fall of 23,000.

The stock of Jobcentre vacancies (UK seasonally adjusted) increased by 1,700 in September to 218,400. Over the past six months there has been a decrease of 800 per month on average.

A restructured average earnings index has been introduced this month. The underlying increase in average earnings for the whole economy in the year to August was 8¾ per cent, the same as the rise in the year to July.

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.

A separate briefing note on the changes to the average earnings index is also available.

LABOUR MARKET STATISTICS

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Vacancies	page 13
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Productivity	page 20
Industrial Disputes	page 21
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UNEMPLOYMENT

The seasonally adjusted level of unemployment in the United Kingdom decreased by 50,400 to 1.695 million in September, 6.0 per cent of the workforce* \$.

Over the past six months on average unemployment has fallen by 37,000 per month.

The unadjusted total decreased by 38,196 between August and September to 1,702,895 giving an unemployment rate of 6.0 per cent of the workforce*.

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

THOUSAND

TABLE 1 : UNEMPLOYMENT - SEASONALLY ADJUSTED - UNITED KINGDOM

	Male	Female	Total	Change since previous month	Average change over past 6 months	Average change over past 3 months	Unemployment rate: Percentage of workforce*
1988 Sep++	1543.1	648.6	2191.7	-33.9	-43.7	-44.1	7.8
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	7.5
Dec	1439.4	598.0	2037.4	-67.8	-47.8	-51.4	7.2
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	6.9
Mar	1359.5	557.1	1916.6	-32.1	-45.9	-40.3	6.8
Apr	1321.5	536.5	1858.0	-58.6	-50.0	-43.3	6.6
May	1309.7	526.1	1835.8	-22.2	-44.9	-37.6	6.5
Jun	1296.1	514.2	1810.3	-25.5	-37.9	-35.4	6.4
Jul	1284.8	502.4	1787.2	-23.1	-33.4	-23.6	6.3
Aug(r)	1262.5	482.8	1745.3	-41.9	-33.9	-30.2	6.2
\$ Sep(p)	1231.4	463.5	1694.9	-50.4	-37.0	-38.5	6.0 **

++ September 1988'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 7.5 per cent, and for females 3.9 per cent.

* The workforce estimates used to calculate these rates have been revised this month to incorporate the latest employees in employment estimates. See note A4.

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

(r) Revised

\$ See note A9.

TABLE 2: UNEMPLOYMENT SEASONALLY ADJUSTED (P)\$ - REGIONS September 14 1989

	THOUSAND			Change since previous month	Unemployment rate	
	Male	Female	Total		percentage of workforce*	Change since previous month
South East (incl. Greater London)	247.3 (149.0)	97.5 (57.2)	344.8 (206.2)	-8.0 (-4.3)	3.7 (4.8)	-0.1 (-0.1)
East Anglia	23.3	9.9	33.2	-0.8	3.4	-0.1
South West	63.0	28.7	91.7	-3.6	4.3	-0.2
West Midlands	110.6	44.0	154.6	-5.5	6.0	-0.2
East Midlands	73.2	28.4	101.6	-4.4	5.3	-0.2
Yorks and Humberside	125.3	44.8	170.1	-4.7	7.2	-0.2
North West	182.4	65.3	247.7	-7.4	8.0	-0.2
North	99.6	33.0	132.6	-5.5	9.3	-0.4
Wales	66.8	23.4	90.2	-3.3	7.2	-0.3
Scotland	163.6	61.8	225.4	-5.6	9.1	-0.2
GREAT BRITAIN	1,155.2	436.7	1,591.9	-48.7	5.8	-0.2
Northern Ireland	76.2	26.8	103.0	-1.7	14.6	-0.2
UNITED KINGDOM	1,231.4	463.5	1,694.9	-50.4	6.0	-0.2

* The workforce estimates used to calculate these rates have been revised this month to incorporate the latest employees in employment estimates. See note A4.

(P) Provisional see note A5

\$ See note A9.

TABLE 3: UNEMPLOYMENT TOTAL - UNADJUSTED - UNITED KINGDOM

		Male	Female	Number	Unemployment rate: percentage of workforce*
1988	Sep++	1,594,403	716,570	2,310,973	8.2
	Oct++	1,484,236	634,626	2,118,862	7.5
	Nov	1,454,771	612,173	2,066,944	7.3
	Dec	1,451,478	595,060	2,046,538	7.3
1989	Jan	1,473,163	601,149	2,074,312	7.4
	Feb	1,434,871	583,308	2,018,179	7.2
	Mar	1,399,364	560,856	1,960,220	6.9
	Apr	1,350,793	532,788	1,883,581	6.7
	May	1,297,067	505,452	1,802,519	6.4
	Jun	1,256,572	486,569	1,743,141	6.2
	Jul	1,261,625	509,757	1,771,382	6.3
	Aug	1,238,399	502,692	1,741,091	6.2
	\$ Sep	1,218,795	484,100	1,702,895	6.0 ⁺

+ The separate rate for males was 7.4 per cent, and for females 4.1 per cent.

TABLE 4: UNEMPLOYMENT TOTAL UNADJUSTED \$ - REGIONS September 14 1989 THOUSAND

	Male	Female	Total	Change since previous month	Unemployment rate: percentage of workforce*
South East (incl. Greater London)	246.9 (150.8)	102.8 (60.4)	349.7 (211.2)	-7.1 (-3.8)	3.8 (4.9)
East Anglia	21.9	9.9	31.8	-0.9	3.3
South West	60.8	28.8	89.6	-1.6	4.2
West Midlands	112.5	47.4	159.9	-2.2	6.2
East Midlands	71.4	29.8	101.3	-4.3	5.3
Yorks and Humberside	124.0	46.9	171.0	-2.7	7.3
North West	182.0	68.6	250.6	-5.0	8.1
North	97.6	34.8	132.4	-3.0	9.2
Wales	66.0	24.6	90.6	-0.5	7.2
Scotland	158.7	61.3	219.9	-10.0	8.9
GREAT BRITAIN	1,141.7	455.1	1,596.8	-37.3	5.8
Northern Ireland	77.1	29.0	106.1	-0.9	15.0
UNITED KINGDOM	1,218.8	484.1	1,702.9	-38.2	6.0

++ See notes A7 and A8.

* The workforce estimates used to calculate these rates have been revised this month to incorporate the latest employees in employment estimates. See note A4.

\$ See note A9.

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

Thousands				
Month ending	INFLOW		OUTFLOW	
	Total	Change since previous year	Total	Change since previous year
1988 Sep**	327.4	-129.2	305.9	-145.9
Oct**	319.6	-100.6	486.1	-62.9
Nov	297.8	-77.5	354.0	-78.3
Dec	269.9	-58.7	292.0	-25.5
1989 Jan	269.4	-74.9	245.4	-76.2
Feb	290.0	-55.2	350.8	-55.8
Mar	264.0	-49.0	326.8	-65.7
Apr	247.5	-76.4	313.9	-58.6
May	230.8	-45.9	318.6	-76.3
Jun	225.0	-48.8	289.3	-77.7
Jul	293.8	-53.7	269.3	-90.4
Aug	276.8	-34.7	309.6	-40.4
\$ Sep	281.2	-46.2	314.3	8.4

^x See note A6

** See notes A7 and A8.

\$ See note A9.

EMPLOYMENT IN THE UNITED KINGDOM

The new figures available this month cover the whole economy for June 1989 and employees in the production industries in Great Britain for August 1989. Some of the estimates for earlier periods have been revised to take account of newly available information.

The workforce in employment (employees in employment, the self-employed, HM Forces and participants in work related government training programmes) in the United Kingdom is estimated to have increased by 85,000 in the second quarter of 1989, by 493,000 in the year to June 1989, and by 2,793,000 in the six years since March 1983. The increase of 85,000 in the second quarter of 1989 consists of an estimated increase of 26,000 employees in employment, a projected increase of 31,000 in the self employed, a rise of 31,000 in participants in work related Government training programmes (reflecting the continued rise in the number on Employment Training) and a fall of 4,000 in HM Forces.

In the year to June 1989 the number of employees in employment increased by 241,000, the net result of increases of 269,000 in the service industries and 15,000 in 'other' industries (agriculture and construction) offset by falls of 24,000 in manufacturing and 19,000 in energy and water supply industries.

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

EMPLOYMENT AND HOURS WORKED IN MANUFACTURING INDUSTRIES IN GREAT BRITAIN

New figures this month show that in August 1989 the estimated number of employees in employment in manufacturing industries in Great Britain increased by 16,000. Month to month changes can be erratic: the July and August figures are based on a small sample survey of employers and will be revised in the light of the larger September survey. It is therefore more appropriate to consider trends over a longer period. Over the year to August 1989 employment in manufacturing industries fell by 23,000 compared with a rise of 66,000 in previous 12 months.

Overtime working by operatives in manufacturing industries rose to 13.99 million hours per week in August, compared with 13.27 million hours per week in July and 13.46 million hours a week in August 1988.

Hours lost through short-time working in manufacturing industries remain very low, at 0.21 million hours per week in August.

A revised index of average weekly hours will be published in next months press notice taking account of the revised employment and hours figures.

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

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	5,594	- 75	659	- 8	13,363	+ 26	1,410	- 19	21,026	- 76
	June	Q2	5,538	- 56	648	- 11	13,463	+ 100	1,405	- 5	21,054	+ 28
	September	Q3	5,485	- 53	643	- 6	13,570	+ 108	1,409	+ 4	21,107	+ 53
	December	Q4	5,455	- 30	634	- 8	13,673	+ 103	1,407	- 2	21,169	+ 62
1984	March	Q1	5,429	- 26	623	- 11	13,750	+ 77	1,402	- 5	21,204	+ 35
	June	Q2	5,424	- 5	616	- 7	13,800	+ 49	1,389	- 12	21,229	+ 24
	September	Q3	5,402	- 22	613	- 4	13,873	+ 73	1,394	+ 5	21,281	+ 53
	December	Q4	5,399	- 3	609	- 3	13,964	+ 91	1,391	- 3	21,363	+ 81
1985	March	Q1	5,387	- 11	603	- 6	14,021	+ 57	1,386	- 5	21,397	+ 35
	June	Q2	5,377	- 11	591	- 12	14,072	+ 51	1,375	- 12	21,414	+ 17
	September	Q3	5,371	- 6	581	- 11	14,117	+ 45	1,358	- 16	21,427	+ 12
	December	Q4	5,339	- 32	571	- 10	14,161	+ 44	1,347	- 12	21,418	- 9
1986	March	Q1	5,304	- 35	554	- 17	14,203	+ 42	1,334	- 13	21,395	- 23
	June	Q2	5,242	- 62	545	- 10	14,263	+ 60	1,329	- 6	21,379	- 17
	September	Q3	5,201	- 42	535	- 10	14,322	+ 59	1,322	- 6	21,380	+ 1
	December	Q4	5,173	- 28	525	- 10	14,366	+ 44	1,325	+ 3	21,389	+ 9
1987	March	Q1	5,144	- 29	511	- 14	14,430	+ 65	1,330	+ 5	21,416	+ 27
	June	Q2	5,167	+ 23	508	- 3	14,561	+ 131	1,339	+ 9	21,575	+ 160
	September	Q3	5,177	+ 10	508	0	14,703	+ 142	1,351	+ 12	21,740	+ 164
	December	Q4	5,200	+ 23	505	- 3	14,893	+ 190	1,358	+ 7	21,956	+ 216
1988	March	Q1	5,227	+ 27	495	- 10	15,038	+ 145	1,366	+ 8	22,125	+ 169
	June	Q2	5,230	+ 3	487	- 8	15,139	+ 101	1,365	- 1	22,220	+ 95
	September	Q3	5,238	+ 9	486	0	15,242	+ 103	1,355	- 9	22,322	+ 102
	December	Q4	5,244	+ 6	483	- 3	15,247R	+ 5	1,357	+ 2	22,332R	+ 10
1989	March	Q1	5,239	- 5	476R	- 8	15,357R	+ 110	1,363R	+ 6	22,434R	+ 102
	June	Q2	5,205	- 34	468	- 7	15,408	+ 51	1,379	+ 16	22,460	+ 26

R=Revised to incorporate late data now available

VACANCIES

The stock of unfilled vacancies at jobcentres (seasonally adjusted) increased by 1,700 in the month to September to 218,400. Over the past three months to September, seasonally adjusted vacancies have decreased on average by 2,700 per month.

Unadjusted, there was an increase of 21,023 unfilled vacancies in the month to 238,177.

The inflow of notified vacancies decreased on average by 200 per month in the three months ending September 1989, the outflow increased by 3,400 per month, and placings increased by 1,400 per month.

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

TABLE 10: UNFILLED VACANCIES - UNITED KINGDOM

THOUSAND

		<u>VACANCIES AT JOBCENTRES+</u>			<u>VACANCIES AT CAREERS OFFICES</u>	
		<u>SEASONALLY ADJUSTED</u>		<u>UNADJUSTED</u>		
		Number	Change since previous month	Average change over past 3 months	Number	Unadjusted
1988	Sep	240.3	-2.5	-4.9	260.1	31.9
	Oct	251.2	10.9	0.5	271.8	30.6
	Nov	245.2	-6.0	0.8	252.3	26.5
	Dec	238.3	-6.9	-0.7	223.3	23.4
1989	Jan	229.2	-9.1	-7.3	203.3	21.9
	Feb	228.1	-1.1	-5.7	202.0	21.8
	Mar	222.9	-5.2	-5.1	204.8	23.1
	Apr	222.1	-0.8	-2.4	216.8	25.1
	May	218.2	-3.9	-3.3	225.4	27.4
	Jun	226.4	8.2	1.2	240.6	35.2
	Jul	219.9	-6.5	-0.7	228.2	34.3
	Aug	216.7	-3.2	-0.5	217.2	31.6
	Sep	218.4	1.7	-2.7	238.2	30.1

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

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 Sep	227.7	-1.0	229.0	-0.2	155.4	-0.3
Oct	232.8	0.8	229.3	-0.9	153.4	-1.0
Nov	234.0	2.3	242.5	3.3	162.3	1.8
Dec	230.8	1.0	233.4	1.5	157.6	0.7
1989 Jan	220.4	-4.1	231.0	0.6	160.5	2.4
Feb	234.8	0.3	239.4	-1.0	167.2	1.6
Mar	229.3	-0.5	234.8	0.5	164.0	2.1
Apr	220.8	0.1	221.9	-3.0	154.8	-1.9
May	221.4	-4.5	222.5	-5.6	154.5	-4.2
Jun	231.6	0.8	222.4	-4.2	155.1	-3.0
Jul	226.6	1.9	228.8	2.3	157.4	0.9
Aug	226.0	1.5	227.5	1.7	157.5	1.0
Sep	231.1	-0.2	232.4	3.4	159.1	1.4

TABLE 12: UNFILLED VACANCIES* - REGIONS - September 1989 THOUSAND

	VACANCIES AT JOBCENTRES			VACANCIES AT CAREERS OFFICES#
	UNADJUSTED	SEASONALLY ADJUSTED		
	TOTAL	Number	Change since previous month	UNADJUSTED
South East (incl. Greater London)	75.8 (24.2)	68.4 (21.5)	-1.7 (-2.1)	14.9 (7.4)
East Anglia	9.1	8.4	0.4	1.2
South West	19.4	17.8	-0.5	1.7
West Midlands	21.9	20.1	0.8	3.7
East Midlands	14.0	12.7	0.0	1.5
Yorks and Humberside	14.5	13.2	-0.1	1.5
North West	28.6	26.2	1.9	2.1
North	11.7	10.2	-0.1	0.6
Wales	15.6	14.6	0.0	0.5
Scotland	24.5	22.7	0.7	1.0
GREAT BRITAIN	235.1	214.0	1.1	28.6
Northern Ireland	3.1	4.4	0.7	1.5
UNITED KINGDOM	238.2	218.4	1.7	30.1

* The proportion of total vacancies at Jobcentres varies by region. See note C3.
See note C2.

AVERAGE EARNINGS

THE INDICES OF AVERAGE WEEKLY EARNINGS HAVE BEEN REWEIGHTED IN LINE WITH RESULTS OF THE 1987 CENSUS OF EMPLOYMENT. AT THE SAME TIME THE NUMBER OF FIRMS SAMPLED HAS BEEN INCREASED AND THE SURVEY HAS BEEN EXTENDED TO SECTORS NOT FORMERLY COVERED. THE SERIES HAVE BEEN REBASED TO 1988=100 AND THE SERIES SHOWN BELOW ARE BASED ON THIS RESTRUCTURED SURVEY.

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

		Seasonally adjusted			
		Index 1988 = 100	Index 1988 = 100	Percentage increase over previous 12 months	Underlying % increase over previous 12 months
1988	January	95.4	96.5		
	February	95.5	96.9		
	March	98.3	98.2		
	April	97.8	97.9		
	May	98.4	98.5		
	June	99.8	99.2		
	July	101.3	100.2		
	August	100.3	100.1		
	September	100.9	101.1		
	October	101.7	102.2		
	November	103.7	103.3		
	December	106.9	105.8		
1989	January	104.2	105.4	9.2	9
	February	104.6	106.1	9.5	9 1/4
	March	107.3	107.3	9.3	9 1/2
	April	107.3	107.4	9.7	9 1/4
	May	107.5	107.6	9.2	9
	June	109.1	108.4	9.3	8 3/4
	July	110.3	109.1	8.9	8 3/4
	August*	109.1	109.0	8.9	8 3/4

* Provisional

R Revised

AVERAGE EARNINGS

THE TABLE BELOW SHOWS THE FORMER INDEX OF AVERAGE WEEKLY EARNINGS WHICH HAS BEEN DISCONTINUED AND REPLACED BY THE RESTRUCTURED SERIES AT TABLE 13.

TABLE 13A: 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	July	118.2	117.0	8.0	7 3/4
	August	117.3	117.1	7.6	7 3/4
	September	117.2	117.4	7.9	7 3/4
	October	118.4	118.8	8.1	8
	November	120.6	120.2	8.4	8 1/4
	December	122.4	121.0	8.8	8 1/2
	1988	January	120.4	121.8	8.7	8 1/2
February		120.3	122.0	8.2	8 1/2
March		124.0	124.0	9.5	8 1/2
April		124.3	124.4	8.9	8 1/2
May		124.1	124.2	7.6	8 1/2
June		125.9	125.1	8.1	8 3/4
July		128.3	126.9	8.5	9
August		126.8	126.6	8.1	9 1/4
September		127.3	127.6	8.7	9 1/4
October		128.9	129.5	9.0	9
November		131.2	130.7	8.7	8 3/4
December		135.7	134.3	11.0	8 3/4
1989	January	131.8	133.3	9.4	9
	February	132.0	133.8	9.7	9 1/4
	March	134.9	134.9	8.8	9 1/4
	April	135.6	135.7	9.1	9 1/4
	May	135.9	136.1	9.6	9 1/4
	June	137.6	136.8	9.4	9
	July	139.5	138.1	8.8	9

THE INDICES OF AVERAGE WEEKLY EARNINGS HAVE BEEN REWEIGHTED IN LINE WITH RESULTS OF THE 1987 CENSUS OF EMPLOYMENT. AT THE SAME TIME THE NUMBER OF FIRMS SAMPLED HAS BEEN INCREASED AND THE SURVEY HAS BEEN EXTENDED TO SECTORS NOT FORMERLY COVERED. THE SERIES HAVE BEEN REBASED TO 1988=100 AND THE SERIES SHOWN BELOW ARE BASED ON THIS RESTRUCTURED SURVEY.

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 1988=100		-----			-----			-----		
		seas adj	under-lying		seas adj	under-lying		seas adj	under-lying	
1988	Jan	96.1		96.2			96.6			
	Feb	95.9		96.3			97.1			
	Mar	97.6		97.9			98.6			
	Apr	99.0		99.1			97.6			
	May	99.9		99.2			98.3			
	Jun	99.2		99.3			99.8			
	Jul	100.2		100.0			100.0			
	Aug	100.6		100.4			99.7			
	Sep	101.4		101.2			100.5			
	Oct	102.6		102.2			101.7			
	Nov	103.1		103.1			103.7			
	Dec	104.6		104.6			106.3			
1989	Jan	104.6	8.8	8 3/4	104.7	8.8	8 3/4	105.5	9.2	9
	Feb	105.6	10.1	8 3/4	105.8	9.9	8 1/2	105.6	8.8	9 1/4
	Mar	105.8	8.4	8 3/4	105.6	7.9	8 3/4	107.8	9.3	9 1/2
	Apr	108.0	9.1	8 3/4	108.2	9.2	8 1/2	107.3	9.9	9 1/4
	May	108.5	8.6	8 3/4	107.9	8.8	8 3/4	107.5	9.4	9
	Jun	108.2	9.1	8 3/4	108.0	8.8	8 1/2	108.7	8.9	8 1/2
	Jul	109.5	9.3	9	109.2	9.2	8 3/4	108.4	8.4	8 1/4
	Aug(p)	110.2	9.5	9	109.5	9.1	8 3/4	107.9	8.2	8 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 and business services; Other services (including public administration, education, medical and other health services, etc).

THE TABLE BELOW SHOWS THE FORMER INDEX OF AVERAGE WEEKLY EARNINGS WHICH HAS BEEN DISCONTINUED AND REPLACED BY THE RESTRUCTURED SERIES AT TABLE 14.

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

		Production industries*			Manufacturing industries**			Service industries***		
		% increases over previous 12 months			% increases over previous 12 months			% increases over previous 12 months		
		Index 1985=100	seas adj	under-lying	Index 1985=100	seas adj	under-lying	Index 1985=100	seas adj	under-lying
1988	Jan	121.7	8.0	8 1/2	121.7	8.5	8 1/2	121.4	9.2	8 1/2
	Feb	120.7	6.3	8 1/2	121.1	7.1	8 1/2	122.1	9.4	8 1/2
	Mar	123.1	8.6	8 1/4	123.2	8.8	8 1/2	124.4	10.2	8 1/2
	Apr	125.6	9.6	8 1/2	125.2	9.4	8 3/4	123.8	8.6	8 1/2
	May	126.0	9.4	8 1/2	124.9	8.9	8 3/4	123.5	6.2	8 1/2
	Jun	125.3	8.3	9	125.0	8.0	9	125.5	8.2	8 3/4
	Jul	127.0	8.6	9	126.6	8.3	9	126.6	8.4	9
	Aug	127.2	8.1	9	126.7	8.3	8 3/4	126.0	7.9	9 1/4
	Sep	128.3	8.2	8 3/4	127.6	8.0	8 3/4	126.6	8.7	9 1/4
	Oct	130.1	8.5	8 3/4	129.2	8.2	8 1/2	128.4	8.6	9
	Nov	130.4	8.6	8 3/4	130.2	8.7	8 3/4	131.0	8.8	8 3/4
	Dec	132.5	9.1	9	132.4	9.1	8 3/4	135.6	12.4	8 3/4
1989	Jan	133.2	9.4	9	133.2	9.4	9	132.7	9.3	9
	Feb	133.4	10.5	9 1/4	133.2	10.0	9	133.0	8.9	9
	Mar	133.9	8.8	9 1/4	133.4	8.3	9	135.1	8.6	9
	Apr	136.7	8.8	9 1/4	136.5	9.0	9	135.2	9.2	9
	May	137.2	8.9	9 1/4	136.1	9.0	9	135.6	9.8	8 3/4
	Jun	136.4	8.9	9	135.7	8.6	9	137.1	9.2	8 3/4
	Jul	138.9	9.4	9 1/4	138.1	9.1	9	136.9	8.1	8 3/4

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 and business services; Other services (including public administration, education, medical and other health services, etc).

UNIT WAGES AND SALARY COSTS

In the three months ending August 1989, wages and salaries per unit of output in manufacturing industries were 4.6 per cent above the corresponding period a year earlier. This increase was below the rise in average earnings in manufacturing as there was a rise of about 4 1/4 per cent in productivity over this period.

In the second quarter of 1989 wages and salaries per unit of output in the whole economy were 8.2 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 3/4 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
1987	Q1	105.8	1.1	107.4	3.6
	Q2	104.7	0.0	109.0	3.6
	Q3	105.7	1.0	110.0	3.8
	Q4	107.3	3.7	111.9	4.8
1988	Q1	108.2	2.3	113.6	5.8
	Q2	109.6	4.7	115.4	5.9
	Q3	108.1	2.3	116.6	6.0
	Q4	110.3	2.8	119.6	6.9
1989	Q1	110.8	2.4	121.9	7.3
	Q2	113.3	3.4	124.8	8.2
1989	Mar	111.2	2.2	..	..
	Apr	114.6	3.7	..	..
	May	112.4	2.6	..	..
	Jun	112.9	3.8	..	..
	Jul	113.6	5.3	..	..
	Aug	113.5	4.9	..	..
	3 months ending				
1989	Mar	110.8	2.4	..	..
	Apr	112.5	2.8	..	..
	May	112.7	2.8	..	..
	Jun	113.3	3.4	..	..
	Jul	113.0	3.9	..	..
	Aug	113.3	4.6	..	..

Note: The effects of the Piper Alpha disaster and other oil industry interruptions are estimated to have added about 1 percentage point to the increase in unit wage costs for the whole economy in each of the first 2 quarters of 1989 and about 1/2 a percentage point in each of the two previous quarters.

Manufacturing output per head in the three months to August was 1.0 per cent higher than in the three months ending May and 4.2 per cent higher than in the same period a year earlier.

Output per head in the whole economy in the second quarter of 1989 was 0.6 per cent lower than in the previous quarter but 0.7 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	Q3	103.4	3.5	103.3	3.2
	Q4	107.2	8.3	104.2	3.7
1987	Q1	106.7	6.7	104.9	3.2
	Q2	109.8	7.6	105.7	3.2
	Q3	111.0	7.4	106.6	3.2
	Q4	112.0	4.5	107.0	2.7
1988	Q1	112.9	5.8	107.5	2.5
	Q2	114.2	4.0	107.4	1.6
	Q3	117.4	5.8	108.2	1.5
	Q4	118.1	5.4	108.5	1.4
1989	Q1	120.0	6.3	108.7	1.1
	Q2	120.4	5.4	108.1	0.7
1989	Mar	119.8	5.6	..	..
	Apr	119.2	5.3	..	..
	May	121.2	6.1	..	..
	Jun	120.8	5.0	..	..
	Jul	121.3	3.8	..	..
	Aug	121.8	4.0	..	..
	3 months ending				
1989	Mar	120.0	6.3	..	..
	Apr	119.6	6.0	..	..
	May	120.1	5.7	..	..
	Jun	120.4	5.4	..	..
	Jul	121.1	4.9	..	..
	Aug	121.3	4.2	..	..

Note: The effects of the Piper Alpha disaster and other oil industry interruptions are estimated to have reduced the increase in whole economy output per head by about 1 percentage point in each of the first 2 quarters of 1989 and by about 1/2 a percentage point in each of the previous two quarters.

Industrial stoppages

In August 1989, it is provisionally estimated that 109 thousand working days were lost in the United Kingdom through stoppages of work due to industrial disputes. This compares with a provisional estimate of 2,374 thousand in July 1989, 431 thousand in August 1988 and an average of 775 thousand for August during the ten year period 1979 to 1988.

During the twelve months to August 1989 it is provisionally estimated that a total of 4,568 thousand working days were lost through stoppages of work due to industrial disputes. During this twelve month period a total of 701 stoppages have been provisionally recorded as being in progress, involving a total of 921 thousand workers. The comparable figures for the twelve months to August 1988 were 2,631 thousand lost working days, 856 stoppages in progress and 583 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			
Aug	431	62	151
Sep	1,115	63	163
Oct	53	83	33
Nov	183	85	152
Dec	38	49	18
1989			
Jan(p)	42	58	13
Feb(p)	61	86	27
Mar(p)	77	72	27
Apr(p)	96	70	43
May(p)	177	98	52
Jun(p)	243	77	103
Jul(p)	2,374	83	468
Aug(p)	109	52	25
<u>Cumulative totals</u>			
12 months to August 1988	2,631	856	583
12 months to August 1989(p)	4,568	701	921

(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 14 September 1989 students numbered 91,347 in the United Kingdom.

A3. The figures exclude temporarily stopped workers, that is, those who had a job on the day of the count but were temporarily suspended from work on that day and were claiming benefits. On 14 September 1989 these numbered 2,814 in Great Britain and 3,550 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. These workforce estimates, used in the denominators, have been revised to incorporate the effects of the 1987 Census of Employment results.

The UK narrower rates on 14 September 1989 were 9.0 per cent for males and 4.4 per cent for females, 6.9 per cent in total (unadjusted).

A5. The latest figures for national and regional seasonally adjusted unemployment are provisional and subject to revision, mainly in the following month. The seasonally adjusted series takes account of all past discontinuities to be consistent with the current coverage. (See the article "Unemployment adjusted for discontinuities and seasonality" in the July 1985 Employment Gazette and also page 422 of the October 1986 edition for the list of previous changes in coverage taken into account). The seasonally adjusted series now relates only to those aged 18 and over in order to maintain a consistent series, allowing for the change in benefit regulations for those aged under 18 from September 1988. See also notes A7 and A8. For further details see the article 'Unemployment statistics : revisions to the seasonally adjusted series' in the December 1988 issue of Employment Gazette.

A6. The unemployment flows in Table 5 relate to people claiming and ceasing to claim benefit. A seasonally adjusted series cannot yet be estimated. The figures are standardised to a four and one third week

month to allow for the varying periods between successive monthly count dates, and may therefore appear not to balance with the monthly changes in unemployment levels.

A7. The extension of the guaranteed offer of a YTS place to all those aged under 18 who have not found a job, and the associated change in September 1988 in the entitlement of young people to claim unemployment-related benefits have inevitably affected the coverage of the claimant count mainly from October 1988. There are now only a few under 18's remaining in the count. The effect of the new regulations is to remove about 90,000 on average from the total count with over 80,000 of this having taken place over the two months to October 1988. 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.

A9. The changes in the Redundant Mineworkers Payment Scheme from 23rd July mean that these mineworkers have the option to no longer sign on at Unemployment Benefit Offices (UBO's) as unemployed and available for work as a condition of this scheme. The change is being administered via claimant adviser interviews at UBO's where these mineworkers sign on. The option is only exercised after the details of the scheme changes have been explained. It is estimated that around 3,000 people have left the count in September as a result of this change, though it will take some time before the full effect becomes apparent. When the full effect is known apparent (probably not before Spring 1990) the necessary discontinuity adjustments will be made and a revised consistent back series produced.

EMPLOYMENT AND HOURS (Tables 6-9)

B1. Information on the number of employees in employment, for most industries is 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 census results to provide

current estimates. The results of the 1987 Census of Employment were incorporated in the press notice released on 14 September 1989 and the resulting revisions to the series are described in an article on page 560 of the October issue of Employment Gazette.

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.

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 censuses of employment carried out at the same time as those for Great Britain, 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. It requires revision in the light of the new employment and hours series following the incorporation of the 1987 Census of Employment results. A new index of average weekly hours will be published next month.

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, and also due to a difference between the timing of the two counts, they 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. Indices of average earnings are presented in this press notice for the whole economy and the three main sectors manufacturing, production and services industries. The present series is based on 1988 = 100. Separate indices for 25 industry groups of Standard Industrial Classification (1980) are published in the Employment Gazette.

D2. The average earnings index has been updated from October 1989, incorporating improvements to the associated monthly sample and reweighting of the index to reflect the latest employment structure of the economy, based on the data from the 1987 Census of Employment. At the same time, the index has been rebased to 1988=100. A separate detailed article explaining the changes is issued with this press notice and will be published in the November 1989 issue of Employment Gazette.

D3. 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 9 million employees.

D4. 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 September 1989 issue.

D5. 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.

D6. 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. 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.

E2. 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.

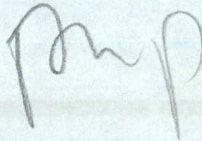
INDUSTRIAL STOPPAGES (Table 17)

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.

COVERING PERSONAL AND CONFIDENTIAL UNTIL 11.30 HOURS ON THURSDAY,
OCTOBER 19, 1989 AND THEREAFTER CONFIDENTIAL.

BRIEFING NOTE

Mr Sutlieff Press Officers
Mr Helm File
Mr Blakeway
Mr Davies



October 19, 1989

LABOUR MARKET STATISTICS

POINTERS

- Seasonally adjusted unemployment fell by 50,400 to 1,694,900 in September, the lowest level for nearly 9 years. (October 1980: 1,596,400 on a consistent basis).
- Unadjusted unemployment decreased by 38,196 to 1.703 million. (Lowest since June 1980, 1.513 million, but not on comparable basis).
- The seasonally adjusted total has fallen for over three years (38 months running) the longest continuous fall on record (since similar records began in 1948).
- There has now been a fall of 1.438 million in the seasonally adjusted total since July '86 - the largest sustained fall on record.
- Since the June 1987, there has been a fall of 1.16 million.
- Over the past 12 months there has been a fall of 496,800.
- Unadjusted and seasonally adjusted unemployment rates are both 6.0%.

- UK Workforce in Employment in Q2 (June 1989) was 26,357,000, a record level, continuing a six year rising trend since March 1983. It was up by 493,000 in the year to June, and up by 85,000 in the second quarter compared with the first quarter of this year.
- Employees in Employment in Manufacturing (GB) rose by 16,000 over the month, to 5,111,000 in August.
- Vacancies were up 1,700 in September at 218,400.
- The underlying increase in the Average Earnings Index in August was 8 3/4 per cent, the same as the year to July.
- Overtime in manufacturing industries at 14 million hours per week in August, the highest since December 1988 (14.04).
- In the three months ending August 1989, wages and salaries per unit of output in manufacturing industries was 4.6 per cent above the corresponding period a year earlier.
- Manufacturing output per head in the three months to August was 1.0 per cent higher than in the three months ending May and 4.2 per cent higher than in the same period a year earlier.
- The provisional August figure of 109,000 working days lost is the lowest monthly figure since April 1989 (89,000) and well below the August average for the previous 10 years of 775,000.

UNEMPLOYMENT (Tables I to 5, pages 4 to 7).

Headline Total

The unadjusted
'headline' total was
1,702,895, 38,196 less than
in August, this represents a
rate of 6.0% of the workforce.
The decrease of 38,196 compares with
an increase of 19,798 in 1988 and
44,393 in 1987, not directly
comparable.

Headline Total

Total	1,702,895 (6.0%)
{last this low in July 1980	
	-1,513,000 (5.6%)}
Last month	1,741,091 (6.2%)
Change	-38,196
(+19,798 in September	
last year)	

A year ago 2,310,973.
Change in year -608,078
(not comparable).
Same month: Lowest since
1979 (1,292,300 not
comparable)

Lowest since any month:
June 1980 1,513,000

NB:about 1,600 under 18 year olds
remained in the count in September,
the same as last month.

Monthly totals (September)

1979	1,292,300	(4.9%)
1980	1,890,600	(7.0%)
1981	2,748,649	(10.3%)
1982	3,066,166	(11.5%)
1983	3,167,439	(11.9%)
1984	3,283,640	(12.0%)
1985	3,346,198	(12.1%)
1986	3,332,897	(12.0%)
1987	2,870,195	(10.3%)
1988	2,310,973	(8.2%)
1989	1,702,895	(6.0%)

Seasonally adjusted

Unemployment among those aged 18 or over in September would normally increase by an estimated 12,000 because of seasonal influences, but decreased by 38,200 giving a seasonally adjusted fall of 50,400 to 1,694,900. This is the lowest total since October 1980, (1,596,400 on a consistent basis).

The unemployment rate fell to 6.0%, (the lowest since October 1980, 5.9%). The series has now fallen for 38 consecutive months, by 1,438,300 altogether since July 1986, the longest and largest sustained fall since similar records began (current claimant series goes back to 1971, but similar seasonally adjusted figures go back to 1948).

NOTE: SEASONALLY ADJUSTED MONTHLY FALLS

September '89, -50,400; August '89, -41,900(R); July '89, -23,100; June '89, -25,500; May '89, -22,200; Apr '89, -58,600; Mar '89, -32,100; Feb '89, -39,100; Jan '89, -49,600; Dec '88, -67,800; Nov '88, -52,700; Oct '88, -33,800.

Over the past six months to September, the seasonally adjusted total fell by 37,000 per month on average (compares with -33,900(R) last month, revised from -33,400).

Seasonally adjusted

Total	1,694,900
	(6.0%)
Last month	1,745,300(R)
	(6.2%) (R)
Change	-50,400
Last month	-41,900(R)
A year ago	2,191,700
Change in year	-496,800

Compares with the 12 month fall of 480,300(R) up to last month.

Since June '87 (general election) the fall has been 1,162,300 on a consistent basis.

Level

Any month: Lowest since October 1980 (1,596,400)

(Same month: lowest since September 1980 (1,509,300)

(Over the previous six months to March there was an average fall of 45,900 per month).

(Over the three months to September, there was an average fall of 38,500).

(Over the previous three months to June there was a fall of 35,400 a month).

Three month average
per month -38,500.

Comparison: compares with
-30,200(R) to August '89.

Six month average -37,000

Compares with -33,900 (R)
six months to August 1989.

Monthly totals (September)

1979	1,046,700	(3.9%)
1980	1,509,300	(5.6%)
1981	2,306,500	(8.6%)
1982	2,608,100	(9.8%)
1983	2,815,700	(10.6%)
1984	2,958,200	(10.8%)
1985	3,044,200	(11.0%)
1986	3,114,300	(11.2%)
1987	2,718,100	(9.7%)
1988	2,191,700	(7.8%)
1989	1,694,900	(6.0%)

Note on seasonal adjustment for September 1989

The unadjusted total in September was higher than the seasonally adjusted figure. Unemployment in September is normally around 6,000 above the average for the twelve months of the year. Unemployed school and college leavers are able to start claiming benefit in September.

The unemployment total tends to be below average between May and November and above average between December and April (September is the exception - see above).

Seasonal variations are small by comparison with the total workforce of 28 million but are particularly important when assessing the trend in unemployment. The variations tend to follow a consistent pattern from year to year and can therefore be taken into account by means of seasonal adjustment.

Flows, standardised, not seasonally adjusted, UK

Inflow: Between August and September 281,200 joined the count. The figure was 327,400 a year ago, so there has been a fall of 46,200, (although this is not fully comparable because of the September 1988 change in the benefit regulations for young people).

Outflow: Between August and September 314,300 left the count. The figure was 305,900 a year ago, making an increase of 48,400. (Again, this is not fully comparable, as outflows are also reduced among under 18 year olds because of the new regulations).

ASSESSMENT

UK unemployment (seasonally adjusted) fell by 50,400 between August and September to 1.695 million, the lowest level since October 1980 (on the consistent basis). The continuous fall since July 1986 has now reached 1.438 million, over 38 consecutive months.

September figures are usually difficult to interpret - being affected in particular by school leavers entering the labour market - and comparisons with last year are complicated by the effects of the postal strike a year ago.

Although this month's fall of 50,400 is larger than the seasonally adjusted fall for August (itself larger than the three previous months), it is too early to suggest that it represents anything other than a respite from the slowdown in the fall in unemployment seen a few months earlier.

Other factors to be aware of, if asked

1) About 3,000 mineworkers stopped claiming benefits in September as a result of recent changes to the conditions governing the Redundant Mineworkers' Payments Scheme (effective from July 23) whereby miners covered by the scheme now no longer have to sign on to receive payments. Claimant Advisers will be interviewing all mineworkers about exercising this option and the administration is likely to be spread over a few months. When the full effect of the change is known (and potentially it could lead to more than 20,000 mineworkers coming off the count) the seasonally adjusted consistent unemployment series will be revised to bring it into line with the current coverage. Until then comparisons over time using the seasonally adjusted figures will be affected by this change. (More background to the scheme given in separate note).

2) Fewer married women than usual flowed back onto the count in September after a period out of the labour market through the summer. There is a tendency for women to stop claiming benefit whilst, for

example, looking after children over the school holidays, and following a tightening up of the entitlement conditions for unemployment benefit last October, some will have been unable to return to the count.

3) Also this month's fall relates to a five-week period.

4) September's level of unemployment represents 6.0 per cent of the workforce. The basis of the rate has now been revised to incorporate in the denominator the effects of the 1987 census of employment results, which reduced the estimated size of the workforce. On the new figures, this month's rate represents a fall of 0.2 percentage points from the revised rate of 6.2 per cent for August (previously published last month as 6.1 per cent).

Male/Female unemployment see annexes A1 - A3

OUTLOOK

The seasonal changes in unemployment in the next few months, subject to revision are as follows. These are broad estimates, not forecasts, and take no account of the trend.

Sept +12,000

Oct -50,000

Nov +2,000

Dec +43,000

NB. These changes relate to those aged 18 and over, although they are now little different from changes in the overall 'headline' total.

REGIONAL UNEMPLOYMENT, SEASONALLY ADJUSTED

REGIONS	RATE (% of WORKFORCE)				
	September 1989	Change in month since August 1989	September 1989	Change in month since August 1989	Change in year since September 1988
	Thousands				
South East (Greater London)	344.8 (206.2)	-8.0 (-4.3)	3.7 4.8	-0.1 -0.1	-1.3 -1.5
East Anglia	33.2	-.8	3.4	-0.1	-1.4
South West	91.7	-3.6	4.3	-0.2	-1.6
West Midlands	154.6	-5.5	6.0	-0.2	-2.5
East Midlands	101.6	-4.4	5.3	-0.2	-1.8
Yorks & Humber	170.1	-4.7	7.2	-0.2	-2.0
North West	247.7	-7.4	8.0	-0.2	-2.0
North	132.6	-5.5	9.3	-0.4	-2.4
Wales	90.2	-3.3	7.2	-0.3	-2.4
Scotland	225.4	-5.6	9.1	-0.2	-1.9
GREAT BRITAIN	1591.9	-48.7	5.8	-0.2	-1.8
Northern I.	103.0	-1.7	14.6	-0.2	-1.2
UNITED KINGDOM					
Total	1694.9	-50.4	6.0	-0.2	-1.8
Male	1231.4	-31.1	7.5	-0.2	-1.9
Female	463.5	-19.3	3.9	-0.2	-1.6

UNADJUSTED UNEMPLOYMENT
Regional unemployment figures for September 1989

MALE	Total	Change	Change	Workforce Rate	Change	Change	N-based Rate
		since last month	since last year		since last month	since last year	
South East	246861	-3251	-86426	4.6	-.1	-1.6	5.6
Greater London	150813	-2087	-50970	6.0	-.1	-2.0	7.0
East Anglia	21875	-369	-8523	3.9	-.1	-1.5	4.9
South West	60770	-693	-22473	4.9	-.1	-1.8	6.2
West Midlands	112450	-1151	-45827	7.4	-.1	-3.0	8.7
East Midlands	71443	-2902	-26506	6.4	-.3	-2.4	7.7
Yorks & Humber	124026	-659	-37202	9.1	-.0	-2.7	10.9
North West	182009	-2931	-49079	10.2	-.2	-2.8	12.1
North	97616	-2689	-28267	11.6	-.3	-3.4	13.5
Wales	65958	121	-22997	8.9	.0	-3.1	10.9
Scotland	158683	-4812	-41985	11.0	-.3	-2.9	12.9
Great Britain	1141691	-19336	-369285	7.2	-.1	-2.3	8.6
Northern Ireland	77104	-268	-6323	18.3	-.1	-1.5	21.8
United Kingdom	1218795	-19604	-375608	7.4	-.1	-2.3	9.0

FEMALE	Total	Change	Change	Workforce Rate	Change	Change	N-based Rate
		since last month	since last year		since last month	since last year	
South East	102815	-3896	-58067	2.6	-.1	-1.5	2.8
Greater London	60420	-1701	-28337	3.4	-.1	-1.6	3.5
East Anglia	9940	-485	-7524	2.5	-.1	-1.9	2.7
South West	28780	-880	-18280	3.2	-.1	-2.0	3.5
West Midlands	47446	-1090	-27785	4.5	-.1	-2.6	4.9
East Midlands	29834	-1354	-15940	3.7	-.2	-2.0	4.0
Yorks & Humber	46933	-2083	-22522	4.8	-.2	-2.3	5.2
North West	68612	-2027	-29613	5.3	-.2	-2.3	5.7
North	34816	-348	-13989	5.9	-.1	-2.4	6.4
Wales	24636	-640	-12234	4.8	-.1	-2.4	5.2
Scotland	61260	-5159	-23228	5.9	-.5	-2.2	6.3
Great Britain	455072	-17962	-229182	3.9	-.2	-2.0	4.3
Northern Ireland	29028	-630	-3288	10.2	-.2	-1.2	10.6
United Kingdom	484100	-18592	-232470	4.1	-.2	-2.0	4.4

MALE AND FEMALE	Total	Change	Change	Workforce Rate	Change	Change	N-based Rate
		since last month	since last year		since last month	since last year	
South East	349676	-7147	-144493	3.8	-.1	-1.6	4.3
Greater London	211233	-3788	-79307	4.9	-.1	-1.8	5.5
East Anglia	31815	-854	-16047	3.3	-.1	-1.7	3.9
South West	89550	-1573	-40753	4.2	-.1	-1.9	5.0
West Midlands	159896	-2241	-73612	6.2	-.1	-2.9	7.1
East Midlands	101277	-4256	-42446	5.3	-.2	-2.2	6.0
Yorks & Humber	170959	-2742	-59724	7.3	-.1	-2.5	8.3
North West	250621	-4958	-78692	8.1	-.2	-2.6	9.2
North	132432	-3037	-42256	9.2	-.2	-2.9	10.4
Wales	90594	-519	-35231	7.2	-.0	-2.8	8.4
Scotland	219943	-9971	-65213	8.9	-.4	-2.6	10.0
Great Britain	1596763	-37298	-598467	5.8	-.1	-2.2	6.7
Northern Ireland	106132	-898	-9611	15.0	-.1	-1.4	16.9
United Kingdom	1702895	-38196	-608078	6.0	-.1	-2.2	6.9

International comparisons: (See annexes A4 & A5 i & ii)

Unemployment rates - See note to Editors A4.

(The old 'narrow based' rate 7.0 per cent in August for UK (unadjusted) is given in note to editors A4. The old rates for the regions, still necessary for local comparisons, will be published in the Employment Gazette. (If requested, these rates for August are given in annex A3)).

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
Ireland	(17.1)*	AUG
Spain	17.0	MAY
Italy	(11.0)*	AUG
France	10.1	JUL
Netherlands	9.4	JAN
Belgium	9.0	JUL
Greece	(7.4)*	APR 87
Canada	7.4	JUL
Denmark	(7.2)*	AUG
United Kingdom	6.4	JUL
Australia	6.1	JUL
Germany	5.6	JUN
Portugal	5.2	FEB
United States	5.2	JUL
Austria	[5.1]a	JUL
Norway	5.0	MAY
Finland	3.3	JUN
Japan	2.3	JUL
Luxembourg	(2.0)*	AUG
Sweden	1.3	JUL
Switzerland	[0.6]a	JUL
OECD Total	6.2	JUN (estimated)
MAJOR 7**	5.7	JUN (estimated)
EC Average	(9.2)*	AUG

* NOTE: For those EC countries for which no OECD standardised rates are available, similar harmonised rates compiled by the Statistical Office of European Communities (EUROSTAT) are shown in brackets. These showed the UK rate at 6.6% in August compared with the EC average of 9.2%.

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
Ireland	+ 2.0	+ 89	+ 40	JUL
Denmark	+ 1.0	+ 13	+ 29	JUN
Italy	+ 0.6	+ 3	+ 100	JUL
Greece	+ 0.2	+ 13	+ 14	APR
USA	+ 0.1	+ 3	+ 216	SEP
Portugal	+ 0.1	+ 1	+ 4	JUL
Austria	NC	- 4	- 5	JUL
Sweden	- 0.1	- 4	- 3	APR
Netherlands	- 0.1	- 1	- 7	DEC
Luxembourg	- 0.2	- 13	NC	MAY
Switzerland	- 0.2	- 25	- 5	JUL
France	- 0.3	- 1	- 25	JUN
Japan	- 0.3	- 11	- 160	JUL
Canada	- 0.5	- 6	- 59	SEP
Australia	- 0.7	- 7	- 35	JUL
Ireland	- 0.8	- 5	- 11	AUG
Germany	- 0.8	- 10	- 219	SEP
Belgium	- 1.3	- 10	- 37	JUN
Finland	- 1.4	- 29	- 34	JUN
United Kingdom*	- 1.8	- 23	- 497	SEP
Spain	- 2.1	- 11	- 301	JUL

NC No Change

* Seasonally adjusted series consistent with current coverage.

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

ANNEX A5 (ii)

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

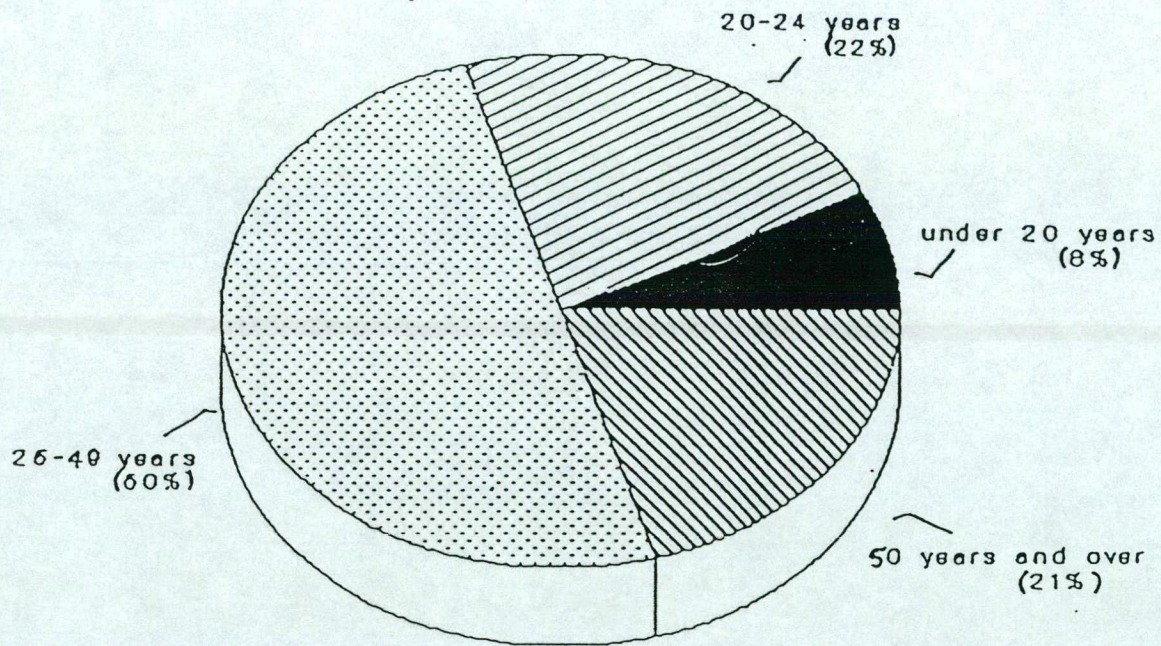
	Change in Percentage rate	Percentage Changes	Change Number (000s)	Latest month
Norway	+ 1.0	+ 22	+ 17	JUL
Austria	+ 0.4	+ 9	+ 11	JUL
Denmark	+ 0.2	+ 3	+ 8	JUN
Italy	+ 0.2	+ 1	+ 54	JUL
Luxembourg	+ 0.1	+ 5	NC	MAY
France	NC	NC	+ 2	JUL
Canada	NC	- 2	- 16	JUL
Switzerland	NC	- 3	- 1	JUL
Netherlands	- 0.1	NC	- 3	DEC
United States	- 0.1	- 2	- 85	SEP
Sweden	- 0.1	- 5	- 4	DEC
Japan	- 0.1	- 7	- 10	JUL
Ireland	- 0.2	- 1	- 3	AUG
Australia	- 0.2	- 3	- 13	JUL
Finland	- 0.2	- 11	- 11	JUN
Belgium	- 0.3	- 2	- 8	MAY
Spain	- 0.3	- 2	- 44	JUL
United Kingdom	- 0.3	- 5	- 92	SEP
Germany	- 0.4	- 6	- 124	SEP

Note Seasonally adjusted figures not available for Greece.

NC = No change

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

ANNEX A5 (ii)



U.K. UNEMPLOYMENT BY AGE

JULY 1989

Unemployment by age

	<u>Number at July 1989</u>	<u>Change since July 1988*</u>
18-19 years	138	-46
20-24 years	383	-98
25-49 years	884	-221
50 and over	365	-111
All ages ⁺	1771	(-555) ⁺

* Changes given in brackets are affected by the September 1988 change in benefit regulations for the under 18 year olds. Estimates of changes allowing for these effects are given alongside.

⁺ Includes those aged under 18.

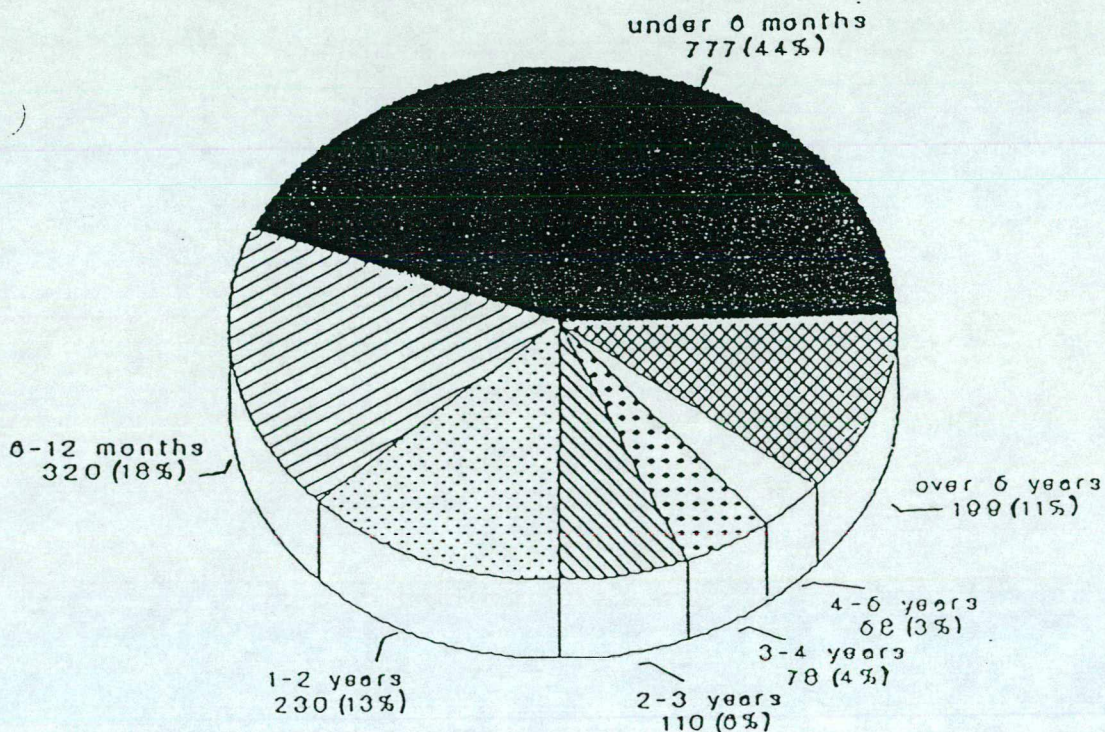
UNITED KINGDOM, claimants July 1989

Thousands

Unemployment by duration

Duration	Number at July 1989	Change since July 1988*	
All durations	1771	(-555)	-469
Over 6 months	994	(-387)	-341
Over 1 year	675	(-274)	-257
Over 2 years	445	(-192)	-190
Over 3 years	335	-131	
Over 4 years	257	-94	
Over 5 years	199	-64	

Up to 6 months	777	(-168)	-128
6 to 12 months	320	(-114)	-85
1 to 2 years	230	(-81)	-66
2 to 3 years	110	(-61)	-59
3 to 4 years	78	-37	
4 to 5 years	58	-30	
Over 5 years	199	-64	



U.K. UNEMPLOYMENT BY DURATION
JULY 1989

TRAINING (not in press notice)

The number training on Employment Training at October 9, 1989 was 209,000 (last month 204,000). {During the first 12 months of ET, over 400,000 people have passed through the programme}.

ET
209,000

(Note: Community Programme (CP), which provided project-based work placement had been completely phased out by 30 June 1989).

YTS

The number training on YTS at the end of August was 411,000 down by 2,600 on the month and down by 14,000 on the year.

YTS

Total	411,000
Last month	413,600
Change	-2,600
Previous year	425,900
Change	-14,000

(Of the 411,000, 21,900 are on single year places, 196,100 in their first year, and 193,000 are in their second year.)

The number of unfilled places on YTS at the end of August was approx. 111,500 (July 102,200).

(Unemployment peak was in July 1986 when the seasonally adjusted figures stood at 3,133,200 (11.2%). There were 292,500 people on YTS.)

Employment Training

Employment Training (ET) Programme was launched on September 1, 1988 and represents a £1.4 billion annual investment in training for up to about 560,000 long-term unemployed adults a year. It offers training at every level from basic literacy and numeracy to new technology, and is operated by a network of Training Agents and Training Managers. The new programme built on and replaced a range of previous schemes for unemployed adults, and caters for anyone who has been registered unemployed for six months or more, is 18 or over and is not receiving State Retirement Pension.

	ET	<u>Number in Training</u>
November '88		97,000
December '88		108,000
January '89		137,000
10 Feb		145,000
15 March		168,000
5 April		175,000
5 May		185,000
7 June		187,000
12 July		194,000
9 Aug		203,000
2 Sept		204,000
9 Oct		209,000

YTS

<u>1986</u>	<u>Number in Training</u>
April	245,400
May	221,800
June	269,600
July	292,500
August	275,100
September	333,800
October	333,400
November	327,400
December	324,900
<u>1987</u>	
January	320,100
February	316,500
March	318,300
April	301,741
May	291,496
June	349,499
July	378,520
August	392,270
September	427,136
October	420,175
November	426,086
December	417,500
<u>1988</u>	
January	413,049
February	402,800
March	389,200
April	382,010
May	370,000
June	392,500
July	418,545
August	425,900
September	435,300
October	435,200
November	427,900
December	419,900

1989

January	413,300
February	401,500
March	391,900
April	386,300
May	377,800
June	390,500
July	413,600
August	411,000

OTHER PROGRAMMES

(Table 9.2, page S64, October, 1989 Gazette)

The GB numbers covered by other schemes (previously described as Employment Measures) in August was around 98,200, no change from last month. (These measures are Community Industry, EAS, Job Release Scheme, Job Share, and Job Start Allowance).	Nos. other schemes	98,200
	Last month	98,200
	No Change	

The number covered by Employment Measures in August 1988 was 326,500 (not comparable as this figure included a large CP component).	Last year	326,500
	Change	-228,300

The EAS is continuing its slight fall over recent months. 81,000 were receiving the allowances in August, 1,000 down on last month and 12,000 less than in August 1988 (93,000).

[During the month of August '89 there were 166,317 Restart interviews. (In the 12 months to March '89 there were 2,250,000 Restart interviews). So far in the current year there have been 872,515 Restart interviews. Almost 85% received a positive offer. More than 71% accepted the offer. Since the start of Restart (1 July '86) 8,639,822 people have been called for interview and 6,643,617 attended. Restart is not an employment measure]

OTHER SCHEMES

NUMBERS COVERED

July '86	359,000	278,000
August '86	360,000	280,000
September '86	369,000	285,000
October '86	380,000	290,000
November '86	388,000	295,000
December '86	390,000	300,000
January '87	395,000	300,000
February '87	397,000	300,000
March '87	397,000	295,000
April '87	385,000	290,000
May '87	382,000	286,000
June '87	383,000	285,000
July '87	377,300	280,000
August '87	377,500	280,000
September '87	378,800	280,000
October '87	373,800	280,000
November '87	370,800	280,000
December '87	368,900	270,000
January '88	365,900	270,000
February '88	366,900	270,000
March '88	362,800	265,000
April '88	357,800	265,000
May '88	351,700	260,000
June '88	342,600	255,000
July '88	335,500	245,000
August '88	326,500	240,000
September '88	122,400*	
October '88	116,350^	
November '88	113,300*	
December '88	112,300*	
January '89	109,300*	
February '89	108,300*	
March '89	108,300*	
April '89	105,200*	
May '89	103,200*	
June '89	101,200*	
July '89	98,200*	
August '89	98,200*	

(* With the introduction of Employment Training Programme on 1 Sept 1988, Community Programme ceased to be included in total of 'Other Schemes', previously described as 'Employment Measures')

EMPLOYMENT (Table 6,7,8,+9 Pages 9,10,11 and 12).

The UK <u>Workforce in Employment</u>	Total WIE	26,357,000
(employees in employment, the self-employed, HM Forces and participants in government work related training programmes), in Q2, '89, was 26,357,000.	Last Q	26,272,000(R)
This revised fig is an estimated increase of +85,000 over the revised figure for Q1, '89, and an estimated total increase in the year to June 1989 of some 493,000.	Change	+85,000(R)
	Last year	25,864,000
	Change	+493,000

The workforce in employment is still at its highest level on record, even excluding those on work related training schemes. (Under previous Employed Labour Force definition, this figure would have been 25,878,000).

This continues the upward trend which started in March 1983, since when the workforce in employment is estimated to have increased by a revised total of 2,793,000 (including 479,000 participants on programmes). The WIE has risen 23 out of the last 25 quarters.

The number of employees in employment (UK) in all industries in June '89 was 22,460,000(R) up by 26,000 on the revised fig for Q1 1989 (22,434,000), and at its highest level since Q3 1980 (22,688,000). The increase is the 12th consecutive quarterly rise in the series.

GB figures

Of the 490,000 increase in the workforce in employment in Great Britain in the year to June (Note: Northern Ireland figs not available for full and part-time), some 226,000 were in full time employment and some 264,000 were in part time employment (including 135,000 participants on work-related government training programmes). 184,000 of the yearly increase were in male employment (111,000 part-time) and 307,000 were in female employment (153,000 part-time).

The UK workforce in employment is now made up of 14.9 million men and 11.4 million women).

Manufacturing

	The August 1989
<p>Total 5,111,000 figure for employees in employment in manufacturing (GB seasonally adjusted), at 5,111,000 shows a rise of 16,000 from July and compares with 5,134,000 in August last year. Figures for August are based on a small sample of employers and month- to-month changes can be erratic. It is, therefore, advisable to look at manufacturing trends over a longer time period. Over the 12 months to August '89, GB employment in manufacturing industries fell by 23,000 compared with a rise of 43,000 in the previous year. Q2 (June '89) estimate at 5,101,000 was down by 33,000 on Q1 (March '89) 5,134,000).</p>	<p>Last month 5,095,000 (R) Change +16,000 Last year 5,134,000 Change -23,000 Q2 1989 5,101,000 Q1 1989 5,134,000 Change 33,000 Last yr (Q2) 5,124,000 Change 24,000</p>

<p>UK manufacturing employment in Q2 1989 (5,205,000) shows a decrease of 34,000 since Q1 of 1989 (5,239,000) March.</p>	<p>Q2 5,205,000 Q1 5,239,000 Change -34,000 Last yr (Q2) 5,230,000 Change -25,000</p>
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The number of employees in service industries in June was 15,408,000(R). This is the highest figure ever, although the quarterly increase of 51,000 is the smallest for two years (excluding Q4 '88 when the rundown of CP had a large impact).

(See annex B4 for "biggest and best" comparisons for employment and hours).

ANNEX B1

FULL TIME AND PART TIME WORKFORCE IN EMPLOYMENT IN GREAT BRITAIN

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

In the year to June 1989 the workforce in employment is estimated to have increased by 490,000. This increase comprises 226,000 (46%) full-time jobs and 264,000 (54%) 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	13,664	12,796	868	9,335	5,358	3,977	22,999	18,154	4,845
	June	13,635	12,740	895	9,411	5,379	4,032	23,047	18,119	4,928
	Sept	13,743	12,761	982	9,559	5,416	4,143	23,302	18,177	5,125
	Dec	13,801	12,762	1,039	9,672	5,458	4,214	23,472	18,220	5,253
1984	March	13,832	12,802	1,030	9,736	5,496	4,240	23,568	18,298	5,270
	June	13,875	12,831	1,045	9,785	5,524	4,261	23,660	18,355	5,305
	Sept	13,928	12,880	1,048	9,853	5,556	4,297	23,781	18,436	5,345
	Dec	13,972	12,895	1,077	9,908	5,573	4,335	23,881	18,468	5,413
1985	March	13,972	12,910	1,062	9,951	5,609	4,342	23,923	18,519	5,404
	June	13,963	12,878	1,085	9,990	5,628	4,363	23,954	18,506	5,448
	Sept	13,963	12,868	1,096	10,059	5,640	4,419	24,022	18,507	5,515
	Dec	13,938	12,826	1,112	10,064	5,650	4,413	24,002	18,477	5,525
1986	March	13,872	12,786	1,086	10,087	5,658	4,429	23,959	18,444	5,515
	June	13,845	12,707	1,137	10,137	5,658	4,479	23,982	18,366	5,616
	Sept	13,876	12,709	1,167	10,225	5,683	4,543	24,101	18,392	5,709
	Dec	13,865	12,667	1,198	10,293	5,720	4,573	24,158	18,386	5,771
1987	March	13,876	12,676	1,200	10,344	5,740	4,604	24,219	18,416	5,804
	June	14,006	12,744	1,262	10,486	5,833	4,652	24,492	18,577	5,915
	Sept	14,150	12,853	1,297	10,606	5,916	4,690	24,757	18,769	5,987
	Dec	14,259	12,929	1,330	10,726	6,015	4,711	24,985	18,943	6,041
1988	March	14,351	13,043	1,308	10,809	6,109	4,699	25,159	19,152	6,007
	June	14,406	13,089	1,317	10,877	6,166	4,710	25,283	19,256	6,027
	Sept	14,462	13,157	1,305	10,977	6,223	4,754	25,439	19,380	6,059
	Dec	14,483	13,128	1,355	11,032	6,250	4,781	25,514	19,378	6,136
1989	March	14,556	13,167	1,389	11,131	6,289	4,842	25,687	19,456	6,231
	June	14,590	13,162	1,428	11,183	6,319	4,864	25,773	19,482	6,292
Change										
Jun 83-Jun 89		955	422	533	1,772	941	831	2,727	1,363	1,364
Jun 88-Jun 89		184	73	111	307	153	153	490	226	264

* 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.

ANNEX B1

CHANGES IN EMPLOYEES IN EMPLOYMENT

United Kingdom

Thousands, not seasonally adjusted

Industry	Year ending Jun 1989 Change		Region	Year ending Jun 1989 Change	
	Absolute	Percent		Absolute	Percent
Agriculture forestry and fishing	-10.0	-3.2	South East	116.3	1.5
Energy and water supply	-18.6	-3.8	(Greater London)	21.9	.6
Other mineral and ore extraction etc	-14.1	-2.1	East Anglia	8.2	1.1
Metal goods, engineering and vehicles	2.8	.1	South West	49.1	2.9
Other manufacturing industries	-12.5	-.6	West Midlands	3.7	.2
Construction	24.4	2.3	East Midlands	22.3	1.5
Distribution, hotels, catering, repairs	89.8	2.0	Yorks & Humberside	-14.2	-.8
Transport & Communication	18.1	1.4	North West	27.0	1.1
Banking, finance insurance	153.9	6.2	North	-5.7	-.5
Other Services	6.5	.1	Wales	17.1	1.8
			Scotland	12.8	.7
All Industries	240.2	1.1	Great Britain	238.1	1.1
			Northern Ireland	2.1	.4
			United Kingdom	240.2	1.1

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	5,594	- 75	659	- 8	13,363	+ 26	1,410	- 19	21,026	- 76
	June	Q2	5,538	- 56	648	- 11	13,463	+ 100	1,405	- 5	21,054	+ 28
	September	Q3	5,485	- 53	643	- 6	13,570	+ 108	1,409	+ 4	21,107	+ 53
	December	Q4	5,455	- 30	634	- 8	13,673	+ 103	1,407	- 2	21,169	+ 62
1984	March	Q1	5,429	- 26	623	- 11	13,750	+ 77	1,402	- 5	21,204	+ 35
	June	Q2	5,424	- 5	616	- 7	13,800	+ 49	1,389	- 12	21,229	+ 24
	September	Q3	5,402	- 22	613	- 4	13,873	+ 73	1,394	+ 5	21,281	+ 53
	December	Q4	5,399	- 3	609	- 3	13,964	+ 91	1,391	- 3	21,363	+ 81
1985	March	Q1	5,387	- 11	603	- 6	14,021	+ 57	1,386	- 5	21,397	+ 35
	June	Q2	5,377	- 11	591	- 12	14,072	+ 51	1,375	- 12	21,414	+ 17
	September	Q3	5,371	- 6	581	- 11	14,117	+ 45	1,358	- 16	21,427	+ 12
	December	Q4	5,339	- 32	571	- 10	14,161	+ 44	1,347	- 12	21,418	- 9
1986	March	Q1	5,304	- 35	554	- 17	14,203	+ 42	1,334	- 13	21,395	- 23
	June	Q2	5,242	- 62	545	- 10	14,263	+ 60	1,329	- 6	21,379	- 17
	September	Q3	5,201	- 42	535	- 10	14,322	+ 59	1,322	- 6	21,380	+ 1
	December	Q4	5,173	- 28	525	- 10	14,366	+ 44	1,325	+ 3	21,389	+ 9
1987	March	Q1	5,144	- 29	511	- 14	14,430	+ 65	1,330	+ 5	21,416	+ 27
	June	Q2	5,167	+ 23	508	- 3	14,561	+ 131	1,339	+ 9	21,575	+ 160
	September	Q3	5,177	+ 10	508	0	14,703	+ 142	1,351	+ 12	21,740	+ 164
	December	Q4	5,200	+ 23	505	- 3	14,893	+ 190	1,358	+ 7	21,956	+ 216
1988	March	Q1	5,227	+ 27	495	- 10	15,038	+ 145	1,366	+ 8	22,125	+ 169
	June	Q2	5,230	+ 3	487	- 8	15,139	+ 101	1,365	- 1	22,220	+ 95
	September	Q3	5,238	+ 9	486	- 0	15,242	+ 103	1,355	- 9	22,322	+ 102
	December	Q4	5,244	+ 6	483	- 3	15,247R	+ 5	1,357	+ 2	22,332R	+ 10
1989	March	Q1	5,239	- 5	476R	- 8	15,357R	+ 110	1,363R	+ 6	22,434R	+ 102
	June	Q2	5,205	- 34	468	- 7	15,408	+ 51	1,379	+ 16	22,460	+ 26

R=Revised to incorporate late data now available

BIGGEST & BEST / LEAST & WORST (Seasonally adjusted estimates)

Tables 6,7 and 8 - UK EMPLOYMENT ESTIMATES

LEVELS

Workforce in Employment	26,357,000 in June 1989, highest ever
Employees in employment	22,460,000 in June 1989, highest since September 1980 (22,688,000)
Employees in Manufacturing	5,205,000 in June 1989, compared with 5,230,000 in June 1988 and 5,167,000 in June 1987.
Employees in Services	15,408,000 in June 1989, highest ever

CHANGES (quarterly)

Workforce in employment	Plus 85,000 in Q2 1989, follows rises of 78,000 in Q4 1988 and 172,000 in Q1 1989
Employees in employment	Plus 26,000 in Q2 1989, follows rises of 10,000 in Q4 1988 and 102,000 in Q1 1989
Employees in Manufacturing	Minus 34,000 in Q2 1989, follows rise of 6,000 in Q4 1988 and fall of 5,000 in Q1 1989. Decrease in year to Q2 1989 of 24,000, follows a decrease of 62,000 in year to Q2 1988
Employees in services	Plus 51,000 in Q2 1989, follows rises of 53,000 in Q4 1988 and 110,000 in Q1 1989

Table 9, GB PRODUCTION INDUSTRIES EMPLOYMENT AND HOURS

Manufacturing - levels	5,111,000 in August 1989.
- changes	Rise of 16,000 in August; follows falls of 5,000 in June 1989 and 6,000 in July 1989. Fell by 33,000 in Q2 1989.
Energy/Water - levels	456,000 in August 1989, lowest ever on SIC 80 definition (since 1971).
- changes	Minus 1,000 in August 1989, follows falls of 3,000 in June 1989 and 4,000 in July 1989.
Overtime	13.99 million hours worked in August 1989; highest since December 1988 (14.04), and higher than July 1989 (13.27)
Short-time	0.21 million hours in August 1989.

VACANCIES (Tables 10,11 and 12 on pages 13 + 14)

Vacancies, seasonally adjusted UK

UK vacancies at Jobcentres,
seasonally adjusted, increased by
1,700 in September to 218,400.

(Vacancies are 21,900 down on
a year ago, a decrease of 9.1%).

Vacancies of jobcentres account
for about 1/3 of vacancies in
economy.

(Over the past six months
there has been a decrease of
800 per month on average).

SEASONALLY ADJUSTED

Total	218,400
Last month	216,700
Change	+1,700
Last year	240,300
Change	-21,900
	(-9.1%)

Normal seasonal changes:

(Unadjusted)

(To be revised next month)

Sept	+19,300
Oct	+21,000
Nov	-13,400

Vacancies, unadjusted UK

UNADJUSTED

UK vacancies at Jobcentres,
unadjusted, increased by 21,000
in September to 238,200.

Total	238,200
Last month	217,200
Change	+21,000
Last year	260,100
Change	-21,900

Vacancy flows and placings seasonally adjusted UK:

There was an increase of 5,100 in vacancy inflows in September to 231,100. There was an increase of 4,900 in vacancy outflows to 232,400 and an increase of 1,600 in placings to 159,100. Compared with last year inflows are up 3,400, outflows are up 3,400 and placings are up by 3,700.

AVERAGE EARNINGS (Tables 13 and 14 on pages 15 and 16)

This month the Average Earnings Index has been restructured to take into account:

(a) an enhanced sample (increased by 1000 firms and now covering parts of services sector not previously covered eg many parts of business services, higher education, research);

(b) re-weighting of industries within the index (in line with the Sept 1987 Census of Employment published last month);

(c) re-basing to 1988=100 (because it is essentially a new index). Data on the new basis are available back to January 1988.

The Underlying increase in average earnings for the whole economy was 8 3/4 per cent in the year to August, which is unchanged from the rate recorded for the year to July (revised rate). It was last higher in May 1989 at 9 per cent.

Underlying annual
increase (Aug 89) 8 3/4%

Last month (July 89)
8 3/4%
Last year (Aug 88)
9 1/4%
Last higher (May 89)
9%

The actual increase in the same period was 8.8%, down by 0.1% on the percentage for the year to July, and up by 0.7 per cent on the year to August 88.

Actual annual increase
8.8%
Last month (July 89)
8.9%
Last year (Aug 88)
8.1% (old index)

The following major or noteworthy settlements have been agreed in August and September:

Local auth. admin. staff (NALGO) (760,000) due July 8.8% (last year 5.6%) In underlying index from September.

Police (145,000) due Sept 9.25% (last year 8.5%) In underlying index from September.

Construction plant hire (30,000) due July 8.7% (last year 5.8%) In underlying index from September.

Civil Service (IPCS) (60,000) due August 7.3% (last year 5%) In underlying index from September or October.

Assessment

(Back pay in August was slightly higher than both the recent average level and the level of a year earlier. Most of the arrears of pay were in the water industry, transport, and manufacturing. With regard to timing and other adjustments, negative adjustments for those who have been paid two annual increases in the last 12 months (such as nurses, NHS ancillaries) outweigh positive adjustments for those who have received no annual increase in the last 12 months (such as water service staff and electricity industry engineers). The adjustment in August for the timing of bonuses are zero while adjustments for 1988 disputes outweigh positive 1989 adjustments. The net result of all these adjustments for back pay, timing etc is to place the underlying increase, at 8 3/4 per cent, about the same as the actual increase of 8.8%.

Manufacturing

In manufacturing industry the underlying increase for the year to August 1989 at 8 3/4%, was unchanged from the increase for the year to July (revised rates). Underlying last higher in July 1988 (9%). It has shown 8 1/2% or 8 3/4% growth since January ie for eight months.

The actual increase in the same period was 9.0%, down by 0.1% on July.

Underlying Aug 89	8 3/4%
Last month Jul 89	8 3/4%(R)
Last year Aug 88	8 3/4%

Actual annual increase	
Aug 89	9.0%
Last month (Jul)	9.1%(R)
Last year (Aug 88)	
(old index)	8.3%

The underlying increase for production industries, over the year to August at 9 per cent is unchanged from the increase for the year to July (revised rates). It was last higher in Dec 83 at 9 1/4% and last lower in June 89 at 8 3/4%.

The actual increase in the same period was 9.6%, up by 0.2% on July.

Production

Underlying Aug 89	9%
Jul 89	9%(R)
Aug 88	9% (R)

Actual Aug 89	9.6%
Jul 89	9.4%
(old index) Aug 88	8.1%

For service industries the underlying increase in the year to August was 8 1/4 per cent which is unchanged from the rate for the year to July (revised rates). It was last higher in June 89 (8.1/2%) peaked at 9 1/2% in March.

(The lower rate of increase since the March peak reflects the high proportion of employees who settle in the summer and autumn and whose earnings are determined by settlements soon to be replaced. The displacement of high 1988 nurses' settlement was the major cause of the fall between March and June.

The actual increase for the same period was 8.2% down by 0.1% on the percentage for year to July.

Services

Underlying Aug 89	8 1/4%
Jul 89	8 1/4% (R)
Aug 88	9 1/4%

Actual Aug 89	8.2%
Jul 89	8.3% (R)
(old index) Aug 88	7.8%

INTERNATIONAL COMPARISONS

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

		Latest period available
Greece	22.6	Q4 1988
Portugal (h)	14.2	Q4 1988
Finland	9.6	Q4 1988
Norway (d)	8.9	Q2 1989
Great Britain (c)	8 3/4	JULY
Spain (e)	7.5	Q1 1989
Sweden (g)	6.9	JUNE
Australia (b)	6.3	JUNE
Japan (a)(f)	6.1	JULY
Italy (b)	5.9	JUNE
Belgium (j)	5.4	Q1 1989
New Zealand (i)	4.9	Q1 1989
Canada	4.7	JUNE
Denmark (g)	4.6	MAY
Austria (a)(g)	4.0	MARCH
France (b)	4.0	Q1 1989
Germany	3.9	Q2 1989
United States	3.0	JULY
Ireland	2.7	Q4 1988
Netherlands (b)	1.0	JULY

OECD	4.8	MARCH
EEC	5.7	MARCH

Source: OECD Main Economic Indicators: SEPTEMBER 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

HOURS OF WORK (MANUFACTURING) (table 9 on page 12)

Overtime

In August the number of overtime hours worked in manufacturing (per week, seasonally adjusted) was 13.99 million. This compares with 13.27 for July '89 and 13.46 for August 1989.

(This is the highest figure since December 1988, when it was 14.04 million).

Overtime	13.99 million
Last month	13.27 million(R)
Change	+0.72 million
Last year	13.46 million
Change	+0.53 million

(Overtime working in August in hours per operative terms was 4 1/2 per cent higher than the figure for August 1988, and at about the level recorded last autumn. However this higher figure for one month has not been sufficient to change the estimated effect of hours worked on the increase in average earnings in manufacturing, and the whole economy from zero. For manufacturing, production, and the whole economy the hours adjusted rate of increase has been equal to the underlying rate of increase in each of the last 3 months.

Short-time

The number of hours lost through short time working per week in August was 210,000, down by 60,000 on the July fig, and down by 50,000 on August 1988.

Short Time	210,000
Last month	270,000
Change	-60,000
Last year	260,000
Change	-50,000

The three month average ending August of 260,667 compares with 333,333 in the previous three months (to May) and 233,333 for the same period last year.

Average Hours

It has not been possible to update these figures because of technical problems.

A revised index of average weekly hours will be published next month incorporating the revised employment and hours data now available. The latest figures available are below.

The index of average weekly hours worked in June is 100.7 down by 0.1 on last month's revised index (100.8) the same as June '88.

Average hours	100.7
Last month	100.8 (R)
Change	-0.1
Last year	100.7
Unchanged	

(The lowest point of index was in Jan '83, 96.7).

The three months to June average index of 100.9 is down by 0.3 on the three months to March (101.2), and an identical 100.9 average for the equivalent period last year.

PRODUCTIVITY (Output per head Table 16 on page 18).

Manufacturing output per head in the three months to August was 1.0 per cent higher than in the three months ending May and 4.2 per cent higher than in the same period a year earlier.

Output per head in the whole economy in the first quarter of 1989 was 0.6 per cent lower than in the previous quarter of this year but 0.7 per cent higher than in the same quarter a year earlier. ,

(The effects of the Piper Alpha disaster and other oil industry interruptions are estimated to have reduced the increase in whole economy output per head by about 1 percentage point in Q1 1989 and by about 1/2 percentage point in each of the two previous quarters).

ANNEX D1

INTERNATIONAL COMPARISONS

WAGES AND SALARIES PER UNIT OF OUTPUT IN MANUFACTURING

Annual Percentage Increases

	United Kingdom	Federal Republic of Germany(1)	Japan	United States of America(2)	Canada	Italy(2)	France(2)
Source:		A	A	A	A	B	B
1980	22	8	3	10	14	12	14
1981	9	5	6	7	12	16	13
1982	4	4	5	7	15	16	12
1983	1	-1	2	-3	-1	11	6
1984	3	-1	-5	-2	-4	5	7
1985	6	0	2	2	1	7	6
1986	4	3	4	0	3	2	2
1987	1	4	-3	-1	3	3	0
1988	3	0	-5	1	3	1	-3
Quarterly							
1984 Q3	3	-3	-4	0	-5	5	7
Q4	5	-1	-4	0	-2	4	8
1985 Q1	5	-3	-1	3	1	7	10
Q2	6	-1	-1	3	2	5	6
Q3	6	1	1	2	1	8	5
Q4	7	2	5	3	1	8	5
1986 Q1	8	4	4	0	3	3	4
Q2	7	3	5	0	3	3	1
Q3	4	4	5	0	4	2	2
Q4	0	4	3	-1	4	2	1
1987 Q1	1	4	1	0	3	4	1
Q2	0	3	-1	-1	4	2	1
Q3	1	3	-4	-1	4	3	0
Q4	4	2	-7	-1	2	1	-2
1988 Q1	2	0	-8	-1	2	0	-5
Q2	4	1	-5	1	2	1	-2
Q3	2	-1	-4	0	3	-1	-2
Q4	3	0	-1	1	6	2	-2
1989 Q1	3	0	-3*	2	6	5	0
Q2	4	1*	n/a	2	6*	n/a	n/a

n/a - not available

* - estimated

Notes (1) : Manufacturing and mining

(2) : Unit labour costs

These series are in local currency and are not adjusted for exchange rate changes

Source A: OECD Main Economic Indicators (September 1989)

B: International Monetary Fund (July 1989)

ANNEX D1

UNIT WAGE AND SALARY COSTS (TABLE 15 on page 17)

In the three months ending August 1989, wages and salaries per unit of output in manufacturing industry were 4.6 per cent higher than in the same period a year ago.

In the second quarter of 1989 wages and salaries per unit of output in the whole economy were 8.2 per cent above the corresponding period a year earlier.

(The effects of the Piper Alpha disaster and other oil industry interruptions are estimated to have added about 1 percentage point to the increase in unit wage costs for the whole economy in Q1 1989 and about 1/2 percentage point in each of the two previous quarters)

INDUSTRIAL STOPPAGES (Table 17 on page 19)

In August 1989, 109,000 working days were provisionally estimated as lost through industrial disputes, a return to a more normal level following exceptionally high July figure. The August 1989 estimate compares 2,374,000(R) in July, and 431,000 in August 1988 and an average of 775,000 for August during the ten years 1979 to 1988. The NALGO action affecting local authorities caused the loss of 52,000 working days; 11,000 working days were lost in the electrical engineering industry. in the docks.

Days lost	109,000
Last month	2,374,000(R)
Change	-2,265,000
Last year	431,000
Change	-1,943,000
10 yr average	775,000 with
Change	-666,000

In the year to August 1989, a provisional total of 4.6 million working days were lost through industrial disputes; the largest elements being 2.0 million days lost by NALGO workers, 1.0 million working days lost from postal workers disputes.

12 months to August
4.6 million
previous 12 mths
2.6 million
Change +2.0 million
Highest since 1985
(6.4 million)

This compares with 2.6 million days lost in the previous twelve months and an average of 10.1 million days lost in the ten year period from 1979 to 1988.

10 year average
10.1 million
Change -5.5 million

A provisional total of 52 stoppages were recorded as in progress in August. Subsequent revisions will raise this total. It compares with the July figure of 83 and is the lowest figure for August since 1940 (also 52).

Stoppages	52
Last month	83
Change	-31
Last year	62
Change	-10
10 yr/avr	117
Change	-65

In the 12 months to August 1989 a provisional total of 701 stoppages were recorded as in progress, compared with 856 for the previous 12 month period (a reduction of 155).

12 mths to August 89	701
12 mths to August 88	856
Change	-155
10 yr/avr	1361
Change	-660

This the lowest figure for the 12 months ending August since 1936 (696). This compares with a 10 year annual average of 1361.

(Comparisons on stoppages should be made with caution because of the difficulty in collecting information on small strikes.)

"WINTER OF DISCONTENT"

Working days lost

Stoppages

1978

1978

September 878,000
October 1,857,000
November 1,918,000
December 542,000

313
398
369
177

1979

1979

January 2,966,000
February 2,425,000
March 1,333,000
April 867,000
May 485,000

251
297
314
247
204

REDUNDANCIES (not in press notice)

Confirmed redundancies in the three months to July 1989 are expected to total 20,800 after making an allowance for belated reporting; this compares with 26,100 recorded in the corresponding period a year ago.

The provisional figures for June and July '89 were 8,000 and 7,000 respectively, compared with 8,400 and 9,000 for the equivalent months last year.

[It is questionable whether the trend is due to economic factors or to lower compliance with reporting requirements]

JOHN PUGH
EVELYN SMITH
VIOLA PANTON