

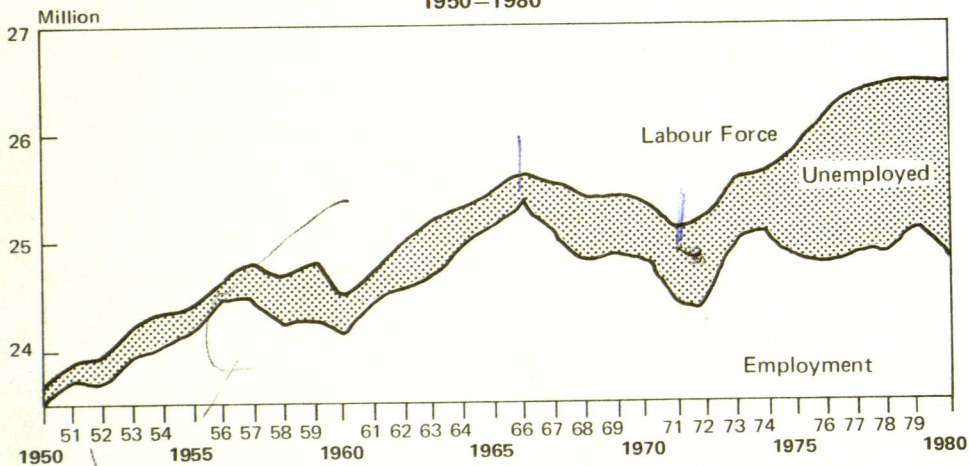
PRIME MINISTERUNEMPLOYMENT

I promised to write a short paper summarising developments.

1. The 1960s and 1970s

The graph below shows what happened in 1950-79. By 1966, the number of jobs in the UK was about 1.5 million greater than in 1950. With the number seeking work rising similarly, unemployment was low by current standards - 500,000 (2%) was "unacceptable".

GRAPH 1
The UK Labour Market
1950-1980



Source: Department of Employment

Between 1966 and 1972, about 1 million jobs went. Unemployment in the UK in 1972 was about 850,000. It would have been higher had not the labour force been falling because of the low birth rate in the early 1950s.

In 1972-74, the boom in the UK increased employment by about 700,000, and ^{some of} those jobs remained after 1974. Employment since then has been on a plateau, at about 25 million. The number seeking work has risen since 1974 by about 1.5 million. Hence today's unemployment of about 2 million.

2. The Structure of Employment

One reason why employment held up after 1974 was that a fall in employment of about 1 million in manufacturing was roughly offset by a rise in employment in private and public services. This shift is occurring in all developed countries, and will continue.

In the UK, there is a further factor. The development of North Sea oil, which is very capital-intensive, seems to be causing a net loss of jobs by replacing more labour-intensive ones in manufacturing.

The balance between the number of men and women employed is changing. About 90% of adult men seek work, against about two-thirds of women, but the proportion of women seeking work has risen steadily: it was only one-third in 1950. In 1979, about 550,000 more men were employed than in 1969, and about 700,000 more women.

3. Regional Employment

In the 1970s, rates of unemployment were higher in peripheral regions: the North West, the North, Scotland, Wales and Northern Ireland. This situation may alter by 1985. Without net migration, the biggest increases in the available labour force between 1979 and 1985 would be in East Anglia and the South West. This is one reason why forecasters say that the industrial axis in Britain is shifting from London-Manchester/Liverpool to Bristol-Norwich.

4. The 1980s

The number of people available for work will rise by a further 1.5 million during the 1980s. Inevitable demographic changes, together with pessimistic forecasts about the number of jobs, explain why some forecasters see unemployment rising as high as 3 million in 1985.

To hold unemployment down to 1.5 million by 1990, Britain would need 2 million more jobs in the next decade. Yet the number of jobs today is less than in 1966. This is a measure of our task.

Douglas Hague

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