

# Employment Gazette

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Trade union democracy: Green Paper

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EMPLOYMENT GAZETTE January 1983 (pages 1-40)

# Contents

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**Cover picture**  
 Issues of trade union democracy have been raised for discussion in a Green Paper published this month (see "Employment Brief" p. 3 and Summary p. 11).

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**EMPLOYMENT BRIEF**

Government invites views on ideas for democracy in trade unions 3

Employers welcome job-splitting scheme offering grants of £750 4

Scheme boosts training for electrical contracting industry 5

Work introduction courses give job opportunities to youngsters 6

**SPECIAL FEATURES**

Supply and demand put pressure on West Germany's youth training 7

Democracy in trade unions 11

Effects of rising unemployment on school leavers 13

Training means (small) business 17

Who becomes unemployed? \* 21

Degrees of success 24

Membership of trade unions in 1981 26

Family Expenditure Survey: further results for 1981 29

**QUESTIONS IN PARLIAMENT** 33

Young people—Trade unions—Equal opportunities—Pay and conditions—Unemployment figures—Apprenticeships—Enterprise allowance—Health and Safety—New Jobs—Sponsored schemes—"Managing agencies"—Community programme

**EMPLOYMENT TOPICS** 35

Redundancies: advance notifications—Expatriates—Redundancies: reported as due to occur—Redundancy fund—Household spending—Special exemption orders Oct 1-Dec 31—Multi-racial workforce—Revisions to monthly and quarterly estimates of employment—New aerated waters wages council

**CASE STUDY** 37

Shipping in a computer

**LABOUR MARKET DATA**

Centre section contents S1

Commentary; trends in labour statistics S2

Definitions and conventions S55

Index S56

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## Free Department of Employment leaflets

The following is a list of leaflets published by the Department of Employment. Though some of the more specialised titles are not stocked by local offices, most are available in small quantities, free of charge from employment offices, jobcentres, unemployment benefit offices and regional offices of the Department of Employment.

In cases of difficulty or for bulk supplies (10 or more) orders should be sent to General Office, Information 4, Department of Employment, Caxton House, Tothill Street, London SW1H 9NF.  
Note: This list does not include the publications of the Manpower Services Commission or its associated divisions not does it include any priced publications of the Department of Employment.

### Employment legislation

A series of leaflets giving guidance on current employment legislation.

1	Written statement of main terms and conditions of employment	PL700
2	Procedure for handling redundancies	PL706
3	Employee's rights on insolvency of employer	PL619(rev)
4	Employment rights for the expectant mother	PL710
5	Suspension on medical grounds under health and safety regulations	PL705
6	Facing redundancy? Time off for job hunting or to arrange training	PL703
7	Union membership rights and the closed shop	PL708
8	Itemised pay statement	PL704
9	Guarantee payments	PL694(rev)
10	Employment rights on the transfer of an undertaking	PL699
11	Rules governing continuous employment and a week's pay	PL711
12	Time off for public duties	PL702
13	Unfairly dismissed?	PL712
14	Rights on termination of employment	PL707
15	Union secret ballots	PL701
16	Redundancy payments	PL713
	Employment Acts 1980 and 1982—an outline	PL709
	Compensation for certain closed shop dismissals between 1974 and 1980—a guide for applicants	PL697
	The law on unfair dismissal—guidance for small firms	PL715
	Fair and unfair dismissal—a guide for employers	PL714
	Individual rights of employees—a guide for employers	PL716
	Code of practice—picketing	
	Code of practice—closed shop agreements and arrangements	

### Industrial tribunals

	Industrial tribunals procedure—for those concerned in industrial tribunal proceedings	ITL1
	Industrial tribunals—appeals against levy assessments	ITL5
	Industrial tribunals—appeals concerning improvement or prohibition notices under the Health and Safety at Work Act 1974	ITL19

### Overseas workers

	Employment of overseas workers in the UK from January 1, 1980	
	Information on the work permit scheme—not applicable to nationals of EC member states or Gibraltarians	OW5(1981)
	Employment in the United Kingdom	
	A guide for workers from non-EC countries	OW17(1980)
	Employment of overseas workers in the UK from January 1, 1980	
	Training and work experience schemes	OW21(1981)

### Employers and employees covered by Wages Councils

	Are you entitled to a minimum wage and paid holidays?	
	A brief description of the work of wages councils which fix statutory minimum pay, holidays and holiday pay for employees in certain occupations	EDL504
	Statutory minimum wages and holidays with pay	
	The Wages Council Act briefly explained	WCL1(rev)

### Other wages legislation

	The Fair Wages Resolution	
	Information for government contractors	
	The Truck Acts	
	Describes the provisions of the Truck Acts 1831-1940, which protect workers from abuses in connection with the payment of wages	PL538
	Payment of Wages Act 1960	
	Guide to the legislation on methods of payment of wages for manual workers (in particular those to whom the Truck Acts apply)	PL673

### Special employment measures

	Temporary Short Time Working Compensation Scheme	
	For firms faced with making workers redundant	PL692
	Job Release Scheme	
	For women aged 59, disabled men aged 60 to 64, and men aged 62 to 64	PL685
	Young Workers Scheme	
	Information for employers on a scheme to create more employment opportunities for young people	PL678(rev)
	Job Splitting Scheme	
	Details of a new scheme which helps employers to split existing jobs and open up more part-time jobs	PL698

### Young people

	The work of the Careers Service	PL669
	A general guide	
	Employing young people	PL690
	Describes the help available to employers from the Careers Service	
	Help for handicapped young people	
	A guide to the specialist help available from the Careers Service	PL675

### Quality of working life

	Work Research Unit	
	Practical advice and help available for those in industry, commerce and the public services who want to improve the quality of working life	PL661
	Work Research Unit—1981 Report of the Tripartite Steering Group on Job Satisfaction	
	Meeting the challenge of change	PL687
	Guidelines for the successful implementation of changes in organisations	
	Meeting the challenge of change	
	Summaries of case study reports produced as a result of monitoring change programmes in twelve British organisations	PL688

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	The Employment Agencies Act 1973	
	General guidance on the Act, and regulations for users of employment agency and employment business services	PL594(2nd rev)

### Equal pay

	Equal Pay	
	A guide to the Equal Pay Act 1970	
	Equal pay for women—what you should know about it	PL573(rev)
	Information for working women	

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	The Race Relations Employment Advisory Service and the multi-racial workforce	PL679
	Background information about some immigrant groups in Britain	

### Miscellaneous

	The European Social Fund	
	A guide for possible applicants for help from the fund which seeks to improve employment opportunities through training, retraining and resettlement in EC member states	PL694

# EMPLOYMENT BRIEF

## Government invites views on its ideas for democracy in trade unions

**"A fair deal for unionists"**  
—Employment Secretary

Compulsory secret ballots for the election of trade union leaders and on strike action are among the suggestions for public discussion in the Government's Green Paper on trade union reform.

Replacement of the system of "contracting out" of political levy payments to one of "contracting in" is another suggestion put forward for debate on the possible introduction of legislation.

The Government is inviting views on the issues raised in the Green Paper, *Democracy in Trade Unions*, by April 8, 1983.

Employment Secretary Norman Tebbit, introducing the document as a "fair deal for trade unionists", said there was widespread concern about the way trade unions are run. Public opinion had clearly shown strong feeling that trade unions ought to be democratic institutions, responsive to the views and wishes of their members.

He thought that the most important part of the Green Paper was the section on the democratic election of the unions' governing bodies.

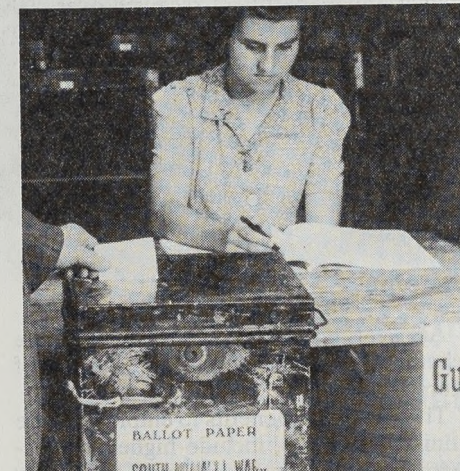
### Decisions

"Many unions still fail to ballot their members on even the most major decisions affecting them—such as the choice of their leaders or the calling of strikes," he declared.

He attacked the "dubious decisions" taken on a show of hands at mass meetings, sometimes packed with outsiders. He alleged that unrepresentative minorities plotted trade union elections at secret meetings to ensure that positions of great power were filled by people elected on a tiny percentage of the available vote.

"These practices offend fair minded people and are incompatible with our democratic traditions," he said.

"Trade unions have had the opportunity to reform their procedures voluntarily—they have been offered help to reform themselves—but many of those who control them continue to disregard the growing demands of their own members, let alone those of the general public. Too



◆ A show of hands at mass meetings can result in "dubious decisions", says Employment Secretary Norman Tebbit.

◆ Secret ballots are proposed for the election of trade union leaders.

**A summary of the Green Paper, *Democracy in Trade Unions*, appears on pages 11 and 12.**

many trade unions have failed to reform themselves, and public opinion now demands that we should start the process of consultation leading towards legislation to curb these well authenticated abuses," he said.

He asserted that the adoption of secret ballots, at least in the election of union leaders, would go a long way towards making their leaders more representative of the views of their members.

"Similarly, if all trade unions were to take the views of their members through secret ballot before embarking on industrial action, many unnecessary and damaging strikes could be avoided.

"Another area of great concern is the political activities of trade unions, often carried on with scant regard for the wishes of individual members.

### Levy

"In particular, I believe we should examine the rules governing the payment of the political levy and find a way of giving individuals the right to review and confirm the political objects supported by their union." He stressed that members should not be arm-twisted into paying the levy.

He did not propose to make any changes in this area effective until after a general election.

He said that the Government was seeking an informed and wide-ranging discussion on a number of proposals for change.

### Reform

"Reforms imposed by law must be workable. They must command general respect and support and must be enforceable. In some areas there may be no effective legislative path to reform, in others there are undoubted problems about legislation but they must be grasped and overcome if we are to move in step with public opinion," he said.

"This Green Paper is about restoring democracy in trade unions. Surely nobody can argue against the principle. I very much hope that everyone concerned—but particularly the trade unions—will contribute fully to the discussion."

**Lauren is the top girl technical engineer**



Lauren de Graft Rosenior (26) from Tulse Hill, London is the 1982 Girl Technician Engineer of the Year.

At a ceremony in London, HRH The Duke of Kent presented her with the prize of £250 and an inscribed silver rose bowl.

Two special £100 awards were also made to the joint runners-up: Miss Jayne Wood (24) a senior software engineer from Maidstone, Kent; and Miss Julie Meakin (23) a lighting engineer from Larkhall, Lanarkshire.

Sponsored by the Caroline Haslett Memorial Trust and the Institution of Electrical and Electronics Incorporated Engineers, this award aims to focus attention on electrical and electronic engineering as a worthwhile professional career for women.

Lauren is a control technologist with Mars, the confectionery manufacturers, at Slough, Berkshire.

**Unions ask members to help unemployed**

Trade Unionists are being asked to give at least £1 each to finance the work of 160 TUC centres for the unemployed and to help set up new ones.

Launching the appeal, TUC general secretary Len Murray said that many unemployed were in poverty and isolation and this demanded a response from everybody in the country.

**Employers welcome job-splitting scheme offering grants of £750**

Recent publicity of the Government's job-splitting scheme has brought an impressive response from employers, according to the Department of Employment.

The scheme which rewards employers who split full time jobs and so open up more opportunities for part-time workers was launched on January 3.

Minister of State Michael Alison said that the response to newspaper advertisements, direct mail, and personal contacts from a wide range of employers had been very encouraging.

During the first few days following the launch, the Department received over 200 telephone inquiries and more than 1,000 written requests for further information.

The scheme offers employers a grant of £750 to off set extra costs if they split a full time job and thus create part-time jobs for unemployed people and for workers who would otherwise become unemployed.

use of working time; improved job satisfaction; lower staff turnover and absences, and cover for holidays, sickness and off the job training. There would also be scope for building up a pool of trained labour to meet companies' expansion.

The scheme is open to employers in the public and private sectors and it operates on a nation-wide basis. Any job can be split provided that it has been filled by full time employees for three months prior to an application.

Mr Alison added: "We do not wish to compel anyone to take part-time jobs under the scheme. It should be a matter of choice both for potentially redundant employees and for the unemployed.

"It is our intention that rights to redundancy payment should not be lost as a result of refusing the alternative of a split job. It is equally not our intention to launch a campaign against unemployed people who refuse a split job by withholding benefits."

**Benefits**

Applications for grants under the scheme will be considered until the end of March 1984.

The long-term benefits to employers, the Minister declared, include higher productivity, particularly—though not exclusively—in areas of routine work; more flexible

**Five appointed to Manpower Services Commission**

Five new members joined the Manpower Services Commission on January 1.

They are Norman Payne, chairman, British Airports Authority; Hamish Orr-Ewing, chairman Rank Xerox (both representing the CBI); Alistair Lawton, chairman of the association of County Councils' education committee; Dr Malcolm Green, member Strathclyde Regional Council (both representing local authorities); and Wilson Longden, vice-principal, Barnfield College, Luton (representing education).

Other members of the Commission who were reappointed by the Secretary of State for Employment are Sonja Elkin (CBI), Ken Graham, Bill Keys and Ken Baker (TUC).

The chairman of the MSC is David Young who was appointed in April 1982 for a three year period. The appointments and reappointments of the present nine part-time members are for a three-year period from January 1.



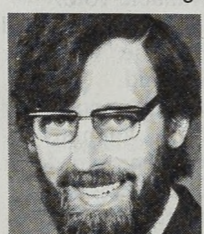
Norman Payne



Hamish Orr-Ewing



Wilson Longden

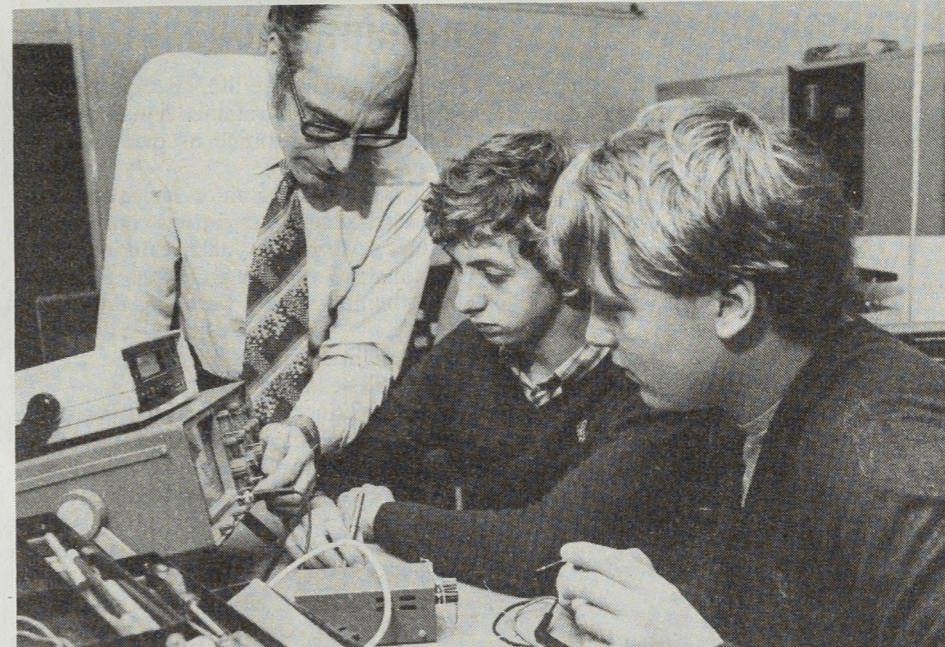


Malcolm Green



Alistair Lawton

**High technology knowledge is just the job**



Trainees Damian Pollard and John Brennan at SITEC with supervisor Geoff Bobker.

Ten trainees at a new Information Technology Centre have left during the first three months for permanent jobs in industry. And four others have progressed to further education.

Salford Information Technology Centre (SITEC) was opened last September with places for 40 school-leavers under the Manpower Services Commission's Youth Opportunities Programme.

Dr Francis N-Nagy, the centre's general manager, is delighted with the trainees' achievements. "Their job prospects are good because of the demand for high technology techniques," he said. Some of the ex-trainees are now working as micro-computer salesmen, programmers, electric circuit wiremen or testers.

The youngsters can spend up to a year at the centre, gaining basic knowledge in the use of computers, word processors, micro-electronics and robotics. They train in both hard and soft computer techniques and are developing and producing products including printed circuit boards, logic modules and chip circuit wiring.

Salford university has provided the premises for SITEC, and seconded Dr N-Nagy, its senior lecturer in electrical engineering. The local authority is providing various block release courses for the youngsters, and Ferranti is providing equipment. The main financial assistance—£120,000 in the first year and a further £100,000 in subsequent years—comes from the MSC. The Department of Industry provides £35,000 in the first and £20,000 in the second year.

**Former Whip joins Tebbit's team**

Mr John Selwyn Gummer, MP for Eye, who was appointed Parliamentary Under Secretary of State for Employment earlier this month, first entered Parliament as MP for Lewisham West in 1970.

He became Parliamentary Permanent Secretary to the Minister of Agriculture, Fisheries and Food in 1971. He lost his seat in the 1974 general election but was elected for Eye in May 1979, and was appointed PPS to the Secretary of State for Social Services.

In January 1981 he was made a Government Whip and in October 1981 was appointed a Lord Commissioner at the Treasury.

Mr Selwyn Gummer, aged 44, was educated at King's School, Rochester and Selwyn College, Cambridge, where he was president of the Cambridge Union. He is married with two children.

**Scheme boosts training places for electrical contracting industry**

Employers and union leaders in the electrical contracting industry have launched a new training scheme which departs radically from the traditional apprenticeships. The scheme abolishes age barriers for skill training, phases out academic entry requirements and offers training to recruits from non-traditional sources.

It will also take into account individual's different learning speeds and will be available to both young people and adults.

The Electrical Contractors Association and the Electrical, Electronic, Telecommunications and plumbing Trades Union have agreed that "what matters in the end is that trained workers can demonstrate the necessary competence."

Time serving will be abolished. Instead there will be two academic and two practical modules of training, each linked to testable and acceptable standards of achievement.

**Wages**

The trainee's wages will increase, only if he passes each of the tests, instead of by age or length of service.

Without the scheme there would have been as few as 500 vacancies for apprenticeships in 1983 but the electrical contracting industry now aim to provide places for 2,000 trainees and more in future years.

The scheme qualifies for financial support under the Manpower Services Commission's Youth Training Scheme.

MSC Director Geoffrey Holland welcomed it as a "very significant contribution

to the modernisation of skill training in line with the objectives of the Commission's New Training Initiative."

He added: "I hope other sectors will take full note of this development and its significance for the quality and quantity of training provision in this sector."

**Danger areas are the same as last year**

Fourteen people were killed in quarry accidents in 1981 and a further 105 sustained major injuries, says a report by the Health and Safety Executive. As in previous years, and despite earlier publicity, site transport and haulage was a predominant cause of death and injury.

The report says that almost three-quarters of quarry accidents resulted from failure to comply with recognised good practice, unsuitable systems of work for the prevailing conditions, or lack of common caution.

It is often claimed that a particular accident was unavoidable or simply 'one of those things', but very few accidents fall into this category, the report added.

## Work introduction courses give job opportunities to youngsters

Young people who attend Work Introduction Courses organised by the Manpower Services Commission increase their chances of finding satisfactory jobs in today's difficult employment conditions, according to a recently-published evaluation study.

The courses, held predominantly within further education colleges, form part of the MSC's Youth Opportunities Programme and are directed at 16- to 19-year-olds who lack basic skills or have educational disadvantages. They aim to improve confidence and ability by providing training in basic work skills, life and social skills, and communication and numeracy.

The 19-month, in-depth study found that many young people possess "a very positive, if perhaps overall unrealistic, concept of themselves as workers." But this is tempered by a widespread degree of realism about the difficulties of getting a job, even before going on a Work Introduction Course.

### Preferences

The job interests of students were found to bear little relationship to levels of actual knowledge about the jobs they preferred. Youths expressed preferences for garage and mechanical work, building and local services work, while girls were mostly interested in nursing, catering, office and shop work. But in many cases the young people knew nothing about these fields of work.

The study, entitled "Work Introduction Courses—An Evaluation of Their Functioning and Effectiveness within YOP," was carried out by the Hester Adrian Research Centre in conjunction with the Bolton College of Education (Technical).

## Dearer medical fees for employers

Some employers' fees for statutory medical examinations of their workers will be increased substantially when revised charges come into operation in April 1983.

The Health and Safety Executive, whose doctors carry out over 75,000 examinations a year under factory and safety acts, aims to set the fees at a level equal to the full economic cost. Most fees are to be raised though there could be some decreases.

The proposed new fees were recently published by the Health and Safety Commission in a consultative document, which can be obtained from the Health and Safety Executive, Sales Point, Baynards House, 1 Chepstow Place, London W2 4TF. (Price £1).

## Fit for Work awards in the north west



Over a quarter of the Manpower Services Commission 1982 "Fit for Work" awards have gone to employers in the North West region. At a ceremony in Manchester, the Lord Lieutenant of the county, Sir William Downward, presented "Fit for Work" awards to thirteen of the region's employers.

The north west has 27 of the 101 winners, ranging from industrials such as Kellogs and GEC Power Engineering, to firms like Rochdale Supplies, with a staff of only seven, four of whom have disabilities.

Picture shows Sir William Downward presenting a "Fit for Work" award to Mrs Avril Norton, of the Co-operative Wholesale Society in Manchester.

## Tax staff union retain efficiency consultants

The Inland Revenue Staff Federation, the tax staff union, has retained a management consultancy to examine its own structure and organisation.

The 60,000 strong union has asked EPIC, an industrial communications company, to conduct a survey of 5,000 of its members and to make recommendations aimed at strengthening and streamlining the organisation.

The main areas to be covered by the survey will be internal communications and decision making, particularly in drawing up pay claims and campaigning for them; the use of new technology and how the union should react; membership representation and the election of full-time officials; and the use of ballots on issues such as industrial action.

It is believed to be the first time that a trade union has employed a private consultancy to recommend changes in its organisation. The survey's findings, which could include some embarrassing answers for some sections of the union, will be discussed at a special conference of the union later in 1983.

## New training initiative for chemical industry

A new training initiative has been taken by the Chemical Industries Association to service the training needs of member companies, following the demise of the Chemical and Allied Products Industry Training Board (CAPITB).

Mr Kenneth Hack, the Association's Director of Industrial Relations, sees the role of the new department as a catalyst to co-ordinate the training activities of the chemical industry; to give advice to companies where it is required and help managers and staff alike to take full advantage of the schemes and money being made available by government for training.

The CIA aims to assist companies in the identification of local training needs, determine priorities and implement training programmes.

The association has negotiated an increase on the original grants allocation of £175,000 for training 50 apprentices for a year. It now has grants valued at £280,000 for 80 trainees.

The CIA has appointed Mr Bill McNichol as training manager.



## Supply and demand put pressure on West Germany's youth training

by Steve Reardon

*Employment Gazette editor*

The "dual system" of vocational training has supplied West Germany's skilled manpower needs with minimal state intervention for many years. But recession and rapidly rising unemployment amongst young people are beginning to open cracks in its solid structure. Following a recent visit to the Federal Republic, Steve Reardon gives a personal account of the present state of training there at a time when Britain's new training initiative is getting off the ground.

At the beginning of this year the Ford Motor Company of West Germany, currently ranked in the top twenty industrial enterprises in the country, both in annual turnover and numbers of employees, will have just over two hundred apprentices waiting to take their final examinations. No more than 12 will get a skilled job with the company that has trained them for the last three years. The bulk of them will have to be content with the offer of an unskilled production job where they will mark time until a skilled vacancy crops up.

With unemployment amongst young people rocketing in West Germany as in all other industrialised western

countries, no doubt the class of '83 at Ford will be relatively sanguine about their production line offer. The demands that new technology is beginning to make for skilled workers at the expense of the unskilled production workers, many of whom are foreign with little chance of making skilled grades, means that their sojourn at this level will be relatively short-lived. Job losses caused by introducing robots are nearly always in the unskilled grades and are being partially offset by the consequential creation of new types of skilled vacancy.

At the other end of the scale Ford had already closed their books for next September's intake of apprentices a

year before they would take up the training places. The total of applications then stood at 800 for the usual 200-plus places. Children of existing workers have been given preferences, but all will have to take an examination to secure one of the precious places.

With so few skilled vacancies arising now, Ford might have been expected to cut its annual intake of apprentices to more manageable proportions. After all it costs around £7,000 to train one apprentice. But this is the West German Dual System in action. The principle of vocational training is virtually sacrosanct and remains largely intact in the face of recession and rising unemployment. "We have a social obligation", says Ford's technical training manager in Cologne, in a matter of fact way that sums up the solid foundation that the Dual System has achieved in German working life. With Britain in the throes of setting up the new Youth Training Scheme, which msc chairman David Young said recently was not another temporary measure but "will become a permanent way of life" for many young people leaving school, it is appropriate to look at the German Dual System of vocational training and education which has achieved this kind of performance and recognition and has long been held up by many as a system approaching the ideal.

Ideal, that is, as far as the West Germans are concerned. It has to be said that despite close examination by the British Government there are many elements of the German system which would not be appropriate to attempt to incorporate into a youth training scheme in this country. It relies heavily on institutions and formal systems of codetermination which do not have a ready British counterpart.

### Transition year

German school children are required to stay in full-time education only until the age of 15. For them, however, the final year at school is regarded very much as a transition year between education and work experience, including an element of formalised secondment for youngsters to industry and commerce during that period.

A proportion, naturally, stay in full-time education, moving on to technical and other secondary schools. Some go straight into jobs at 15, mostly the unskilled variety, which is coupled with compulsory education with a vocational bias on a part-time basis. And, of course, now, an increasing number become unemployed, particularly the socially disadvantaged including children from immigrant families, without any entitlement to supplementary benefits.

By far the highest proportion, nevertheless, enter what is known as the Dual System—a combination of practical on-the-job training with an employer and theoretical training in a state vocational training school.

These young trainees enter into formal "contracts" with an employer covering their chosen apprenticeship, for three or occasionally four years depending on the nature of the skill involved. The process of making such a contract very often results from a direct approach by the would-be apprentice to an employer, or they can be arranged through the state labour offices who also provide vocational guidance and careers advice. There is no compulsion on either side to conclude a contract nor is

there any direction of young people into apprenticeships not of their choice.

Once a contract has been concluded, the course of the training, the examinations and the certificate of qualification at the end of the apprenticeship are regulated by law. Training regulations covering each of the recognised training professions are drawn up by the Federal Institute for Vocational Training and issued by the Federal Minister. Formulation of the regulations is on a tripartite basis and the appropriate allowance to be paid to the apprentice is also laid down at this stage. These regulations provide the framework within which the progress of the apprentice will be made. They cover the activities in the vocational training schools and must be used by the companies in formulating their training plans geared to their own production requirements.

### Out of harmony

This system is not without its problems. Company training is a Federal responsibility, with firms taking their cue from the Federal training regulations. The vocational schools, however, come under individual state control (the Länder) which can in practice lead to disparity between the 11 different authorities. It can also mean that there is no formalised liaison between companies and the vocational training schools in their area, although many regular training companies have naturally built up their own links. In addition, theoretical training in the schools is geared to an academic year beginning in September, which can prove to be out of harmony with individual company plans. This potential lack of integration is a problem which is currently preoccupying the Federal Institute, particularly as industrial innovation often means that the practical training available from one employer does not match up to the optimum qualification that one apprentice could expect to achieve. Partly in an effort to meet this problem the Federal Institute is working on reducing the original high number of individual training options (there are in fact 450 recognised training occupations, but in practice the majority of apprentices are covered by some 40 groupings) to fewer, more broadly based modules: perhaps as few as 14. While this would presumably make for more generally based and adaptable skills, one of the prime aims of our own Youth Training Scheme, it could equally put an added strain on the traditional balance between practical training in companies and the theoretical education in vocational training schools.

It can be appreciated from the fact that there are 450 recognised training occupations, which actually cover something like 20,000 different jobs—that the concept of apprenticeship in Germany is very wide indeed. Craft apprenticeship, perhaps most commonly associated with the word "apprenticeship" in Britain, forms only a small aspect of the Dual System. But the idea that there is room for a formal qualification based on a combination of learning by doing and further education in a vast range of business activities, is very much the underlying foundation of our own Youth Training Scheme. It is interesting too that traditional craft training in Germany has always been considered as an integral part of this system and has never been based separately on those time-serving criteria, which many in Britain now see as costly and outmoded.

In Ford's at Cologne, for example, completion of the skill training after three years or possibly four, is regarded as only a first step on the ladder of employment as a skilled worker with the company. There are ten grades in the company's overall pay structure, including unskilled and semi-skilled production workers—grade one being the lowest and grade ten being the highest. An apprentice, whose rate for the job at the outset of his training would have been laid down in advance in the vocational training regulations agreed centrally with the Federal Institute by employers and unions, would expect to be on grade seven with Ford in his final year. It might take another six or seven years to progress to grade ten after training and this would depend on occupation and what further training might have been taken in that time. Only about two per cent of the workforce make grade ten, which encompasses occupations like electronics technician. So, in essence, the idea of continuous updating and uprating of skill beyond the initial training period after school is a well established one within the German system. It is worth mentioning too that those many finished apprentices whose only hope of a job at the moment is on the unskilled production line while they mark time, can only expect to be paid the rate appropriate to that job and not a rate appropriate to their level of training achievement.

The Dual System, of course, relates to initial training contracts reached immediately on leaving school. It should be added at this point that there is also in West Germany well established machinery for obtaining first skills or uprating existing skills during the course of adult working life, which exists in tandem with the Dual System for young people. The DGB, the German Federation of Trade Unions (the equivalent of the TUC), has



funded since 1953 a number of Institutes of Further Education throughout the Federal Republic. These are probably the single largest providers of alternative education and training although there are other organisations, including some run by the churches, which provide recognised training and retraining. Originally the trade union institutes concentrated on commercial and administrative skills. With the changing economic climate they have latterly turned their attentions to predominately technical skills and are mainly training unemployed people, including those thrown out of work by declining industries such as textile manufacture. Many people, adults and unemployed youngsters who have failed to obtain a contract under the Dual System, are referred to the institutes by the Labour Offices. Their training fees are paid by the government on a credit basis for repayment over a period of time by the trainees and in this way are largely self-financing. One factor enabling the Dual System to function in the way it does and which means that it is a system which could not be universally applicable elsewhere without the provision of a corresponding infrastructure, is the organisation of the German chambers of commerce.

### Statutory function

Unlike chambers of commerce in this country, the German chambers have a quango-like status. Supervised by the state and organised by law, membership is compulsory for the wide range of commercial organisations which fall within their scope. In terms of the Dual System the chambers of commerce perform a statutory function.

All training contracts agreed between a school leaver and an employer under the Dual System have to be registered with the appropriate local chamber of commerce. The chamber's inspectors then carry out checks to ensure that the employer is capable of carrying out the required training under that contract: they will look at the firm's machinery, for instance, at their training personnel, and they will undertake some supervision of the apprentice during the course of the apprenticeship. They also carry out the interim and final examinations ensuring continuity and a nationally accepted standard. (Qualifications obtained in this way in West Germany are also recognised in the other German speaking countries of Europe—Austria, Switzerland and East Germany). Incidentally, creating national training standards (not based on time-serving) is an aim of the New Training Initiative in this country.

### Good will

It is the chambers of commerce, too, which play a large part in maintaining a flow of new training offers from employers. With compulsory membership of companies on an area basis, they are, of course, particularly well placed in this respect. Despite the formal nature of the Dual System's apprentice contracts, the regulations covering training content and duration, and the examinations involved, the entire system is founded largely on the good will of those employers providing training. The entire cost of inplant training falls on the employer and in the case of those employers like Ford who are training above and beyond their own immediate need, that cost may be being

written off under the heading of "social obligation". Add to that the fact that only about 20 per cent of German companies and employing organisations are regularly providing training places under the Dual System—the others being either unsuitable for one reason or another and not meeting the training regulation standards enforced by the chambers; or in the case of an indeterminate number, unwilling to participate—the achievement of a consistently high number of training places year by year is certainly remarkable.

### Places maintained

In Berlin, for example, perhaps politically and socially atypical in terms of Germany as a whole, but perhaps as a result a microcosm of the training dilemma at its most acute, the achievement that the chamber of commerce there claims for itself is worth considering. In 1973 there were 15,000 school leavers and in that academic leaving year there were 17,500 apprentice places in existence, 6,800 of them first year places. In 1982 the number of young people leaving school in Berlin had risen to 25,000. Something like 60 per cent of these would be looking for a place in the Dual System, the remainder going on to higher education or falling between the two stools. But despite the declining economic situation (particularly in Berlin where the uncertain political climate has led many major companies, ostensibly located there, to seek expansion elsewhere in Germany) the number of training places being offered had risen to 36,000, 15,000 of which were new places that year. These figures would seem to demonstrate two things: first, that the number of places available for the duration of the normal three-year apprenticeship has been maintained year by year, so that there has been no question of cutting back on training in mid-course; and second, that the number of new places coming on stream each year has kept pace with rising school-leaver demand and over a period of economic decline and rising unemployment generally.

So at the end of September this year, the Labour Office in Berlin had only 800 people looking for apprenticeship places who could not get them, and about 200 apprenticeship offers from firms which could not be filled (the mis-match factor).

This still means that just over five per cent of school leavers wanting a place in the Dual System failed to get a contract offer from a suitable company. But in a year when unemployment amongst young people under 20 in the whole of Germany rose by over 40 per cent, the description of the number of new training places offered as "incredible" by the Berlin Chamber of Commerce is understandable.

### Chinks in confidence

Nevertheless the last couple of years have seen some chinks beginning to appear in the general West German attitude of confidence in its Dual System and its ability to match supply of apprentice places with school leaver demand.

Faced with rising unemployment and the prospect of a school leaver bulge, a Federal Act was introduced in 1976 to be incorporated into the earlier 1969 Vocational Training Act which currently governs the operation of the

Dual System, and brought together the various chamber statutes and regulations under one umbrella. The 1976 measure aimed actively to promote the number of training places on offer in any year and to ensure their even distribution according to the needs of industry and the economy. The Federal Government would establish each year what the supply of, and demand for training places was, and if the supply did not exceed the demand by at least 12.5 per cent, would impose a levy on all employers with more than 20 employees of 0.25 per cent of the total wage bill. The money raised by this levy would be used to pay premiums for additional training places created.

The new measure was bitterly resisted both by the Federation of Trade Unions, who saw it as a threat to the established system of codetermination in training matters, and by the Federation of Employers' Associations, who saw it as penalising those firms already undertaking training and who would still have to bear the brunt of the increased training effort envisaged by the legislation. In the years following the passing of the Act, the power to impose the levy was never invoked by the government, but there is no doubt that its pervading presence had a galvanising effect on the supply of new training places coming out of industry. It has been suggested that by 1979 the incentive provided by the threat of the levy more than matched what could have been achieved in the creation of new training places by the distribution of the 900 million DM which the levy would have raised in the previous three-year period. It is probably this spin-off effect, too, which partially accounts for the power of persuasion which the Berlin Chamber of Commerce, for one, has been able to wield over its employers in that time.

### A testing time

Finally in 1980 the state of Bavaria, with a reputation for being the maverick in German affairs, took the matter to the Constitutional Court. It obtained a ruling that the Federal Government had no competence in the financial provision for vocational training: it was a matter for employers alone. So the situation reverted to that of the 1969 Act.

Nevertheless it seems clear in talking to Federal Government officials that there is considerable unease with this status quo. In Berlin, for instance, the ruling Senate is itself putting up money for the next three years to pay firms a premium for additional training places. Money is also being provided to pay for more off-the-job training workshops as a booster to in-plant training, and more training places are being found in the non-administrative public sector.

The next few years are clearly regarded as a testing time for the Dual System. The Federal education ministry admits that problems of supply of and demand for training places and the inability to control them other than by voluntary means, at a time of public expenditure cutbacks, has resulted in difficulties on a scale never experienced before with the Dual System. The only bright spot on the horizon is the expected demographic fall in the numbers of young people leaving school at 16 which should begin to take effect in about 1985. In the meantime it is fingers crossed that these external pressures will not do irreparable damage to a vocational training plan that has served so well for so long. ■

## SPECIAL FEATURE

# Democracy in trade unions

The Green Paper, published this month, provides the basis for a wide ranging and informed debate on the possible introduction of legislation on secret ballots for the election of trade union leaders and before strikes are held, and on political activities of trade unions. A summarised version of the proposals are given in the article

□ The Green Paper\* is in five chapters. **Chapter 1** sets out the background to the consultations. There has been little progress on democracy in trade unions since the Donovan Commission criticised the low level of membership participation in many unions back in 1968. The TUC has boycotted the Government's funding scheme for secret postal ballots set up under the Employment Act 1980. There is increasing public concern—not least because of their potential for damaging the economy—that union leaders are often unrepresentative of their members. Consultations will show whether the case for statutory reform is confirmed and ensure that any changes proposed will work in practice.

**Chapter 2** is concerned with *secret ballots for trade union elections*. It puts forward four minimum standards of democracy which unions' election arrangements should attain. These are that:

- voting invariably takes place in conditions of secrecy;
- all members eligible to vote have the opportunity to do so under a system which provides the best opportunity of a reasonable turn-out;
- all votes are counted fairly; and
- those who take decisions at the highest levels are properly representative of, and accountable to, the membership as a whole.

The lack of public confidence about whether many unions meet these standards is based on very low turn-outs in elections; the obscurity of many union rules, which leave room for abuse; and allegations of malpractice, which some see as "the visible signs of a more disquieting state of affairs".

The *case for legislation* requiring the use of secret ballots by trade unions in specific circumstances (for example to establish a political fund) is long-established. However, any legislation on elections must take into account the wide variety and complexity of existing union structures and electoral arrangements (which are described in paragraphs 18 to 30). There are several key *questions relevant to legislation* on which views are sought.

- (i) *Methods of voting*. Although the use of postal ballots overcomes many of the problems associated with voting by ballot box or by show of hands, its introduction would cause practical difficulties for many unions, and the accuracy of the count could not be guaranteed unless an independent scrutineer supervised all arrangements. What can reasonably be required without placing an undue

burden on unions?

- (ii) *Indirect elections*. Should members be entitled to vote directly for a candidate or is it acceptable for them to vote for a representative who then exercises a block vote?
- (iii) *Appointment of full-time officers*. Practices differ widely between unions. For example, in some unions full-time officers are elected by the membership (for a limited or unlimited period); in others they are recruited from outside by the governing body as permanent employees of the union on the basis of their expertise. The role and powers of full-time officers also vary. In what circumstances could election and re-election reasonably be required?
- (iv) *Other electoral arrangements*. Would it be practicable or desirable to attempt to introduce detailed requirements about such matters as eligibility to vote, qualifications of candidates, the use of "block voting" and so on?
- (v) *Scope*. Should legislation cover all union elections or concentrate on achieving progress at the top—that is elections to the union's governing body, which provides the union leadership?

*Possible approaches to legislation* are considered. No particular approach is proposed. The aim is to stimulate an informed discussion in the light of which detailed proposals for workable legislation can be put forward. Four possible approaches are outlined:

- (a) a system of detailed and uniform regulation imposed on all trade unions;
- (b) a system requiring unions to seek approval of their rules from a public authority;
- (c) the establishment of general democratic principles for *all* elections, with a statutory right of complaint for union members alleging that their union's arrangements fell short of these;
- (d) a statutory remedy for union members if elections *to the governing body* fall short of certain minimum standards.

*Enforcement of any statutory requirements* is discussed, including the existing remedy of contempt which would already be available if a trade union persistently refused to

\* *Democracy in Trade Unions* Cmnd. 8778 HMSO, £3.55.

comply with a court order, following a proven breach of union rules. The court has discretion to impose a range of penalties for civil contempt on a refusal to comply with its order. The court may impose a fine if the contempt is sufficiently serious. Otherwise the court can issue injunctions and further orders aimed at remedying breaches of the original order. Views are also sought on possible alternative sanctions—for example, freezing the assets of a trade union, removal of “executive status” from named officials, and loss of immunities.

Comments are sought on an alternative approach to legislation. This is based on the argument that unions should be able to persist with arrangements which are contrary to any statutory requirements if these are shown in a secret ballot to have the support of a majority of the membership.

**Chapter 3** is concerned with *ballots before strikes*. The argument of principle for holding pre-strike ballots is simple and unanswerable. However, discussion is needed on the practical effects of making such ballots compulsory by law. Proposals for mandatory strike ballots in this country are not new, and other countries have legislation requiring strike ballots in certain circumstances. However, no country has legislated to require universal, automatic ballots before any strike. To do so might encourage unofficial strikes and a proliferation of “go slows” and other industrial action short of a strike which can be just as damaging to the economy.

There are three possible approaches to legislation, each posing difficult questions of principle and practice on which views are sought:

- (i) *Strike ballots imposed by the State in defined circumstances.* The Green Paper looks at their use in the USA and, more briefly, in the UK. Would these serve to harden attitudes and prolong disputes? Or would they influence trade unions to ensure that they had the backing of their members before embarking on a strike?
- (ii) *Ballots triggered by a proportion of union members.* These would have the advantage of being seen to reflect members' wishes. But they raise a number of practical questions, such as: Which members would be eligible for the trigger? How would the wording of the question on the ballot paper be decided? How would the timing of the ballot be decided? What would be an appropriate sanction if a union refused to hold a ballot?
- (iii) *Ballots triggered by the employers concerned.* These would present similar difficulties of definition. Moreover they would appear to have no advantages over ballots carried out by the employers themselves and covering both union and non-union employees. Should funds be available for employers when a union has refused to ballot its members?

**Chapter 4** is concerned with *the political activities of trade unions*. It outlines the *present legal position*, which is determined by the Trade Union Act 1913 and is based on two main principles:

- (a) that trade unions should, if they so choose, be able to pursue their members' interests through political organisations and to give financial support to such organisations;
- (b) that no trade union member should be obliged to support financially any political organisation if he does not want to, and that he should not suffer so far as his union membership is concerned by refraining from giving such support.

While these principles remain valid, the working of certain of the 1913 Act's provisions now needs re-examination and views are sought:

- (i) *Ballots to approve political objects.* Is it still acceptable for such ballots to be a once-for-all requirement, or should regular confirmatory ballots be required? Should the test continue to be a simple majority of those voting, or an alternative such as an overall majority of the membership?
- (ii) *Contracting-out.* There are strong arguments of principle against contracting-out. It is objectionable that an individual should have to take positive steps to avoid contributing to a political party which he opposes. Moreover the evidence suggests that in practice it is more difficult for members to contract-out in some trade unions than in others. This points to the need for a change to *contracting-in*. At the very least unions should be required to do more to make their members aware of their rights.
- (iii) *Contributing to the political fund and the election of trade union officers.* Should the 1913 Act be clarified so that membership of the political party supported by the union is not made either directly or indirectly a condition for election or for holding union office?
- (iv) *Political objects.* Is the definition in the 1913 Act too narrow for present day needs? What more can be done to enable union members to find out about contributions made by their unions to external bodies?
- (v) *Administration of the political fund and annual returns of accounts.* Are measures needed to enable union members and the public to satisfy themselves that a union's general fund is not being used to subsidise political activities for which a political fund has been established?
- (vi) *The check-off and the political levy.* Are new safeguards needed to ensure that employers do not deduct the political levy from the pay of individual union members without their knowledge or against their wishes?

**Chapter 5** summarises the main areas where legislation might be considered and invites industry and others to submit their views to the Department of Employment by April 8, 1983.

## Effects of rising unemployment on school leavers

by Pauline Jones\*,  
University of Oxford

The experiences of two cohorts of minimum age school leavers separated by only two years are compared. The findings are drawn from two research projects commissioned by the Manpower Services Commission.

□ Rising unemployment since 1979 has had a particularly marked effect on young people, radically changing the picture of entry to the labour market. In this article we compare the experiences during the first year after leaving school of two cohorts of minimum age school leavers separated by only two years. The findings are drawn from two research projects commissioned by the MSC and based in the West Midlands. The first project involved a follow-up survey of young people who left school in 1979 and the second involves young people, from the same area and the same schools, who left school in 1981.

The research area suffered a particularly steep rise in unemployment in the period which separates the two cohorts. The main aim of each piece of research has been to examine the impact of YOP, but comparison between findings from the two studies also provides a more general picture of the effect of rising unemployment on young school leavers.

In the first study a three-quarter random sample of a cohort of 1979 leavers was interviewed soon after leaving school and then again in 1981†. Information obtained in this way was supplemented by Careers Office and school records. Findings from this study included very detailed job history information covering the first 18 months after school leaving, information about YOP, jobs and training, and attitudes to the labour market, in addition to personal and background information. In the second study all 1981 minimum age school leavers are being interviewed for the first time during autumn 1982, just over one year after they left school, and will be recontacted early in 1983. To allow comparisons between the two cohorts the information collected about the latest cohort overlaps considerably with that from the first.

### Interim account

The final comparative analysis will not be carried out until summer 1983. However to provide an interim account of their first year in the labour market we analysed job history information on 1981 leavers from the local careers office records. In this article these preliminary findings from 1981 school leavers are compared with findings from 1979 school leavers at the same stage, that is approximately one year after leaving school.

We have found the local careers office records to be extremely accurate when compared with other sources of equivalent information, including interviews with the young people themselves. However nine per cent contained incomplete job histories and were therefore excluded from the analysis. Since then we have identified

many of those excluded for this reason. Approximately one-third had left the area. Among the remaining two-thirds there appears to be a bias towards youngsters who obtained a job soon after leaving school and are still in that job. However the numbers are relatively small and the differences described below between the two cohorts are so large that the addition of these would have little effect.

### Local employment context

The area of study, which we have called “Castlehill”, is on the outskirts of the Birmingham conurbation. It was planned and developed in the 1960s and its population was drawn partly from inner city areas. Although employment opportunities within Castlehill are very limited, levels of unemployment were until recently relatively low. The majority of adult male workers were in skilled or semi-skilled manual occupations, many in the car industry or related work. Partly as a result of the rapid decline in this type of employment the level of unemployment in the area has risen rapidly in the last two or three years. A further contributory factor is the growing number of school leavers in the area, which like many other similar estates has an unbalanced age structure with relatively young families predominating. As a consequence the unemployment rates in the study area have risen even more rapidly than those for the conurbation and region as a whole which have themselves been more dramatically affected by unemployment than most other areas in the UK: between January 1979 and June 1982 the numbers of registered unemployed in the UK increased by 210 per cent, that is the number registered in June 1982 was 2.1 times greater than in January 1979. In the West Midlands there was a 280 per cent increase between these dates but in Castlehill there was an increase of 400 per cent over the same period. These calculations do not take account of any changes in working population. We have not been able to obtain migration data for Castlehill, although there has been a small but continuous net outward migration from the West Midlands region since 1975 (West Midlands County Council 1982). However further evidence of the relatively high unemployment rate in Castlehill in recent years comes from the 1981 Census data. At the time the Census was carried out in April

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† The project also involved detailed observational studies of local YOP schemes which were supplemented by interviews with managers, supervisors and trainees on these schemes. The final report on the project is entitled “Out of School: a case study of the role of government schemes at a time of growing unemployment”, to be published by the MSC in their “Occasional Publications” series.



**Table 1 Qualifications, 1979 and 1981 cohorts compared**  
Per cent

Qualifications	1981 cohort	1979 cohort
None	23	27
CSEs not over grade 4	12	16
CSEs not over grade 2	38	33
At least 1 O-level/CSE 1	16	10
2 or more O-levels/CSE 1	11	14
N =	(806)	(607)

**Table 2 Economic status of the economically active one year after leaving school—two cohorts compared**  
Per cent

	Boys		Girls	
	May 1980	May 1982	May 1980	May 1982
Employed	87	43	84	34
Unemployed	8	25	9	32
On YOP	5	32	7	34
N =	(338)	(406)	(246)	(315)

**Table 3 Proportions of each cohort unemployed or on YOP one year after school leaving, by qualifications and sex**

	Poor qualifications*		Good qualifications		Total N in each cohort
	Boys	Girls	Boys	Girls	
Percentage of economically active unemployed or on YOP in:					
May 1980 (1979 cohort)	18	25	6	10	(607)
May 1982 (1981 cohort)	72	77	40	56	(806)
Increase in percentage points	54	52	34	46	

\*The poorly qualified have less than five CSE passes with none over grade 2.

1981 there was an unemployment rate of 16.4 per cent in Castlehill (West Midlands County Council). Unemployment rates in the West Midlands and the UK in April 1981 were 12.3 per cent and 10.4 per cent respectively.

### Education and qualifications

In both studies those who continued in full-time education for at least one year were not followed up. Among the 1979 cohort 14 per cent of the total year group carried on in full-time further education either at school or at college of further education. By 1981 this proportion had increased to 22 per cent. These can be compared with an average of over a third in England as a whole (DES 1982). Although the proportions staying on in Castlehill were relatively low on both occasions the rise of eight percentage points between 1979 and 1981 was quite dramatic when compared with about a three percentage point rise in the country as a whole.

Girls were much more likely to stay on than boys, consequently boys were in the majority in each of the samples followed up: 57 per cent of 1979 leavers and 56 per cent of 1981 leavers. Despite the higher staying on rate among the 1981 cohort, the general level of qualification of the leavers was a little better than that of 1979 leavers (table 1).

**Table 4 Occupational status of first jobs—two cohorts compared**  
Per cent

	Boys		Girls	
	1979 cohort	1981 cohort	1979 cohort	1981 cohort
Skilled technical	4	4	2	4
Skilled (man. or clerical)	44	25	26	14
Semi-skilled	41	61	70	82
Unskilled	11	10	—	—
N =	(333)	(227)	(245)	(152)

**Table 5 Comparison between qualification levels of YOP entrants and non-entrants in 1979 and 1981, by sex**  
Per cent

	Boys		Girls	
	YOP entrants	Non-entrants	YOP entrants	Non-entrants
<b>1979 cohort</b>				
Poor qualifications	67	50	53	39
Good qualifications	33	50	47	61
N =	(46)	(274)	(62)	(183)
<b>1981 cohort</b>				
Poor qualifications	57	42	47	44
Good qualifications	43	58	53	56
N =	(251)	(153)	(222)	(100)

### Employment history

The rapid deterioration in employment prospects in the area has led to dramatic differences between the experiences of the two groups of young people separated by only two years. By May 1982, a year after they left school, 48 per cent of 1981 leavers had not had a permanent job compared with only five per cent of 1979 leavers at the same stage. And 65 per cent had spent some time on YOP compared with only 15 per cent of the 1979 leavers.

Table 2 shows that despite the massive increase in take up of YOP, those who left school in 1981 were far more likely than 1979 leavers to be unemployed one year after leaving school.

In addition although the increased take up of YOP had undoubtedly reduced their total unemployment, 1981 leavers had nevertheless experienced longer periods of unemployment than 1979 leavers. In the year since leaving school over a third (37 per cent) of 1981 leavers had been unemployed for a total of six months or more, and another third for between three and six months. In comparison only 15 per cent of 1979 leavers had had more than three months unemployment by that stage.

It can be seen from table 2 that girls were more likely than boys to be unemployed or on YOP at each stage, a finding which is not typical of the country as a whole. Employment opportunities within Castlehill are very limited, consequently most have to travel outside the area for work. It is possible that for a variety of reasons girls are less mobile than boys, and as a result suffer more from the lack of local industry.

On the other hand the finding shown in table 3 that the poorly qualified are more vulnerable than the well

qualified to unemployment mirrors the national picture (MSC 1981). In addition, as the bottom row of table 3 shows clearly, the poorly qualified, both boys and girls, showed a greater rise in unemployment than the better qualified. As a consequence the gap between youngsters in each qualification band has increased.

### First jobs

It is evident that when comparing the first jobs of the two cohorts we are not comparing like with like. Almost all of those who left school in 1979 had had at least one job a year later compared with only just over half of 1981 leavers. In addition as might be expected, those of the 1981 leavers who had worked tended to be well qualified. Despite these differences, as table 4 shows, the jobs they obtained were far less likely to have been skilled than those of the 1979 leavers\*.

### YOP entrants

When YOP catered for only a small minority of the age group those who entered were, as intended, more disadvantaged than non-entrants (MSC 1977). As the proportion of youngsters entering the programme has increased, the proportion of young people with good qualifications taking up a place has increased. Nevertheless in 1980-81 YOP entrants in the country as a whole were still more poorly qualified than non-entrants. (MSC 1981, Bedeman 1982).

A comparison of the distribution of qualifications of all YOP entrants in 1979 and 1981 showed a similar trend in Castlehill. However when boys and girls were considered separately a different picture emerged (table 5).

Among boys from both cohorts YOP entrants were much more likely than non-entrants to have poor qualifications. However among girls there was a substantial change between 1979 and 1981. In 1979-80 girl YOP entrants, like the boys, were far more likely than non-entrants to be poorly qualified. By 1981-82 there was very little difference in qualifications between YOP entrants and non-entrants among girls.

It is not possible to explain this finding at this stage of the research. However, findings from our study of 1979 school leavers showed that YOP entry was not a simple function of disadvantage and difficulty in obtaining a job. Having examined individual case histories we concluded that attitudes and approaches towards obtaining the first job played an important part in entry to YOP. Among those who had not obtained a job of their choice on leaving school there were two alternatives; either to take a job that they did not want as soon as possible and hope subsequently to move on to the job of their choice, or to hold out until they found the job they wanted. Many of those who took the latter option entered YOP as school leavers but left before the end of the scheme, having obtained a job they wanted. This group included a proportion of relatively well qualified girls. In comparison those who took the former option of taking any job were more poorly qualified and they frequently experienced considerable unemployment later. Some entered YOP and those who entered YOP having worked were more disadvantaged than school leaver entrants. Although circumstances have changed dramatically since 1979 deci-

sions of this kind are likely to have had a continuing effect on entry to YOP.

### Experience on YOP

There is considerable variation among different areas of the country in the range and availability of different types of YOP schemes. In the research area, in both cohorts, the proportion of YOP entrants placed on WEEP schemes was lower than the national average, and the proportion on work preparation courses was higher. But in this area developments between 1979 and Autumn 1981 appear to have been anticipating plans for the YTS which is to replace YOP. For example there was a particularly noticeable increase in short training courses. And many of those whose first YOP scheme was a short training course had moved on to a WEEP, a pattern which may become particularly common under YTS. This development was probably a response to the increased emphasis on education and training for the new scheme. However the increase between 1979 and 1981 in both the proportions of youngsters progressing to a second YOP scheme and the length of time spent on YOP although presaging planned developments could be seen to have been caused largely by increasing unemployment. Nevertheless the very dramatic increase in unemployment in this area frequently overshadowed these developments.

### Before and after YOP

It was reported that in the country as a whole young people entered YOP sooner in 1980-81 than in 1979-80 (MSC 1981).

In the research area this trend was reversed; entrants to YOP from the 1981 cohort had remained unemployed for longer before entering YOP than those from the 1979 cohort. Only 12 per cent of boys and 36 per cent of girls from the 1979 cohort had been unemployed for more than three months before entering YOP, compared with 66 per cent and 56 per cent respectively of 1981 leavers. At this stage as at other stages those in the 1981 cohort with poor qualifications had the greatest problems. For example, two-fifths of the poorly qualified boys compared with one-fifth of the well qualified had been unemployed for six months or more before entering YOP.

In comparison the difference between the two cohorts in the amount of time spent on YOP coincides with the national trend in which young people have been spending longer on average on YOP each year. Although half of YOP entrants from the 1981 cohort were still on YOP in May 1982, compared with a third of those from the 1979 cohort at the equivalent stage, already a higher proportion of the former group had stayed on for six months or longer. It is evident that this trend is a direct result of increasing unemployment and this is demonstrated by comparisons between the reasons given by each cohort for leaving YOP. The 1981 cohort were much more likely than the 1979 cohort to have completed their first YOP placement, largely because they were less likely to have found work before the end of the scheme. Three-fifths had completed the scheme compared with one-third of 1979 entrants, and only six per cent had left YOP before the end because they

\*Individual job titles were coded from the Registrar General's classification of occupations 1971, but groups of these titles were formed to suit the needs of this particular study.

had found a job compared with 29 per cent of the earlier cohort.

Inevitably the deteriorating market also had a substantial effect on employment after YOP. The proportion of (economically active) ex-YOP trainees who were unemployed in May of the following year had doubled from one-third (31 per cent) of those who left school in 1979 to two-thirds (58 per cent) of those who left school in 1981.

In our analysis of employment after YOP among different groups of the 1979 leavers we found, in confirmation of other studies (Bedeman 1981), that the disadvantaged that is the poorly qualified, West Indians and those with family or health problems were on the whole less likely to have obtained jobs than the rest. One exception to this was the finding that the group of poorly qualified white boys were no more likely than better qualified white boys to be unemployed after YOP. However our preliminary findings from the 1981 cohort suggest that in this respect as in others the rapid rise in unemployment, by increasing the differences between the more and less advantaged, has had a most dramatic effect. Among boys who had left YOP, a minority (30 per cent) of the well qualified were unemployed, but this rose to 75 per cent unemployment among poorly qualified boys. Among girls 46 per cent of the well qualified were unemployed compared with 84 per cent of the poorly qualified.

These findings confirm the results of two recent surveys of YOP graduates which show that rising unemployment increases the gap in unemployment rates between those with characteristics which are known to be disadvantageous in the job market and those without these characteristics (Bedeman 1982b).

### Summary

The rise in unemployment in the research area has had a devastating effect on young school leavers. A much higher proportion of the 1981 school leaving cohort than 1979 leavers entered YOP and they tended to stay on longer. Despite this the 1981 leavers spent more time unemployed during their first year in the labour market than 1979 leavers. Inevitably far fewer 1981 leavers obtained jobs and, although those who did find work were relatively well qualified, the work they obtained included a lower proportion of skilled jobs than those obtained by 1979 leavers. Finally, the most disadvantaged among the cohort, those with few or no qualifications suffered more from the rise in unemployment than the well qualified. ■

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## SPECIAL FEATURE

# Training means (small) business

## An economic evaluation of the New Enterprise Programme

by Peter Johnson and Barry Thomas  
*Department of Economics, Durham University*

The authors attempt to answer the question whether the Government schemes are worthwhile in terms of their benefits and costs.

□ In recent years, the government has devoted a good deal of attention to encouraging the birth and subsequent development of entirely new businesses. Numerous policy measures have now been introduced to achieve this goal. A few of these measures have been designed explicitly to aid the redundant or unemployed worker to set up in business on his own account. Such a transition is seen as enabling the founder to create his own work and possibly to generate jobs for others. Clearly, the ability of unemployed people to remove themselves (and perhaps others) from the unemployment register by this means is of considerable importance in times of recession.

As part of the Government's overall commitment to new and small businesses, the Manpower Services Commission (MSC) has introduced a number of training schemes whose purpose is to aid this transition.

In view of the policy commitment and the considerable sums involved it is a vitally important question to ask whether such schemes are worthwhile in terms of their benefits and costs.

In this article we attempt to answer that question in the case of one important scheme—the New Enterprise Programme (NEP). In 1981 the Government spent, in exchequer terms, over £½ million on NEP courses. In judging the worth of NEPs, policy makers must obviously take account of many considerations, but one important element in the policy process will normally be an economic evaluation of the type we describe here. The procedure we adopted in making our assessment and the results we obtained are described below, but first it is appropriate to describe the NEP scheme.

### New Enterprise Programme

The MSC has specified the objectives of the NEP courses as getting people into business "quicker, with fewer mistakes, and surviving longer".

Normally participants on an NEP course must be unemployed at the time they go on the course. Each course lasts 16 weeks. The first four weeks usually consists of a residential period at a Business School and covers class and tutorial work on topics such as marketing and finance. The remaining 12 weeks are non-residential and are spent in starting to put a business proposal into practice, for example by undertaking market research. Some participants may even commence trading. During this project period, trainees maintain close contact with the Business School. Throughout the course, the trainee is

paid a Training Opportunities Scheme (TOPS) allowance, and the MSC agrees a fee with the institution to cover tuition, accommodation and administrative costs. Many of the expenses incurred by the trainee during the project phase (for example travel, market research, typing costs) are also met by the MSC on the basis of a project "budget" agreed between the MSC, the institution and the trainee. About eight NEPs at four university centres are run each year. The courses are largely administered from MSC headquarters, although the regional offices play some part in recruitment and subsequent management. The NEPs started in 1977 and by the end of 1981 about 350 people had been trained. There was a very low drop-out rate. Nearly 300 businesses were known to have been set up. These employed approximately 2,000 employees.

### The economic evaluation

Undoubtedly, all the courses provide some benefits. NEP graduates often describe numerous benefits, sometimes substantial in nature, they attribute to the courses. However, benefits represent only one side of the equation. It is also necessary to calculate the costs of the NEPs. Only if the benefits exceed the costs, is it possible to say that the programmes are worthwhile.

With the above issue in mind, the MSC commissioned the authors to undertake a cost-benefit appraisal of one NEP course. Costs and benefits to the economy as a whole, rather than to any particular individual or section of society, of running such a course were to be the reference point (such appraisals are often referred to as social cost-benefit analyses). The NEP course chosen for the appraisal was selected on the grounds that it was "typical" as possible of all NEPs, and that suitable records were available. Techniques of cost-benefit analysis have been applied to the more conventional manpower training and retraining programmes, but they have not, however, been used in the kind of business training incorporated in the NEPs. This study therefore broke new ground.

The first issue that had to be resolved in the research concerned the choice of decision rule by which one can judge whether or not the project is worthwhile. Three possibilities are:

- (i) *Net Present Value (NPV)* Benefits accrue and costs are incurred over time. In the case of manpower training programmes many of the costs may be incurred

in the initial time period but the benefits may be reaped over several years. When valuing costs and benefits in money terms, it is necessary to allow for the fact that society values differently benefits and costs falling at different times. Those benefits and costs falling further in the future are valued less highly than those nearer in time. It is necessary therefore to put them all on a comparable basis by discounting to bring them into *present value* terms. (Such an exercise is necessary even in the absence of inflation.) The NPV is the present value of benefits minus the present value of costs\*. If the NPV is positive, the project is worthwhile.

(ii) *The Internal Rate of Return (IRR)* It is possible to calculate a rate of return to society's investment of resources in NEPs†. If the IRR exceeds some predetermined level such as the Treasury's Test Discount Rate for public sector projects, then the investment can be considered worthwhile.

(iii) *The Pay-Back Period* The length of time it takes to recover the cost of the project is the pay-back period. This has little to commend it in terms of social cost-benefit analysis since it ignores the overall size of the net benefits. It is, however, often of interest to policy-makers who are concerned with the exchequer position.

In this research the NPV was used as the primary decision criterion (although some mention is also made of the IRR†). The provision of the decision rule is in fact the easiest part of the exercise. Crucial theoretical and empirical questions surround the nature and measurement of both costs and benefits.

### Costs and benefits

Ideally, a social cost benefit analysis would enumerate, quantify and value all the relevant costs and benefits. Unfortunately, while fairly complete enumeration may be possible, many costs and benefits may be wholly unquantifiable. All that can be done in the analysis is to measure as much as possible and explicitly to recognise the non-measurable. The exclusion from the formal cost-benefit calculations of the non-quantifiable factors in no way implies that the quantifiable factors are necessarily more important. But the quantification of the quantifiable can improve discussion on the non-quantifiable items. If policy-makers decide to go ahead with a project, which an evaluation of the quantifiable factors suggest is not worthwhile, then this makes explicit the weight that is being attached to non-quantifiable items.

Before enumerating the costs and benefits of the NEP in detail, it is appropriate to state a major assumption used in their valuation. One reasonable way of assessing the effect of the NEP on the economy, is to estimate the effect it has on national output. Clearly, how such an effect should be valued in monetary terms presents major difficulties, but a common procedure (adopted here) is to suppose that the earnings of workers are equal to the value of the contribution which those workers make to national output. Thus, any increase in earnings which is attributable to the training is taken as the value of the

additional output resulting from the course. Conversely, the earnings *foregone* by trainees while on the course is used as the value of national output foregone during training. "Earnings" here includes supplementary labour costs such as pensions and national insurance contributions by employers. The proposition that earnings are a reasonable means of valuing the contribution to output is debatable. There are several well-known limitations of the measure but in our view there is no superior way of valuing jobs.

### Enumeration of costs

Cost data should express the value of the resources in the best alternative use, or their "social opportunity cost". For the most part we assume that the resources utilised on an NEP—whether or not allocated to them in the accounting system of the relevant institution—do in fact have an immediate alternative use. This implies that prior to the course, no excess capacity exists. Where market prices are available, these are taken as reflecting the relevant social opportunity cost so that, for example, the price paid for a typewriter or for a lecturer's services is the relevant cost figure.

The classification of costs adopted in the research is, as far as possible, independent of the actual financial flows between institutions and/or between institutions and individuals which presently operate. The classification focuses on the following three types of costs. (The principal economic agents involved in each of the cost items is given in brackets.)

*Attendance costs.* (The individual participant who attends the courses.)

*Provision costs.* (The teaching institution which provides the courses.)

*Administration costs.* (The Government department(s) which administer(s) the courses.)

As with all systems of classification there are problems at the margin which can only be resolved by arbitrary rules. A distinction may be drawn between *direct* costs (that is those opportunity costs expressed, albeit imperfectly, in actual market transactions) and *indirect* costs (i.e. those which have no corresponding transaction and for which shadow prices have to be estimated). A major cost of attendance is the foregone output of trainees who may otherwise be in productive employment.

### Enumeration of benefits

One important benefit of the NEP is the value of additional jobs created. By using the assumption that labour earnings reflect the contribution to output, the additional earnings resulting from the NEP can be taken as a measure of the extra national product attributable to the

\* More formally, the NPV may be defined as

$$\sum_{t=0}^n \frac{B_t - C_t}{(1+r)^t}$$

where  $B_t$  = benefits in period  $t$ , measured in pounds  
 $C_t$  = costs in period  $t$ , measured in pounds  
 $r$  = the social discount rate  
 $n$  = the life of the project.

† The IRR is that value of the discount rate which just makes the NPV of the project equal to zero. (A problem with the IRR is that it may not have a unique value, but this only happens in very unusual cases.)

training. Multiplier effects are ignored on the ground that if money was not spent on NEP courses, it would be spent on other government projects.

Trained people may found a new firm or take a job as employee, or they may be unemployed. Where a trained person takes a job as an employee the training may still have been useful if it enhances productive capacity and hence earnings. In addition to these increased earnings of the trained persons, there will be benefits in the form of the output of any additional employees taken on in the firms founded by trained entrepreneurs, in excess of the number which would have been taken on had the entrepreneurs been untrained. (It is important to stress that only the *additional* impact made by the training is relevant for this evaluation.) Finally, there are other benefits.

The benefits in each period thus comprise:

- (1) Additional earnings of ex-trainees in self-employment. "Earnings" is used as a general term. In this particular instance the earnings will be the return to entrepreneurship in the form of gross operating profits rather than wages.
- (2) Additional earnings of ex-trainees in paid employment.
- (3) Additional earnings of employees in firms set up by ex-trainees or dependent on them.
- (4) Other benefits.

- (a) Increased earnings of drop-outs.

If people who do not complete the course nevertheless derive some benefit from it, then their increase in earnings should be included as part of the social benefits. If there are no drop-outs, or if they gain nothing from the course, then these benefits can be ignored.

- (b) Psychic benefits accruing to ex-trainees.

Quite apart from any increase in earnings (items 1, 2 and 3 above), ex-trainees may gain greater job satisfaction and make decisions more confidently and with less stress, all of which must be counted as a positive element in the welfare of society. Trainees may also have enjoyed some immediate benefits simply from being on the course.

- (c) More favourable business environment for small business.

The very existence of the courses and the fact that the government is seen to be supporting them, may create a more sympathetic environment for business activity.

- (d) Increased mobility of ex-trainees.

The additional employment may vary over the life of the investment so the benefits may be unevenly distributed over time. Consider the build-up of jobs in a new firm. This is shown in a stylised manner in the chart. Since the concern of the research is with additional jobs, it is

necessary to compare this profile with *that which would have occurred in the absence of training*. If the objectives of NEPs, that is getting people into the business quicker, with fewer mistakes and surviving longer, are achieved, then the profile shown in the chart will be altered. If firms survive longer, the profile will run for a longer period; if there is a faster build-up of jobs, then it will be steeper in the early stages; and if there are fewer mistakes this could mean, in addition to the two changes noted, that there are more jobs eventually, so that the profile reaches a higher level. The difference between the profile that would have existed in the absence of training and the one altered in these ways would show the benefits, in terms of employment, over time.

### Important aspects

Three important aspects of the above approach need to be considered at this stage. First, it must be remembered that actual employment in a firm may be a poor guide to how much employment is dependent on the business. For example, two dress designers may have an identical output, yet one may sub-contract manufacture and distribution to other firms, while the other may conduct all these operations "in house". Thus the degree of vertical integration—which may itself be affected by an NEP—will affect actual employment. It is questionable, however, whether there is any useful economic purpose in distinguishing between firms whose actual employment varies only as the result of the extent of vertical integration.

Second, there may be a *displacement effect*. The newly trained person may simply displace existing workers—or in the case of new firms, founders may cause existing entrepreneurs to reduce their employment or even go out of business. This may not happen directly. There may be a process of bumping in the labour market, but this may still mean there is ultimately someone displaced.

Third, in some cases, allowances must be made for *replacement effects*. For example, if the position vacated by the trainee, when he starts the course, is filled by someone from the stock of unemployed persons or from outside the labour force, then the foregone output will be zero, and net benefits will be the whole of subsequent higher earnings. It may be, of course, that the trainee's previous position is filled by some employed person who is then replaced by an unemployed person. Again, there may be bumping effects but as long as the trainee is ultimately replaced by somebody not previously employed, then the position will be the same. If there is no replacement then the net benefits are simply the difference between the higher earnings of the person completing the course and his earnings in the absence of training.

The fourth qualification concerns the use of the value of output as a measure of social benefits. If this contribution to output is measured by the size of the wage bill, then there may be alternative ways of achieving a given increase in output. For example, a few high-skilled (high-wage) workers may achieve the same as many low-skilled (low-wage) workers. Implicitly, we assumed that employers choose the most efficient combination of inputs and no significance is attached to whether this uses many or a few workers. If employment *per se* is a policy objective, then there may be a preference for modes of production which are labour-intensive.

## Results of the appraisal

Costs were fairly easily estimated. In 1980 prices the total cost of the particular NEP course we studied was as follows:

Table 1 NEP costs

	£(000s)	%
Attendance cost	43.1	45.7
Provision cost	34.9	37.0
Administration cost	16.4	17.3
<b>All</b>	<b>94.0</b>	<b>100.0</b>

The attendance cost assumes that the national economy foregoes output as the result of the trainees going on the course, that is they are not replaced. This is not an unreasonable assumption given the type of person who applies for such courses. If, however, the value of foregone output (£39,700) is deducted from the cost, the total falls to £54,700.

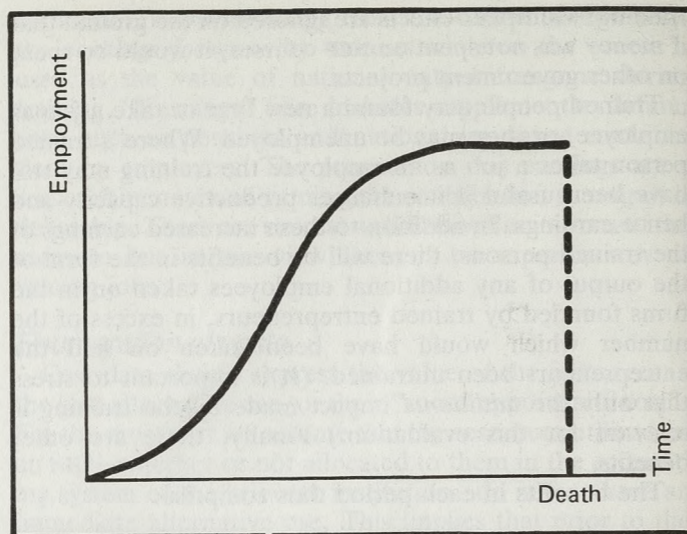
The estimates of benefits are based on interviews with NEP "graduates" two years after the end of the course. Each interviewee was asked to estimate the difference that the NEP had made to himself and to his business for a five-year period following the end of the NEP. Thus, he was required not only to look at the impact of the NEP in the previous two years, but also to estimate its likely effect in the following three years.

For each business formed or intended to be formed, two employment profiles (of the type shown in the chart) were drawn up, covering a five-year period from the end of the course. One of the profiles incorporates the estimated effects of the NEP and the other excludes them. The difference between the profiles gives an estimate of the employment in the firm which is attributable to the NEP. Adjustments were then made to this "net" effect to allow for displacement. Some of the founders had not set up in business; they were questioned on the effects of the NEP on their performance in paid employment as well as on their future business plans.

There are of course, numerous and obvious difficulties associated with this approach. In particular, there were possibilities for interview bias, although the questionnaire was designed in such a way as to reduce this to a minimum.

It is inevitable that attempts to draw up the employment profile that might have existed had the founder not gone on the NEP must be subject to a wide margin of error. The same must also be true of future estimates of employment profiles. To meet these difficulties, a range of possible outcomes were estimated for each business. At one extreme were the profiles which were "least favourable" to the NEP, that is they were the smallest estimates of employment attributable to the NEP; at the other, the "most favourable". The authors then made a judgement, based on all the evidence available to them, of the "most likely outcome".

Table 2 gives the results of the appraisal both including and excluding a displacement effect. The Treasury's Test Discount Rate for use in public service investment appraisal is five per cent per annum and this has been used to calculate Net Present Values. A slightly more stringent test, using a seven per cent discount rate, has also been applied. The NPVs are expressed in terms of April 1980



prices. This date marked the end of the NEP course studied and so was taken as a base date for the calculations. The "most likely" estimate including displacement and discounting at five per cent provided an NPV of £61,381 or £75,997 at September 1982 prices. This is equivalent to an internal rate of 19.9 per cent.

The results of the appraisal must of course be subject to numerous qualifications—not least that some benefits have not been quantified—but it does suggest that the NEP was worthwhile in social cost-benefit terms over a five-year period. (Even if we had underestimated costs by 15 per cent our results would still have shown a substantially positive NPV.)

Table 2 NPVs (£) (in April 1980 prices): five year time horizon

	5% discount rate		7% discount rate	
	Including displacement effect	Excluding displacement effect	Including displacement effect	Excluding displacement effect
Least favourable	-33,641	175,972	-37,620	59,672
Most likely	61,381	363,605	50,660	332,970
Most favourable	341,175	679,806	309,771	625,407

For periods longer than five years it is likely that the benefits would be greater, but for shorter periods the NPVs are less. They are, in fact, negative for the first few years. The NEPs do not pay off in the early years which suggests that businesses take some time to build up their employment force.

In what ways did the NEP affect the trainees' business ability? The interview discussions suggest very strongly that one of the most important contributions an NEP can provide is business confidence. For many trainees the courses gave them a greater determination to succeed and a firmer belief in the value of their own ideas.

The main concern of this article has been with the evaluation of the NEP as presently provided. The results of the appraisal are encouraging and show the contribution that training can make to business development. A different question, but one which is also interesting and important is whether the same good results could be obtained by some other possibly cheaper method. ■

# LABOUR MARKET DATA

## Contents

<b>Commentary</b>	S2	<b>Industrial disputes</b>	
		4.1 Summary; industry; causes	S35
		4.2 Stoppages of work: summary	S36
<b>Employment</b>	S7	<b>Earnings</b>	
1.1 Working population		5.1 Average earnings index:	
1.2 Employees in employment		industrial sectors	S37
time series	S8	industry	S38
1.9 International comparisons	S10	5.4 Average earnings and hours: manual	
1.11 Overtime and short-time	S11	workers	S40
1.12 Hours of work	S12	5.5 Index of average earnings:	
		non-manual workers	S40
<b>Unemployment</b>		5.6 Average earnings and hours: all employees	S42
C1 Unemployment and vacancies chart	S13	5.7 Labour costs	S43
2.1 UK summary	S14	5.8 Basic wage rates and normal hours	S44
2.2 GB summary	S18	5.9 International comparisons	S46
2.3 Regions	S22	C2 Earnings, prices and output chart	S47
2.4 Assisted and local areas	S26		
2.13 Adult students	S28	<b>Retail prices</b>	
2.14 Temporarily stopped	S28	6.1 Recent movements	S48
2.15 Unemployment rates by age	S29	6.2 Latest figures: detailed indices	S48
2.18 International comparisons	S30	6.3 Average retail prices of items of food	S49
2.19 Flows of unemployed and vacancies	S31	6.4 General index: time series	S50
		6.5 Changes on a year earlier: time series	S52
<b>Vacancies</b>		6.6 Pensioner household indices	S52
3.1 Summary: seasonally adjusted: regions	S32	6.7 Group indices for pensioner households	S52
3.2 Summary: regions	S33	C3 Charts	S53
3.4 Occupation	S34	6.8 International comparisons	S54
		<b>Definitions and conventions</b>	S55
		<b>Index</b>	S56

Summary

Figures at present available continue to show no great change in overall activity up to the autumn of last year. The strong recovery in consumer spending which began in the third quarter was accompanied, initially at least, by further sizeable reductions in stocks. Looking ahead, most forecasts expect some moderate growth in activity during this year.

The OECD *Economic Outlook*, published in December, estimates European output to have contracted a little in the second half of the year, and output in the OECD as a whole is also thought to have fallen slightly. A moderate recovery in the world economy during 1983 is predicted but the *Economic Outlook* foresees a continued deterioration in labour market conditions, especially in European countries.

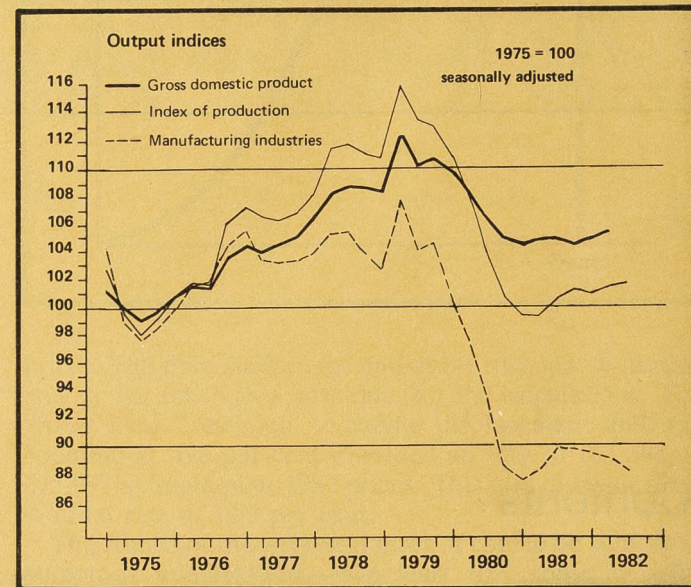
UK employment levels (seasonally-adjusted) dropped again in the third quarter, largely reflecting a faster decline within the service sector. The (seasonally

adjusted) increase in unemployment between November and December was higher than in recent months, but it is too soon to assess the significance of this movement.

Unemployment in the United Kingdom (seasonally adjusted) increased by 27,000 a month in the fourth quarter a little less than the rate of 31,000 in the third quarter. Employment in manufacturing industries fell somewhat less fast in the three months September-November than in the previous three. Overtime has showed little change, but short-time working has been increasing moderately for each month since August.

The increase on a year earlier in average earnings continued its downward trend, with an underlying increase in the year to November of about 8½ per cent. Lower levels of pay settlements, delays in their implementation, and shorter hours all contributed to this decline.

The increase in the Retail Prices Index in the year to December fell to 5.4 per cent, bringing the rate of inflation to below half its level at the start of 1982.



Economic background

GDP (output) rose by about ⅓ of 1 per cent in the third quarter of 1982. The broad picture is, however, of little change in output over the previous 12 months. The

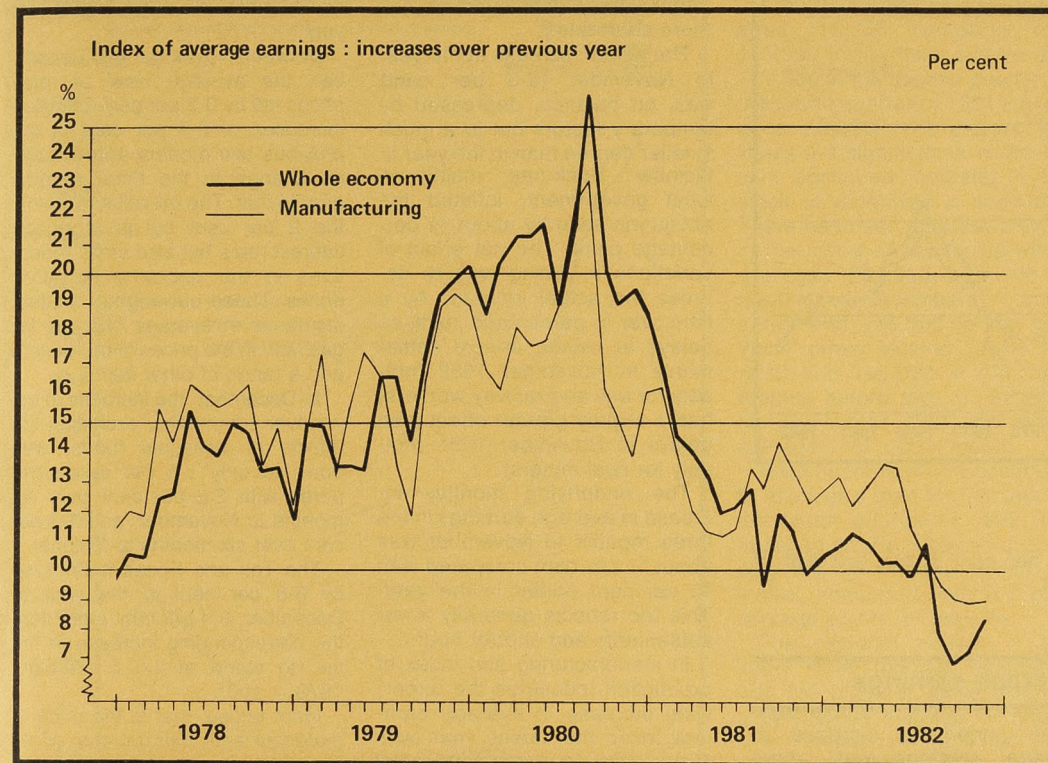
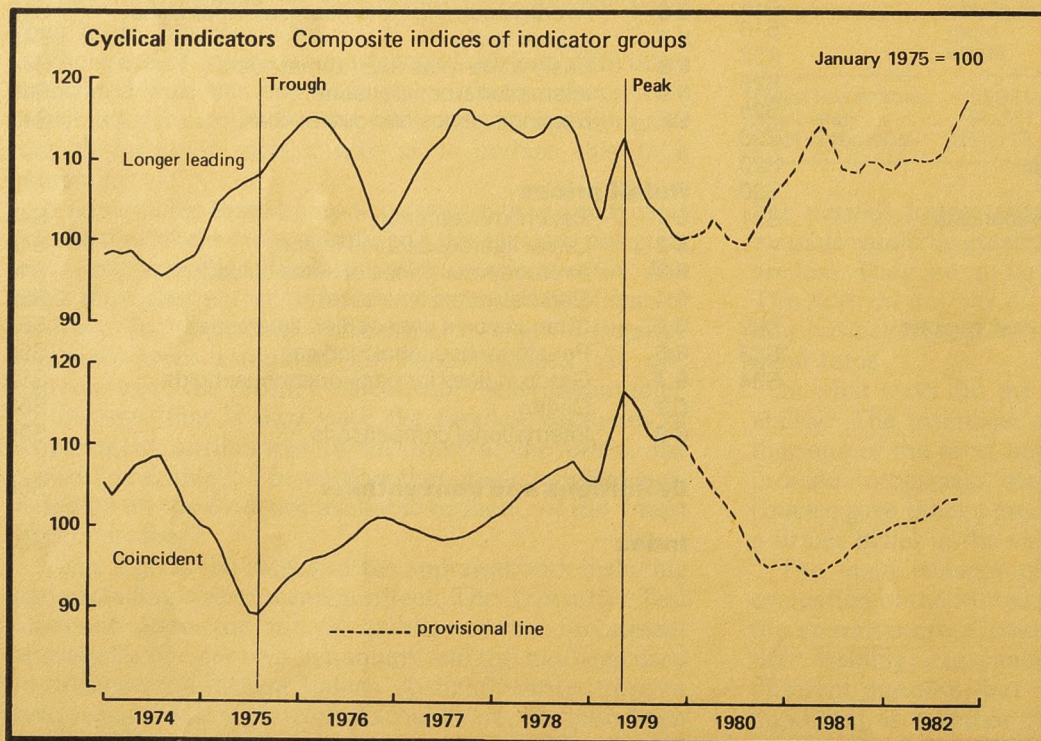
slight fall in manufacturing output in the third quarter was more than offset by a 3½ per cent rise in construction activity, a 2 per cent rise in mining and quarrying output and sizeable increases in the distributive and motor trades.

Most forecasts estimate output to have grown by around ½ per cent in 1982 as a whole, with expectations for growth during 1983 ranging from ½ to 3 per cent points.

In the three months to November, industrial production was around the same level in the previous three months and in the same period a year earlier. Manufacturing output was ½ per cent lower than in the previous three months and 3 per cent lower than a year earlier.

The December CBI Monthly Trends Enquiry suggested little general change since October. A further weakening in firms' output expectations was, however, evident. Export order books recovered slightly in December, but remained lower than earlier in the year.

The CSO's longer leading index continued its recent rise in November. The shorter leading index fell back slightly in October, after rising between June and September: a drop in business optimism and a fall in new consumer credit, following the high levels after the abolition of HP controls, offset the upwards effects of higher levels of new car



registrations. The coincident index has continued to rise steadily.

Real personal disposable income was virtually unchanged in the third quarter, following a fall of two per cent in the second quarter. Consumer's expenditure, however, is estimated to have risen by 1½ per cent during the third quarter. Retail sales remained buoyant in October and November rising further in December.

Much of the fall in investment recorded in the second quarter was recovered in the third quarter. Revised estimates show that capital expenditure by the manufacturing, distributive and service industries rose by nearly four per cent in the third quarter. Within

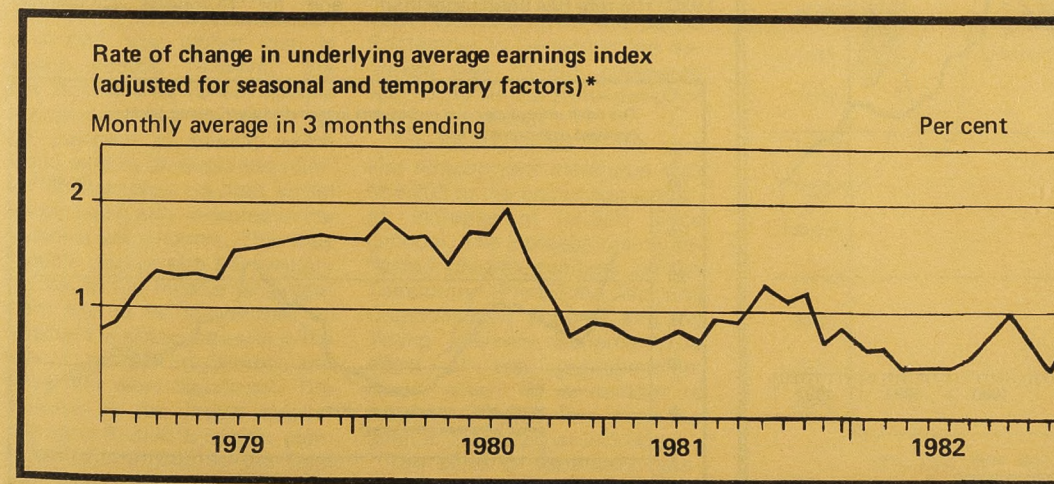
this total, manufacturing investment, after allowing for assets leased from service industries, remained unchanged, while service sector investment rose by six per cent.

Further, though small, increases in the level of capital expenditure in 1983 and 1984 are suggested by the latest Department of Industry *Investment Intention Survey*. An increase of around 2½ per cent in the total volume of investment is expected in 1983, with a further similar rise in 1984. The survey indicates that a likely fall in manufacturing investment over the two years will probably be more than offset by a rise in service sector investment.

Destocking was resumed on a

substantial scale in the third quarter. Stocks held by manufacturing industries and distributive trades in the third quarter fell by £410 million (at 1975 prices, revised estimates), compared with little change in the second quarter. The destocking seen in the third quarter of 1982 seems likely to continue, albeit at a lower rate, in the fourth quarter. Fewer firms in the December CBI survey considered their stocks of finished goods to be excessive.

Growth in all three monetary aggregates remained within the target range during October and November. The recent acceleration seen in the growth of the broader aggregates, Sterling and Private Sector Liquidity 2, does not seem to have continued.



\* For description see *Employment Gazette*, April 1981, pages 193-6.

Sterling M3 and M1 are now growing at a rate close to the top of the range, while PSL2 grows at a rate in the lower part of the range.

Sterling's effective exchange rate fell by nearly three per cent in December and was nine per cent down on a year earlier.

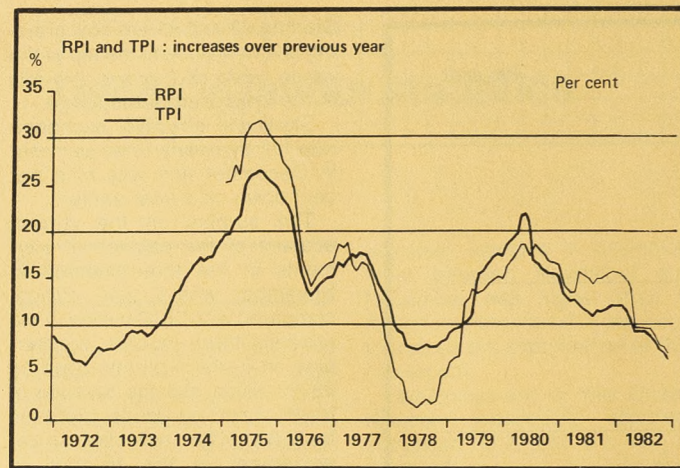
The surplus on the current account of the balance of payments in the three months to November was £1,647 million, compared with £810 million in the previous three months: the surplus on trade in oil improved by £330 million and the balance of trade in non-oil goods improved by £500 million, reflecting an improvement in the balance in manufactured goods. The underlying volume of imports has shown little change during 1982, while the volume of exports now seems to have recovered to a level similar to that in the Spring.

World outlook

The December OECD *Economic Outlook* suggests that activity in OECD countries continued to weaken in the second half of 1982. GNP in OECD countries as a whole is likely to have fallen slightly in 1982 compared with 1981. At the same time, the rate of inflation has declined more rapidly than earlier appeared probable.

In the first half of 1982, GNP in the OECD area as a whole fell by 0.8 per cent, despite growth in Japan and Europe. Signs of weakening, however, occurred in Europe in the second quarter: industrial production fell and business surveys became increasingly pessimistic. On the other hand, the decline in US GNP is expected to have halted in the second half of the year, and the *Outlook* predicts zero growth in the OECD in the second half of 1982. A low growth rate in the next 18 months is forecast for Europe: by mid-1984 GNP is thought likely to be only 1½ per cent higher than a year earlier. In the US and Japan, GNP is projected to be growing at an annual rate of around 4 per cent by mid-1984, boosting the overall OECD annual growth rate to about 2¾ per cent.

The *Outlook* predicts a continuing deterioration in labour market conditions. Employment in OECD countries taken together fell during the first half of 1982 and, with continuing growth in the labour force, the rate of increase in unemployment quickened. A modest rise in employment is forecast for the period up to mid-1984. Employment growth in the US and Japan is thought likely, but a further decline in employment is forecast in Europe. The overall



OECD unemployment rate is expected to rise by half a percentage point to 9½ per cent by mid-1984. Although the projected us output growth rate is relatively high and us employment is expected to rise, unemployment in the us is forecast to remain above 10 per cent, at much the same level as in the second half of 1982.

In September, OECD consumer prices were 7.4 per cent higher than a year earlier, the lowest annual rise since early 1973. The rate of inflation is projected to continue to decline during 1983 and to stabilise at a rate around

6-7 per cent in the first half of 1984.

### Average earnings

The underlying increase in average earnings was about 8½ per cent in the year to November compared with 8¾ per cent in the year to October. This downward movement is attributable to pay settlements implemented in November being at a generally lower level than a year earlier, and to a reduction in

hours worked (less overtime and more short-time).

The actual increase in the year to November (8.3 per cent) was, on balance, depressed by temporary factors but to a much smaller degree than in the year to October. Back-pay, mainly in local government, inflated the actual increase by about ¼ percentage point. The net effect of variations in timing was to depress the actual increase by a little over ¼ percentage point, as delays in paying annual settlements in November 1982 (notably for NHS and railway workers) had a slightly greater effect than delays in November 1981 (notably for coal miners).

The underlying monthly increase in average earnings in the three months to November was about ½ per cent compared with ¾ per cent earlier in the year. This too reflects generally lower settlements and shorter hours.

In manufacturing and index of production industries the underlying increase in average earnings over the latest year was 9 per cent, ¼ percentage point lower than the previous month. However, the actual increase for index of production industries (9.6 per cent) was temporarily inflated by coalminers' having been paid their increase earlier in 1982 than in the previous year.

In the three months to November wages and salaries per unit of output in manufacturing were 6.4 per cent higher than a year earlier.

halved since the beginning of last year.

Between November and December, the average level of retail prices fell by 0.2 per cent following increases of 0.5 per cent in the previous two months and virtually no change in the three months prior to that. The fall reflects mainly the 2 per cent cut in mortgage interest rates but also small reductions in the prices of alcoholic drinks. These outweighed modest increases in average charges for gas, and in the prices of motor cars and a range of other items.

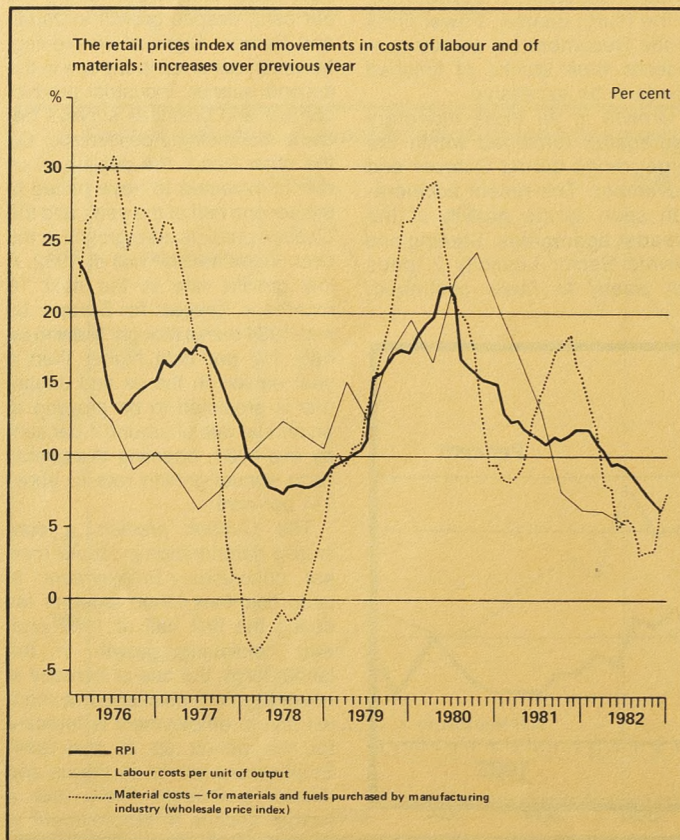
In December, the increase in the RPI over six months, excluding the effects of seasonal foods, was down to only 1.5 per cent compared with 2.2 per cent over six months to November, and 2.3 per cent over six months to October.

The Tax and Prices Index rose by 5.8 per cent in the year to December, 0.4 per cent more than the corresponding increase in the RPI, to stand at 170.5 (January 1978 = 100).

Input prices, that is the price of materials and fuels purchased by manufacturing industry, rose by 1.1 per cent between November and December, largely as a result of a higher sterling price for crude oil caused by depreciation against the dollar and of higher prices for food materials. The increase in the index over 12 months was 7.5 per cent in December, compared with 6.3 per cent in November.

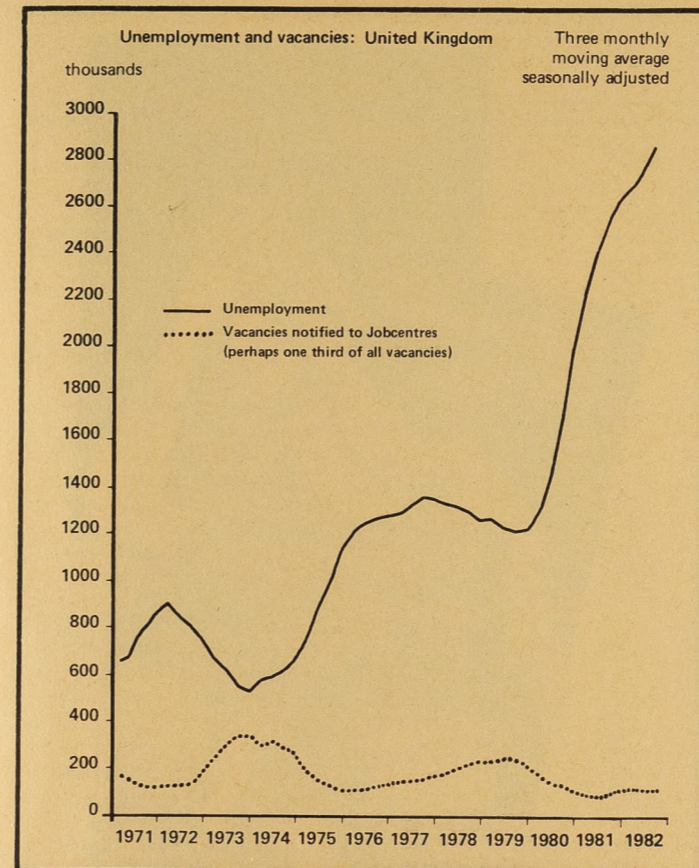
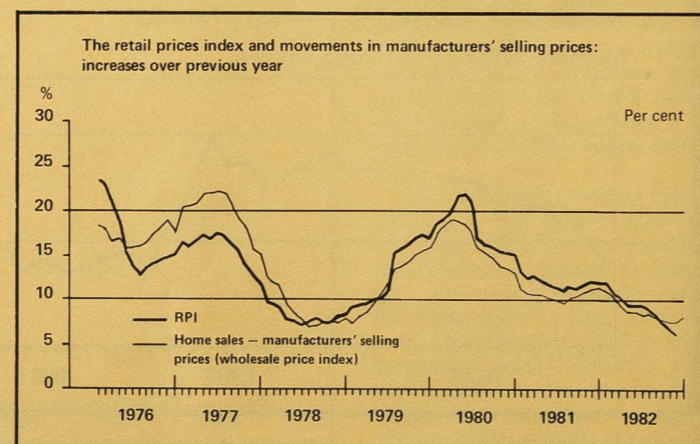
Manufacturers' selling prices (as measured by the wholesale prices index) rose by 1.0 per cent between November and December, largely as a result of higher prices for petroleum products. The 12-monthly movement in the index was 8.0 per cent in December, compared with 7.4 per cent in November.

The rate of inflation in the UK is now 1.5 per cent lower than in the average for all OECD countries (6.9 per cent in November 1982) and 3.2 per cent lower than the average for European Community



### Retail prices

The rate of inflation, as measured by the 12-monthly change in the Retail Prices Index, fell for the seventh consecutive month to stand at 5.4 per cent in December. This compares with 6.3 per cent in November, 6.8 per cent in October, and is the lowest since March 1970. The rate has been more than



Note: Unemployment figures are on the new (claimant) basis. See notes to table 2.1.

countries (8.6 per cent in November 1982). In December a year ago the rate in the UK was 12.0 per cent, compared with 9.9 per cent in the OECD and 11.6 per cent in the EC.

### Unemployment\* and vacancies

The underlying increase in unemployment (shown by the seasonally adjusted figures) between November and December, at 41,000, was higher than in recent months. However, the new figures may reflect special arrangements at Christmas for the payment of benefit which would tend to increase the number of claimants counted whilst not yet being fully reflected in the seasonal adjustments. This may become clearer with the January figures. In the meantime, judgement has to be suspended on whether the signs of easing in the rate of increase in October and November were significant. The increase in the fourth quarter averaged 27,000 a month, compared with 31,000 in the third quarter and 28,000 in the second quarter.

The recorded total, in December was 3,097,000 an increase of 34,000 on the November count. This reflected an underlying (seasonally adjusted) increase of 41,000, a rise of 10,000 from seasonal influences, and a fall of 17,000 in school leavers.

The December total included 131,000 school leavers, compared with 147,000 in November and an estimated 122,000 in December 1981. The decrease of 17,000 between November and December compared with an estimated decrease of 22,000 in 1981. However, over the period September to December the decrease was 73,000, compared with 57,000 in the same period of the previous year.

The total covered by the special employment measures was 684,000 at the end of November, an increase of 38,000 since October. The increase mainly reflected greater numbers on the Temporary Short-Time Working Compensation Scheme and the Young Workers Scheme. The effect on the unemployment count, which for a number of reasons is much less than the total, is estimated at 365,000.

The stock of vacancies (seasonally adjusted) increased by 3,000 in December to 118,000. In

the fourth quarter the stock averaged 115,000, compared with 111,000 in the third quarter and 107,000 in the second quarter; in the fourth quarter of 1981 it averaged 104,000. At current low levels the significance of the recent continued increase in the stock of vacancies is uncertain. There has been little net change in the inflow of vacancies which averaged 161,000 a month in September-November, compared with 165,000 in the previous three months (June-August) and 162,000 in the three months before that; in September-November 1981 the inflow averaged 157,000 a month.

Male unemployment continues to rise faster than for females. In the fourth quarter of 1982, the increase on the previous quarter was 0.4 percentage points for males, compared with 0.2 percentage points for females.

The regional pattern in the latest three months, compared with the previous three months, shows above average increases in the seasonally adjusted percentage rate for Northern Ireland and East Anglia (both 0.6 percentage points). In all other regions the increases were close to the national average (up 0.3 percentage points).

International comparisons of

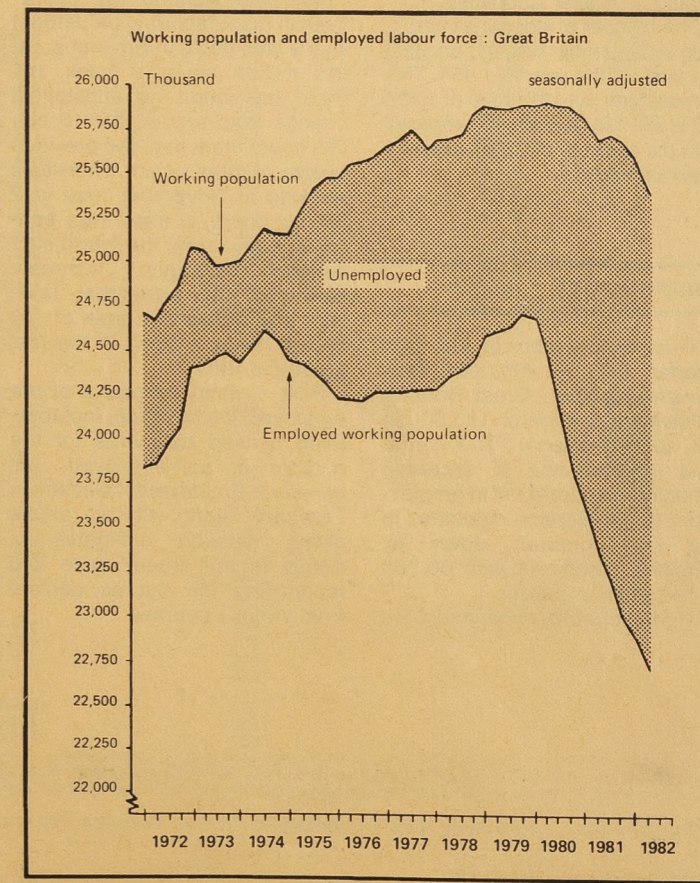
unemployment show that with the exception of Japan, all major countries have experienced significant increases in unemployment over the past year. The recent increases in the seasonally adjusted national unemployment rates (latest three months compared with the previous three months) are: Canada and the Netherlands (both +0.9 percentage points), the United States and Ireland (both +0.8), Germany (+0.5), Belgium (+0.4), the United Kingdom, Sweden and Norway (all +0.3) and France and Japan (no change).

\* New basis (claimants).

### Industrial stoppages

The ending of the health service dispute is reflected in the substantially lower numbers of working days lost recorded during December, provisionally estimated at 85,000. This is the lowest monthly total for two years. Stoppages by social security staff and a strike by workers at a printing firm accounted for 60 per cent of the days lost in the month.

The total number of working days lost in the whole of 1982 is



Note: Unemployment figures are on the new (claimant) basis. See notes to table 2.1.







# EMPLOYMENT

## Selected countries: national definitions

1  
6

	United Kingdom (1) (2)	Australia (2) (3) (4)	Austria (2) (5)	Belgium (1)	Canada (2)	Denmark	France	Germany (FR) (2)	Irish Republic (6)	Italy (2)	Japan (2) (5)	Netherlands (7)	Norway (2) (5)	Spain (5) (8)	Sweden (2)	Switzerland (2)	United States (2)
Indices: 1975 = 100																	
<b>CIVILIAN EMPLOYMENT</b>																	
<b>Years</b>																	
1972	97.5	96.0	101.7	98.6	89.9	101.0	99.2	105.4	98.4	96.3	98.1	100.7	96.6	98.8	95.1	105.7	95.7
1973	99.9	99.0	102.3	99.9	94.4	102.3	100.5	105.7	99.0	97.3	100.7	100.6	96.9	101.3	95.5	106.2	99.1
1974	100.3	100.3	102.3	101.4	98.3	101.0	101.2	103.6	99.8	99.4	100.3	100.7	97.2	101.8	97.5	105.6	101.1
1975	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1976	99.2	101.0	100.2	99.2	102.1	102.6	100.7	99.0	99.1	100.8	100.9	100.0	104.8	98.8	100.6	96.7	103.4
1977	99.4	102.6	101.6	99.0	103.9	103.5	101.6	98.8	100.9	101.8	102.3	100.6	106.9	98.0	100.9	96.7	107.2
1978	100.0	102.2	102.5	99.0	107.4	106.0	101.9	99.6	103.5	102.3	103.5	101.2	108.6	95.3	101.3	97.3	111.9
1979	101.3	103.4	103.7	100.2	111.7	107.1	102.0	100.9 R	106.7	103.4	104.9	102.4	109.7	93.3	102.9	98.2	115.1
1980	100.3	106.4	104.3	100.1	114.8	..	102.0	101.8 R	108.5	104.9	106.0	102.7	112.1	89.7	104.2	100.0	115.7
1981	95.6	108.5	104.6	..	117.8	..	101.3 R	101.0 R	..	105.3	106.9	..	113.2	87.1	104.0	101.2	117.0
<b>Quarters</b>																	
1980 Q2	100.2	106.0	104.7	..	114.1	..	..	101.9 R	..	104.6	105.9	..	111.7	90.8	104.8	99.8	115.3
Q3	99.0	106.9	103.1	..	114.7	..	..	101.8 R	..	105.3	106.3	..	112.0	90.5	104.4	100.2	115.3
Q4	97.6	107.3	104.8	..	116.2	..	101.6 R	101.8 R	..	105.6	106.3	..	113.2	89.7	103.9	99.9	115.9
1981 Q1	96.6	107.8	104.9	..	117.5	..	..	101.5 R	..	105.9	106.8	..	114.1	88.6	104.6	100.7	116.6
Q2	95.5	108.5	105.0	..	118.2	..	..	101.2 R	..	105.1	106.7	..	112.8	87.9	103.5	101.1	117.4
Q3	94.9	108.8	105.1	..	118.1	..	..	100.9 R	..	104.7	106.8	..	113.1	87.8	104.5	101.4	117.2
Q4	94.1	108.9	105.1	..	117.2	..	100.8 R	100.5 R	..	105.2	107.3	..	112.8	87.1	103.5	101.3	116.5
1982 Q1	93.7	109.2	109.0	..	116.2	..	..	99.9 R	..	105.0	107.9	..	113.6	86.8	103.5	101.1	116.0
Q2	92.9	109.0	..	..	114.8	..	..	99.5 R	..	105.5	107.7	..	115.2	86.8	103.9	101.1	116.2
Q3	92.1	108.6	..	..	113.3	..	..	98.9	..	104.4	107.5	..	114.0	86.6	104.2	100.3	116.2
<b>CIVILIAN EMPLOYMENT</b>																	
<b>Thousand</b>																	
1975	24,647	5,841	2,942	3,748	9,284	2,332	20,714	24,798	1,058	19,594	52,230	4,547	1,707	12,692	4,062	3,017	85,846
1979	24,961	6,064	3,051	3,754	10,369	2,498	21,118	25,507 R	1,129	20,266	54,790	4,654	1,872	11,706	4,180	2,962	98,824
1980	24,716	6,242	3,070	3,751	10,655	..	21,127	25,745 R	1,148	20,551	55,360	4,669	1,914	11,254	4,232	3,016	99,303
1981	23,565	6,364	3,079	..	10,933	..	20,976 R	25,548 R	..	20,623	55,810	..	1,932	10,931	4,225	3,054	100,397
<b>Civilian employment: proportions by sector</b>																	
<b>Per cent</b>																	
1981 Agriculture†	2.8	6.5	10.3	3.0*	5.5	8.3**	8.6	5.5 R	19.2*	13.4	10.0	6.0*	8.5	18.2	5.6	7.0	3.5
Industry††	36.3	30.6	40.1	34.8*	28.3	30.0**	35.2	43.5 R	32.4*	37.5	35.3	31.9*	29.8	35.2	31.3	39.3	30.1
Services	60.9	62.8	50.0	62.3*	66.2	61.7**	56.2	51.0 R	48.4*	49.2	54.7	62.1*	61.7	46.6	63.1	53.6	66.4
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>Manufacturing</b>																	
<b>Per cent</b>																	
1971	34.0	26.6	29.7	32.3	21.8	..	28.0	..	20.4	..	27.0	26.0	..	..	27.3	36.4	24.7
1972	32.9	25.5	29.7	31.9	21.8	24.9	28.1	36.6	..	..	27.0	25.1	23.8	..	27.1	35.5	24.3
1973	32.3	25.6	..	31.8	22.0	24.7	28.3	36.4	20.7	..	27.4	24.7	23.5	..	27.5	35.0	24.8
1974	32.4	25.2	30.2	31.5	21.7	23.6	28.4	36.6	21.0	..	27.2	24.6	23.6	..	28.3	34.8	24.2
1975	30.9	23.4	30.1	30.1	20.2	22.7	27.9	35.8	21.2	..	25.8	23.9	24.1	..	28.0	33.7	22.7
1976	30.2	23.5	29.6	29.1	20.3	22.5	27.4	35.8	20.8	..	25.5	22.9	23.2	24.0	26.9	32.8	22.8
1977	30.3	23.1	29.8	28.1	19.6	21.6	27.1	35.7	21.2	27.5	25.1	22.8	22.4	24.1	25.9	32.7	22.7
1978	30.0	21.8	29.7	27.0	19.6	21.5	26.6	35.4	21.1	27.1	24.5	22.1	21.3	24.1	24.9	32.6	22.7
1979	29.5	22.2	29.5	25.9	20.0	21.3	26.1	35.1	21.2	26.7	24.3	21.6	20.5	23.7	24.5	32.3	22.7
1980	28.4	30.9	29.5	25.4	19.8	..	25.7	35.1	21.2	26.7	24.7	21.3	20.3	23.7	24.2	32.2	22.1

Main Source: OECD—Labour Force Statistics.

- Notes: [1] Annual data relate to June.  
 [2] Quarterly figures seasonally adjusted.  
 [3] Annual data relate to August.  
 [4] Employment in manufacturing includes electricity, gas and water.  
 [5] Civilian employment figures include armed forces.

[6] Annual figures relate to April.

[7] Data in terms of man-years.

[8] Annual data relate to the 4th quarter.

\* 1980

\*\* 1979.

† Including hunting, forestry and fishing.

†† 'Industry' includes manufacturing, construction, mining and quarrying, electricity, gas and water.

— Break in series

# EMPLOYMENT

## Overtime and short-time operatives in manufacturing industries

# 1.11

GREAT BRITAIN	OVERTIME					SHORT-TIME								
	Opera- tives (Thou)	Percent- age of all opera- tives	Hours of overtime worked			Stood off for whole week		Working part of week			Stood off for whole or part of week			
			Average per operative working over- time	Actual (million)	Season- ally adjusted	Opera- tives (Thou)	Hours lost (Thou)	Opera- tives (Thou)	Hours lost (Thou)	Average per opera- tive working part of the week	Opera- tives (Thou)	Percent- age of all opera- tives	Hours lost (Thou)	Average per opera- tive on short- time
1976	1,661	32.2	8.4	14.00		5	183	81	784	9.9	85	1.6	966	11.7
1977	1,801	34.6	8.7	15.58		13	495	35	362	10.2	48	0.9	857	17.4
1978	1,793	34.8	8.6	15.50		5	199	32	355	11.0	37	0.7	554	15.1
1979	1,720	34.2	8.7	14.86		8	316	42	454	10.6	50	1.0	769	15.0
1980	1,392	29.5	8.3	11.52		20	805	252	3,111	12.1	272	5.9	3,916	14.3
1981	1,113	26.7	8.2	9.19		15	594	308	3,580	11.3	323	7.7	4,174	12.5
<b>Week ended</b>														
1978 Nov 11	1,829	35.8	8.6	15.76	15.25	7	263	35	438	12.6	42	0.8	699	17.0
Dec 9	1,871	36.7	8.7	16.25	15.34	4	137	35	431	12.5	38	0.7	569	15.0
1979 Jan 13	1,621	32.0	8.2	13.31	14.62	10	377	61	740	12.1	70	1.4	1,117	15.8
Feb 10	1,729	34.2	8.5	14.75	14.86	18	701	45	467	10.5	61	1.2	1,169	18.9
Mar 10	1,840	36.5	8.7	15.93	15.64	6	224	33	365	11.0	39	0.8	589	15.2
April 7	1,877	37.2	8.7	16.23	15.99	6	235	26	256	9.8	32	0.6	490	15.3
May 5	1,851	36.8	8.4	15.57	15.24	4	160	28	257	9.3	32	0.6	415	13.2
June 9	1,827	36.3	8.6	15.66	15.59	2	73	29	265	9.0	31	0.6	337	10.9
July 7	1,816	35.9	8.9	16.08	15.70	4	169	35	434	12.6	39	0.8	603	15.6
Aug 4	1,300	25.7	9.2	11.90	13.18	3	120	21	177	8.4	24	0.5	297	12.4
Sep 8	1,403	27.8	9.0	12.61	12.74	9	362	42	421	10.1	51	1.0	782	15.4
Oct 13	1,689	33.7	8.6	14.57	14.47	23	917	62	708	11.4	85	1.7	1,625	19.1
Nov 10	1,831	36.7	8.6	15.75	15.30	8	298	56	645	11.4	64	1.3	944	14.7
Dec 8	1,856	37.3	8.6	16.00	15.17	4	155	61	710	11.5	65	1.3	866	13.2
1980 Jan 12	1,625	33.0	8.3	13.43	14.66	5	182	80	995	12.4	85	1.7	1,177	13.8
Feb 16	1,697	34.7	8.4	14.24	14.35	13	537	106	1,194	11.2	119	2.4	1,731	14.5
Mar 15	1,638	33.7	8.4	13.72	13.44	22	871	153	1,857	12.2	175	3.6	2,727	15.7
April 19	1,525	31.7	8.3	12.65	12.33	13	524	143	1,579	11.0	157	3.3	2,102	13.4
May 17	1,527	31.8	8.3	12.72	12.45	16	650	154	1,690	11.0	171	3.5	2,340	13.8
June 14	1,501	31.4	8.3	12.47	12.30	14	546	192	2,218	11.6	206	4.3	2,763	13.5
July 12	1,363	28.7	8.5	11.53	11.17	11	437	211	2,509	11.9	222	4.7	2,946	13.3
Aug 16	1,168	24.9	8.4	9.79	10.99	19	770	245	3,002	12.3	264	5.6	3,772	14.3
Sep 13	1,202	25.9	8.2	9.90	10.03	33	1,304	336	4,081	12.1	369	8.0	5,385	14.6
Oct 11	1,167	26.0	8.1	9.43	9.45	38	1,514	431	5,694	13.2	468	10.4	7,207	15.4
Nov 15	1,143	25.8	8.1	9.21	8.78	26	1,053	503	6,373	12.7	529	12.0	7,425	14.0
Dec 13	1,152	26.3	7.9	9.12	8.34	32	1,276	470	6,139	13.1	502	11.4	7,415	14.8
1981 Jan 17	990	23.0	7.7	7.66	8.88	41	1,626	553	6,830	12.4	594	13.7	8,455	14.2
Feb 14	1,048	24.5	7.9	8.33	8.45	29	1,174	551	6,813	12.4	581	13.6	7,987	13.8
Mar 14	1,046	24.7	8.1	8.45	8.15	19	765	491	6,016	12.3	510	12.0	6,782	13.3
April 11	1,096	26.1	8.3	9.09	8.72	18	720	417	4,949	11.9	435	10.3	5,669	13.0
May 16	1,094	26.2	8.0	8.84	8.61	17	697	335	3,789	11.4	352	8.4	4,486	12.7
June 13	1,124	27.1	8.1	9.15	8.91	10	386	291	3,251	11.2	300	7.2	3,638	12.1
July 11	1,101	26.6	8.3	9.23	8.88	9	360	202	2,274	11.3	211	5.1	2,634	12.5
Aug 15	1,030	24.9	8.7	8.90	10.07	8	328	189	2,020	10.7	197	4.8	2,348	11.9
Sep 12	1,164	28.1	8.5	9.89	10.03	8	317	181	1,943	10.7	189	4.6	2,260	11.9
Oct 10	1,177	28.6	8.4	9.89	9.99	6	255	167	1,789	10.7	173	4.3	2,045	11.7
Nov 14	1,247	30.4	8.3	10.31	9.87	6	259	174	1,782	10.2	181	4.4	2,042	11.1
Dec 12	1,245	30.6	8.4	10.51	9.75	6	245	141	1,504	10.7	147	3.6	1,749	11.9
1982 Jan 16	1,082	26.9	8.1	8.84	10.06	7	270	148	1,665	11.2	155	3.9	1,934	12.5
Feb 13	1,197	29.8	8.4	10.12	10.24	12	483	148	1,572	10.6	160	4.0	2,055	12.8
Mar 20	1,242	31.1	8.3	10.25	9.94	11	429	144	1,530	10.6	154	3.9	1,958	12.7
April 24	1,180	29.7	8.2	9.61	9.22	6	237	135	1,462	10.8	141	3.7	1,699	12.1
May 22	1,221	30.8	8.6	10.47	10.25	7	277	119	1,253	10.5	126	3.2	1,530	12.2
June 19	1,229	31.1	8.5	10.44	10.15	5	199	112	1,220	10.9	117	3.0	1,420	12.2
July 17	1,181	29.9	8.6	10.12	9.77	4	170	82	844	10.2	86	2.2	1,015	11.8
Aug 14	1,083	27.6	8.6	9.34	10.49	5	207	91	970	10.6	96	2.4	1,177	12.2
Sep 11	1,160	30.1	8.4	9.71	9.84	7	275	106	1,111	10.5	113	2.9	1,386	12.3
Oct 16	1,203	31.4	8.3	9.97	10.10	8	322	120	1,291	10.8	128	3.3	1,613	12.6
Nov 13	1,186	31.1	8.3	9.87	9.44	11	446	143	1,565	11.0	154	4.0	2,011	13.1

Note: Figures from July 1978 are provisional (see page 36, Employment Topics).

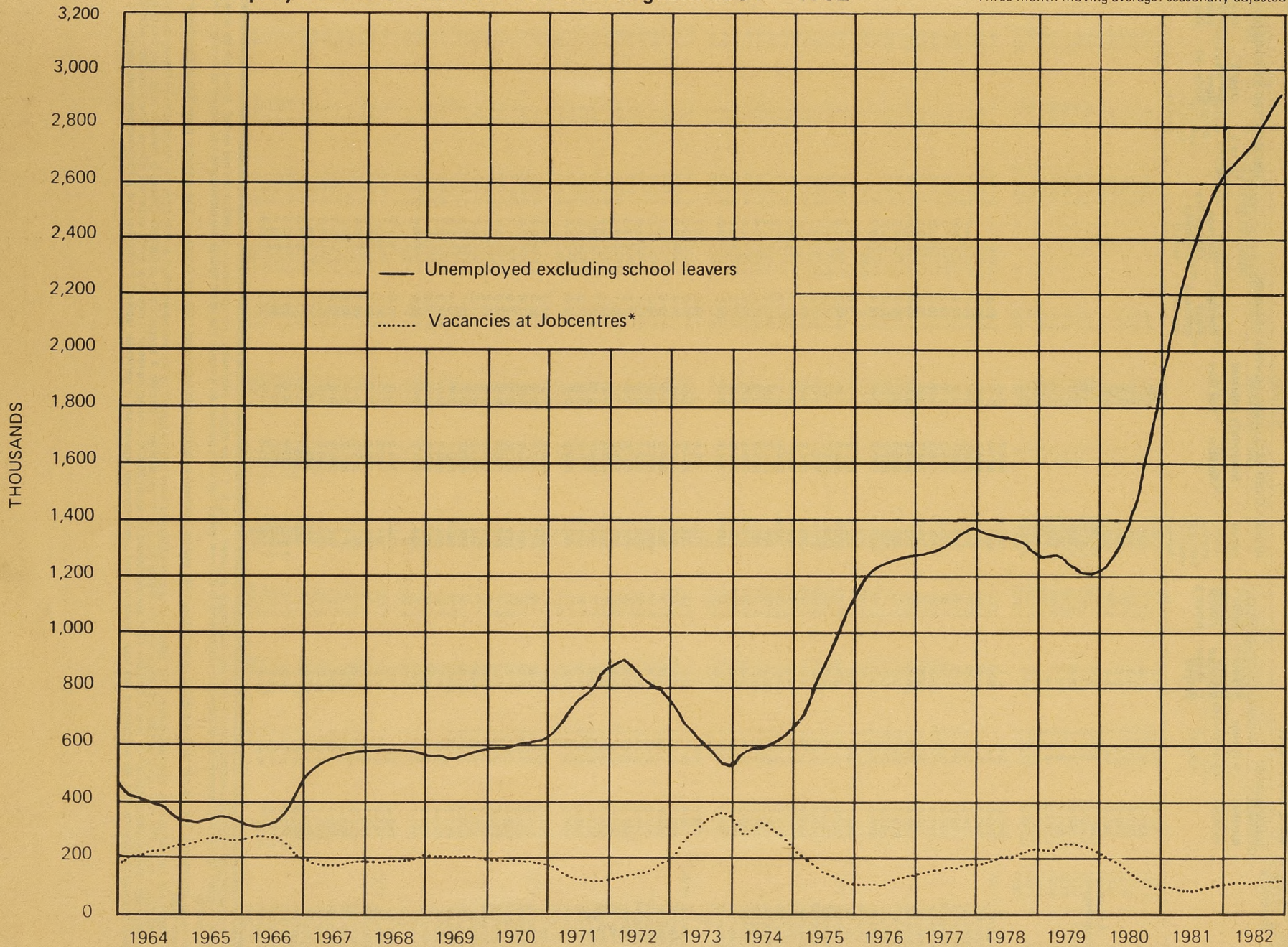
## GREAT BRITAIN

	INDEX OF WEEKLY HOURS WORKED BY ALL OPERATIVES*						INDEX OF AVERAGE WEEKLY HOURS WORKED PER OPERATIVE*					
	All manufacturing industries		Engineering, allied industries (except vehicles) Orders VII-X & XII	Vehicles Order XI	Textiles, leather, clothing Orders XIII-XV	Food, drink, tobacco Order III	All manufacturing industries		Engineering, allied industries (except vehicles) Orders VII-X & XII	Vehicles Order XI	Textiles, leather, clothing Orders XIII-XV	Food, drink, tobacco Order III
	Orders III-XIX						Orders III-XIX					
	Actual	Seasonally adjusted	Actual	Seasonally adjusted	Actual	Seasonally adjusted	Actual	Seasonally adjusted				
1959	100.9		96.3	104.9	108.6	99.1	103.3		102.8	104.9	104.5	102.0
1960	103.9		99.4	107.9	110.1	100.1	102.4		101.7	101.7	104.8	101.7
1961	102.9		101.9	102.9	104.7	100.1	101.0		101.3	100.6	101.1	100.4
1962	100.0		100.0	100.0	100.0	100.0	100.0		100.0	100.0	100.0	100.0
1963	98.4		97.6	99.1	98.2	98.4	99.9		99.6	100.2	100.5	99.9
1964	100.7		101.7	99.1	98.8	97.3	100.7		100.7	100.8	101.4	99.9
1965	99.8		101.9	96.2	95.6	96.6	99.4		98.8	98.4	100.3	99.0
1966	97.3		101.0	91.5	91.7	95.2	97.8		97.4	95.7	98.5	98.1
1967	92.4		96.8	86.1	84.4	92.8	97.1		96.6	95.7	97.3	98.0
1968	91.5		94.6	87.0	83.3	90.4	97.9		96.8	96.9	98.3	98.3
1969	92.4		96.1	88.3	83.6	90.8	98.0		97.3	97.4	97.7	98.4
1970	90.2		94.3	86.7	78.3	89.3	97.0		96.1	95.4	96.9	97.5
1971	84.4		87.2	82.1	74.0	85.9	95.1		93.4	93.2	96.3	96.6
1972	81.3		82.7	79.8	71.7	84.5	94.7		92.6	92.8	95.6	96.7
1973	83.2		85.8	82.6	71.2	85.4	96.5		94.9	95.1	96.7	97.6
1974	81.0		84.7	79.3	66.1	87.2	93.8		92.4	91.8	94.8	96.8
1975	75.4		80.2	75.1	60.9	82.0	92.8		91.3	92.5	93.7	95.4
1976	73.8		76.5	74.3	58.8	79.8	93.1		91.1	93.7	93.8	95.1
1977	74.9		78.0	75.7	59.3	80.0	94.0		92.2	93.3	94.2	95.8
1978	74.1		77.9	76.1	57.6	77.6	93.8		92.0	93.4	94.0	95.6
1979	72.5		75.6	76.1	56.3	77.4	93.6		91.6	93.1	93.9	95.7
1980	65.1		67.9	68.4	48.1	73.1	91.1		89.5	89.5	90.4	95.0
1981	57.6		59.3	59.9	44.8	71.0	90.0		87.8	88.0	91.3	94.7
<b>Week ended</b>												
1978 Nov 11	75.3	73.5	79.2	77.2	58.6	78.2	93.6	93.7	92.1	91.5	94.0	94.9
Dec 9	75.3	73.2	79.1	77.5	58.7	78.3	94.0	93.7	92.3	92.3	94.3	95.6
1979 Jan 13	73.6	72.9	77.4	76.7	57.8	74.9	92.2	93.3	90.6	91.3	93.1	93.4
Feb 10	73.7	72.9	77.8	76.7	58.0	75.7	93.1	93.7	91.6	92.1	93.6	94.9
Mar 10	74.2	73.2	77.9	78.0	58.1	76.4	93.7	93.9	92.0	93.5	94.0	95.4
April 7	74.3	73.0	77.6	78.6	58.0	77.2	94.1	94.1	92.2	94.1	94.3	95.9
May 5	74.4	72.8	77.3	79.2	58.2	77.8	93.9	93.6	91.7	94.3	94.2	95.8
June 9	74.6	73.3	77.4	78.6	58.6	78.9	93.9	93.7	91.9	93.5	94.4	96.1
July 7	70.6	73.2	73.8	70.1	53.6	77.7	94.6	93.8	92.4	96.5	94.6	95.9
Aug 4	60.7	72.5	62.3	66.5	46.1	71.5	93.6	92.9	90.8	91.7	94.4	97.0
Sep 8	73.4	71.5	75.4	75.4	57.9	79.9	92.5	92.5	89.5	90.1	94.0	96.0
Oct 13	73.4	71.6	76.6	75.4	57.0	79.5	93.3	93.4	91.4	92.0	93.6	95.7
Nov 10	73.8	72.0	77.0	78.5	56.5	79.5	93.8	93.9	92.3	93.5	93.5	96.0
Dec 8	73.6	71.5	77.0	78.9	55.6	79.4	94.1	93.8	92.7	94.5	93.2	96.4
1980 Jan 12	71.2	70.5	74.2	77.0	54.1	75.6	92.6	93.7	91.1	93.4	92.4	95.1
Feb 16	70.6	69.7	73.9	76.9	53.2	74.1	92.9	93.4	91.9	93.8	92.1	94.7
Mar 15	69.7	68.8	72.9	74.2	52.4	73.5	92.4	92.7	91.3	91.7	91.8	94.6
April 19	69.0	67.8	72.0	73.9	51.5	73.3	92.1	92.1	90.6	91.9	91.6	94.7
May 17	68.5	67.0	72.0	73.8	51.0	73.8	92.3	92.0	90.9	92.3	91.3	95.2
June 14	67.7	66.6	70.9	72.3	49.9	74.7	91.9	91.7	90.5	91.2	90.8	95.3
July 12	62.8	65.2	66.1	61.0	44.8	73.7	91.6	90.8	90.1	91.1	90.4	95.2
Aug 16	53.4	63.8	55.1	59.0	37.4	66.3	91.1	90.4	89.3	88.9	89.2	96.1
Sep 13	64.0	62.3	66.6	65.8	46.7	73.7	89.9	89.8	88.3	87.5	88.3	94.7
Oct 11	62.2	60.7	64.8	63.2	45.8	73.5	88.8	88.9	87.1	84.3	88.8	94.8
Nov 15	61.2	59.7	63.5	61.7	45.1	72.5	88.4	88.6	86.5	83.8	88.7	94.3
Dec 13	60.8	59.0	62.9	61.5	45.0	72.7	88.6	88.4	86.6	84.4	88.9	94.9
1981 Jan 17	58.9	58.3					87.2	88.3				
Feb 14	58.6	57.9					87.6	88.1				
Mar 14	58.6	57.8	59.6	60.6	44.2	70.6	88.1	88.4	85.7	85.4	88.8	93.6
April 11	58.9	57.3					89.2	89.2				
May 16	58.8	57.5					89.8	89.5				
June 13	58.9	57.9	59.4	61.2	45.0	70.7	90.3	90.0	87.7	88.9	91.5	94.2
July 11	55.7	57.9					91.1	90.3				
Aug 15	48.7	58.2					91.8	91.2				
Sep 12	59.4	57.8	60.0	60.1	45.4	71.7	91.4	91.3	89.1	89.6	92.3	95.1
Oct 10	58.9	57.5					91.4	91.6				
Nov 14	58.1	56.7					90.8	91.1				
Dec 12	57.9	56.2	58.3	57.5	44.7	70.9	91.2	91.0	88.7	88.2	92.6	95.8
1982 Jan 16	56.5	56.0					90.0	91.2				
Feb 13	56.7	56.0					90.8	91.3				
Mar 20	56.5	55.7	57.3	56.3	43.6	67.5	90.9	91.3	88.7	89.1	92.3	94.2
April 24	56.0	55.0					90.7	90.6				
May 22	56.1	54.8					91.3	91.0				
June 19	55.9	55.0	56.6	54.8	43.5	68.8	91.3	91.0	89.2	89.1	93.0	95.2
July 17	52.6	54.7					91.7	90.9				
Aug 14	45.5	54.4					91.9	91.3				
Sep 11	55.1	53.7	55.7	53.4	43.0	68.8	91.0	90.8	88.8	88.5	92.9	95.3
Oct 16	54.8	53.5					91.0	91.2				
Nov 13	54.3	53.0					90.9	91.2				

\* The index of total weekly hours worked is subject to revision from July 1978 (see page 36, Employment Topics).

# Unemployment and vacancies : United Kingdom 1964 – 1982

Three-month moving average: seasonally adjusted



\*Vacancies at Jobcentres are only about a third of total vacancies.

† New basis (claimants).

Note: Unemployment figures are on the new (claimant) basis. See notes to table 2.1.



















# UNEMPLOYMENT

## Selected countries: national definitions

2.18

THOUSAND

	United Kingdom†		Austra- lia*	Austria*	Bel- gium‡	Canada*	Den- mark§	France*	Germany (FR)*	Greece*	Irish Republic*	Italy	Japan*	Nether- lands*	Norway*	Spain*	Sweden*	Switzer- land*	United States*
	Incl. school leavers	Excl. school leavers																	
<b>NUMBERS UNEMPLOYED</b>																			
<b>Annual averages</b>																			
1977	1,403	1,313	358	51	264	850	164	1,073	1,030	28	106	1,382	1,100	204	16.1	540	75	12.0	6,856
1978	1,383	1,299	402	59	282	911	190	1,167	993	31	99	1,529	1,240	206	20.0	817	94	10.5	6,047
1979	1,296	1,227	405 **	57	294	838	159	1,350	876	32	90	1,653	1,170	210	24.1	1,037	88	10.3	5,963
1980	1,665	1,561	406	53	322	867	180	1,451	900	37	101	1,778	1,140	248	22.3	1,277	86**	6.2	7,449
1981	2,520	2,420	390	69	392	898	241	1,773	1,296	41	128	1,979	1,259	385	28.4	1,566	108	5.9	8,211
<b>Quarterly averages</b>																			
1981 Q4	2,768	2,620	392	95	414	935	257	2,011	1,520	45	134	2,148	1,200	448	30.1	1,696	129	7.3	8,635
1982 Q1	2,862	2,751	461	139	448	1,147	290	2,001	1,899	70	147	2,299	1,377	489	39.0	1,802	137	10.3	10,284
Q2	2,796	2,699	445	81	445	1,259	245	1,894	1,669	40	149	2,308	1,380	497	33.5	1,793	120	10.3	10,267
Q3	2,939	2,804	472	72	460	1,372	230	1,981	1,792	32	159	2,340 R	1,320	565		1,835	158	12.3	10,814
Q4	3,070	2,919							2,061										11,349
<b>Monthly</b>																			
1982 May	2,801	2,696	450	81	445	1,241	246	1,885	1,646	36	148	2,309	1,340	486	31.2	1,793	116	10.5	9,957
June	2,770	2,671	448	66	443	1,303	224	1,867	1,650	32	151	2,324	1,370	522	31.5	1,786	131	10.6	10,886
July	2,853	2,753	450	69	462	1,386	208	1,899	1,757	32	156	2,291	1,320	551	34.0	1,807	133	10.8	11,036
Aug	2,899	2,796	459	69	457	1,388	236	1,944	1,797	31	161	2,303	1,300	564	45.1	1,827	166	12.3	10,710
Sep	3,066	2,862	506	79	460	1,343	247	2,099	1,820	32	160	2,427 R	1,340	579	41.8	1,870	176	13.6	10,695
Oct	3,049	2,875	537 R	104	466	1,388		2,176	1,920		165	2,492		592		1,967	127	16.2	10,942
Nov	3,063	2,916	553 p	128	474	1,438		2,161	2,038		170	2,533 p		612					11,476
Dec	3,097	2,966							2,223										11,628
<b>Percentage rate latest month</b>																			
	13.3		7.9 p	4.4	17.3	12.2	9.4	11.5	9.1	2.0	13.9	11.2 p	2.3	14.0	2.3	17.3	3.0	0.5	10.5
<b>NUMBERS UNEMPLOYED, SEASONALLY ADJUSTED</b>																			
<b>Quarterly averages</b>																			
1981 Q4		2,609		82	403 R	999	252	1,891	1,519 R	42	135	2,067	1,250	438	29.1	1,702 e	131		9,113
1982 Q1		2,679	430	93 R	437 R	1,021	258	1,948	1,649 R	52	143	2,117	1,267	466	33.9		133		9,576
Q2		2,743	450	107 R	459 R	1,212	251	2,012	1,804 R	48	150	2,097	1,397	520	36.7		130		10,428
Q3		2,838	485	122	471 R	1,442	250	2,044	1,939 R	45	162	1,986	1,370	556			153		10,952
Q4		2,912							2,072										11,858
<b>Monthly</b>																			
1982 May		2,740	454	105	458 R	1,206	252	2,005	1,802	47	150		1,370	520	35.7		133		10,549
June		2,773	461	115	465 R	1,295	246	2,042	1,845	45	153	2,097	1,460	537	37.3		137		10,427
July		2,814	471	116	468 R	1,413	244	2,044	1,868	45	158		1,370	544	39.0 R		134		10,790
Aug		2,832	474	123 R	469 R	1,456	249	2,050	1,934	44	162		1,310	554	46.1		157		10,805
Sep		2,866	509	126 R	476 R	1,458	259	2,040	2,020	45 e	165	1,986	1,430	571			168		11,260
Oct		2,885	574 R	115 R	467 e	1,521		2,045	2,055		168			586			122		11,551
Nov		2,906 R	603 p	112 e	489 e	1,517		2,031	2,076 R		171			600					11,987
Dec		2,947 p							2,085										12,036
<b>Percentage rate:</b>																			
latest month		12.7	8.6 p	3.9 e	17.8 e	12.7	9.8	10.8	8.6	2.8 e	14.0	8.8	2.4 e	13.7	2.5	13.6 e	2.9		10.8
latest three months																			
change on previous																			
three months		+0.3	+1.4	—	+0.4	+0.9	—	—	+0.5	-0.2	+0.8	-0.4	—	+0.9	+0.3	+0.9	+0.3		+0.8

Notes: (1) It is stressed that the figures are not directly comparable owing to national differences in coverage, concepts of unemployment and methods of compilation (described in an article on pages 833-840 of the August 1980 issue of *Employment Gazette*). There are two main methods of collecting unemployment statistics:

(i) by counts based on registration or insurance systems.

(ii) by conducting a labour force survey from a sample number of households.

(2) Source: SOEC Statistical telegram for Italy, OECD Main Economic Indicators for remainder, except United Kingdom, supplemented by labour attaché reports. In some instances estimates of seasonally adjusted levels have been made from the latest unadjusted data.

\* Numbers registered at employment offices. Rates are calculated as percentages of total employees. Irish rate published by SOEC, calculated as a percentage of the civilian labour force.

† New basis (claimants) - see footnotes to table 2.1.

‡ Insured unemployed. Rates are calculated as percentages of total insured population.

§ Labour force sample survey. Rates are calculated as percentages of total labour force.

\*\* Average of 11 months.

|| Registered unemployed published by SOEC. The rates are calculated as percentages of the civilian labour force. Seasonally adjusted figures are available only for the first month of each quarter.

§ Numbers registered at employment offices. From 1977 includes unemployed insured for loss of part-time work. From January 1979 includes an allowance for persons partially unemployed during the reference period. Rates are calculated as percentages of the total labour force.

# UNEMPLOYMENT AND VACANCIES Flows 2.19

THOUSAND

GREAT BRITAIN	UNEMPLOYMENT									VACANCIES		
	Inflow			Outflow			Excess of inflow over outflow			Inflow	Outflow	Excess of inflow over outflow
	Male	Female	All	Male	Female	All	Male	Female	All			
<b>Seasonally adjusted ‡; average of 3 months ended.</b>												
1977 Oct 13	203	88	291	202	84	286	1	4	5	193	192	1
Nov 10	203	88	291	202	84	286	1	4	5	194	192	2
Dec 8	200	88	288	204	86	291	-4	2	-3	198	192	6
1978 Jan 12	196	87	283	201	87	288	-5	0	-5	202	195	7
Feb 9	193	86	279	200	87	288	-7	-1	-9	208	200	9
Mar 9	193	87	279	199	88	287	-7	-1	-8	213	205	8
April 13	194	88	282	200	89	289	-6	-1	-7	217	211	6
May 11	193	89	282	198	89	287	-5	1	-5	217	213	4
June 8	193	89	282	198	88	286	-5	1	-4	221	216	5
July 6	192	89	280	198	88	286	-6	0	-6	225	219	5
Aug 10	190	89	279	196	88	284	-6	1	-5	227	222	5
Sep 14	187	89	276	196	90	285	-9	-1	-9	229	224	5
Oct 12	186	90	276	196	90	286	-10	0	-10	232	225	7
Nov 9	184	90	275	197	92	288	-12	-2	-14	234	228	6
Dec 7	183	90	273	196	92	287	-12	-1	-14	234	230	4
1979 Jan 11	186	89	275	192	91	282	-6	-2	-7	226	227	-1
Feb 8	189	88	277	184	89	272	5	-1	4	219	222	-3
Mar 8	188	88	276	182	87	269	7	1	7	215	217	-3
April 5	182	88	270	184	87	271	-2	1	-1	223	221	2
May 10	177	88	264	190	88	278	-13	0	-13	231	225	7
June 14	176	89	265	190	89	279	-14	0	-14	238	230	8
July 12	176	90	266	188	89	276	-12	1	-11	238	234	4
Aug 9	177	91	268	186	90	276	-9	1	-8	236	238	-2
Sep 13	176	92	268	184	90	274	-8	2	-6	232	237	-4
Oct 11 †	176	93	269	179	91	270	-3	2	-1	228	234	-6
Nov 8 †	176	93	268	175	90	265	5	3	3	225	230	-5
Dec 6 †	179	95	274	176	90	267	2	5	7	224	233	-9
1980 Jan 10	184	97	280	177	90	267	7	7	13	214	227	-13
Feb 14	190	100	290	175	91	266	15	9	24	207	222	-15
Mar 13	194	102	296	174	92	266	20	10	31	202	215	-14
April 10	199	105	303	173	94	267	25	11	36	201	212	-11
May 8	202	106	308	173	95	268	29	11	40	197	208	-11
June 12	204	107	311	169	95	263	36	12	48	188	199	-11
July 10	210	110	320	168	95	263	42	15	58	181	194	-13
Aug 14	217	112	328	169	94	263	47	17	65	171	183	-11
Sep 11	226	114	340	171	94	265	55	20	75	167	176	-10
Oct 9	233	115	348	174	95	270	59	20	78	160	168	-8
Nov 13	242	117	359	176	97	273	65	21	86	154	161	-7
Dec 11	245	117	362	176	97	274	69	20	88	149	152	-4
1981 Jan 15	243	117	360	179	98	276	65	20	84	154	155	-1
Feb 12	238	117	356	179	99	278	60	18	78	152	153	-1
Mar 12	232	116	348	177	100	277	55	16	71	148	151	-3
April 9	229	115	343	176	101	277	53	14	66	140	143	-3
May 14	227	113	340	176	101	277	51	12	63	139	142	-3
June 11 e	228	114	341	182	103	285	46	11	56	142	147	-5
July 9 e §	220	110	331	175	99	274	45	12	57	143	144	-1
Aug 13 e §	209	105	314	172	91	263	38	14	52	147	144	3
Sep 10 §	202	104	305	168	87	254	34	17	51	151	145	6
Oct 8 §	204	108	312	176	90	266	28	18	46	155	151	4
Nov 12 §	212	115	325	191	102	293	21	13	33	157	154	3
Dec 10 §	216	118	334	203	111	314	13	7	20	158	155	4
1982 Jan 14 §	222	118	340	208	113	321	15	4	19	163	161	2
Feb 11 §	221	118	339	208	114	322	13	5	18	166	165	1
Mar 11	218	118	337	210	112	322	9	6	15	166	167	-1
April 15	214	120	333	210	114	324	3	6	9	163	164	-1
May 10	215	120	335	206	114	319	9	6	15	162	164	-2
June 10	220	122	342	201	114	315	19	7	26	162	164	-2
July 8	224	127	350	204	119	324	19	7	26	163	162	1
Aug 12	224	127	351	208	118	327	16	8	25	165	161	3
Sep 9	227	130	357	209	118	327	18	12	31	163	162	1
Oct 14	227	127	354	210	113	323	18	13	31	161	160	2
<b>Unadjusted*</b>												
Oct 14	262	134	395	234	132	366	28	1	29	161	160	2
Nov 11	248	120	368	197	109	306	51	11	62	161	160	1
Dec 9	227	102	329	171	98	269	56	4	60	165	161	4

‡ The unemployment flow statistics, old basis (registrations), and the vacancies flows statistics are described in *Employment Gazette*, June 1980, pp. 627-635; they relate to Jobcentres only. While the coverage of the flow statistics differs from the published totals of unemployed excluding school leavers, and of vacancies notified to Jobcentres, the movements in the respective series are closely related.

\* The figures for unemployment flows on the new basis (claimants) exclude school leavers and a minority still covered by clerical counts in Benefit offices. A seasonally adjusted series cannot yet be estimated.

† Flow figures are collected for four or five-week periods between unemployment or vacancy count dates; the figures in this table are converted to a standard 4 1/3 week month.

‡ The October monthly figures for those leaving the register have been increased to allow for the effect of fortnightly payment of benefit.

§ See footnote to table 2.1.

















# EARNINGS

5.9

## Selected countries: wages per head: manufacturing (manual workers)

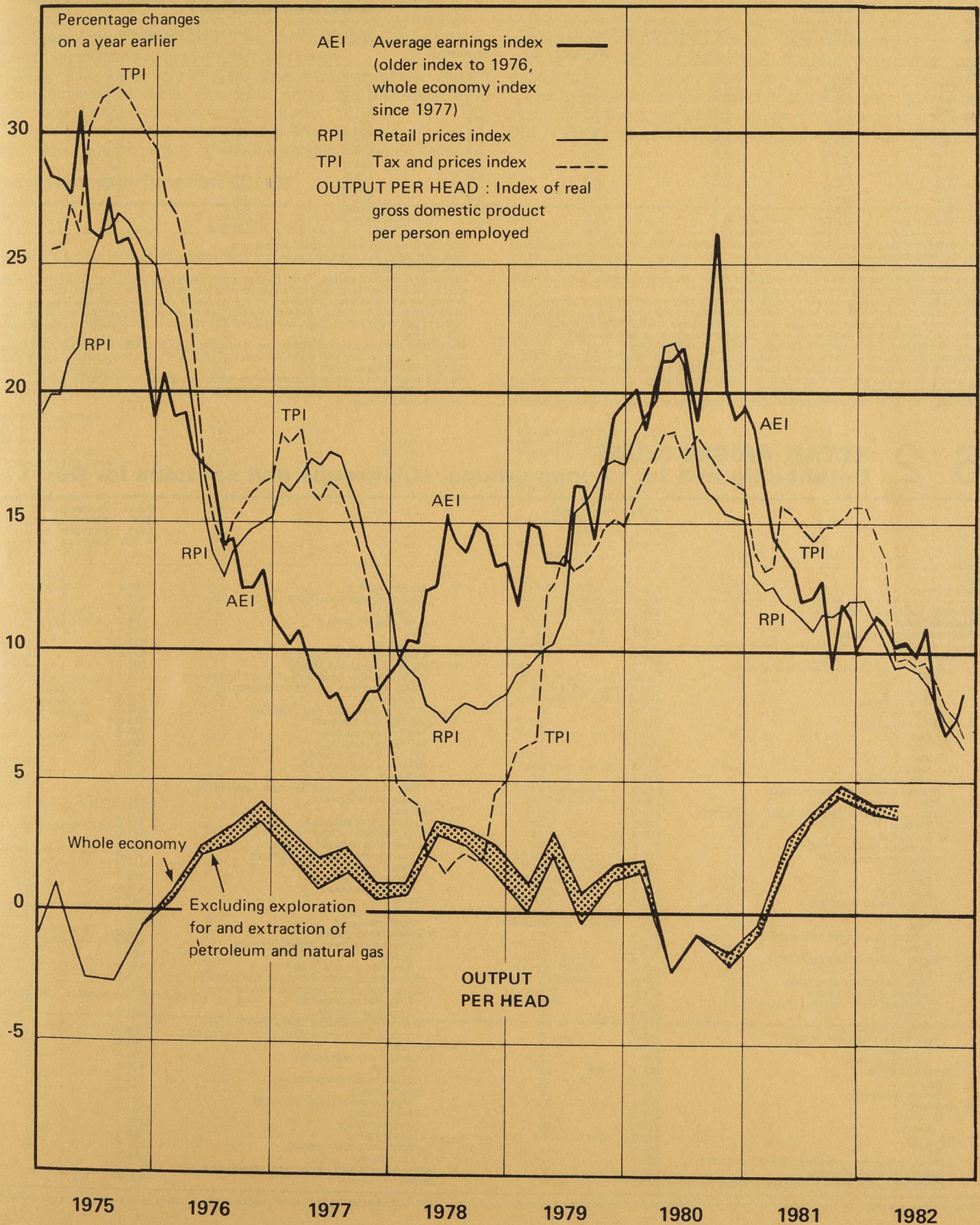
	Great Britain	Australia	Austria	Belgium	Canada	Denmark	France	Germany (FR)	Greece	Irish Republic	Italy	Japan	Netherlands	Norway	Spain	Sweden	Switzerland	United States
	(1) (2)	(3) (4)	(2) (5) (6)	(7) (8)	(2) (8)	(6) (8)	(4)	(8)	(8)	(8)	(4)	(2) (5)	(4)	(3) (8)	(2) (8) (9)	(6) (8)	(5)	(8) (10)
<b>Annual averages</b>																		
1972	60.1	58.3	67.6	59	70	58.2	62.4	76	55	54	51.9	57.6	66	64	52.0	72.3		Indices 1975 = 100
1973	67.8	65.8	76.2	69	76	69.1	71.5	84	64	65	64.5	71.1	74	71	61.8	78.4	81.8	79
1974	79.4	83.8	88.2	83	86	83.9	85.3	92	80	78	78.9	89.7	88	83	77.8	87.1	93.1	85
1975	100.0	100.0	100.0	100	100	100.0	100.0	100	100	100	100.0	100.0	100	100	100.0	100.0	100.0	100
1976	116.5	114.4	109.0	111	114	112.7	114.1	107	129	117	120.9	112.3	109	117	130.3	117.9	101.6	108
1977	128.5	127.6	118.4	121	126	124.3	128.5	114	156	135	154.6	121.9	117	129	169.8	125.8	103.3	118
1978	147.1	136.6	125.1	130	135	137.1	145.2	120	193	155	179.6	129.1	123	139	214.2	136.6	106.9	128
1979	169.9	147.1	132.4	140	147	152.6	164.1	127	232	179	213.7	138.5	128	143	264.8	147.2	109.2	139
1980	200.3	163.2	142.8	153	162	169.8	188.8	135	295	217	261.7	148.8	134	157	313.8	160.2	114.8	151
1981	226.7	179.8	151.7	168	181	185.4	216.2	142	376	252	323.6	157.2	138	173	375.1	177.1	120.7	165
<b>Quarterly averages</b>																		
1981 Q2	220.1	178.4	151.0 R	167	179	183.1	206.8	140	366	251	317.0	154.8	136	169	374.4	176.8	119.7	164
Q3	232.6	181.1	152.0 R	167	183	186.5	215.8	144	385	257	334.5	158.5	141	179	..	178.5	120.5	167
Q4	238.1	186.1	155.5 R	178	190	193.7	224.4	145	399	263	345.6	160.1	142	178	..	181.1	121.4	170
1982 Q1	243.9	197.0	159.3 R	175	196	196.4	233.6	145	436	271	358.0	160.7	146	178 R	..	185.5	128.3	173
Q2	248.6	203.7 R	161.6 R	176	200	203.4	244.3	149	501	..	371.0	163.6	146	188 R	..	192.7	127.5	175
Q3	255.1	..	.. R	..	..	205.8 R	252.0	150	..	..	386.1	166.6	148	196	..	192.3	127.9	177
<b>Monthly</b>																		
1982 May	248.0	202.0 R	160.0 R	..	200	203.7	..	..	..	..	375.7	163.1	146	..	..	194.9	..	175
Jun	251.3	207.9 R	161.7 R	176	202	203.3	..	..	..	..	375.7	165.9	146	..	..	191.2	..	176
Jul	253.1	209.6 R	156.8 R	..	204	208.2 R	252.0	150	..	..	376.0	159.4	148	..	..	194.6	..	177
Aug	256.5	210.6	162.5	..	206	200.8 R	..	..	..	..	391.1	174.9	148	..	..	190.6	..	176
Sep	255.6	..	..	..	..	208.5 R	..	..	..	..	391.1	165.6	148	..	..	191.7	..	178
Oct	256.6	..	..	..	..	..	..	..	..	..	..	..	148	..	..	..	..	177
<b>Increases on a year earlier</b>																		
<b>Annual averages</b>																		
1972	13	10	12	13	8	13	11	10	10	15	10	16	14	8	17	15	..	Per cent
1973	13	13	13	17	9	19	15	11	16	20	24	23	12	11	19	8	..	7
1974	17	27	16	20	13	21	19	10	26	20	22	26	19	18	26	11	14	8
1975	26	19	13	20	16	19	17	9	25	28	27	11	14	20	29	15	7	9
1976	17	15	9	11	14	13	14	7	29	17	21	12	9	17	30	18	2	8
1977	10	11	9	9	11	10	13	7	21	15	28	9	7	10	30	7	2	9
1978	14	7	6	7	7	10	13	5	24	15	16	6	5	8	26	9	3	8
1979	15	8	6	8	9	11	13	6	20	15	19	7	4	3	24	8	2	9
1980	18	11	8	9	10	11	15	6	27	21	22	7	5	10	19	9	5	9
1981	13	10	6	10	12	9	15	5	27	16	24	6	3	10	20	11	5	9
<b>Quarterly averages</b>																		
1981 Q2	11	12	8	11	13	9	14	4	26	18	25	5	2	12	19	12	5	11
Q3	13	8	7 R	9	12	9	14	5	29	19	24	5	4	7	..	11	5	10
Q4	13	11	5	11	12	10	15	5	28	13	23	6	4	8	..	8	5	8
1982 Q1	13	13	8	9	13	10	16	5	24	14	20	5	7	7 R	..	8	6	7
Q2	13	14	7	5	12	11	18	6	37	..	17	6	7	11 R	..	9	7	7
Q3	10	..	..	..	..	10 R	17	4	..	..	15	5	5	10	..	8	6	6
<b>Monthly</b>																		
1982 May	14	12	6	..	12	12	..	..	..	..	17	5	7	..	..	10	..	7
Jun	12	15	6 R	5	12	10	..	..	..	..	16	7	7	..	..	7	..	7
Jul	11	16	4 R	..	13	10 R	17	4	..	..	15	1	4	..	..	9	..	7
Aug	9	16	8	..	12	11 R	..	..	..	..	16	9	4	..	..	8	..	6
Sep	9	..	..	..	..	10 R	..	..	..	..	16	5	4	..	..	7	..	5
Oct	8	..	..	..	..	..	..	..	..	..	..	..	4	..	..	..	..	5

Source: OECD—Main Economic Indicators.

Notes: 1 Wages and salaries on a weekly basis [all employees].  
2 Seasonally adjusted.3 Males only.  
4 Hourly wage rates.  
5 Monthly earnings.  
6 Including mining.7 Including mining and transport.  
8 Hourly earnings.  
9 All industries.  
10 Production workers.

# EARNINGS C2

## Earnings, prices, output per head













## DEFINITIONS

The terms used in the tables are defined more fully in periodic articles in Employment Gazette relating to particular statistical series. The following are short general definitions.

### BASIC WEEKLY WAGE RATES

Minimum entitlements of manual workers under national collective agreements and statutory wages orders. Minimum entitlements in this context means basic wage rates, standard rates, minimum guarantees or minimum earnings levels, as appropriate, together with any general supplement payable under the agreement or order.

### DISABLED PEOPLE

Those eligible to register under the Disabled Persons (Employment) Acts 1944, and 1958; this is those who, because of injury, disease or congenital deformity, are substantially handicapped in obtaining or keeping employment of a kind which would otherwise be suited to their age, experience and qualifications. Registration is voluntary. The figures therefore relate to those who are registered and not those who, though eligible to register, choose not to do so.

### EARNINGS

Total gross remuneration which employees receive from their employers in the form of money. Income in kind and employers' contributions to national insurance and pension funds are excluded.

### EMPLOYED LABOUR FORCE

Total in civil employment plus HM forces.

### EMPLOYEES IN EMPLOYMENT

Civilians in the paid employment of employers (excluding home workers and private domestic servants).

### FULL-TIME WORKERS

People normally working for more than 30 hours a week except where otherwise stated.

### GENERAL INDEX OF RETAIL PRICES

The general index covers almost all goods and services purchased by most households, excluding only those for which the income of the head of household is in the top 3-4 per cent and those one and two person pensioner households of limited means covered by separate indices. For these pensioners, national retirement and similar pensions account for at least three-quarters of income.

### HM FORCES

All UK service personnel of HM Regular Forces, wherever serving, including those on release leave.

### INDEX OF PRODUCTION INDUSTRIES

SIC Orders II-XXI. Manufacturing industries plus mining and quarrying, construction, gas, electricity and water.

### INDUSTRIAL DISPUTES

Statistics of stoppages of work due to industrial disputes in the United Kingdom relate only to disputes connected with terms and conditions of employment. Stoppages involving fewer than 10 workers or lasting less than one day are excluded, except where the aggregate of working days lost exceeded 100.

Workers involved and working days lost relate to persons both directly and indirectly involved (thrown out of work although not parties to the disputes) at the establishments where the disputes occurred. People laid off and working days lost elsewhere, owing for example to resulting shortages of supplies, are not included. There are difficulties in ensuring complete recording of stoppages, in particular those near the margins of the definitions; for example, short disputes lasting only a day or so. Any under-recording would particularly bear on those industries most affected by such stoppages; and would have much more effect on the total of stoppages than of working days lost.

**Conventions** The following standard symbols are used:

- .. not available
- nil or negligible (less than half the final digit shown)
- provisional
- break in series
- R revised

Where figures have been rounded to the final digit, there may be an apparent slight discrepancy between the sum of the constituent items and the total as shown. Although figures may be given in unrounded form to facilitate the calculation of percentage changes, rates of change, etc. by users, this does not imply that the figures can be estimated to this degree of precision, and it must be recognised that they may be the subject of sampling and other errors.

### MANUAL WORKERS

Employees other than those in administrative, professional, technical and clerical occupations.

### MANUFACTURING INDUSTRIES

SIC Orders III-XIX.

### NORMAL WEEKLY HOURS

The time which the employee is expected to work in a normal week, excluding all overtime and main meal breaks. This may be specified in national collective agreements and statutory wages orders for manual workers.

### OVERTIME

Work outside normal hours for which a premium rate is paid.

### PART-TIME WORKERS

People normally working for not more than 30 hours a week except where otherwise stated.

### PENSIONER HOUSEHOLDS

Retail prices indices are compiled for one- and two-person pensioner households, defined as those in which at least three-quarters of total income is derived from national insurance retirement and similar pensions.

### SEASONALLY ADJUSTED

Adjusted for regular seasonal variations.

### SELF-EMPLOYED PEOPLE

Those working on their own account whether or not they have any employees.

### SERVICE INDUSTRIES

SIC Orders XXII-XXVII.

### SHORT-TIME WORKING

Arrangements made by an employer for working less than regular hours. Therefore, time lost through sickness, holidays, absenteeism and the direct effects of industrial disputes is not counted as short-time.

### TEMPORARILY STOPPED

People who at the date of the unemployment count are suspended by their employers on the understanding that they will shortly resume work and are claiming benefit. These people are not included in the unemployment figures.

### UNEMPLOYED

People claiming benefit (that is unemployment benefit, supplementary benefits or national insurance credits) at Unemployment Benefit Offices on the day of the monthly count who on that day were unemployed and able and willing to do any suitable work. (Students claiming benefit during a vacation and who intend to return to full-time education are excluded.)

### UNEMPLOYED PERCENTAGE RATE

The number of unemployed expressed as a percentage of the latest available mid-year estimate of all employees in employment, plus the unemployed at the same date.

### UNEMPLOYED SCHOOL LEAVERS

Unemployed people under 18 years of age who have not entered employment since terminating full-time education.

### VACANCY

A job notified by an employer to a local Jobcentre or careers service office.

### WEEKLY HOURS WORKED

Actual hours worked during the reference week and hours not worked but paid for under guarantee agreements.

### WORKING POPULATION

Employed labour force plus the unemployed.

- e estimated
- MLH Minimum List Heading of the SIC 1968
- n.e.s. not elsewhere specified
- SIC UK Standard Industrial Classification (1968)
- EC European Community

# Regularly published statistics

A Annual. Q Quarterly. M Monthly. D Discontinued.

Employment and working population	Frequency	Latest issue	Table number or page
For details of publication of revised employment estimates, see page 000			
Working population: GB and UK Quarterly series	M	Jan 83:	1-1
Employees in employment Industry: GB			
All industries: by MLH	M	Oct 82:	1-4
: time series, by order group		Jan 83:	1-2
Manufacturing: by MLH		Nov 82:	1-3
Occupation			
Administrative, technical and clerical in manufacturing	A	Nov 82:	1-10
Local authorities manpower	Q	Dec 82:	1-7
Occupations in engineering		Oct 82:	421
Region: GB			
Sector: numbers and indices, quarterly		Oct 82:	1-5
Census of Employment			
Key results, Sep 1981		Dec 82:	504
GB regions by industry MLH, June 1978		Mar 81:	141
UK by industry MLH		Mar 81:	141
International comparisons	M	Jan 83:	1-9
Apprentices and trainees by industry: Manufacturing industries	A	June 82:	1-14
Apprentices and trainees by region: Manufacturing industries	A	Jul 82:	1-15
Disabled in the public sector	A	Jan 82:	29
Exemption orders from restrictions to hours worked: women and young persons		Oct 82:	450
Labour turnover in manufacturing	Q	Nov 82:	1-6
Trade union membership	A	Jan 83:	26
Work permits issued		Mar 82:	108
<b>Unemployment and vacancies</b>			
For details of publications of claimant-based unemployment statistics, see p. S20 of the December 1982 <i>Employment Gazette</i>			
Unemployment			
Summary: UK	M	Jan 83:	2-1
GB	M	Jan 83:	2-2
Age and duration: UK		Nov 82:	2-5
Broad category: UK	M	Jan 83:	2-1
Broad category: GB	M	Jan 83:	2-2
Detailed category: GB, UK	Q	Nov 82:	2-6
Region: summary	Q	Nov 82:	2-6
Age time series quarterly UK (six-monthly prior to July 1978)		Nov 82:	2-7
: estimated rates	Q	Jan 83:	2-15
Duration: time series, quarterly UK		Nov 82:	2-8
Region and area			
Time series summary: by region	M	Jan 83:	2-3
: assisted areas, counties, local areas	M	Jan 83:	2-4
Occupation		Nov 82:	2-12 D
Age and duration: summary	Q	Nov 82:	2-6
Industry			
Latest figures: GB, UK		Jul 82:	2-10 D
Number unemployed and percentage rates: GB		Jul 82:	2-9 D
Occupation:			
Broad category: time series quarterly		Nov 82:	2-11 D
Flows GB, time series		Nov 82:	2-19
Adult students: by region	M	Jan 83:	2-13
Minority group workers: by region		Sep 82:	2-17 D
Disabled workers: GB		Nov 82:	2-16 D
Non-claimants: GB		Nov 82:	2-16 D
International comparisons	M	Jan 83:	2-18
Temporarily stopped: UK			
Latest figures: by region	M	Jan 83:	2-14
Vacancies (remaining unfilled) Region			
Time series: seasonally adjusted	M	Jan 83:	3-1
: unadjusted	M	Jan 83:	3-2
Industry: UK	Q	Dec 82:	3-3
Occupation: by broad sector and unit groups: UK	M	Jan 83:	3-4
Region summary		Nov 82:	2-12 D
Flows: GB, time series	M	Jan 83:	2-19
Unemployment and vacancy flows: GB	M	Jan 83:	2-19
Skill shortage indicators		Jan 81:	34
<b>Redundancies</b>			
Due to occur: latest month	M	Jan 83:	35
Advance notifications	Q	Jan 83:	35
Payments	Q	Jan 83:	35

## SPECIAL FEATURE

### Who becomes unemployed?

#### Unemployment inflow rates in Great Britain for 1978

by Jon Stern,  
Centre for Labour  
Economics

This article continues *Employment Gazette's* examination of inflows to the unemployment register, by looking at the kinds of people who were becoming unemployed at a time when that figure was rising sharply week by week. How old were they, what sort of jobs had they been doing, and how long had they been doing them?

A recent article in *Employment Gazette* by Peter Hughes, showed that in recent years about 300,000–400,000 men and women have entered the unemployment register each month and similar numbers have left it (*Employment Gazette*, December 1982, pp 527–530). According to his estimates, between 50,000–70,000 men became unemployed each week during the period January 1978 to January 1982. With such very large numbers, it is of more than academic interest to know the characteristics of the unemployment inflow and to know which groups of people are most likely to become unemployed.

This article reports some estimates of male unemployment inflow rates for autumn 1978. (Information on the characteristics of the inflow at that date was reported in Moylan and Davies' article "The disadvantages of the unemployed", *Employment Gazette*, August 1980, pp. 830–833.) The inflow rates are calculated using grossed-up data on the characteristics of the unemployment inflow from the DHSS Cohort Study of the Unemployed. This gives an estimate of the numerators of the various unemployment inflow rates. The denominators are found by grossing-up data on the characteristics of the male labour force using information taken from household surveys such as the General Household Survey or the Family Expenditure Survey or other surveys such as the New Earnings Survey\*. Thus, for example, the inflow rate for men under 20 is obtained by (a) using data from the Cohort Study on what percentage of the male inflow was under 20, (b) multiplying this percentage by the size of the male inflow into registered unemployment in autumn 1978 and (c) dividing the number so obtained by the number of men under 20 in the male labour force obtained from grossing-up data from the 1978 General Household Survey. The resulting inflow rate estimates are reported to one decimal place, but, as with the estimates of unemployment stock rates by age published in *Employment Gazette* they should not be regarded as precise to that degree.

Two further points should be made at this stage. Firstly, the unemployment inflow rates reported are all expressed as a percentage of the male labour force not as the unemployment stock rates reported in *Employment Gazette* which are percentages of male employees, plus registered unemployed†. This is done for convenience

because of the way the data on the characteristics of adult males are reported in household surveys such as the General Household Survey. Secondly, we can only report inflow rates for males as the characteristics of the female inflow to unemployment are not known. It is particularly hard to establish the characteristics of the female unemployment inflow in view of the large numbers of women who become unemployed but do not register.

#### Extra information

It is worth considering, too, what extra information is conveyed by unemployment inflow rates for various characteristics beyond what is contained in the unemployment stock rates such as the age specific unemployment rates reported quarterly in *Employment Gazette*. The answer is that the unemployment stock rate for an age group obtained by dividing the total number of unemployed of all durations of a given age by the total number of members of the labour force of that age includes both inflow effects and duration effects. A group may have a high unemployment rate either because it has a high rate of entry into unemployment but experiences relatively short spells of unemployment and/or because it has a low entry rate but experiences very long spells of unemployment. In April 1982, the unemployment stock rate for men of all ages was 15 per cent, while for men under 20 it was 25 per cent and for men aged 60 or over, it was 20 per cent. Yet, analysis of the age and duration structure of the unemployed show that the high unemployment rate of teenage males relative to the average is because of a high inflow rate and not because they experience longer than average spells of unemployment. The exact opposite is true of men over 60. Of course, the problems created by unemployment and the relevant policy responses differ according to whether the unemployment rates experienced by various groups predominantly reflect differences in entry rates or differences in the length of unemployment spells.

\* For full details on sources and methods of calculation, see Jon Stern, "Unemployment Inflow Rates for Autumn 1978", *Centre for Labour Economics Discussion Paper No. 129*, 1982.

† The aggregate inflow rate can be converted into an inflow rate for full-time male employees by multiplying by 1.27 (based on 1978 census of employment data).

**Table 1 Monthly male unemployment inflow rates by socio-economic group in autumn 1978**

Socio-economic group	Monthly inflow rate
Senior and intermediate non-manual	0.4
Junior non-manual	0.9
Foremen and skilled manual	0.9
Semi-skilled manual	1.4
Unskilled manual	4.4
Personal service	8.4
Miscellaneous occupation*	0.7
<b>All identified</b>	<b>1.0</b>

\* Farmers, farmworkers, own account workers.

**Table 2 Monthly male unemployment inflow rates by age in autumn 1978**

Age	Monthly inflow rate
Under 20	3.0
20-24	2.7
25-39	1.1
40-49	0.7
50-54	0.6
55-59	0.6
60-64	1.1
<b>All ages</b>	<b>1.2</b>

In autumn 1978, the published monthly male inflow represented by registrations at Jobcentres was 187,000. This represents an inflow rate of 1.2 per cent of the total male labour force\*. However, this excludes registrations at PER and Careers Offices. Including these groups raises the inflow rate to 1.6 per cent (256,000 registrations per month)†. All the rates reported here for component groups of the inflow will be expressed relative to the former rate, but can be rescaled by multiplying by 1.2.

### Economic theory

Economic theory would suggest that the expected inflow rate will be higher for less skilled members of the labour force and for those who have been in their jobs only a short time. So one would expect inflow rates to be lower for older and for more skilled men. Each of these conjectures is supported by the inflow rate results. Thus, table 1 shows that, by socio-economic group, the monthly inflow rates varied from 0.4 per cent for senior and intermediate non-manual men to 4.4 per cent per month for unskilled male manual workers and 8.4 per cent per month for personal service workers. The last two groups had a markedly higher inflow rate in 1978 than that reported for 1972 in Nickell's indirect estimates‡ of inflow rates. Inflow rates for the other socio-economic groups do not appear to have changed noticeably between 1972 and 1978.

Monthly inflow rates also fall with age. For men under 20 they were 3.0 per cent per month in autumn 1978, and for men aged 20-24 they were 2.7 per cent. In contrast, as shown in table 2, for no age group over 25 was the monthly inflow rate over 1.1 per cent. Comparison with Nickell's estimates for 1972 shows a marked increase in the inflow rates for men under 25 between 1972 and 1978,

**Table 3 Monthly male unemployment inflow rates in autumn 1978 by time in most recent full-time job**

Length of job	Age		
	Under 30	Over 30	All ages
Under 1 year	6.1	5.4	5.8
1-3 years	0.9	0.8	0.9
3-5 years	0.6	0.4	0.5
5-10 years	0.3	0.2	0.2
Over 10 years	-	0.2	0.2
<b>All with prior job of known duration</b>	<b>1.9</b>	<b>0.6</b>	<b>1.0</b>

**Table 4 Monthly male unemployment inflow rates by housing tenure and age in autumn 1978**

Housing tenure	Age			
	Under 25	25-59	60-64	All ages
Own outright	-	0.8	1.6	0.9
Purchasing with mortgage	0.8	0.3	-	0.4
Public sector rental	3.3	1.2	0.8	1.2
Private sector rental	2.2	1.1	-	1.1
Non-householder living with family	2.6	2.0	-	2.4
<b>Average all tenures*</b>	<b>2.6</b>	<b>0.8</b>	<b>1.2</b>	<b>1.2</b>

\* Includes miscellaneous omitted tenures for example squatting, rent-free, living in hostel.

particularly for men aged 20-24.

In view of the differences in inflow rates by age, it is important to note that age gradient in unemployment inflow rates disappears once one controls for length of time in previous jobs. This demonstrates that the apparent age gradient primarily reflects the effects of job experience. Comparing men over and under 30, each group had a monthly inflow rate over five per cent if they had been in their previous job less than 12 months. As shown in table 3, this is six times greater than the inflow rates were for men who had been in their previous job for more than 12 months and ten times greater than for men who had been in their previous job for more than three years. For men over 60, the unemployment inflow rate for men in their previous jobs less than 12 months was 10.7 per cent (although it should be noted this estimate was based on a relatively small number of observations). The inflow rate of men over 60 in their previous job for more than 10 years was 0.8 per cent, four times greater than for all men over 30 with equivalent prior job durations. This reflects the incidence of early retirement among men over 60 registering as unemployed.

Unemployment stock rates by region are reported each month in *Employment Gazette*. Comparing them with unemployment inflow rates allows one to estimate how much of the variation in the reported stock rate is accounted for by differences in inflow rates and how much by differences in unemployment spell lengths. During 1978 as a whole, male unemployment stock rates in Great Britain varied from 4.0 per cent in Greater London to 10.2 per cent in the North of England. In calculating inflow rates, we can use whole population data on new registrations into Jobcentres. Standardising on a Great Britain

\* 1.5 per cent as a percentage of full-time male employees.

† Obtained from table 1 of Hughes (1982).

‡ See S J Nickell, "A picture of male unemployment in Britain", *Economic Journal*, December 1980 for his estimates.

average inflow rate of 1.2 per cent, the variation in inflow rates is much smaller than for stock rates. In autumn 1978, East and West Midlands had the lowest male inflow rate of 0.9 per cent. The highest inflow rates were 1.5 per cent in the North of England and Scotland—only two-thirds greater than in the Midlands. Thus, most of the variation in unemployment stock rates between regions is accounted for by differences in the average duration of unemployment rather than by the differences in the entry rate into unemployment.

Male unemployment inflow rates by other characteristics can be discussed more briefly. For full details, see Stern (1982).

### Personal characteristics

**Family composition.** Single men have a higher inflow rate than married men, but this is because the overwhelming majority of single men were under 25. Among married men with children, the highest inflow rate in autumn 1978 was for men with four or more children (1.8 per cent) and lowest for those with one or two children (0.8 per cent). However, the inflow rate differential between large and small families seems to have fallen slightly between 1972 and 1978.

**Housing tenure.** The highest inflow rate in autumn 1978 was for men who were non-householders living with their family. This is mainly but not entirely because of their age, the small number of non-householder men over 25 also had a monthly inflow rate of over two per cent. Among men aged 25-59, those who rented had higher inflow rates than mortgagees or men who owned their houses outright, but there was no difference in the inflow rates between council and private tenants. This is shown in table 4. For men over 60, inflow rates were lower for men in rented accommodation.

### Previous employment

**Industry.** The highest inflow rates were from shipbuilding (2.6 per cent); agriculture, forestry and fishing (2.3 per cent); construction (2.3 per cent); and miscellaneous services (1.8 per cent). However, the Cohort Study sample appears to have caught a major shipbuilding redundancy which affected the first of these while the time

of year may exaggerate the agriculture and construction inflow rates. The lowest inflow rates, all less than 0.5 per cent, were in electrical engineering; vehicles; paper, printing and publishing; and insurance and banking. The difference in the inflow rates between manufacturing and service industries as a whole was very small.

**Previous earnings.** The gross earnings of unemployment entrants in 1978 were markedly lower than of employees as a whole (see Moylan and Davies, *op. cit.*) Inflow rates fall as earnings rise, apart from men earning over £150 per week (equivalent to gross earnings of £250 in June 1982). However, this association arises almost certainly because low earners are much more likely to have been in a low productivity job, often for only a short period, rather than because of an earnings effect on inflow rate *per se*.

**Size of establishment.** For male unemployment entrants in manufacturing we can calculate inflow rates by size of establishment. In autumn 1978 they fell sharply with size of establishment ranging from 4.0 per cent in establishments with fewer than 10 employees to 0.4 per cent for establishments with 200 or more employees.

All these inflow rates refer to a particular time of year and to a particular point of the economic cycle. It is not obvious how relativities have changed between 1978 and 1982. From the information currently available it is clear that members of some groups, including less skilled, low paid manual workers, are much more likely to become unemployed than others, particularly if, as will be the case for many of them, they have not been long in their jobs. It should be possible, however to calculate inflows in future using information on the characteristics of the inflow available from the new computerised system of counting the unemployed (JUVOS): for example inflows according to age and duration of unemployment. ■

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## Degrees of success into the nineties

**T E Dean\***,  
Standing Conference of  
Employers of Graduates Ltd

This article, which represents the personal view of the author, predicts that the basic trend in graduate employment will lead to two crises in graduate recruitment.

In 1974, the Department of Employment published a study by the Unit for Manpower Studies† predicting a decline in job opportunities for graduates such that in 1981 about seven per cent of the output for the year would be unemployed, with women being affected more than men. This forecast was not based upon the expectation of a recession, but upon the fear that the spread of employment prospects for graduates would not keep up with the increase in numbers of graduates. At the time, there were some grounds for the forecast, partly because employers who had been recruiting hundreds of graduates each year in the 1960's were now taking much smaller numbers. However, up to 1979, the proportion of new graduates entering permanent employment in the UK increased slightly. More professions decided to demand a degree as the basis for entry; more categories of employer decided to recruit graduates as future managers; the careers advisers were active in encouraging the spread of graduate employment; new activities such as the wider use of computers and oilfield exploration offset the levelling-off noticed among "conventional" employers.

This article, which represents the personal view of the author, predicts that the basic trend in graduate employment will lead to two crises in graduate recruitment. The first will come in 1984, assuming that there has by then been a general economic recovery: the second in about 1990, when the output of graduates is falling. The dates may be out by one or two years, and numbers by a few thousand, but these do not affect the basic argument.

### Factors behind cut-back

First, it is necessary to examine the factors behind the cut-back in graduate employment which began in 1980, to estimate what the numbers might have been if there had been no recession. A major factor is the rate at which young graduates change their jobs. New graduates join an employer, stay a few years and then leave. The wastage is made good by recruiting fresh graduates, and employers draw up forecasts of wastage in the coming 12 months when they are setting their annual targets for graduate recruitment. If fewer graduates change jobs because of fewer openings, then there are fewer vacancies. Periodically, various organisations carry out surveys to check the rate of wastage; the most recent one, just completed by the author on behalf of SCOEG, contains the vital information on the difference in wastage rates before and after 1980—the normal years and the years of recession.

The survey covered over 23,000 graduates at 104 employers, in the private sector and public utilities. These

had started work between 1975 and 1981. Under normal circumstances, and taking the average of a wide range of wastage rates, 70 per cent stayed with their first employer for two years eight months and 50 per cent for about five years. There was a slight reduction in wastage rates in 1980. In 1981-2, 70 per cent are staying for at least six months longer and 50 per cent for at least one year longer—enough change to have a marked effect upon wastage numbers.

This is shown in the chart which illustrates the first destinations of graduates since 1975, grouped under certain major headings. The statistics are published annually‡, and 1975 was the year when full polytechnic figures were first made available. The marked area represents the numbers of graduates who would have changed jobs under normal circumstances but who, according to survey results, did not do so. This was calculated for each of the years 1980 to 1982 and is, if anything, an underestimate. In addition, we must allow for the cut-back in employers' plans for expansion and for contractions through not replacing wastage, which otherwise would have meant more jobs.

The conclusion must be that under normal circumstances, the trend in graduate employment would have shown a definite increase, possibly as steep as the rise from 1975 to 1979.

### Short-term—1984

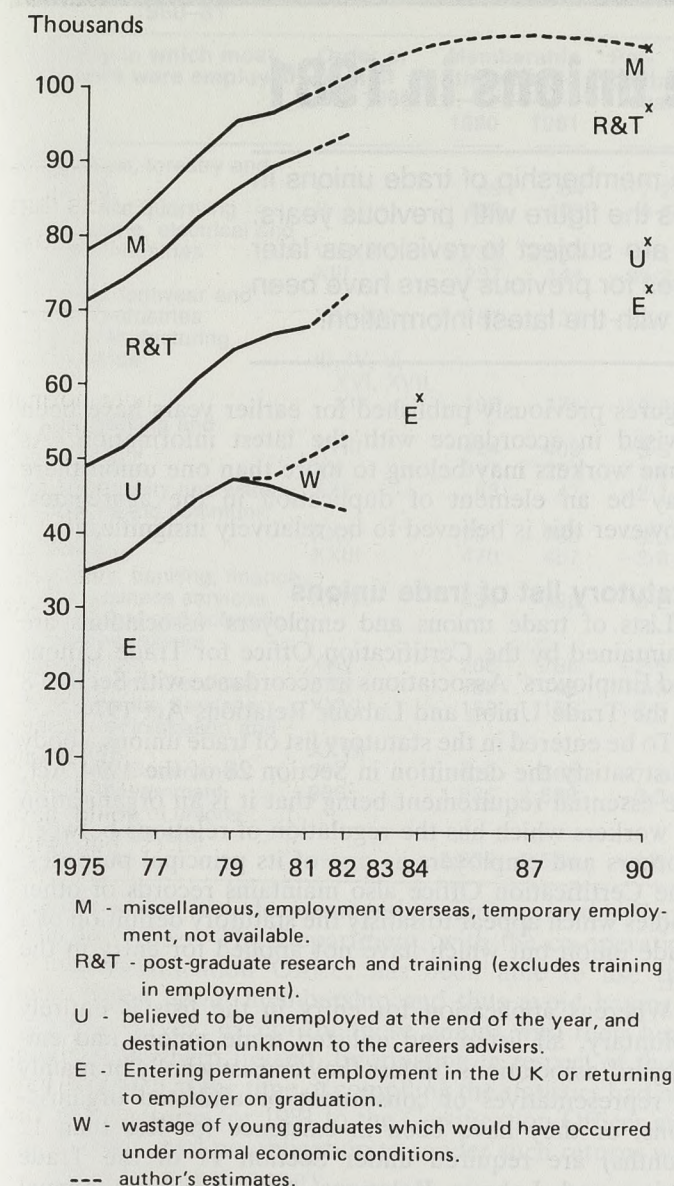
It is assumed that, by 1984, there has been a recovery in the economy. In many cases, employers will try to offset past cuts in recruitment by attracting graduates with a few years experience from other companies, which helps keep the age distribution of their staff in balance; at the same time, graduates who have been anxious to move on will now find openings. These two processes, which may be spread out over a number of months, will result in employers finding that they have unexpectedly large numbers of vacancies for new graduates as several years wastage is compressed into a relatively short time. The reduction in wastage in 1980-2 was about 25 per cent of the numbers who entered employment in 1979 and for 1983 it may be 15 per cent: so to catch up, the demand in 1984 may be 40 per cent up on the numbers who entered employment in 1979. But that was a year of high demand

\* Mr Dean is consultant on graduate employment statistics to the Standing Conference of Employers of Graduates Ltd.

† Manpower Paper no. 8—Employment Prospects for the Highly Qualified.

‡ First Destinations of University Graduates.  
First Destinations of Polytechnic Students.

### Graduate output less overseas students returned home



for graduates, with many unfilled vacancies in certain categories of employment, and 1984 is not likely to be relatively better.

The prospect for 1984 is therefore: 47,000 found employment in 1979, plus 9,000 increase in output by 1984, less 2,000 fewer entering teacher training, means 58,000 actually entering employment. But the numbers required to make good past cuts and the extra wastage (40 per cent up on 1979) would be over 65,000.

### "A" level standards

To a certain extent, the problem will be mitigated by applications from those who graduated one or more years previously, provided that employers are prepared to accept that they have not done relevant work in the interval. Also there are the school leavers with "A" levels and equivalent who are not entering higher education, but who are now finding themselves not acceptable for work which employers label as "for graduates only". But this

requires a broadening of attitudes by employers.

Starting in 1983, the "A" level standards of those graduating will be somewhat higher than in previous years because university intake numbers in 1980 were not allowed to rise as much as had been expected. This should raise employment prospects when the demand for graduates increases.

It is interesting to note that the *Daily Telegraph*, on January 13, advertised more job opportunities than in any edition since January 1980. About one quarter of the display advertisements were open to graduates with up to six years experience, the largest single category being electronic engineers.

### Long-term effect—1990

The forecasts on numbers of students in higher education suggest that, because of the fall in the birthrate since 1964, there will be a peak in the output of graduates within a few years and then a slow decline. It is not easy to predict the figures for each year but, for practical purposes, it seems that the number of graduates in 1990 will be about the same as in 1984.

Other broad estimates for 1990 (marked on the figure) are:

- Miscellaneous—8,000, the average over a number of years.
- Research and training—18,000 compared with the average of 22,000 between 1975 and 1981. This assumes cuts in teacher training and possibly post-graduate research.
- Permanent UK employment—73,000, based on 58,000 in 1984 and assuming an annual rate of increase of 2,500 compared with the annual increase of 3,000 between 1975 and 1979.

If these numbers are achieved, it means that in 1990 there will be only some 6,000 graduates who are unemployed or whose destinations are unknown, compared with 14,000 in 1975 from a smaller output. This is so unlikely as to be not credible, and the alternative is that the numbers entering employment will not reach the forecast. However, it is worth more consideration.

### Unemployment and unknown destination

There has always been some graduate unemployment. The employers set certain standards in respect of personal qualities, academic knowledge, or both; though these standards may vary between employers, yet there will be graduates who do not match any employer to whom they apply. Further, as Mr B J Holloway, Secretary of the University of Manchester Appointments Board writes in his latest report, a few years ago "perhaps three-quarters of the unemployed graduates had, in some sense, chosen that status by placing unreasonable or unnecessary restrictions on the jobs which they were prepared to do". As for graduates who do not reply to the requests of careers advisers for information as to what they are doing after graduation, this number will probably remain high, human nature being what it is; if in fact a proportion have

(continued on page 28)





Table 5 Membership of trade unions analysed by size: 1971-81

Thousand

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Under 100 members	5	4	4	4	4	3	4	4	4	4	4
100- 499	31	36	35	36	35	36	37	34	30	28	28
500- 999	41	31	37	37	39	35	32	34	34	32	32
1,000- 2,499	106	101	114	107	105	99	109	103	93	88	86
2,500- 4,999	179	182	171	173	147	153	144	134	154	140	132
5,000- 9,999	233	221	238	201	200	201	178	169	158	167	167
10,000- 14,999	130	150	129	135	129	100	123	112	84	82	54
15,000- 24,999	342	333	335	343	327	296	256	267	364	392	354
25,000- 49,999	540	609	624	609	664	621	642	711	633	725	617
50,000- 99,999	1,101	912	997	948	1,045	997	1,015	947	1,082	1,024	978
100,000-249,999	1,718	1,879	1,810	1,958	1,995	2,053	2,199	2,263	2,387	2,518	2,175
250,000 and more	6,709	6,901	6,963	7,213	7,503	7,790	8,107	8,335	8,424	7,752	7,555
All at end of year	11,135	11,359	11,456	11,764	12,193	(12,026)*	12,386	12,846	13,112	13,447	12,947
Male	8,382	8,452	8,450	8,586	8,729	(8,600)*	8,825	9,071	9,238	9,544	8,406
Female	2,753	2,907	3,006	3,178	3,464	(3,427)*	3,561	3,775	3,874	3,902	3,776

\* Thirty-one organisations previously regarded as trade unions are excluded from 1975 onwards because they failed to satisfy the statutory definition of a trade union in section 28 of the Trade Union and Labour Relations Act 1974.

that the number of smaller unions, those with less than 1,000 employees, has declined by about a quarter. In 1975 when the number of union members was similar to that in 1981 the 25 unions with the largest membership accounted for 77.9 per cent of total membership.

#### Changes in membership: 1970-81

Over the period from the end of 1970 to the end of 1979 trade union membership grew by some 20 per cent whilst employment increased by around three per cent. In 1981, as in 1980, membership decreased and at 12,182,247 it was back to the level of 1975. In percentage terms the decline in total membership in 1981 was slightly greater than the fall in the overall number of employees in employment over the year; 5.9 per cent against 3.9 per cent but the industrial pattern of reducing membership followed fairly closely that of employment; the largest relative falls in union membership occurred in unions covering workers mainly in manufacturing industries; the smallest relative falls and some increases occurring in unions with members mainly in the service industries.

Table 2 summarises the annual changes in membership and in the number of unions for the period 1970-81. There was a discontinuity in 1975 when the basis of the statistics became the list compiled by the Certification Officer. To help provide a link in the series two sets of figures are given for 1975. The first gives the figures on the original basis for comparison with earlier years while the second

gives estimates for comparison with later years which exclude organisations falling outside the statutory definition of a trade union given in Section 28 of the Trade Union and Labour Relations Act 1974. Table 3 shows an industrial analysis of change in membership of unions from 1980 to 1981 the industry being that in which most members were employed.

#### Further information about trade unions

The Annual Report of the Certification Officer 1981 obtainable free of charge from the Certification Office was published in April 1982. It contains, inter alia, the names of those trade unions and employers' associations listed at December 1981 and a statistical summary of the annual returns of membership and finances submitted by both listed and unlisted bodies for the year 1980. Both the lists and the returns are open to public inspection at the Certification Office 15-17 Ormond Yard, Duke of York Street, London SW1Y 6JT, and in the case of organisations having their head office in Scotland at the office of the Assistant Certification Officer for Scotland, 58 Frederick Street, Edinburgh EH2 1LN. A Directory of Employers' Associations, Trade Unions, Joint Organisations, etc, giving names, office addresses, telephone numbers, names of secretaries and other information is published by HMSO in the form of quarterly reprints (of a fourth part of the whole), any four consecutive issues together comprising the complete Directory in looseleaf form. ■

#### Degrees of success into the nineties

(continued from page 25)

found and continue to find employment, then the whole of that line should be raised, together with the predictions, which still leaves the problem.

It seems therefore that by 1990 employers will not be able to fill their vacancies for graduates. It is necessary to look as far ahead because the lead time required to change degree courses and graduate output is longer than most planning time, in manufacturing industry for example. The problem is accentuated when the demands by employers for graduates of a particular discipline or skill

fluctuate considerably, when the reaction by school leavers is to assume that current job shortages will still affect them when they graduate, and so a peak demand by employers coincides with a slump in output.

There is likely to be a drift towards this shortage situation several years before 1990, affecting a number of employers but not easily detected. But then employers will seriously have to start reconsidering entry standards, perhaps repeating short-term decisions which they made in 1984, except that this time the change will be permanent. ■

### SPECIAL FEATURE

## Family Expenditure Survey: further results for 1981

Selected results from the 1981 Family Expenditure Survey [FES] have recently been featured in *Employment Gazette*\*. This article presents some further analyses which either elaborate what has already been published† or illustrate new features from the survey.



In this article, five areas of interest from the 1981 Family Expenditure Survey are explored, each with an illustrative table. The way in which the pattern of household spending varied with the size and composition of households and with income is shown in table 1: this expands the information given in *Employment Gazette* in December 1982. The variation in the pattern of expenditure and income according to the housing tenure of households is presented in table 2, which is based on results appearing for the first time in the 1981 FES Report. Table 3 illustrates how income and expenditure varied with the employment status of the head of household and complements the related analyses presented in the December 1982 *Employment Gazette*. Regional patterns in the distribution of expenditure and income are set out in table 4, which incorporates analyses published for the first time in the 1981 FES Report. Finally, in table 5 details are given for the first time of the availability of combinations of durable goods among households in the different regions of the United Kingdom, to supplement the results on the availability of individual durable goods reported in *Employment Gazette* for December.

#### Patterns of expenditure (table 1)

Table 1 shows the pattern of household spending for households of different composition and broad income level. For one person low income pensioner households, 70 per cent of all expenditure was allocated to housing, fuel and food (compared to 43 per cent for all households). Housing accounted for 29 per cent of expenditure, a higher proportion than in the previous two years,

namely 27 per cent in 1980 and 25 per cent in 1979. For other retired single person households, housing expenditure accounted for 30 per cent on average. However, it should be remembered that in the FES full (unrebated) rent and rates are included as costs for persons receiving Supplementary Benefit. Also, the high proportion spent on housing by other retired households is influenced by the inclusion of an imputed rental equivalent as expenditure—many of these households own their dwellings outright, so their cash outlay on housing will (on average) be lower than the imputed rent.

As household income rises, the proportion of expenditure allocated to each of the three commodity groups of housing, fuel and food decreases. For households in the lowest fifth of the income distribution, these three groups in 1981 accounted for 62 per cent of total spending, much the same as in 1980. For households with the highest fifth of incomes, the corresponding proportion was 36 per cent. For households comprising one adult with more than one child (shown separately for the first time) housing, fuel, food and clothing and footwear accounted for 65 per cent of total expenditure.

#### Tenure (table 2)

Average weekly household income (gross and disposable) and expenditure tended to be lowest for the two groups of households in rented unfurnished accommodation and highest for owner-occupiers in process of purchasing their dwellings, with the remaining three

\* Articles appeared in *Employment Gazette* for September 1982 (pp 394-395) and December 1982 (pp 521-526).

† Copies of the 1981 FES Report (price £13, or £13.56 by post) can be obtained from HMSO, PO Box 569, London SE1 9NH, or from Government bookshops. An order form appeared in *Employment Gazette* last month (page 521).

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**Table 1 Patterns of household expenditure, by household composition and income level**

	Proportion of expenditure allocated to:								
	Housing	Fuel, light and power	Food	Alcohol and tobacco	Clothing and footwear	Household and other goods	Transport and vehicles	Services and Miscellaneous	Total of all expenditure groups*
<b>All households</b>	<b>15.8</b>	<b>5.9</b>	<b>21.7</b>	<b>7.8</b>	<b>7.4</b>	<b>15.0</b>	<b>14.9</b>	<b>11.5</b>	<b>100</b>
<b>Household composition:</b>									
One adult									100
Low income pensioner†	29.0	13.2	27.5	3.6	4.7	9.9	2.1	10.0	100
Other retired	29.7	8.5	18.4	4.0	4.3	12.6	8.2	14.3	100
Non-retired	21.2	6.0	16.3	7.3	7.0	13.9	15.8	12.5	100
One adult, one child	17.5	7.6	21.2	5.8	9.1	11.8	11.1	15.9	100
One adult two or more children	18.3	9.4	27.1	5.1	10.0	10.6	9.3	10.2	100
One man one woman:									100
Low income pensioner†	17.7	10.8	32.0	7.7	5.8	10.9	6.6	8.5	100
Other retired	20.6	7.7	21.8	5.7	5.0	11.8	12.6	14.8	100
Non-retired	16.2	5.1	19.1	8.2	6.6	16.3	16.2	12.3	100
Two men or two women	17.6	6.2	20.4	8.6	6.7	12.5	16.1	11.9	100
One man one woman with:									100
One child	15.1	5.9	21.5	7.3	7.2	16.5	15.7	10.8	100
Two children	15.2	5.8	23.4	6.8	7.6	15.4	14.4	11.4	100
Three children	14.1	5.6	23.7	6.0	8.0	15.0	17.2	10.4	100
Two adults four or more children	11.7	6.5	29.0	7.5	8.2	13.8	11.2	12.1	100
Three adults	12.5	5.3	21.0	11.0	8.1	14.8	17.1	10.2	100
Four or more adults	10.6	3.8	21.1	10.4	8.8	13.7	20.8	10.8	100
Three adults, one or more children	12.0	5.1	22.5	9.5	8.7	15.9	15.5	10.8	100
Four or more adults, one or more children	8.4	4.5	22.8	11.2	9.1	18.6	14.8	10.6	100
<b>Income level:</b>									
Households with gross household income in the:									100
Lowest 20 per cent	23.9	11.2	26.8	5.9	5.5	11.7	5.9	9.1	100
Middle 60 per cent	16.1	6.3	23.0	8.1	7.3	14.1	14.2	10.9	100
Highest 20 per cent	13.4	4.2	18.5	7.7	8.0	17.2	18.0	13.0	100

\* Total expenditure in cash terms and sample sizes were shown in table 1 on page 522 of the December 1982 *Employment Gazette*.  
† Households in which at least three-quarters of the total income of the household is derived from national insurance retirement and similar pensions, including benefits paid in supplement to or instead of such pensions.

tenure categories in most cases falling a little below the overall average. The disparity between the circumstances of the two largest groups (owner-occupiers in process of purchase and local authority tenants) was greatest in terms of gross household income, where the average for the former was almost double that of the latter. This partly reflected the presence of a higher average number of workers in the former group (1.85 compared to 1.26). The disparity in terms of disposable household income was only a little less. For expenditure the discrepancy was somewhat smaller (about 65 per cent). Local authority tenants devoted a relatively greater proportion of their spending to fuel, food, alcohol and tobacco, these four commodities accounting for 43 per cent of total spending compared to 32 per cent for owner-occupiers in process of purchase and 35 per cent for all households in the survey. Table 2 gives details of the average characteristics of the households in each tenure type: these should be considered in conjunction with the expenditure and income data. For example, households in rented unfurnished accommodation (other than local authority tenants) and those who owned their homes outright had in each case a below average household size and a below average number of workers which may have partly accounted for their below average expenditure and income.

**Employment status (table 3)**

Table 3 shows the average expenditure and income of households where the head of household was either an employee or was self-employed. Households with self-

employed heads spent on average eight per cent more than those with employee heads: their expenditure was also higher for each of the broad commodity or service groups apart from transport. In the FES, business expenses are excluded from household expenditure, and the lower spending on transport by households with self-employed heads probably reflected in part the sometimes arbitrary distinction between their personal and business travel

**Technical notes**

The Family Expenditure Survey is a voluntary survey covering the expenditure and income of a sample of private households in the United Kingdom. In the 1981 survey 7,525 households co-operated, 72 per cent of those approached.

**Definitions**

Expenditure on housing (in tables 1, 2 and 3) includes, for owner-occupied and rent-free households, a notional (imputed) amount based on rateable value as an estimate of the rent that would have been payable if the dwelling had been rented: mortgage payments are therefore ignored. This notional amount is also regarded as income for these households (table 2). Estimates of expenditure (and income) are based on information reported by households (with adjustments only for housing as mentioned above), although it is recognised that what is reported for alcoholic drink, tobacco and some kinds of confectionery tends to be low. A comprehensive list of definitions used in the survey is given in the published annual reports.

**Table 2 Patterns of household expenditure and income, by type of tenure**

	Rented unfurnished		Rented furnished	Rent-free	Owner-occupied	All tenures	
	Local authority*	Other			In process of purchase	Owned outright	
Number of households in sample	2,696	438	184	167	2,444	1,596	7,525
Average household size	2.76	2.20	1.91	2.68	3.24	2.14	2.73
Children							
Under 5	0.20	0.08	0.07	0.26	0.29	0.03	0.19
5 and under 18	0.65	0.34	0.17	0.58	0.84	0.23	0.59
Adults							
Persons under 65	1.51	1.18	1.62	1.52	2.05	1.11	1.59
Persons 65 and over	0.40	0.59	0.05	0.32	0.06	0.77	0.37
Average number of workers**	1.26	1.09	1.35	1.36	1.85	0.88	1.36
Average age of head of household	53	56	31	48	40	64	50
Average weekly household expenditure (£)	100.2	94.1	127.2	116.6	165.7	115.6	125.4
Proportion of expenditure allocated to:							
Housing†	14.3	11.9	18.4	13.5	15.6	19.1	15.8
Fuel, light and power	6.9	7.8	3.3	8.3	4.9	6.7	5.9
Food	24.9	25.8	17.2	22.9	19.9	20.9	21.7
Alcoholic drink	5.8	5.2	5.9	4.2	4.6	3.8	4.8
Tobacco	4.9	3.6	2.7	3.0	2.1	1.9	3.0
Clothing and footwear	7.4	6.4	7.7	8.5	7.6	6.9	7.4
Durable household goods	6.5	10.1	5.4	5.4	8.7	6.1	7.5
Other household goods	7.3	7.4	6.5	8.6	7.9	7.1	7.5
Transport and vehicles	12.4	13.6	18.8	15.0	16.4	15.1	14.9
Services	9.1	10.0	14.0	12.2	11.8	12.0	11.0
Miscellaneous	0.5	0.2	0.1	0.4	0.5	0.4	0.5
<b>All commodities and services</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Average gross weekly household income† (£)	122.7	118.1	149.9	144.6	238.2	153.5	167.6
Proportion of income derived from:							
Wages and salaries	68.0	61.1	79.2	71.0	79.0	42.4	68.1
Social security benefits	23.8	20.4	5.0	11.4	4.3	18.7	13.1
Other	8.2	18.5	15.8	17.6	16.7	38.9	18.8
<b>All sources</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Average weekly disposable†† household income† (£)	102.5	98.5	117.9	120.4	190.9	128.6	137.3

\* Includes housing associations.  
\*\* Includes people who are not in a job at the time of interview but have indicated that they intend to seek work and also some people deriving relatively small amounts of income from activities such as mail order agency.  
† Includes an imputed rent value for rent-free and owner occupied dwellings.  
†† Disposable income is average gross weekly household income minus income tax and national insurance contributions.

**Table 3 Average expenditure and income in households with employee and self-employed heads**

	Households with worker* heads				
	Employees			Self-employed	All
	Manual	Non-manual	All		
Number of households	2,659	1,971	4,630	564	5,194
Average number of persons per household					
All persons	3.22	2.94	3.11	3.31	3.13
Adults	2.12	2.04	2.09	2.13	2.09
Children	1.11	0.90	1.02	1.18	1.04
Average number of workers*	1.90	1.81	1.86	1.90	1.86
Average age of head of household	42	42	42	44	42
<b>Average weekly household expenditure (£)</b>	<b>129.5</b>	<b>168.0</b>	<b>145.9</b>	<b>157.7</b>	<b>147.2</b>
Commodity or service					
Housing	17.9	25.8	21.3	23.4	21.5
Fuel, light and power	7.4	8.0	7.7	9.7	7.9
Food	30.2	31.6	30.8	35.4	31.3
Alcoholic drink	7.3	7.5	7.4	8.3	7.5
Tobacco	5.3	3.2	4.4	4.5	4.4
Clothing and footwear	9.9	12.5	11.0	13.3	11.3
Durable household goods	9.3	14.6	11.6	13.6	11.8
Other household goods	9.8	13.4	11.3	11.9	11.4
Transport and vehicles	19.4	29.7	23.8	19.4	23.3
Services	12.4	20.7	15.9	17.3	16.1
Miscellaneous	0.6	0.8	0.7	0.8	0.7
<b>Average gross weekly household income (£)</b>	<b>175.0</b>	<b>243.4</b>	<b>204.1</b>	<b>195.4</b>	<b>203.2</b>
Sources of income					
Wages and salaries	149.8	206.8	174.1	35.7	159.0
Self-employment	0.8	1.8	1.2	124.3	14.6
Investments	1.9	6.8	4.0	9.2	4.6
Annuities and pensions (other than social security benefits)	1.2	3.2	2.1	2.5	2.1
Social security benefits	14.9	1.0	12.8	11.4	12.6
Imputed income from owner/rent-free occupancy	5.5	12.7	8.5	10.7	8.8
Other sources	1.0	2.2	1.5	1.7	1.5

\* See footnote to table 2.

costs, for example where vehicles served both personal and business uses. In contrast to the results for expenditure, households with self-employed heads reported gross incomes slightly below (about four per cent) those of households with employee heads, although their incomes from sources other than employment were higher, particularly from investments.

**Distributions of income and expenditure (table 4)**

Table 4 gives details of regional distributions of gross and disposable household income and of household expenditure. The 1981 Report (table 29) also shows distributions of the head of household's income. Details are only given for selected regions where the sample sizes were largest. Among the regions shown in table 4, the greatest relative incidence of households in the lowest income range (under £35 per week) was in Yorkshire and Humberside, while the South East had the greatest proportion of households in the highest income band (at least £350 per week). Similar findings apply if the bottom three or top three income bands respectively are aggregated. Taking an even broader view of relatively low gross household incomes, the proportion of households with incomes below £80 per week was highest (among the regions shown) in the Northern region and in Yorkshire and Humberside (around a third), and lowest in the South East excluding Greater London (about a fifth).

**Durable goods (table 5)**

A regional analysis of the availability of a selection of individual durable goods and facilities most frequently found in households was included in *Employment Gazette* last month (pp 524-525). Table 5 expands the earlier analysis to show the incidence of households with particular combinations of the durables considered. In 1981 some 36 per cent of households in the UK had access to all six items in their homes, and about 62 per cent of households had access to at least five of the six, the most frequently missing item being either central heating or a car. The table also shows the distribution of households according to the joint availability of a car and telephone: overall, 54 per cent of households had both these items.

The regional analysis (based on data averaged over 1980 and 1981) shows that the percentage of households having all six of the considered items varied significantly, ranging from around 45 per cent in the South East (excluding Greater London) and East Anglia to below 30 per cent in Greater London, Scotland, and Yorkshire and Humberside, and 17 per cent in Northern Ireland. When the availability of at least five of the six durables is considered, the figures for each region show the same broad disparities as occurred for the availability of all six items, except that the Northern region had a lower ranking than Scotland. At the other extreme, very few households had none or only one of the goods considered, no more than three per cent in any of the regions shown (except Northern Ireland with seven per cent) and just two per cent overall. The analysis of the joint availability of a car and telephone shows that the South East (excluding Greater London) had the greatest proportion of households with both (66 per cent); in contrast, Northern Ireland had the lowest proportion (37 per cent), although it was much closer to the other regions than for the availability of all six durables.

**Table 4 Distribution of household income and expenditure by region**

	North	Yorkshire and Humberside	North West	East Midlands	West Midlands	South East	Greater London	Rest of South East	South West	Scotland	United Kingdom*
Number of households	475	685	880	509	684	2,244	873	1,371	552	675	7,525
Percentage of households in range of income/expenditure											
Range of average gross weekly household income											
Under £35	3	6	3	3	2	2	2	1	2	3	3
£35 and under £45	10	8	6	7	6	5	5	5	6	8	6
£45 and under £55	7	7	5	4	5	5	6	5	6	4	6
£55 and under £80	14	12	11	13	11	10	11	9	12	11	11
£80 and under £120	14	14	13	14	14	12	12	13	20	17	14
£120 and under £160	16	15	14	20	17	14	14	14	14	16	15
£160 and under £200	11	12	14	17	14	13	11	14	11	14	13
£200 and under £250	11	13	14	9	16	13	13	14	12	11	13
£250 and under £300	7	6	8	6	8	10	10	9	7	7	8
£300 and under £350	3	3	6	3	3	6	6	6	5	4	5
£350 or more	4	4	6	4	4	10	10	10	5	5	6
Range of average weekly disposable household income†											
Under £35	3	6	3	3	2	2	3	1	2	3	3
£35 and under £45	9	9	7	7	7	6	5	5	6	9	7
£45 and under £55	8	8	5	6	5	5	6	5	6	4	6
£55 and under £80	16	13	14	14	15	12	14	11	14	15	14
£80 and under £120	22	20	18	25	19	17	16	18	25	23	20
£120 and under £160	15	19	17	22	22	18	16	19	17	20	19
£160 and under £200	12	11	15	11	16	14	14	14	13	11	13
£200 and under £250	9	9	12	6	10	13	13	12	9	8	10
£250 and under £300	3	3	5	3	3	7	6	7	3	4	4
£300 and under £350	1	1	2	2	1	3	2	4	3	2	2
£350 or more	2	1	2	1	1	4	5	4	2	1	2
Range of average weekly household expenditure											
Under £35	10	9	7	6	5	4	5	4	5	7	6
£35 and under £45	8	8	6	7	5	5	5	5	5	8	6
£45 and under £55	5	6	6	8	4	5	6	5	8	6	6
£55 and under £80	16	15	13	16	15	13	14	12	17	16	15
£80 and under £120	25	27	27	27	28	23	21	25	25	23	25
£120 and under £160	18	15	18	17	20	19	18	19	17	18	18
£160 and under £200	7	10	9	9	11	11	10	11	10	9	10
£200 and under £250	6	5	8	5	6	8	7	8	7	6	7
£250 and under £300	2	3	2	2	3	6	6	6	3	4	4
£300 and under £350	1	1	2	1	1	2	3	2	1	1	1
£350 or more	2	1	2	2	2	4	5	3	2	2	2

\* Includes 821 households in regions with smaller samples of households (ie East Anglia, Wales, Northern Ireland).  
† For definition of disposable income see table 2.

**Table 5 Households with combinations of certain durable goods, by region**

	Region*													All regions (1980-81)	All regions (1981)
	North	Yorkshire and Humberside	North West	East Midlands	West Midlands	East Anglia	South East	Greater London	Rest of South East	South West	Wales	Scotland	Northern Ireland		
Sample size	927	1,306	1,670	950	1,316	518	4,291	1,668	2,623	1,090	825	1,312	264	14,469	7,525
Percentage of households in region(s) with availability considered															
Availability of six durable goods or facilities considered**															
All of car, central heating, washing machine, refrigerator, television, telephone	31	27	34	35	38	44	39	29	46	39	34	28	17	35	36
All except:															
Car	11	10	8	8	6	7	6	7	6	5	6	12	5	8	8
Central heating	7	12	12	12	13	11	12	11	12	12	12	15	15	12	12
Washing machine	—	1	2	1	3	2	5	6	5	4	1	1	1	3	2
Refrigerator	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Television	—	—	1	1	—	1	1	—	1	—	—	—	—	1	1
Telephone	4	3	2	4	3	3	2	1	2	4	5	2	3	3	3
Total: all with five or six TV only	55	53	59	61	63	68	65	54	72	65	60	58	41	61	62
One of items only (except TV)	1	1	1	—	—	—	1	1	—	1	—	1	2	1	1
None of items	1	—	1	—	—	—	—	—	—	1	—	—	—	—	—
Total: all with 0 or 1	3	2	3	2	1	2	1	2	1	2	3	2	7	2	2
Car and telephone†	40	42	51	51	56	60	60	51	66	58	50	45	37	53	54
Car, no telephone†	10	9	6	10	9	13	7	6	7	10	12	6	17	8	8
Telephone, no car†	21	24	23	19	18	15	21	28	17	17	16	28	21	21	22
No car or telephone†	29	25	20	20	17	12	12	15	10	15	22	21	25	18	16

\* Figures by region are based on the averages of 1980 and 1981 survey results. National figures are also shown for 1981.  
\*\* Availability of each of the durable goods independently of the others was shown in table 4 of the December 1982 Gazette (page 525).  
† Independently of the remaining durables considered.

# QUESTIONS IN PARLIAMENT

A selection of Parliamentary questions put to Department of Employment ministers on matters of interest to readers of *Employment Gazette* between December 13 to December 22 1982 is printed on these pages. The questions are arranged by subject matter, and the dates on which they were answered are given after each answer. An asterisk after the date denotes that the question was answered orally.

## Young people

Mr Alexander Lyon (York) asked the Secretary of State for Employment, what proportion of males and females were assisted in each element of the youth opportunities programme.

Mr Morrison: The proportion of male and female entrants to Youth Opportunities Schemes in 1981-82 by scheme type is given in the following table:

Type of scheme	Per cent	
	Female	Male
Work experience on employers premises	50.7	49.3
Community Projects	37.0	63.0
Training Workshops	30.1	69.9
Employment induction courses	47.0	53.0
Short training courses	40.8	59.2
Remedial and preparatory courses	25.3	74.7
All	46.7	53.3

(December 22)

## Trade unions

Mr Fergus Montgomery (Altrincham and Sale) asked the Secretary of State for Employment, how many representations he had had from people who complained that they had been denied the right to work by trade union activity.

Mr Waddington: We receive such representations regularly and in substantial numbers. In particular, we recently received around 50 letters from individuals and from groups of individuals complaining that they had been threatened or intimidated by their trade union into striking on the TUC's so-called "Day of Action". We also received a number of similar letters in relation to the recent strike action against the privatisation of British Telecom. In addition to these representations, we have now received over 230 applications for compensation, under the provisions of the 1982 Employment Act, from individuals who claim that they lost their employment between 1974 and 1980 as a direct result of their refusal to belong to a trade union in a closed shop.

(December 21)

## Department of Employment Ministers

Secretary of State: **Norman Tebbit**

Minister of State: **Michael Alison**

Parliamentary Under-Secretaries of state: **Peter Morrison**  
**David Waddington**  
(until January 7)  
**John Selwyn Gummer**  
(from January 7)

## Unemployment figures

Mr Gavin Strang (Edinburgh East) asked the Secretary of State for Employment, if he had any plans for further changes in the method of counting the unemployed to further improve the accuracy of the unemployment figures.

Mr Waddington: I have no specific proposals in mind, but it would be foolish for us to ignore any opportunity which might arise for further improving the accuracy of the count.

(December 21)\*

## Apprenticeships

Mr Dafydd Wigley (Caernarvon) asked the Secretary of State for Employment, what was his estimate of the total number of people currently undertaking recognised apprenticeships; and how this compared with corresponding figures for each of the past three years.

Mr Morrison: The number of people undertaking apprenticeships in manufacturing industry (excluding shipbuilding) in each of the years 1979-82 is estimated as follows:

1979	153,100
1980	149,500
1981	147,600
1982	114,100

(December 22)

Figures for the non-manufacturing sector are not available.

(December 21)

## Enterprise allowance

Mr Richard Page (South West Hertfordshire) asked the Secretary of State for Employment, how many jobs had been created by the enterprise allowance in the three test areas; and if he would make a statement.

Mr Morrison: At the end of November, 1,606 people were in receipt of the enterprise allowance in the five areas in which the Enterprise Allowance Scheme is being tested. A number of these people have taken on staff to assist with the running of their businesses.

(December 22)

## Pay and conditions

Mr Harold Walker (Doncaster) asked the Secretary of State for Employment, if it continued to be the Government's policy that pay and conditions of employment should be a matter for mutual agreement between employers and employees or their representatives and not subject to interference by third parties; and if this policy applied in the public sector to an equal extent as in the private sector.

Mr Alison: It continues to be the Government's policy that pay negotiations, both in the private and public sectors, should be the responsibility of the employers and employees, or their representatives, concerned; and that it is for them to decide what role, if any, should be played by third parties.

(December 13)

**Health and safety**

Mr Bob Cryer (Keighley) asked the Secretary of State for Employment, if he would seek to require that an explicit obligation should be placed on any person who produced specifications or carried on a process involving the use of asbestos or any product containing it to consider the substitution of asbestos by other materials so far as it was reasonably practical to do so.

Mr Cryer went on to ask when the Health and Safety Commission expected to provide a policy on substitutes for asbestos, taking into account the social costs of obtaining, using and disposing of asbestos.

Mr Waddington: Proposals for legislation covering this obligation as well as other recommendations of the Advisory Committee on Asbestos (ACA) are in preparation and will be published by the Health and Safety Commission (HSC) for consultation in due course. There is some doubt, however, whether it is practicable to extend this obligation to persons other than the manufacturers of asbestos products.

(December 14)

Mr Tom Clarke (Coatbridge and Airdrie) asked the Secretary of State for Employment, what discussions he had had with the Health and Safety Commission about the health hazards arising from asbestos and other related products.

Mr David Waddington: We are in regular contact with the chairman of the Health and Safety Commission about the measures the Commission is taking and proposes to take to deal with the health hazards of asbestos and products containing it.

This summer, I welcomed proposals for a number of new measures: the licensing of work with asbestos insulation and coating; for the prohibition of asbestos insulation, of the spraying of asbestos, and of the importation and use of crocidolite (blue asbestos); for the reductions in the control limits for exposure to asbestos at the workplace; and for reviews of the medical evidence and developments in control relating to asbestos. These are being pursued urgently by the Commission.

In addition, I understand that proposals for legislation covering further new controls on asbestos recommended by the Advisory Committee on Asbestos are in preparation and will be published for consultation in due course.

(December 21)

Mr Edwin Wainwright (Dearne Valley) asked the Secretary of State for Employment, if he was satisfied that safety measures in force when obsolete coal-fired power

stations containing asbestos were being demolished ensure that there was no danger to the workmen and the public; and if he would make a statement.

Mr Waddington: Demolition work at power stations involving asbestos is covered by provisions of the Health and Safety at Work Act 1974, the Factories Act 1961 together with the more specific requirements of the Asbestos Regulations 1969. The Health and Safety at Work Act covers the health and safety of the public.

There is also an Approved Code of Practice under the 1974 Act which applies to any work with asbestos insulation. In addition the Health and Safety Commission is developing a number of proposals for further controls on work with asbestos including the licensing of contractors engaged in asbestos removal.

I am satisfied that with the new proposals an adequate legislative framework, practical guidance and powers of enforcement exist to protect the workpeople involved and the public so far as demolition in power stations is concerned.

(December 13)

**New jobs**

Mr Michael Grylls (North West Surrey) asked the Secretary of State for Employment, what forecast the Manpower Services Commission had made of the percentage increase in new jobs by 1990.

Mr Alison: The Manpower Services Commission makes no forecasts of future levels of employment or unemployment. In planning its programmes the Commission takes account of projections over 4-5 years ahead made by the various economic forecasting organisations, most of which do not make projections as far ahead as 1990. The most recent independent forecast of employment levels for 1990 has just been issued by the Institute for Employment Research at the University of Warwick. The institute suggests that the levels of employment may increase by five per cent or one million by the end of the decade.

(December 20)

**Sponsored schemes**

Mr George Foulkes (South Ayrshire) asked the Secretary of State for Employment, what was the number of people currently on the Manpower Services Commission or Department of Employment sponsored schemes.

Mr Alison: At the end of October an estimated total of 645,000 people were being supported under the various special employment and training measures.

(December 21)

**"Managing agencies"**

Mr Tim Eggar (Enfield North) asked the Secretary of State for Employment, if he would list those functions or parts of his Department which he had transferred, or is in the process of transferring, to the private sector.

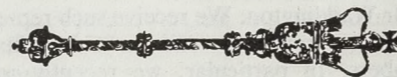
Mr Tebbit: A good deal of the Training Opportunities Programme is already contracted out, mainly to Colleges of Further Education but partly to private establishments and individual employers, and the balance of provision is kept under review. The Youth Opportunities Programme is also contracted out insofar as individual schemes are operated by sponsors, the majority of whom are private employers. This will also be the case with the new Youth Training Scheme, which will also make substantial use of private sector "managing agencies" to administer the scheme.

The Health and Safety Executive has made some progress in contracting out certification and approval work in the field of health and safety and the Health and Safety Commission has recently published a consultative document on proposals which would place a greater reliance on manufacturers and users themselves to ensure that equipment was approved by appropriate outside bodies, which would have the same effect.

The Department of Employment Group as a whole contracts out a substantial proportion of its research.

Some 70 per cent of cleaning services in the Group are now undertaken on a contract basis. Changes are planned over the next 12 months which will increase this to about 80 per cent.

(December 16)



**Community programme**

Sir Peter Mills (West Devon) asked the Secretary of State for Employment, whether he planned any changes to the community programme.

Mr Alison: There are no plans to make major changes to the Community Programme. I understand that the Manpower Services Commission are considering whether some of the administrative arrangements for this programme, including the way in which training is funded, might be revised to make them easier for sponsors within existing resources.

(December 22)

**Redundancies: advance notifications**

□ The numbers of impending redundancies notified to the Department of Employment under the redundancy handling provisions of the Employment Protection Act 1975 in the last six months are given in the table.

1982	
Jul	59,263
Aug	57,262
Sep	68,940
Oct	70,251
Nov	73,323
Dec	62,504

However many notified redundancies do not take place and there is no statutory requirement to notify withdrawals. A better measure of redundancies involving ten or more employees actually due to occur is provided by Manpower Services Commission reports. (See "Redundancies: reported as due to occur").

Notes: Section 100 of the Employment Protection Act 1975 requires employers to notify the Secretary of State of impending redundancies involving ten or more employees within certain time limits. A full description of statutory notification figures is given in an article on page 260 in the June 1981 issue of *Employment Gazette*.

**Expatriates**

□ There are many books aimed at expatriates, but very few examine the problems of recruiting and placing staff overseas from the manager's viewpoint according to the Institute of Personnel Management. A new book from the IPM *The management of expatriates*, published last month, fills this gap.

The book identifies the situations which confront employers and managers in making expensive decisions on the assignment and use of manpower overseas. It provides examples, alternatives and checklists to assist in the formulation and comparison of policies to cope with or prevent any consequent problems.

Areas it covers include: the use of expatriates; the human problems of working overseas; the selection of the potential expatriate; the background to expatriate pay and benefits; principal expatriate remuneration systems; third country national (TCN) remuneration; social security and pensions for expatriates; the administration of the assignment; the management of the expatriate and the non-career/contract expatriate together with resource references including briefing and language courses, advice groups and publications.

The principles of expatriate management set out in the text are applicable to companies of every size and at every stage of development. They have been orientated towards employers based in the United Kingdom who will be sending expatriates overseas, but the

book equally refers to companies based in other countries. It is also applicable to personnel and line managers in UK companies who are preparing to receive overseas expatriates and to expatriates moving from any base.

The authors, all leading advisers and consultants in expatriate affairs; are: Len Peach, director of personnel and corporate affairs, IBM United Kingdom, IPM president elect, IPM vice president (International) 1979-1981 and former expatriate director of personnel IBM Europe; Corinne Julius, adviser on expatriate concerns to the World-Wide Education Service and lecturer on working and living abroad to the Industrial Society; Peter Elliot, director of management development, C & J Clark Ltd, and a specialist in international management development; Brian Ellis, personnel director—International, Cadbury Schweppes Ltd, and IPM vice president (International) 1977-79; Tony Sadler, manager, personnel relations, Lloyds Bank International Ltd and current IPM vice president (international); and Alan Richmond, personnel manager, IBM Havant and a former expatriate in France with IBM. The book is edited by Brian Lewis, author of the IPM's earlier publications, *Overseas assignments: the treatment of expatriate staff* (1971).

ISBN 0 85292 304 X 384 pages members: £31.20 + £1.00 p & p, non-members: £39.00 + £1.00 p & p.

**Redundancies: reported as due to occur**

□ The number of redundancies, in groups of ten or more workers, which had been reported to the Manpower Services Commission at January 1, 1983 as expected to occur up to October 1982, are given in the table below. The provisional numbers so far reported for November and December 1982

are 27,900 and 29,400 respectively. After allowing for further reports and revisions, the final totals are likely to be around 31,000 for November and 37,000 for December. The total number of reported redundancies in 1982 is expected to be below 400,000, well down on the totals for 1981 and 1980.

**Redundancies reported as due to occur\*: Great Britain**

	All	Jan to Oct		1981†	1982‡
1977	158,400	135,400	Jan	44,500	26,800
1978	172,600	145,100	Feb	46,700	30,000
1979	186,800	138,200	Mar	55,000	38,600
1980	493,800	390,400	Apr	53,100	37,200
1981	532,000	454,800	May	56,900	30,300
1982	..	323,000	Jun	39,800	29,300
			Jul	43,800	35,400
			Aug	35,200	29,800
			Sep	34,900	29,000
			Oct	44,900	36,400
			Nov	33,000	..
			Dec	44,200	..

\* Figures are based on reports (ES955's) which follow up notifications of redundancies under Section 100 of the Employment Protection Act 1975 shortly before they are expected to take place. The figures are not comprehensive as employers are only required to notify impending redundancies involving ten or more workers. A full description of these Manpower Services Commission figures is given in an article on page 260 in the June 1981 edition of *Employment Gazette*.

† Figures for February 1981 and later are not fully comparable with those for January 1981 and earlier, because of the improvements in data collection designed to secure a better coverage of redundancies actually taking place.

**Redundancy fund**

□ During the period July 1 to September 30, 1982 (inclusive) 46,019 employees (including Government staff) received Statutory redundancy payments amounting to £194,526,000. Of this amount £104,244,000 (nett of rebate) was paid by employers and the balance of £90,282,000 was paid from the Redundancy Fund.

The Fund is financed by contributions from employers and employees. Analysis of figures for all payments made during the quarter shows that industries in which the highest redundancies were recorded (figures to the nearest 100) are distributive trades (14,100), construction (13,800), mechanical engineering (13,200), vehicles (11,800) miscellaneous services (9,700).

151,536 (corrected, Emp Gaz Feb. 83 p 76)

**Household spending**

□ The footnote to table 2 in "Pattern of household spending in 1981" (*Employment Gazette*, 1982, No. 12, pp. 521-526) is incorrect. The wording should read: "Not currently employed" (or 'not-working') covers all persons without a job at the time of interview but seeking or about to start

work, and those not working through sickness or other reason but intending to seek work. For those who (when interviewed) had been away from work without pay for no more than 13 weeks. Incomes are taken to include normal earnings in preference to unemployment sickness benefit."

## Special exemption orders, Oct 1-Dec 31

□ The Factories Act 1961 and related legislation restricts the hours which women and young people (aged under 18) may work in factories. Section 117 of the Factories Act 1961 enables the Health and Safety Executive, subject to certain conditions to grant exemptions from these restrictions for women and for young people aged 16 and 17, by making special exemption orders in respect of employment in particular factories. Orders are valid for a maximum of one year,

although exemption may be continued by further orders granted in response to renewed applications.

During the quarter ended December 31, 1982 the Health and Safety Executive has granted or renewed special exemption orders relating to the employment of 55,749 women and 4,898 young persons. At the end of the period 164,546 women and 15,865 young persons were covered by 3,544 orders.

## Multi-racial work force

□ A variety of case studies of "equal opportunity" policy and practice in employment in respect of racial minorities was recently published<sup>1</sup> by a research team from Manchester University's Institute Science and Technology (UMIST).

The 12 studies ranged from one subsidiary of a United States company which "imported" its American policies ineffectually—they were deemed "not applicable in the UK"—to a West Midlands iron foundry company which in effect was forced to initiate change following a fatal accident to one of its Asian workers. Other case studies detail problems, policies and practices in a variety of industries: food manufacture, plastics, hotels and catering, retail distribution, textiles. Each case study is covered by one chapter; in the opening and closing chapters the authors "set the scene" and draw out some of the main themes to emerge.

### Major use

This book is addressed primarily to those concerned with employment matters: managers, trade union representatives and others. Its major use will probably be for training and educational purposes: to this end the authors pose a comprehensive list of questions in their opening chapter, with the intention that readers might frame answers in the light of their reading and analysis of the case studies.

The 12 studies were originally researched by the same team at UMIST for the Department of Employment in 1979-81.

A brief synopsis of the major findings of this research appeared in these pages<sup>2</sup>; subsequently a full report was published in the Department's Research Paper series<sup>3</sup>.

The main findings of this research were summarised as follows:

(1) Equal opportunity policies are generally ineffective when unilaterally introduced to organisations by an external or internal authority. They have more chance of success, on the other hand, when they are the formal outcome of demands to resolve practical issues and problems that concern people at the work place.

(2) When a policy is considered appropriate, then the principles upon which it is formulated have not only to comply with legislation, but also to reflect the practical interests of members of the organisation.

(3) To ensure that widespread interests are taken into account, the drafting of a policy and its procedures would benefit from a broader representation than might be embodied in the formal collective bargaining machinery.

(4) Effective implementation is more likely when the procedures contained within the policy are fully integrated with general employment practice.

(5) While recognising the need for one person to administer and co-ordinate the activities surrounding the promotion of equal opportunity, the danger of delegating sole responsibility for the progress of the policy and practice to a single functionary within the orga-

## Revisions to monthly and quarterly estimates of employment

The short term estimates of employment are based on Census of Employment benchmarks. With the availability of Census results for 1981 it is necessary to update estimates from mid-1978. This requires a substantial amount of calculation, and updating of the tables will be phased over several issues. The timing for individual tables in the Labour Market Data section is as follows.

Tables 1-1 and 1-2 have been provisionally revised. Quarterly figures have been updated from September 1978 and monthly figures from July 1978. In addition, the latest quarterly figures for the distributive trades and miscellaneous services have now been included in table 1-2 a month earlier than the previous timing. Further revisions will be made to these tables in the February 1983 *Employment Gazette*.

Table 1-3 and 1-8 are omitted but will be included in February on the new basis.

Tables 1-11 and 1-12 continue to be based on the 1978 Census in this issue. They will be revised from the third quarter of 1978 in the February 1983 *Employment Gazette*.

Tables 1-4 and 1-5 will be omitted from the January *Employment Gazette* and will be published in revised form with table 1-6 in the February 1983 issue.

By convention the character "R" in the tables will indicate, as appropriate, a column, row or figure which has been revised.

The post-Census figures and indices in the employment tables (that is for the period after September 1981) will be provisional until the next Census results become available.

nisation is that others tend to lose interest in it.

(6) Within a changing environment, the principles and procedures of the policy are only likely to reflect and adapt to issues concerning the workforce if they are regularly reviewed by an appropriate representative body which has immediate knowledge of work-place matters.<sup>4</sup>

The research team emphasised in particular the *inter-linkages* between the various facets of successful equal opportunity promotion: notably that it is developed within a framework of good general employment practice; that it has direct relevance to or develops out of concerns or problems normally encountered in the workplace; that equal opportunity policies and procedures are designed and sustained through the involvement of those affected by them.

## New aerated waters wages council

□ Employment Minister Michael Alison has signed an Order\* Establishing a new aerated waters wages council to replace the two separate councils for England and Wales and for Scotland. The new council will be the Aerated Waters Wages Council (Great Britain) and will be

The research findings were based mostly on 12 detailed case studies of companies in the private sector, mainly in manufacturing industry, which had demonstrated some commitment to equal opportunity policy. The DE Research Paper drew on and synthesised the case studies, but did not directly report them in any great detail.

1 Derek Torrington, Trevor Hitner and David Knights, *Management and the Multi-racial Work Force* (Aldershot: Gower, 1982), 117 pp. £13.50.

2 Trevor Hitner, David Knights, Eleanor Green and Derek Torrington, "Races at work: equal opportunity policy and practice", *Employment Gazette*, Vol. 89, No. 3, September 1981, pp 404-9.

3 Trevor Hitner et al. *Racial Minority Employment: equal opportunity policy and practice*, DE Research Paper No. 35, 1982 (available on request from the Department's Research Administration Branch, Steel House, Tothill Street, London SW1H 9NF).

4 Hitner et al, p. 24.

responsible for setting statutory minimum rates and other conditions for about 15,000 workers in the soft drinks industry.

The Order takes effect on February 14, 1983.

\* SI 1982 No. 1597 HMSO, 75p.

# CASE STUDY

## Shipping in a computer

by Terry Quinlan, Work Research Unit

□ Introducing new technology into industry and commerce is done for a variety of reasons. When it is introduced solely in order to cut costs or provide a better working method of completing an existing function, there is a very real fear among employees that it will reduce the number of staff employed. Unless such a fear can be proved to be groundless, delays can arise in obtaining agreement and installing the new equipment. The project can then become costly and protracted and, if leading to industrial disputes, may lead to loss of customers. Yet, there are a number of cases, unfortunately not widely enough known, where the introduction of new technology resulted in

the provision of a completely new product or service, lead to an expansion in sales and staff numbers, and provided to employees in their work an opportunity for greater variety, achievement, information utilisation and responsibility.

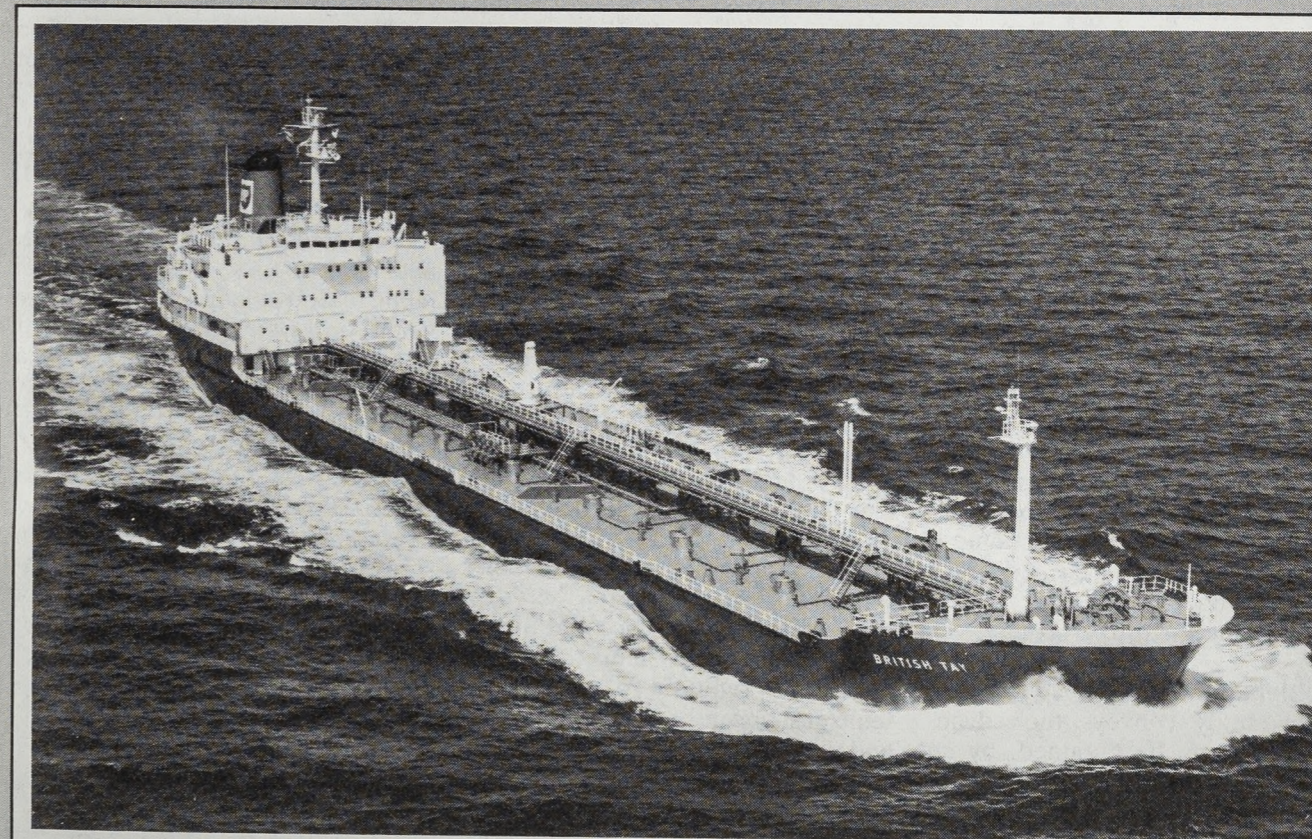
### One approach

This study is of one such approach—Lloyd's Register of Shipping (LRS), an independent, non-profit making society—an organisation which is the biggest of its kind in the world, classifying 115,000,000 tons of the world's shipping for over 100 maritime nations and employing over 3,700 technical engineers, surveyors,

naval architects and administrative staff.

The classification of ships or certification of off-shore drilling rigs, hydro-electric plants and nuclear power stations etc., by a 220-year-old traditional city institution, does not appear the most promising avenue in which to study the change process. Yet, LRS are in the forefront of the use of new technology and their experiences have much to

(continued) ▶



BP's 25,000 ton *British Taty* during her trials off the Swedish coast.

## → CASE STUDY

offer to other commercial and industrial companies involved in the introduction of large-scale data based systems.

### Improved service

LRS, in order to improve its information service to the world's shipping community, introduced computer type setting to print and update its *Register of ships* and created from this development a data base of interlocking files to make the recording, retrieval and analysis of large volumes of data a realistic possibility. This involved a vast programme of data assembly and a herculean task of collation and up-dating. The entire project took eight years, was undertaken in phases and demonstrates that large scale technological change can be successfully achieved, given strong management backing, a desire for change, good personnel relationships and the commitment and expertise of the staff involved.

### Wide measure of support

The planning and creation of the computer file of 60 million bytes of data and the retrieval system that was necessary for this operation was an extremely complex task. This process was helped by the technical staff's desire to utilise to the full the benefits of new technology, the computer staff's own long experience in developing and maintaining computer software and the awareness of the administrative staff that such a system was essential if LRS was to remain the foremost shipping classification society. Cooperation within this wide base of support was absolutely necessary for the ultimate success of the project.

### Problems of change

The study conveys the advantages that can be obtained, by an organisation setting out, early and clearly, its short-term objectives while mindful of its longer term needs. It suggests that a project

## Improving jobs and work

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or write to: The Director  
Work Research Unit, DE  
Steel House  
Tothill Street  
London SW1H 9NF

gains when its aims are discussed at all levels, and every opportunity given for the widest possible spread of advice and experience to be offered. The resultant knowledge can encourage correct corporate planning and a realistic time-scale for development. Within these two parameters, an acceptable and comprehensive system design can be established.

### Awareness

The WRU research also showed that those designing new systems and the staff who are to use them must remain constantly aware of each others' problems. Also, in not wishing to appear unhelpful, users must guard against over optimism and over straining available resources. The updating of additional information and the need to continue to supply essential services should be taken into account in the time scale. When systems come into force, user requests to amend systems design can be time-consuming and a continual annoyance. Conflict can arise if the user department believes its views and requirements are not given sufficient consideration and weight, and the system

analyst thinks the user lacks understanding and is too demanding. Over-use of computer terminology can also create barriers and ill-feeling. A tendency for the more knowledgeable employee to become involved in the specification of the system design, controlling of data and support of the systems, leads to employees taking their job knowledge, and expertise, away from the researching of the data.

Problems can be created by lack of resources, loss of skilled staff, and the cost of finding replacements. Conversely, if the entire work on systems design is left totally to the analyst, there will be a risk that the user will not get exactly what he wants. Good understanding, relationships and communication are essential ingredients between those designing and those operating the systems and demonstrates the advantage of such communications being formalised prior to or early in the development.

(continued) ▶

## → CASE STUDY

### Planning the change

The *Register of ships*, a 4,000 page publication, was taking over six months to print by conventional means. A decision was made to produce it by using phototypesetting. A number of problems were considered or arose. These included lack of user knowledge of performance of the computer, agreement with the printing unions, defining the data to be computerised, the cost of the project, the steps necessary to achieve a high level of accuracy, the monitoring of the flow of documents through a large department and the control of the data to and from the machine. The initial project was completed successfully as scheduled and the Register is now published annually and updated by twelve monthly supplements. The Register contains hull and engine details of approximately 70,000 ships in service.

### The new construction file (NCF)

The overall need was to form a data-base that would make the interrogation of ship new construction data easier and cheaper. The information had previously been recorded on a card system which, whilst satisfactory for reference, required a large number of man hours to achieve detailed analysis work. It was a smaller project covering a file that grows cumulatively on an annual basis from 3,000 to 6,000 ship entries.

### Phases

Under Phase 1 The Register and the NCF met their basic overall objectives but LRS decided to interrelate these two projects.

Phase 2 would be a correctly coordinated, and managed, re-development of both the *Register of ships* and *New construction files* to design a combined data base, with eventual access by visual display units (VDUs). Two departments would also be merged to form the Shipping Information Services Group (SISG).

### Casualty and shipowners' files

The main requirement in developing a *Shipowners' File* was to create a data-base which could produce the publication of the *List of shipowners*, with some 40,000 addresses and names of the ships owned, by phototypesetting methods. The objective of the *Casualty File* was to create a date-base that could hold casualty and be economic to interrogate. The data was to hold all serious casualties to merchant ships since 1978 and to tankers since 1968 and would record the date and category of casualty, place and sequence of events, on a cause and effect basis.

### Phase 2 Register of ships, new construction, casualty and shipowners' files

It was essential that all the Files and data interlocked with the other data Files in SISG. It was also necessary to take into account staff deployment and attitudes, manpower needs, costs, computer resources, selection of priorities and so on. The change process learnt as a result of Phase 1 had, however, been assimilated and most of the problems referred to were resolved as they occurred. Improved corporate planning set acceptable time-scales within which the system design teams could work. The creation of the SISG gave consistent and positive direction. The relationship built up between system analysts, computer personnel and users, created closer understanding of aims and difficulties. File and data bases were modified to coordinate with each other. The new systems were flexible and programmed to cater for development and interface with other files. The eventual result was highly satisfactory and LRS believe that this combined data, for scope or authority in its field, is unequalled anywhere else in the world.

### Shipping movements file

LRS now had the opportunity to enter into a new business. This involved providing data, on a remunerative basis, from the files on magnetic tape, or answering specific enquiries by assessing the files

and producing answers on computer print-out. The Society uses a high-level retrieval language named GIS, an IBM package, which gives a fast turn-around between obtaining a specification and outputting the results. To market this service a joint shipping information venture under the control of Lloyd's Register and Lloyd's of London Press, a publishing subsidiary company of Lloyd's Corporation, was formed. This new venture was called the Shipping Information Service (SIS). With the information available on computerised tape at Lloyd's Register, Lloyd's of London Press (publishers of *Lloyd's list* and *Lloyd's shipping index*), decided, for commercial reasons, to develop a *Shipping Movement File*. This contained the known voyage histories since January 1976 of more than 30,000 ships and linked to details of ships recorded on the LRS Register Book File.

### Effects on the staff

For technical and computer staff the opportunity to use new technology is highly stimulating. In a profession where staff frequently change companies, the increased job interest that arises with "the playing with a new toy" is a powerful retaining influence, increases creative thinking and is of positive benefit to management.

Staff in the user departments SISG, who now say "the facility to obtain so much information at the touch of a button (VDU) removes boring file searching", were unhappy at the long periods of time spent on "mundane code filling of forms", when data was being prepared in batch form for the computer. Special efforts were made to keep staff informed and interested in the progress of the project as a whole. Overtime was restricted in SISG, not so much for economic reasons, but in order that a surfeit

(continued) ▶

## → CASE STUDY

of work would not eventually kill all job interest and enthusiasm. The mass of information now on call through the computer by means of VDUS, makes available to the inexperienced operator detailed knowledge that previously only the most skilled could obtain after hours of research through manual files. The greater knowledge at hand, can give a greater sense of achievement and skill to those involved, and lead to a less routine and more enriched working life.

### Effects on productivity and efficiency

The change process was not to increase productivity but rather to provide a better service to clients. In every respect this has been achieved. The long delays and copious amendments of the hot-metal printing of the Register are a thing of the past. Photo-composition permits the publication of monthly amendments to the Register, and quicker and more accurate alterations to a data base which needs constant review. The change process led to a number of desirable additional services supplied by LRS, and an extension of the number of staff employed. The Society's use of microfiche and word processor machines, while not exclusively resulting from this process, has been substantially extended and created new jobs and staff opportunities. Unless LRS had taken the decision to create a computer data base, structured to facilitate easy economic interrogation and designed to link up with all other files, it would have been extremely unlikely that they would have been able to:

- Achieve current, and future, needs
- Supply the volume of printed work now undertaken within the time scales required
- Audit the data on a sufficiently large scale and continually to

improve the quality of the content

- Provide internal management, the Lloyd's Register world operation and the shipping community, with the information in

the depth and variety now required and produced

- Keep ahead or match their competitors
- Obtain a significant new source of revenue. ■

### Significant features

- The change process, once started, developed a momentum of its own and led to more radical innovations
- The introduction of the new stage-1 systems did not work well when left in the hands of the technical and systems people only. The successful stage-2 project reflected the greater involvement and consultation with the user department. Good understanding, relationships and communications are an essential ingredient between those developing and those operating new systems
- The assistance to the project of a good motivator—who believed in and practised good and open staff communications and who was always available for day-to-day advice and encouragement was invaluable
- A central powerful decision-making authority is necessary—preferably with continuity and understanding of the issues involved
- There must be adequate preparation and agreement on training needs. There was a general awareness by the administrative staff of the need for the society to improve its services to its clients and a considerable desire by the society's technical staff to utilise to the full new technology. This wide measure of support and encouragement was of benefit to the project
- The increased use of new technology retained the interest and, in some cases, the employment of technical and computer staffs
- The use of new technology enabled LRS to keep ahead of competitors by offering a faster, more comprehensive and efficient computer-based information service. It also increased staff numbers and improved job satisfaction
- It is advantageous to set out clearly the short-term objectives while mindful of its long-term needs. An adequate time scale should be agreed after widespread discussion
- It was necessary to restrict overtime during the period of change in order that job interest should not be killed by a surfeit of work
- The use of temporary staff created special problems and required special solutions
- The information now available from the computer can give a greater sense of achievement to inexperienced staff and lead to a less routine and more enriched working life
- It was necessary to make organisational changes in structure and personnel in order to bring about cohesion and unity of purpose in the user's department
- Increasing use and familiarity with technology creates a desire and acceptability of change



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