

The equality impacts of the current recession

Terence Hogarth, David Owen,
Lynn Gambin, Chris Hasluck,
Clare Lyonette and Bernard Casey

Warwick Institute for Employment Research,
University of Warwick

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Research Team
Equality and Human Rights Commission
Arndale House
The Arndale Centre
Manchester
M4 3AQ

Email: research@equalityhumanrights.com

Telephone: 0161 829 8500

Website: www.equalityhumanrights.com

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Contents	Page
Tables and figures	i
Acknowledgements	iv
Executive summary	v
1. Introduction	1
1.1 The current recession	1
1.2 The study	2
1.3 The analysis	3
1.4 Structure of the report	4
2. The consequences of the current recession for the UK labour market	5
2.1 Introduction	5
2.2 The origins of the current recession	5
2.3 The current recession in historical context	6
2.4 The impact of the recession on employment and worklessness	9
2.5 The differential impact of recession on the labour market	17
2.6 Conclusion	22
3. Gender	23
3.1 Introduction	23
3.2 Measures used to examine the impact of the recession	23
3.3 The impact of previous recessions on women's employment	26
3.4 Interactions between gender, age, disability and ethnicity	29
3.5 The current recession	31
3.6 Effects on vulnerable women	36
3.7 Regional differences	39
3.8 Other impacts of the recession on women and men	39
3.9 The future of women's and men's employment post-recession	41
3.10 Conclusion	42
4. Age	43
4.1 Introduction	43
4.2 Older workers and employment	44
4.3 The impact of the current recession on older people's employment	48
4.4 The impact of the current recession on young people's employment	54
4.5 Conclusion	60
5. Disability	62
5.1 Introduction	62
5.2 Defining disability	63
5.3 The labour market performance of disabled people	64
5.4 The labour market position of disabled people aged 25-49	68
5.5 Previous recessions and evidence of the impact on disabled people	74
5.6 The impact of the current recession on disabled people	78
5.7 Conclusion	80
6. Ethnicity	82
6.1 Introduction	82

	Page
6.2 The labour market performance of people from ethnic minority groups	83
6.3 Previous recessions and evidence of the impact on ethnic minority groups	90
6.4 The impact of the current recession on ethnic minority groups	92
6.5 Conclusion	96
7. Projections of employment	98
7.1 Introduction	98
7.2 Caveats to the projections	98
7.3 The economy and employment over the medium term	99
7.4 Projections of employment	102
7.5 Projections of employment by gender	110
7.6 Projections of employment by age group	121
7.7 Projections of employment by disability status	133
7.8 Projections of employment by ethnic group	146
7.9 The impact on employment and unemployment rates for particular groups	161
7.10 Conclusion	162
8. Projections of employment by nation	164
8.1 Introduction	164
8.2 Overall trends	164
8.3 Gender	166
8.4 Age	170
8.5 Disability	175
8.6 Ethnicity	177
8.7 Conclusion	182
9. Conclusion	184
9.1 The economy and employment	184
9.2 The recession and equality	185
9.3 The evidence from previous recessions	185
9.4 The economic recovery	187
9.5 Future implications of the recession	188
9.6 The equality agenda and the recession	190
Annex A Sectoral and occupational change	193
Annex B Additional tables for national projections	195
References	203

Tables and figures

Page

Tables

2.1	Four recent periods of recession in the UK	7
2.2	Unemployment in the last three UK recessions	15
2.3	JSA claimants February 2009, by usual occupation, Great Britain	18
4.1	Relative responsiveness of labour force participation to economic performance	50
4.2	Coefficient on output gap for older men	52
4.3	Comparisons of past and projected economic downturns	52
4.4	Coefficient on output gap for 65-69 year old people, 1984-2005	54
4.5	Applications to university by UK residents	58
5.1	Employment position of disabled people	67
5.2	Economic activity by disability status for men aged 25-49	69
5.3	Economic activity by disability status for women aged 25-49	69
5.4	Occupational distribution of employment by disability status for men aged 25-49	72
5.5	Occupational distribution of employment by disability status for women aged 25-49	74
6.1	Median earnings per hour by ethnic group for employees aged 18 and over, 1998-2004, UK	90
6.2	Working age labour market rates by ethnic group, 2008	95
6.3	Working age labour market rates by ethnic group and gender	96
7.1	Macroeconomic indicators	102
7.2	Employment outlook to 2020	103
7.3	Male and female employment	112
7.4	Employment outlook by age	122
7.5	Employment outlook for disabled people	135
7.6	Employment outlook for ethnic minorities	148
7.7	Projected unemployment rates, 2008-20	161
8.1	Sub-national employment totals, 1993-2020	165
8.2	Sub-national annual rates of employment change, 1993-2020	166
8.3	Sub-national gender shares of employment, 1993-2020	167
8.4	Sub-national employment totals by age group, 1993-2020	171
8.5	Sub-national annual rates of employment change by age group, 1993-2020	172
8.6	Sub-national employment shares by age group, 1993-2020	173
8.7	Sub-national employment by type of disability, 1993-2020	175
8.8	Annual rate of change in sub-national employment by type of disability, 1993-2020	176
8.9	Sub-national employment shares by type of disability, 1993-2020	177
8.10	Sub-national employment by ethnic group, 1993-2020	178
8.11	Annual rate of change in employment by ethnic group, 1993-2020	180
8.12	Sub-national employment shares by ethnic group, 1993-2020	181

	Page
B1 England: employment by age group and occupation, 1993-2020	195
B2 Scotland: employment by age group and occupation, 1993-2020	197
B3 Wales: employment by age group and occupation, 1993-2020	199
B4 London: employment by age group and occupation, 1993-2020	201

Figures

2.1 Gross Value Added, quarterly 1970-2008	8
2.2 Quarterly change in Gross Value Added, 1970-2008	9
2.3 UK output and employment, 1970-2008	11
2.4 UK output and employment, 1990-95	12
2.5 UK output and unemployment, 2006-08	12
2.6 UK employment and unemployment, 1970-2008	13
2.7 UK output and unemployment, 1974-90	14
2.8 UK output and unemployment, 1988-2002	14
2.9 UK output and unemployment, 2006-08	15
2.10 Unemployment and earnings, 1990-2000, Great Britain	16
2.11 Earnings, 2005-09, Great Britain	17
3.1 Unemployment rate by gender, 1979-2009	23
3.2 Redundancy rate by gender per 1,000 employees	24
3.3 Workforce jobs by gender, percentage shares, December 2008	34
4.1 Relationship between age and unemployment	46
4.2 Claiming count stock by younger and older age groups	46
4.3 Output gap and older men's labour force participation	51
4.4 Index of older people's employment rates	54
4.5 NEET rate: 16-18 year olds in England	57
5.1 Percentage of the working age population reporting a disability, 1998-2008	64
5.2 Activity rates for disabled and non-disabled men and women, 1998-2008	66
5.3 Occupational distribution of employment for men, 2008	71
5.4 Occupational distribution of employment for women, 2008	73
5.5 Number of Incapacity Benefit claimants	78
6.1 Economic activity rates by ethnic group, 1992-2008	84
6.2 Male economic activity rates by ethnic group, 1992-2008	84
6.3 Female economic activity rates by ethnic group, 1992-2008	85
6.4 Employment rates by ethnic group, 1992-2008	86
6.5 Male employment rates by ethnic group, 1992-2008	86
6.6 Female employment rates by ethnic group, 1992-2008	87
6.7 Unemployment rates by ethnic group, 1992-2008	88
6.8 Male unemployment rates by ethnic group, 1992-2008	88
6.9 Female unemployment rates by ethnic group, 1992-2008	89
6.10 Claimant unemployment by ethnic group, 2006-09	94
7.1 Employment trends for men and women, 1992-2020	104
7.2 Employment trends for full-time and part-time employment, 1981-2020	105
7.3 Employment levels assuming different rates of recovery	106
7.4 Sectoral trends in employment	107

		Page
7.5	Change in employment by sector	108
7.6	Occupational change to 2020	109
7.7	Changes in employment by occupation	110
7.8	Employment by gender, 1981-2020	113
7.9	Men's and women's employment under different scenarios	114
7.10	Male and female sectoral employment	116
7.11	Changes in male and female sectoral employment	117
7.12	Male and female occupational employment	118
7.13	Changes in male and female occupational employment	120
7.14	Employment by age group, 1992-2020	123
7.15	Employment by age group and gender, 1992-2020	124
7.16	Alternative medium-term trends: age	126
7.17	Sectoral employment by age	128
7.18	Changes in employment by sector and age	129
7.19	Occupational employment by age	131
7.20	Changes in employment by occupation by age group	132
7.21	Employment by disability status, 1998-2020	137
7.22	Alternative medium-term trends: disability	139
7.23	Sectoral employment by disability status	141
7.24	Changes in employment by sector and disability	142
7.25	Occupational employment by disability status	144
7.26	Changes in employment by occupation by disability status	145
7.27	Employment by ethnic group, 1992-2020	150
7.28	Alternative medium-term trends: ethnicity	153
7.29	Sectoral employment by ethnic group	154
7.30	Changes in sectoral employment by ethnic group	156
7.31	Occupational employment by ethnic group	159
7.32	Changes in occupational employment by ethnic group	160
8.1	Sub-national male employment by occupation, 1993-2010	169
8.2	Sub-national female employment by occupation, 1993-2010	170
8.3	Sub-national employment by age group, 1993-2010	174
8.4	Sub-national employment by ethnic group 1993-2010	182
A1	Sectoral change in detail, 2008-20	193
A2	Occupational change in detail, 2008-20	194

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Terence Hogarth

David Owen

Lynn Gambin

Chris Hasluck

Clare Lyonette

Bernard Casey

Executive summary

It is known that, following a period of recession, employment effects are felt by individuals for some time afterwards, including rising levels of unemployment, reduced income levels, etc. The effects of this are not always borne evenly, with some groups more affected than others. Against this background, the Equality and Human Rights Commission) requested the University of Warwick Institute for Employment Research to look at the impact of the recession with respect to four strands of the Commission's mandate:

- gender
- race/ethnicity
- age, and
- disability.

The current recession

The recession which commenced in mid 2008 differs from the recessions of 1980–81 and 1990–91 in two important respects:

- i. The simultaneous worldwide nature of the economic downturn means there is no economy in the world which can provide a level of demand to stimulate growth in the world economy.
- ii. The unprecedented actions taken by governments aimed at preventing the collapse of the financial system and thereby maintaining the supply of money in the economy.

The employment effects of the two previous recessions were severe, with unemployment continuing to rise and employment continuing to fall for some considerable time after the recession technically came to an end (and output growth became positive).

Despite the depth of the current recession – reflected in the steep falls in output – the initial indications are that the employment effects may not be as abject as they were in the 1980s and 1990s. There are potentially a number of reasons for this:

- i. The fiscal stimulus the government has given the economy is beginning to work through the system.

- ii. The extent of flexibility in the labour market is now considerably greater than during the two earlier recessions and this is slowing the decline in employment.
- iii. The impact of the recession has not yet been felt by the public sector.

That said, unemployment has risen quickly during 2009 with the Labour Force Survey (LFS) recording 2.4 million people being unemployed in Great Britain during the period June–August 2009.

The projections of future employment growth presented in this report suggest that employment will return to its long-run growth path over the medium term. There remain, however, uncertainties in the projection of future employment trends because the speed of the recovery is dependent upon a number of macroeconomic factors.

The study

The research is concerned with the following strands of the Equality and Human Rights Commission's mandate:

- gender
- race/ethnicity
- age, and
- disability.

With reference to each of these strands, the study:

- identifies equality issues which have been exacerbated by the impact of the current recession on the labour market;
- quantifies the impact of the recession on employment on different groups, with particular reference to its effect on at-risk groups in the workplace: women, ethnic minorities, younger or older workers, and disabled people;
- projects trends and the future negative impact on these four equality groups (for example, the risk of financial distress), if the current economic downturn continues; and
- establishes a base line for future research on the equality impact of economic recession.

The study is concerned with change in the labour market. It needs to be remembered, however, that some of the groups on which the study focuses have disadvantaged positions in the labour market. The recession in some instances may be further weakening an already weak labour market position.

The analysis is based upon:

- i. A literature review.
- ii. A descriptive analysis of LFS data.
- iii. Estimates of future employment levels of the various groups using the Institute for Employment Research (IER)/Cambridge Econometrics (CE) Employment Forecasting Model, and the implications of these estimates for levels of unemployment and economic activity.

The recession and the equality agenda

- The recession is characterised by weak labour demand, with the number of people chasing jobs being greatly in excess of the number of job openings. From being a seller's market during much of the 2000s, the labour market is now a buyer's one.
- The initial impact of the recession may result in the loss of relatively high-skilled jobs, for instance in the financial services sector, but the highly skilled and qualified individuals losing their jobs will be expected to find other jobs relatively quickly, typically at the expense of less qualified people. There is likely to be, therefore, a period of 'bumping down' in the labour market.
- The net result of bumping down in the labour market is that the recession is likely to have a similar impact to previous ones, which disproportionately affected the less skilled and least qualified.
- Where there is an excess supply of labour, employers are, other things being equal, better able to obtain a match between employees and the jobs they undertake, where the term 'better match' may relate to objectively defined capabilities of employees and the employer's perceptions of certain groups of workers.
- Perceptions may relate to the relative costs of employing certain groups (for example, where workers may have special requirements) or a range of

other factors that cannot be objectively determined. This is likely to affect hiring and firing decisions.

- At this early stage of the recession – and given that employment levels are expected to fall for some time after the economy returns to growth – it is too early to say whether the current recession will either slow the momentum of the equality agenda or lead to reversals. It is possible, however, to provide evidence from previous recessions.

The evidence from previous recessions

The evidence from previous recessions suggests the following in relation to each of the groups on which this study has focused.

Men and women

- Previous recessions have tended to drive down levels of employment in sectors typically dominated by men. Hence the rate of job loss has been greater for men.
- Women were more likely to be employed in less cyclically sensitive occupations and so were relatively protected from unemployment, but where women were employed in male-dominated sectors, they were often the first to be dismissed.
- Women with childcare responsibilities were often at a greater disadvantage than either men or other women in continuous employment, due to restricted internal labour markets and employer perceptions of unreliability and inflexibility.
- Single mothers, older women and those with lower skills and long-standing disability were especially negatively affected, with little support provided by the UK's relatively deregulated labour market.
- During more recent recessions, there is some evidence of an increase in lower-qualified women entering the labour market, possibly to compensate for a reduced household income.

Younger and older people

- Demand for the labour of young people and old people is 'hyper-cyclical' (that is, it responds more closely to the cycle than demand for core age workers does).

- When demand is low, this shows up in inactivity as much as in unemployment (that is, people drop out of the labour market entirely).
- Young people have difficulty entering the labour market and, if they are in jobs, they are likely to lose them.
- Older people are encouraged to take early retirement while those who lose their jobs find it particularly hard to re-enter work.
- Older and younger people can be 'scarred' (the implications of failing to enter work smoothly or being obliged to leave the labour market entirely are long term and not merely short term).

Disabled people

- Before the last recession, the wage gap between disabled and non-disabled people had narrowed, but following the recession, the wage gap had widened and struggled to get back to its pre-recession level.
- The recession also affected activity rates with a fall in these for disabled people as a result of the recession.
- Recessions also increase the level of disabilities reported with a notable rise in work-related disability resulting from psychological problems.
- It should be noted that comparisons across time by disability are difficult to gauge because of changes in the definition of disability and policy change (such as the introduction of the Disability Discrimination Act).

People from different ethnic groups

- The labour market situation of ethnic minority groups first began to deteriorate in the recessions of the 1970s and 1980s.
- The *Racial Disadvantage in Britain* reports produced by the Policy Studies Institute first highlighted the phenomenon of hyper-cyclical unemployment for ethnic minority groups; that is, their unemployment rate rising faster than White unemployment rates in a recession and falling faster in a recovery.
- Historical data reveal that unemployment for Caribbean and African men was more sensitive to the business cycle than that for White men, but that

unemployment for Indian, Pakistani and Bangladeshi men was relatively insensitive to the business cycle.

- There is evidence of the 'partial' hyper-cyclicalities for ethnic minority groups during the 1980s and 1990s; that is, minority unemployment rates increased faster than White unemployment rates on entry to recession, but did not fall faster during a recovery. This suggests that minority unemployment may stay relatively high after a recession.

The economic recovery

- The projections of future employment are based on an assessment of how employment is likely to change given current economic conditions, trends and policies. There are considerable uncertainties attached to these projections – as there are with any set of projections – depending upon how conditions in the economy develop.
- The projections of employment suggest that the economy will enter recovery during 2011 but that employment levels will not pick up until the middle of the next decade. This will affect all groups in the labour market, but it appears to be especially marked for men and younger people.
- Men and people from selected ethnic groups lose out because they tend to be concentrated in sectors of the economy where the long-run decline in employment has been accelerated by the recession. In relation to younger people, this relates very much to difficulties that they have in accessing employment upon exit from the education system.
- It is also apparent – notwithstanding replacement demands due to retirement, etc – that future labour demand will be concentrated in relatively high-skilled and qualified jobs (managers, professionals and associate professionals), and sales and personal service jobs. Much of the increasing demand for labour will be concentrated in business and financial services and non-marketed services.
- The characteristics of the recovery may also have implications for certain groups. For instance, some ethnic minority groups, older workers and women are more dependent upon public sector employment.
- It is also apparent over the period covered by the projections that there is a degree of equalling out in the labour market with, for example, prime-age men entering sectors of employment in which they have previously been under-represented, such as part-time employment. In many respects, this reflects

long-run changes in the structure of employment, but it is likely that this change may be hastened by the current recession.

The implications of the recession for different groups

Men and women

- Work-life balance and diversity initiatives, as well as the right to request flexible working, are likely to be given lower priority by employers during the current recession, with implications for both men's and women's employment.
- Equal pay and sex discrimination claims made by women have decreased during the current recession, as a result, presumably, of women being increasingly fearful of losing their jobs.
- While men have experienced higher job losses to date in the current recession, women may be more likely to be affected later, with a second wave of job losses expected in the public sector.
- The indirect effects of the current recession will affect both men and women (for example, in terms of relationship problems). However, it may be women who bear a disproportionately high share of the costs, given what is known about the impact of job loss in the household, and in view of reports of increased domestic violence, relationship breakdown and reduced divorce settlements, with associated longer-term concerns over child wellbeing.
- The erosion of traditionally female administrative and secretarial occupations will coincide with a higher proportion of men moving in to the service sector, with evidence indicating that men are taking on an increasing share of part-time jobs.

Younger and older people

- In order to ensure that the labour force continues to grow rather than shrink and that pension systems are sustainable, more older people will be required to work.
- But, the current recession might see a return to the encouragement of early retirement by employers and might deflect them from making adjustments to employment practices to accommodate older people.

- High levels of youth unemployment are foreseen and this will affect ‘highly qualified’ young people as well as those with few or no qualifications.
- The productive capacity of young people might be devalued by extensive periods of being without work or of precarious employment.

Disabled people

- In light of the recession and the increased difficulty for disabled people to find jobs, there is likely to be increased demand for, and use of, support programmes for such people. The extent to which such programmes are available, of course, is dependent upon the funding available in the light of the government’s need to reduce the level of its borrowing.
- The overall decline in employment is likely to have a levelling effect in which the gap between disabled and non-disabled people will narrow. Unfortunately, this is likely to be due to decreased employment rates for non-disabled people as opposed to any significant gains for disabled workers.
- Disabled people appear to be a group that is afforded a degree of employment protection during the current recession. Current social attitudes, policy and legislation help to ensure that disabled people are not easy targets for job cuts. This protection is unlikely to be taken away from this group in the future, but the need for employers to contain costs during recessionary periods may pose an obstacle for disabled people requiring extra support in work.
- In the current benefit regulatory system, it is unlikely that there will be mass movement of people from unemployment into disability-related inactivity as was witnessed in previous recessions. Some movement of disabled people from unemployment to inactivity is likely, however, in the face of decreasing labour market opportunities. Increased inactivity has implications for future labour supply and for the quality of workers that re-enter the labour market in the future.
- The duration of the recession will impact on the duration of spells of unemployment and inactivity that people may experience. Longer spells of unemployment or inactivity may negatively impact on people’s health, particularly in terms of psychological and mental wellbeing. This may result in a higher incidence of disability or health problems in the working age population.

People from different ethnic groups

- Claimant count data indicate that the increase in unemployment in late 2008 was faster for White than ethnic minority groups. The share of ethnic minority groups in the total claimant count fell as unemployment rose.
- Ethnic minority groups still experience labour market disadvantage, but the differential between White and ethnic minority groups has been narrowing.
- Ethnic minority groups may be relatively insulated from the recession because a high percentage of them live in London. Economic forecasts suggest that London and the South East will recover relatively quickly from the recession compared with other regions.
- This pattern may change as the recession progresses. Spending cuts in the public sector may have a disproportionate effect on ethnic minority groups, because this is a sector where they are disproportionately employed.
- Moreover, there is great diversity in the experience of the current recession by ethnic minority groups. While the impact of the recession seems to be greater on White people than on ethnic minority groups as a whole, some local studies suggest that this average may disguise a much greater impact upon people of mixed parentage and from Black and Black British ethnic groups and a lesser impact on Asian and Asian British people as a whole.

The equality implications of the recession over the medium term

- For the time being, it is too early to assess the full implications of the recession for different groups, but a number of issues can be highlighted which may require a watching brief to see how they develop.
- As labour demand weakens, it has done so in those sectors of the economy more likely to be dominated by men, such that men will be increasingly forced to seek employment in sectors where women have previously been in the majority. Over the medium term, the increase in the number of jobs is such that it is likely that men and women can be accommodated without one losing out to the other, but over the short term when labour demand is weak, there is the potential for men to 'take the jobs of women'.
- Improvements in equality and diversity have been observed over recent years, hence the increasing employment rates of disabled people and some ethnic minority groups. Great strides in the extent to which people are able to achieve

some form of work-life balance have been made as a result of the introduction of a range of flexible working practices. Whether these can withstand the pressures of the recession is an interesting issue. Certainly in relation to work-life balance, the evidence has suggested that this benefits employers and employees, so there is, other things being equal, no reason why this should not prove resilient to the recession. There are, however, two principal dangers:

- i Where reductions in the number of people employed in the organisation result in more demanding jobs for the people who remain. This may mean that employees need to work longer hours when needed, and this may affect decisions about hiring and firing.
 - ii Where employers have, in the past, engaged in recruitment and human resource practices consistent with work-life balance because of the extent of labour demand rather than recognition of the intrinsic merits of such practices.
- The role of the public sector is of central importance to certain groups and the public sector has been in the vanguard of diversity and work-life balance policies. There are continued uncertainties about the employment levels in the public sector.
 - Employers view recruitment and retention differently. There is a risk posed to young people who are unable to gain access to the labour market upon exit from the education system. One response to this is for young people to attempt to stay on in full-time education in the hope that gaining additional qualifications will aid job search and the period of additional education will tide them over the recessionary period. However, if their window of opportunity in which employers expect them to enter the labour market closes, then they may miss out on getting onto the first rung of the career ladder.
 - There are also the indirect effects of the recession upon employment to consider. Evidence has been presented in this report that job loss causes psychological stress, especially among men. This can impact upon the household with increased levels of marital breakdown and domestic violence, having repercussions long after the recession has ended and employment has returned to its long-run growth path.
 - Finally, government policy can potentially impact on the labour market. The Organisation for Economic Co-operation and Development (OECD) points to

policies being used by national governments during economic downturns in the past to constrain the supply of labour through policies such as early exit from the labour force, the use of benefits which fosters inactivity, and so on. Given the pressures on public finances, there is limited scope to achieve this end; it also runs counter to government policy over recent decades, which has been very much focused upon boosting, not constraining, labour supply.

- On balance, the recession is likely to slow progress towards meeting the objectives of the equality agenda rather than lead to a reversal of the gains made to date. The exception appears to be in relation to young people, who may be at particular risk. But it needs to be remembered that the labour market implications of the recession are only just becoming manifest, so it is important to maintain a watching brief of its impact on equality.

1. Introduction

1.1 The current recession

Britain has recently experienced an unprecedented period of continuous economic growth resulting in, for most of the 2000s, dynamic excess demand for labour. The growth in demand for labour was met through a number of routes: immigration (especially from new European Union Member States); persuading people out of inactivity (for example, by tightening the rules on claiming Incapacity Benefit), and encouraging the participation of groups historically under-represented in the labour market. The growth in the demand for labour also affected the equality agenda – notwithstanding policy changes over the last few decades – in so far as the labour market became a ‘seller’s’ one. Groups that have historically occupied a relatively weak position in the labour market – because of their relative lack of skills and qualifications, or because of employers’ perceptions of their employability – were better placed to find work. At the same time, the cost-benefit calculations made by employers when hiring, even if only tacitly, during a period of excess labour demand are likely to differ from when labour demand is weak. For instance, employers may be more willing to hire people who have, for whatever reason, relatively high costs attached to their employment. The seller’s market for labour also potentially allowed employees to obtain a better match between their employment and out of work activities – which may have also had the effect of boosting labour supply – with work-life balance becoming more prominent in the workplace.

Equality in the labour market is not simply a product of economic growth, but neither is it independent of it. As the labour market switches from a seller’s to a buyer’s market, employers have a greater choice in recruitment and more scope to satisfy, what is termed in the economics literature, their tastes (Becker, 1971). The shedding of labour during the recession also has implications for the equality agenda depending upon the criteria used to select people for redundancy. There are a number of institutions in place to prevent the recession riding roughshod over the equality agenda, not least: anti-discrimination legislation; regulations relating to unfair dismissal; equality policies adopted by employers and trade unions; and changes in society’s normative values as diversity in the workforce becomes the norm.

A report on the recession jointly prepared by the Equality and Human Rights Commission and the Department for Work and Pensions (EHRC/DWP, 2009) summarises progress made in the labour market with respect to different groups within the scope of the Commission over the recent past. It also indicates how the recession has affected these groups between 2008 and 2009. It shows how the recession has lowered the employment rate and raised the unemployment rate for all

groups over the past year. It is the rate of change as the recession gives way to recovery which is the prime interest of this study.

It is too early to tell what the final impact of the current recession will be on equality and whether some of the advances made over recent years will be lost. It is possible, however, to look at what happened during previous recessions, both in this country and abroad, to gauge the risks which may be posed to certain groups this time around. It is known from previous recessions that even where output growth in the economy bounces back quickly to pre-recession levels, unemployment continues to rise for a substantial period of time afterwards. It took nearly 10 years for employment levels to recover from the 1990-91 recession. There is concern that recovery from the current recession may be slow – in part because the weight of public borrowing acts as drag on growth – which has somewhat onerous implications for the job market. A slow recovery also has implications for those entering the labour market for the first time. In the Japanese economy, which was largely stagnant during much of the 1990s and early 2000s, those exiting the education system found it difficult to access jobs commensurate with their skills and subsequently failed to make the same progress their similarly qualified older counterparts had done years earlier. This may be an unduly pessimistic assessment; all the evidence points to economies making a recovery, often quite rapidly, to resume long-run growth trends over the medium term once a recession ends. The projections of employment presented in this report, for instance, are predicated on a return to trend by around 2015/2020.

As will be seen, employment forecasts suggest that the fall in employment resulting from this recession may not be as bad as that which resulted from the 1980-81 and 1990-91 recessions. But great uncertainties remain, especially so as unemployment continues to rise. During 2009, unemployment has risen rapidly across Great Britain such that between June and August 2009, the Labour Force Survey (LFS) recorded 2.4 million people as being unemployed (or 7.9 per cent of the workforce).

1.2 The study

In early 2009, the Warwick Institute for Employment Research (IER) was commissioned to examine the equality impacts of the current recession. The research is concerned with the following strands of the Commission's mandate:

- gender
- race/ethnicity
- age, and
- disability.

With reference to each of these strands, the study:

- i. identifies equality issues which have been exacerbated by the impact of the current recession on the labour market;
- ii. quantifies the impact of the recession on employment in different groups, with particular reference to its effect on at-risk groups in the workplace: women, ethnic minorities, younger or older workers, and disabled people
- iii. predicts trends and the future negative impact on these four equality groups (for example, the risk of financial distress), if the current economic downturn continues; and
- iv. establishes a base line for future research on the equality impact of economic recession.

The study is concerned with change in the labour market. Some of the groups on which the study focuses have a disadvantaged position in the labour market. What is of interest to this study is less the current state of that disadvantage but rather the changes in relative advantage/disadvantage as a result of the recession.

1.3 The analysis

The analysis is based upon:

- A literature review of the effect of recessions and economic downturns on different groups in society and the impact of flexible labour market policies and equal opportunities policies on the economic activity and employment levels of these groups. The review is based on literature published up to June 2009 and does not therefore discuss useful more recent analyses, such as Berthoud (2009).
- A descriptive analysis of LFS data – and other data as necessary - for the 1993-2008 period of the relationship between the economic activity of the various groups identified above to levels of growth in the economy.
- Estimates of future employment levels of the various groups using the Institute for Employment Research (IER)/Cambridge Econometrics Employment Forecasting Model, and the implications of these estimates for levels of unemployment and economic activity (see Wilson et al., 2008). The employment projections are based on a macroeconomic forecast for the economy produced in February 2010.

A workshop was held in June 2009 at the University of Warwick IER which included participants from the Equality and Human Rights Commission and selected academics to discuss early findings from the literature review and projections of employment. The views obtained in the workshop have been included in the current report.

This report is based upon data sources and literature published up to June 2009. More recent data and research literature have in some cases confirmed, and in other cases reversed, prior trends identified in this research paper. In particular, we note that the labour market performance of ethnic minorities relative to that of White people has deteriorated during 2009.

However, the analyses presented here remain valid overall, because the forecasts are concerned with the medium term and encompass the observed impacts on the various equality groups which were realised in previous recessions. They are therefore likely to identify correctly the effects of the downturn on disadvantaged groups. There are other factors, unique to this recession, which have not yet fully emerged, such as the severe future constraints on public finances. These may also negatively affect people from the equality groups who are more strongly represented in the public sector.

1.4 Structure of the report

Chapter 2 provides an assessment of the current recession and its impact on the labour market given the experience learnt from previous recessions. Chapters 3 to 6 consider the likely impact of the recession by gender, age group, disability and ethnicity, respectively, based on a review of the literature. The projections of future employment are provided in Chapters 7 and 8. Finally, Chapter 9 provides a conclusion and summary of the study's findings and highlights the implications for the equality agenda.

2. The consequences of the current recession for the UK labour market

2.1 Introduction

The aim of this chapter is to provide a broad economic and labour market context for later examination of the evidence relating to the equality implications of the current recession. It begins by commenting on the origin of the current recession and then considering how, if at all, the current recession compares with earlier significant economic downturns. The implications of the recession for employment and unemployment are considered. The chapter concludes by setting out some of the mechanisms by which the recession can impact in a differential manner on people participating in the labour market.

2.2 The origins of the current recession

The current recession in the UK is often described as like nothing ever seen before in the Post-War period. While this may be true to some extent, as Paul Krugman (2008:165-66), winner of the 2008 Nobel Prize in Economics, observed:

...it might be more accurate to say that it's like everything we've seen before, all at once: a bursting real estate bubble comparable to what happened in Japan at the end of the 1980s; a wave of bank runs comparable to those of the early 1930s (albeit mainly involving the shadow banking system rather than conventional banks); a liquidity trap in the United States, again reminiscent of Japan; and, most recently, a disruption of international capital flows and a wave of currency crises all too reminiscent of what happened to Asia in the late 1990s.

While Krugman's observation emphasises the financial aspects of the current economic crisis, these financial events have implications for the real economy of production, employment and unemployment. The bursting of the house price 'bubble' and falling house prices has reduced household wealth and led to cutbacks in consumption spending. The weakness of banks and other financial institutions has resulted in restrictions on the availability, and increased cost, of finance. This has reinforced cutbacks in spending, especially in regard to housing and large purchases such as motor vehicles. A lack of access to finance and its increasing cost has also impacted on businesses, exacerbating cash-flow problems and restricting investment (leading to the paradoxical situation of businesses with full order books closing down for want of cash to finance production).

While the emphasis in this review of evidence is upon the ‘real’ economy and, particularly, the labour market, it is important to appreciate the driving forces behind the recession since those forces will shape the form of change. In many respects, the recession of 2008-09 appears to be the mirror image (that is, the reverse) of that of the mid 1980s. The UK economy then suffered from high interest rates and an over-valued pound, which made imports cheap and goods very expensive to export as well as inhibiting investment by UK companies. As a consequence, the UK economy experienced significant import penetration, loss of overseas demand and a major restructuring of the economy, especially in the form of a decline in manufacturing capacity. In contrast to the 1980s, the recession of 2008-09 is characterised by low interest rates and a depreciation of sterling against other currencies, notably the dollar and the euro. Both the currency depreciation and the low interest rate would normally be expected to provide mechanisms for boosting demand and, given time, expanding output. In the current context, however, the potential for export-led growth is seriously undermined by the global nature of the current recession. Moreover, households and businesses appear to be unable to gain access to finance as banks and other financial institutions attempt to replenish their capital to safer levels than hitherto. Restricted access to finance, plus a collapse of consumer confidence, has greatly reduced consumer demand and business investment.

2.3 The current recession in historical context

A recession is defined as two quarters of successive negative growth of Gross Domestic Product (GDP). Figure 2.1 charts the level of GDP from the start of the 1970s to the end of 2008. In terms of a long-term historical perspective, GDP shows a steady and continuous increase, but it is also evident that there have been periods when the growth of output has faltered to the extent that the economy was in recession (as defined above). Recessionary periods can be identified in 1974-75, 1980, 1990-92 and 2008 to date. A clearer picture of these recessions can be gained from Figure 2.2 which charts the growth of GDP quarter on quarter during the same period (1970-2008).

Figure 2.2 clearly show the four periods of recession referred to above where output has fallen for two or more quarters. The chart also highlights a number of additional features of output growth over the period. First, output fluctuated to a much greater extent during the 1970s, with growth in some quarters of over three per cent often being followed shortly afterwards by low or even negative growth in a quarter.¹ Any period of negative growth was, however, short-lived and only in 1974 did negative growth occur in more than two consecutive quarters. During the 1980s, the extent of

¹ This pattern could be a product of measurement errors where under-recording of GDP in one quarter leads to a corresponding over-recording in later quarters and vice versa.

output growth fluctuations were markedly less than in the previous decade although the period was marked at the start (1980) and at the end (1990-92) by brief periods of recession. Remarkably, no period of recession was experienced from 1992 throughout the rest of the 1990s and 2000s until 2008 when output declined rapidly from the second quarter onwards.

Table 2.1 describes some of the features of the four periods of recession identified since 1970. The table indicates that output declined sharply over a period of just one year during the recessions of 1974-75 and 1980 with output beginning to recover thereafter. The recession of 1980 was, however, particularly acute, with output declining by almost six per cent and taking over four years to recover to the level at the start of the recession. This contrasts with the later recession of 1990 during which output declined by only 2.3 per cent over a two-year period. Much of that period was marked by no growth rather than actual decline. After two years, when growth recommenced, it took less than a year for output to recover to pre-recession levels. Compared with the three previous recessions, the 2008 recession appears sharp in terms of the speed of decline - 2.3 per cent of output in just three quarters – but is not yet of the scale of the 1980 recession. Of course, this may simply be a reflection of the truncated evidence since further declines in output may emerge during 2009. It is difficult to say, therefore whether the current recession will be worse than that of 1980 or last longer. Only time will tell in this regard.

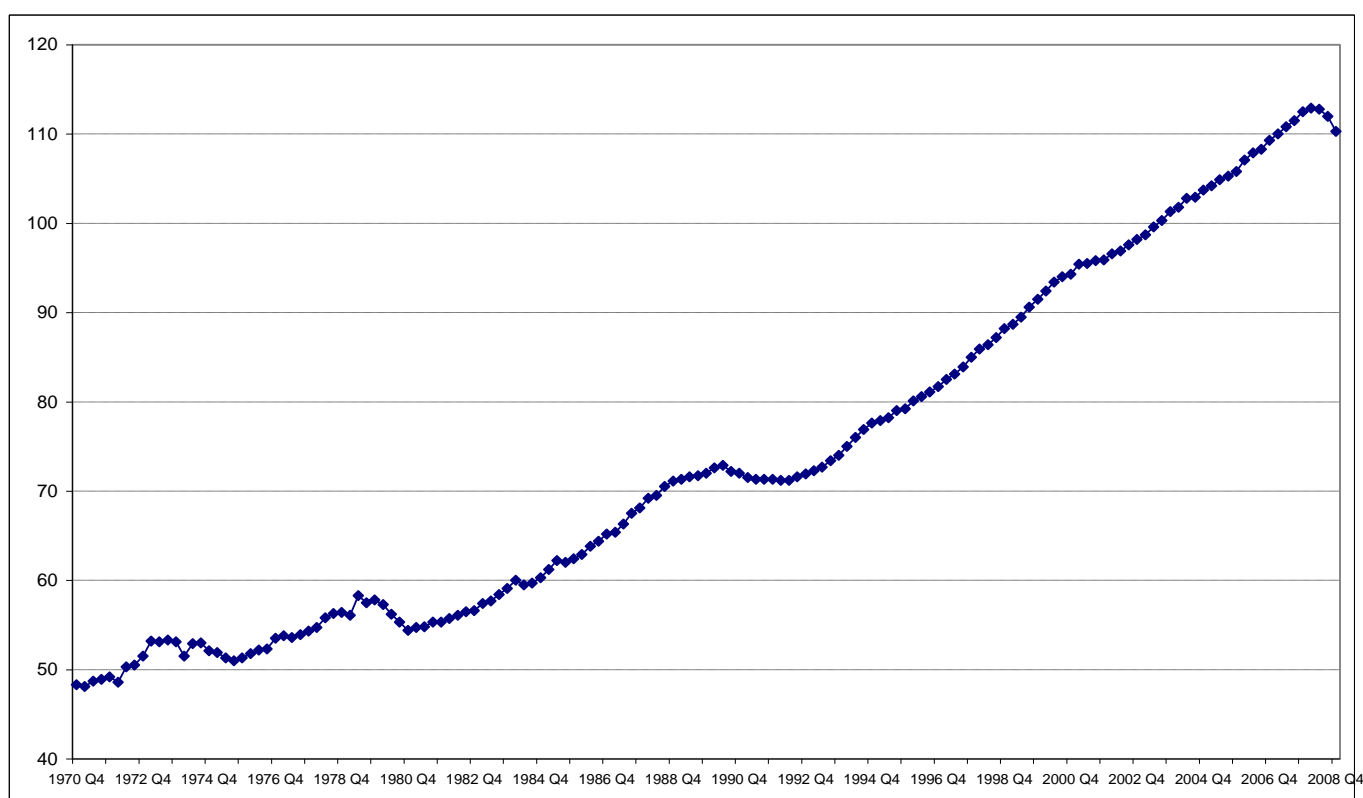
Table 2.1 Four recent periods of recession in the UK

	Start date	Date of bottom of recession	Length of period from start to bottom of recession	Total decline in GDP (%)	Time taken for GDP to recover to level at start of recession
1	1974 Q4	1975 Q3	4 Quarters	3.77	7 Quarters
2	1980 Q1	1980 Q4	4 Quarters	5.88	13 Quarters
3	1990 Q3	1992 Q2	8 Quarters	2.33	11 Quarters
4	2008 Q2	?	?	2.30 ^{\$}	?

Notes: \$ Decline in GDP over three quarters.

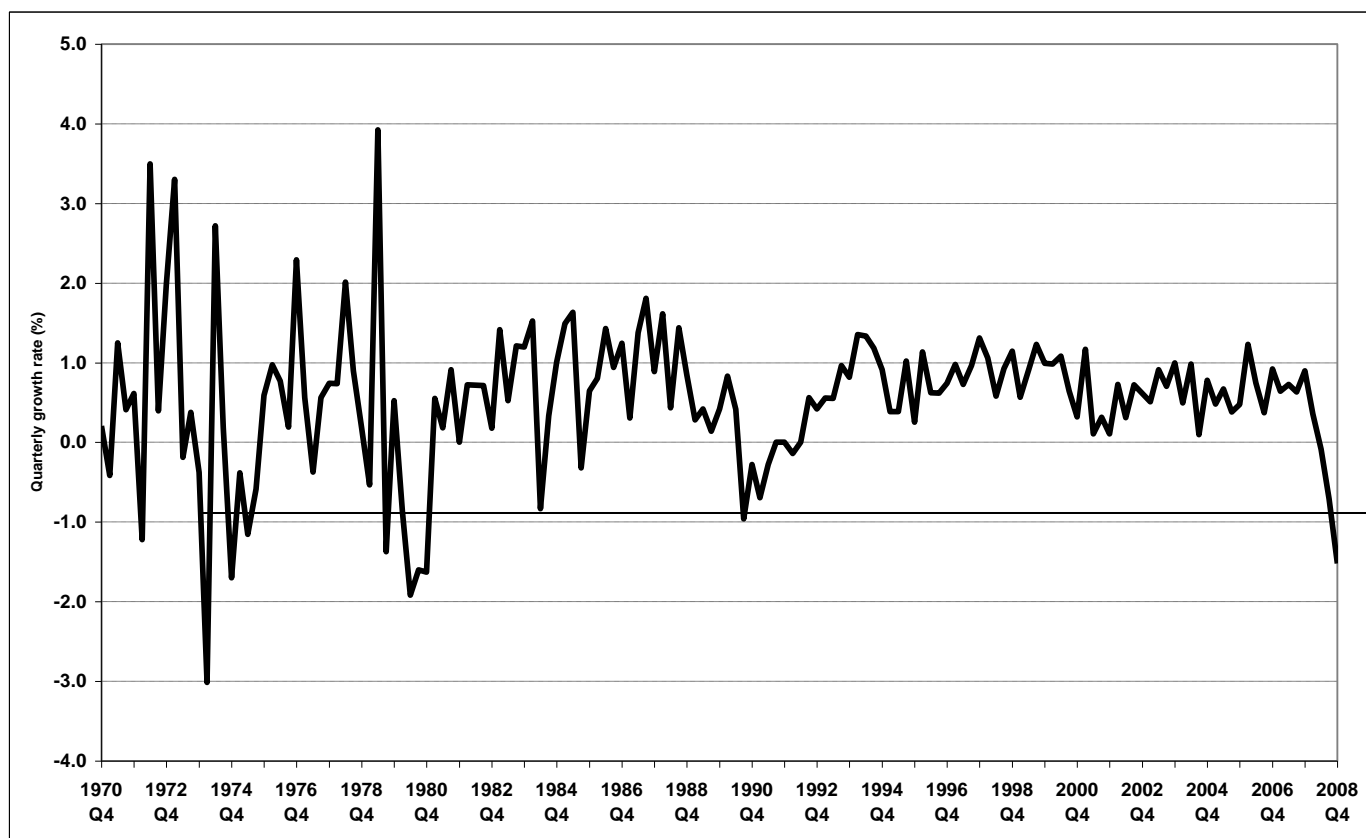
Source: Institute for Employment Research.

Figure 2.1 Gross Value Added, quarterly 1970-2008



Notes: 2003 prices, seasonally adjusted data.

Source: Institute for Employment Research. Derived from Office for National Statistics Time Series YBFR, downloaded from <http://www.statistics.gov.uk/statbase/tsdtimezone.asp>

Figure 2.2 Quarterly change in Gross Value Added, 1970-2008

Notes: Seasonally adjusted data.

Source: Institute for Employment Research. Derived from Office for National Statistics Time Series YBFR, downloaded from <http://www.statistics.gov.uk/statbase/tsdtimezone.asp>

2.4 The impact of the recession on employment and worklessness

Employment

Employment is derived from employers' needs to produce outputs of goods and services (the demand for labour is a derived demand). Fluctuations in output, especially when on a significant scale, will thus impact on employment. The relationship between national output and jobs is, however, not a fixed, or mechanistic, one, and will vary according to the economic circumstances of business, the costs of adjusting employment and, particularly, expectations about the future. Small, random, fluctuations in business can be met in a number of ways, for instance by running stocks up or down (with output remaining constant), varying production through variations in productivity (with fixed employment levels), varying hours of work or hiring and firing labour as required. Continuous production processes, such as motor vehicle production, will tend to deal with fluctuations in business through variations in stocks of product. Service producers cannot generally store their services and will tend to meet fluctuations through variations in productivity or hours

of work. Where employers have invested in their workforce (for instance, through specific training), the potential loss of such an investment will mean that employers will seek to retain their workforce as long as possible. Where it is cheap and easy to fire or hire workers, fluctuations in business and output may be met in that manner.

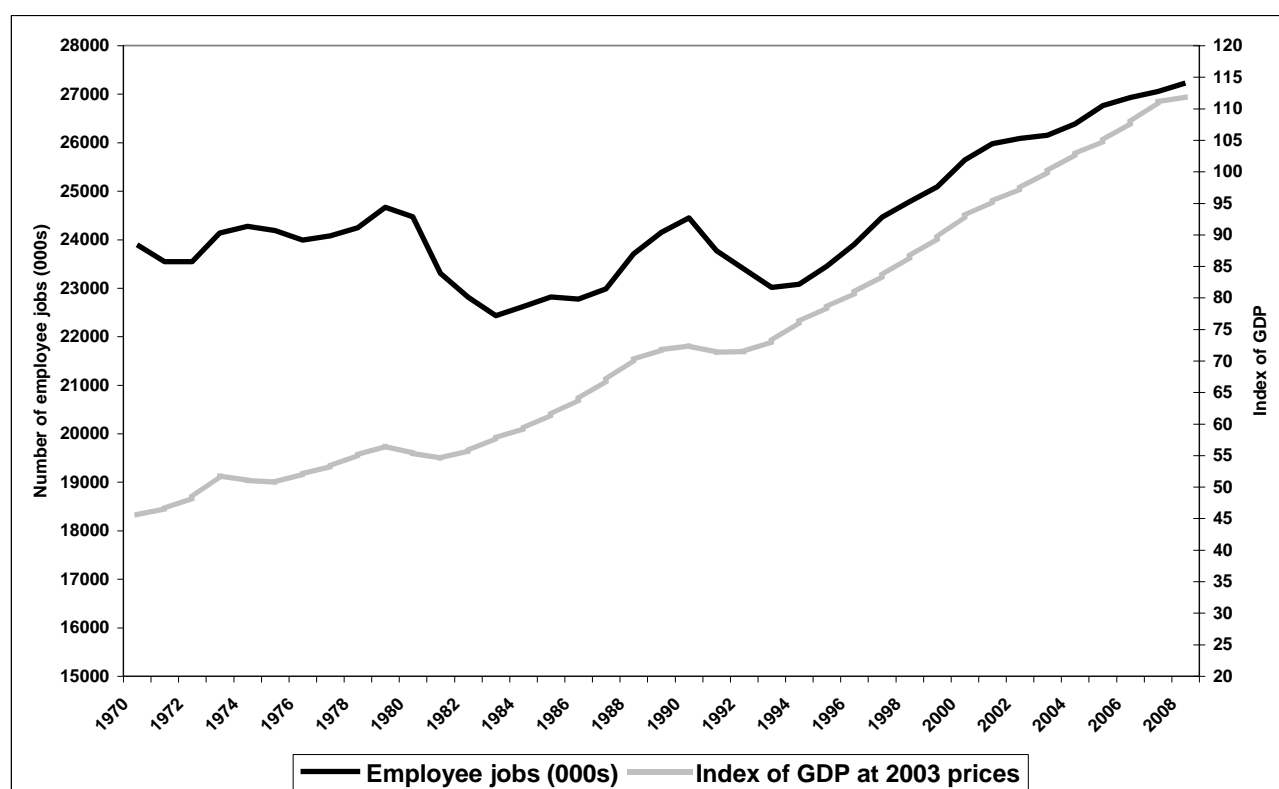
A period of recession needs to be distinguished from normal fluctuations of business activity. A recession involves a fall in demand for output of a magnitude not normally experienced by business. The response of employers to a period of recession will depend on several factors and these are to a considerable extent psychological. The first factor is their ability to recognise that any fall in demand or sales being experienced goes beyond the norm for day-to-day or seasonal business fluctuations. It may take some time for such recognition to occur; it is often precipitated by shrinking order books, the emergence of excessive stocks or enforced periods of idleness of the workforce. Second, an employer's response to a recession will depend, once the recession is recognised, on their expectation of how long the recession will last. If that expectation is that the recession will be short-lived, their response may be to 'weather it out' as best they can until the economy returns to growth again. If the expectation is for a prolonged recession, then the business may need to seek more drastic adjustments in order to survive.

Overall then, the employment consequences of entering a period of recession will depend on whether the recession was expected, on which sectors of the economy are initially affected (since different sectors respond in different ways) and expectations about the future. One key feature of the current recession was that it was signalled well in advance in the form of the financial crisis and the failure of several notable financial institutions – such as the Northern Rock bank in the case of the UK – and businesses were probably well aware of the impending economic downturn. In addition, the global nature of the economic downturn is likely to have generated expectations that any recession was likely to be serious and long lasting. The nature of the 2008 recession, driven as it was by a collapse of the housing market and restrictions on access to finance, meant that the initial impact of the downturn was visited upon sectors of the economy that either had a tradition of hiring and firing – such as the construction industry – or were of such a scale that even stock variation and short-time working was an inadequate response (this was particularly the case in regard to motor vehicles which suffered a catastrophic fall in sales in excess of 50 per cent).

Figure 2.3 describes the pattern of output and employment in the UK over the period 1970 to 2008. It is evident that employment fluctuated in a manner roughly in line with fluctuations in output growth but, notably, output increased at a faster rate than employment (implying increased productivity) until the mid 1990s. Thereafter,

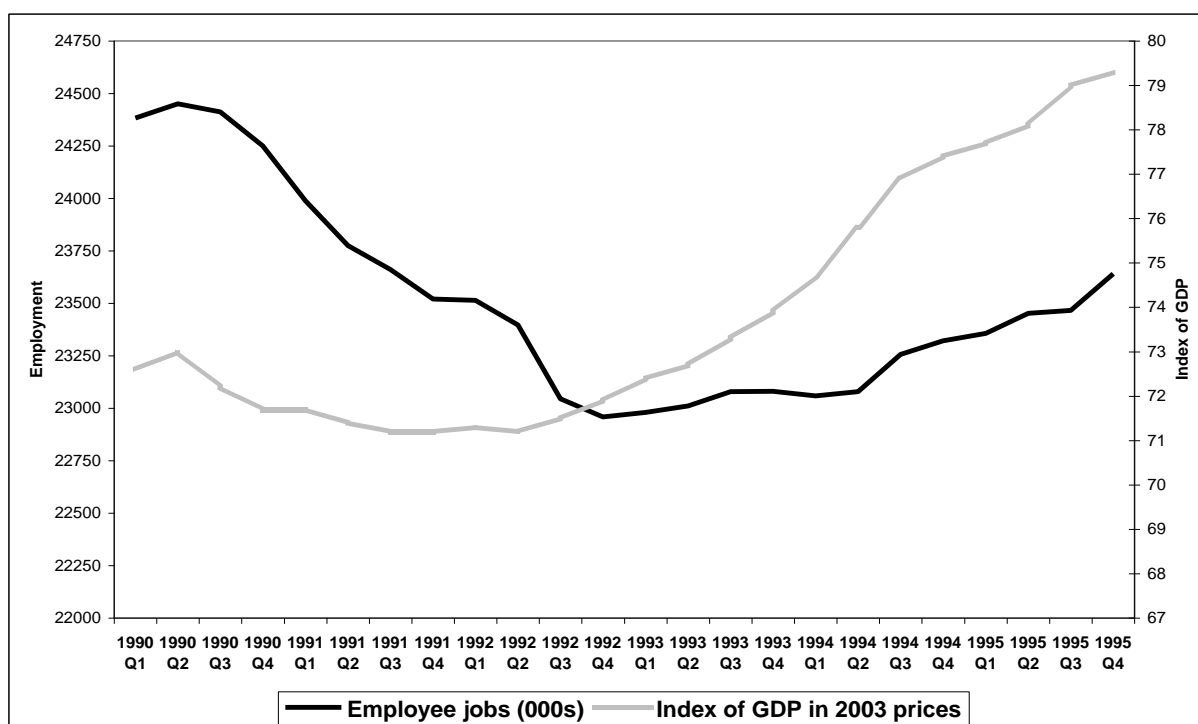
employment growth tended to mirror that of output growth. To see the relationship in more detail, Figure 2.4 provides a picture of output and employment levels during the last full period of recession and recovery (1990 to 1994). The chart shows clearly how output fell sharply in 1990 with employment falling shortly thereafter. The recession lasted for two years, although much of the latter part of that period consisted of static output rather than further falls in output. By the end of 1992, the recovery of output was well under way but employment continued to fall before starting to increase again some 12 months later in mid 1993. The current recession displays similar characteristics to the earlier 1990 recession (see Figure 2.5), with output commencing a sharp decline in the second quarter of 2008 and employment falling sharply in line with output for the remainder of the year.

Figure 2.3 UK output and employment, 1970-2008



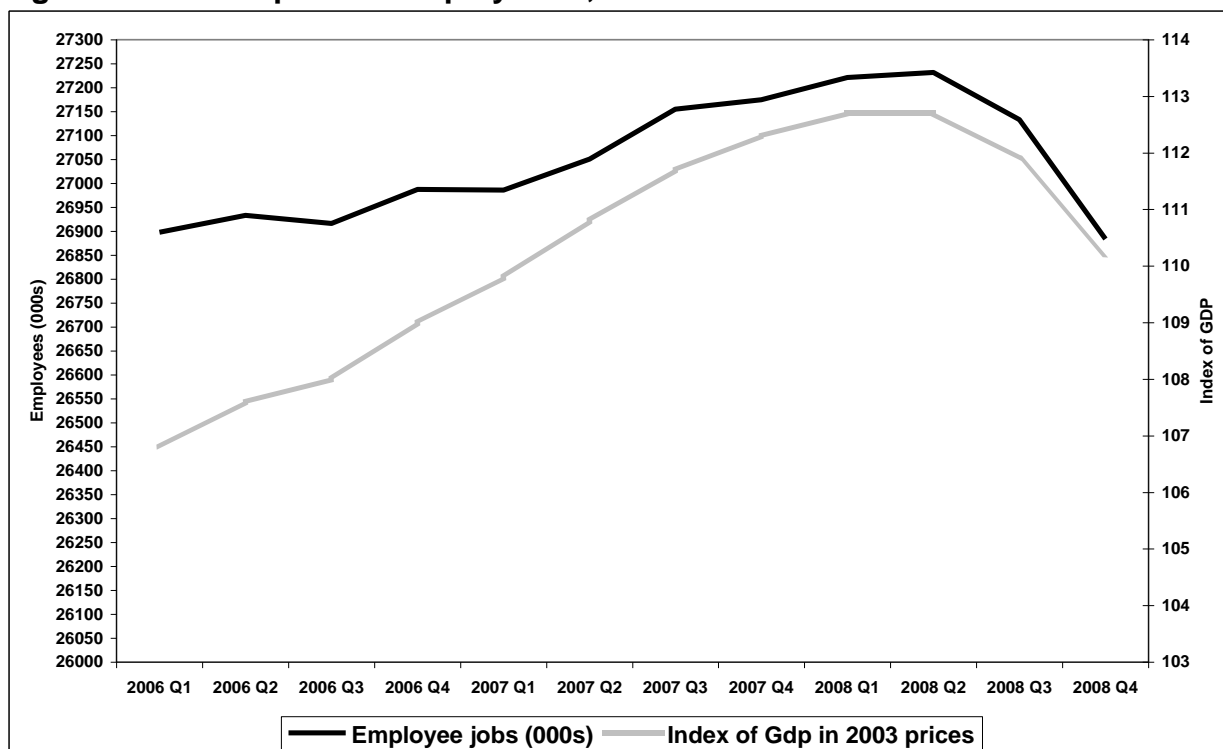
Source: Institute for Employment Research. Derived from Office for National Statistics Time Series BCAJ and ABMI, downloaded from <http://www.statistics.gov.uk/statbase/tsdtimezone.asp>

Figure 2.4 UK output and employment, 1990-95



Source: Institute for Employment Research. Derived from Office for National Statistics Time Series BCAJ and ABMI, downloaded from <http://www.statistics.gov.uk/statbase/tsdtimezone.asp>

Figure 2.5 UK output and employment, 2006-08



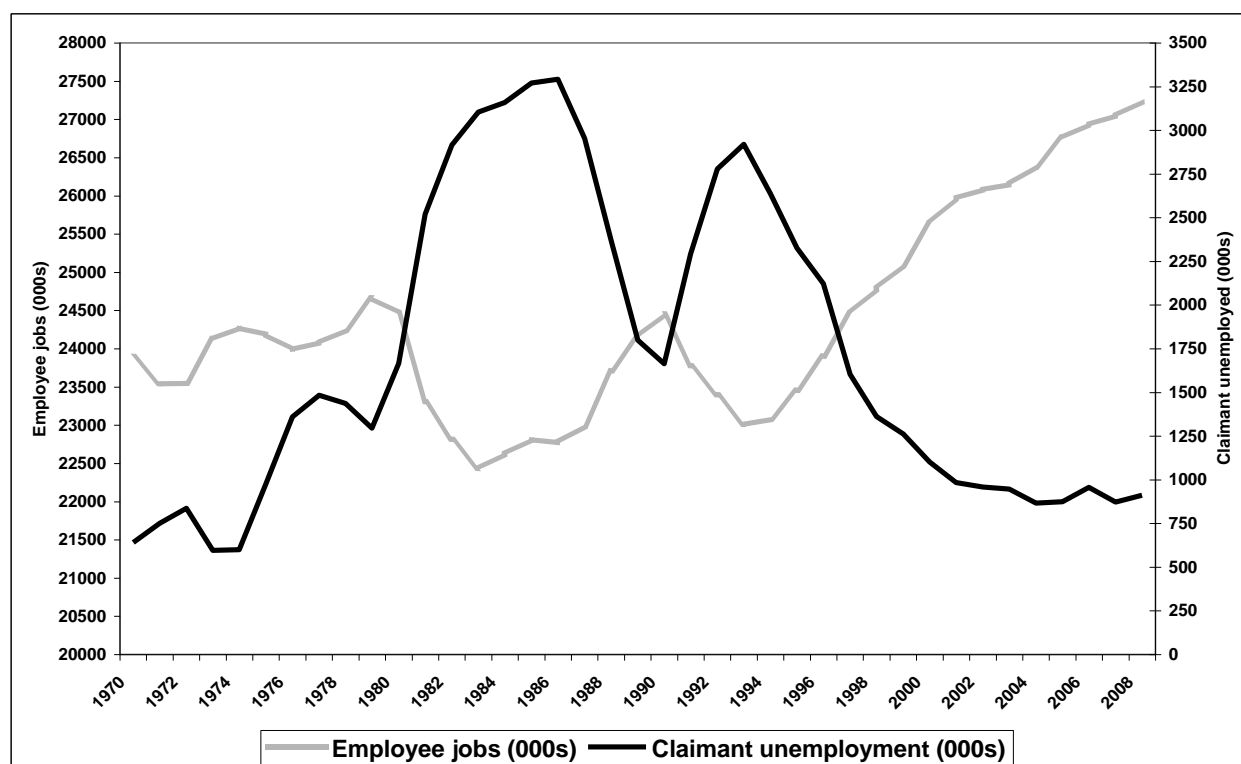
Source: Institute for Employment Research. Derived from Office for National Statistics Time Series BCAJ and ABMI, downloaded from <http://www.statistics.gov.uk/statbase/tsdtimezone.asp>

Unemployment

As would be expected, in periods of recession when output and employment are falling, significant increases in unemployment result. Figure 2.6 shows that each of the major recessions of recent decades (measured by falls in employment) are associated with major peaks of unemployment (measured by the number of people claiming unemployment benefits). Figures 2.7 to 2.9 provide more detail by relating changes in output (GDP) to changes in unemployment. Table 2.2 provides some summary measures of recession and the impact on unemployment. A number of striking features are evident from these figures and the table. These are that:

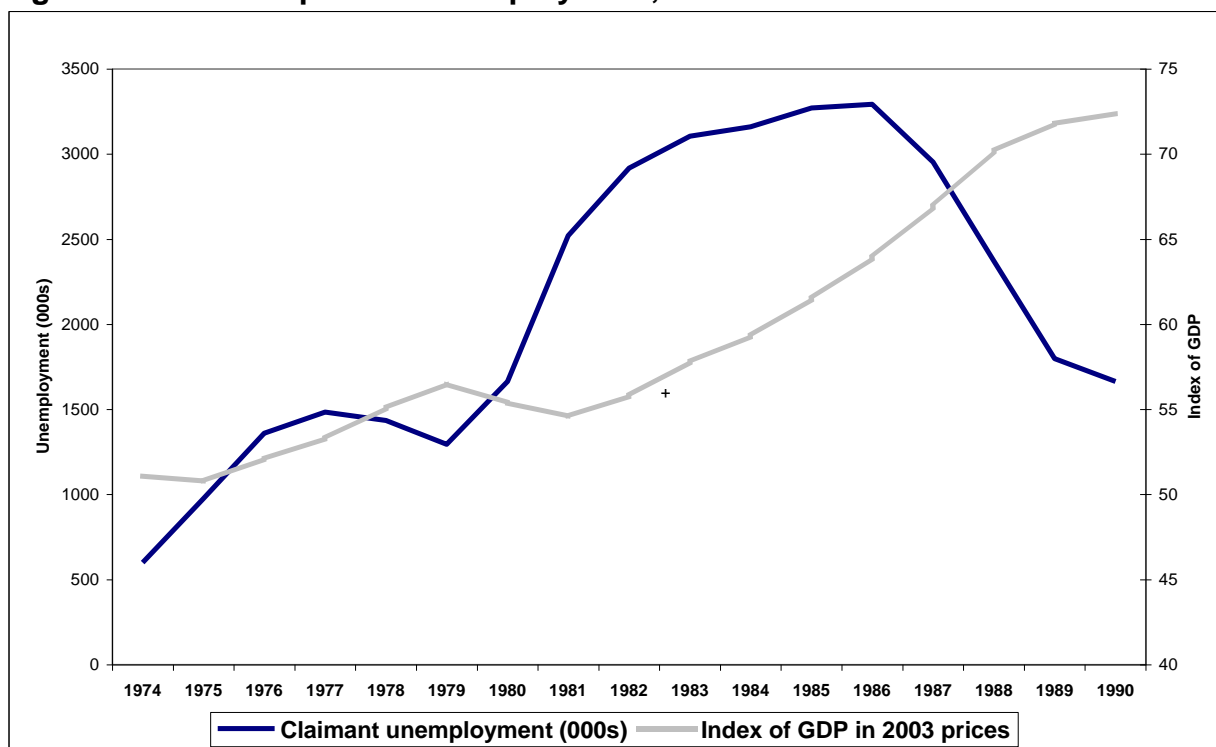
- unemployment lags significantly behind changes in output
- unemployment continues to rise long after output has recovered and a recession is technically over, and
- a recession leaves a legacy of high unemployment for many years after the initial contraction of output.

Figure 2.6 UK employment and unemployment, 1970-2008



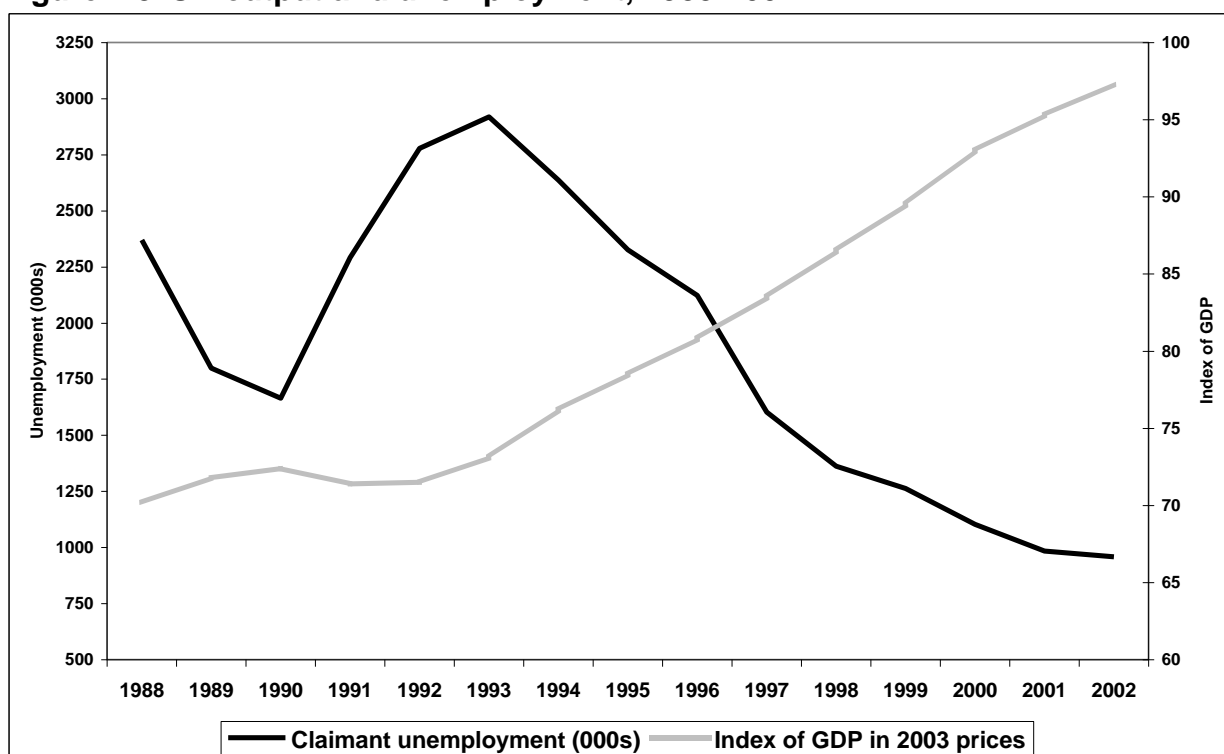
Source: Institute for Employment Research. Derived from Office for National Statistics Time Series BCAJ and BCJA, downloaded from <http://www.statistics.gov.uk/statbase/tsdtimezone.asp>

Figure 2.7 UK output and unemployment, 1974-90

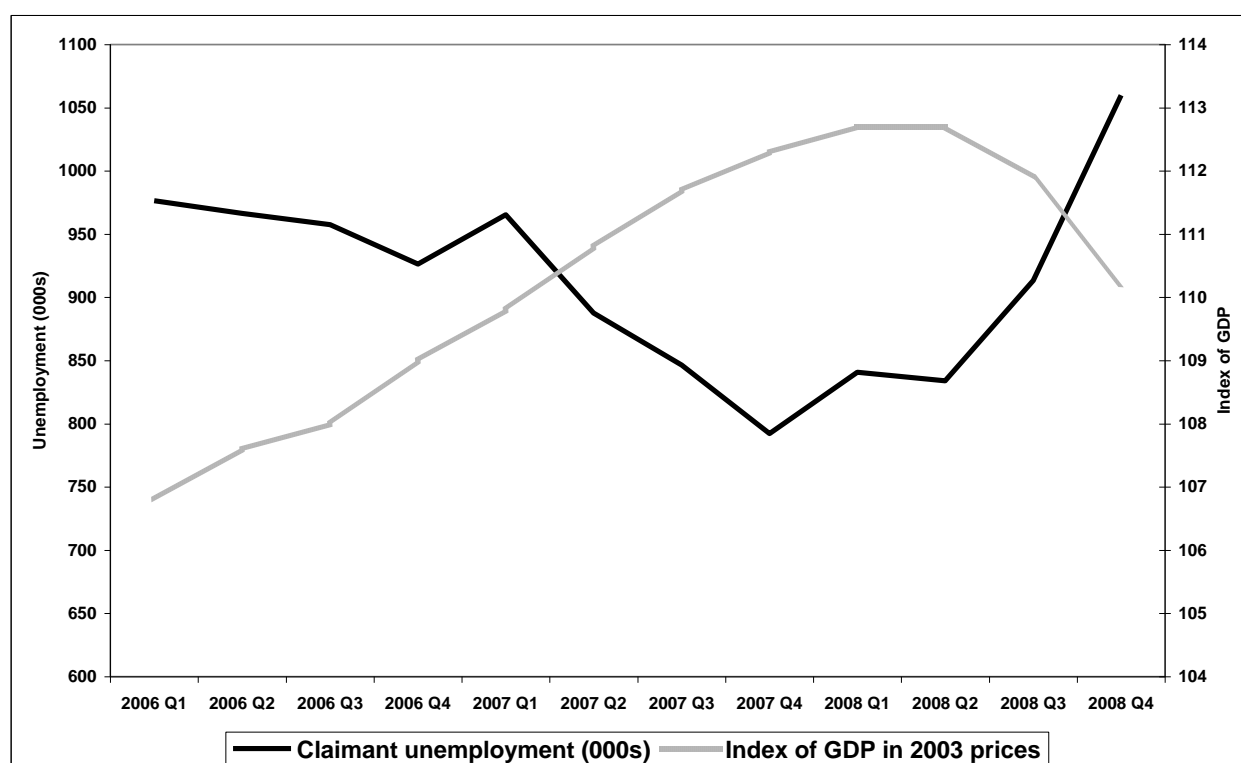


Source: Institute for Employment Research. Derived from Office for National Statistics Time Series BCJA and ABMI, downloaded from <http://www.statistics.gov.uk/statbase/tsdtimezone.asp>

Figure 2.8 UK output and unemployment, 1988-2002



Source: Institute for Employment Research. Derived from Office for National Statistics Time Series BCJA and ABMI, downloaded from <http://www.statistics.gov.uk/statbase/tsdtimezone.asp>

Figure 2.9 UK output and unemployment, 2006-08

Source: Institute for Employment Research. Derived from Office for National Statistics Time Series BCJA and ABMI, downloaded from <http://www.statistics.gov.uk/statbase/tsdtimezone.asp>

Table 2.2 Unemployment in the last three UK recessions

	Start date of recession	Number and date of unemployment high point (000s)	Time for unemployment to fall to pre-recession level
1	1974 Q4	1,484 in 1986	Never reached previous levels
2	1980 Q1	3,293 in 1986	1990
3	1990 Q3	2,919 in 1993	1997

Source: Institute for Employment Research.

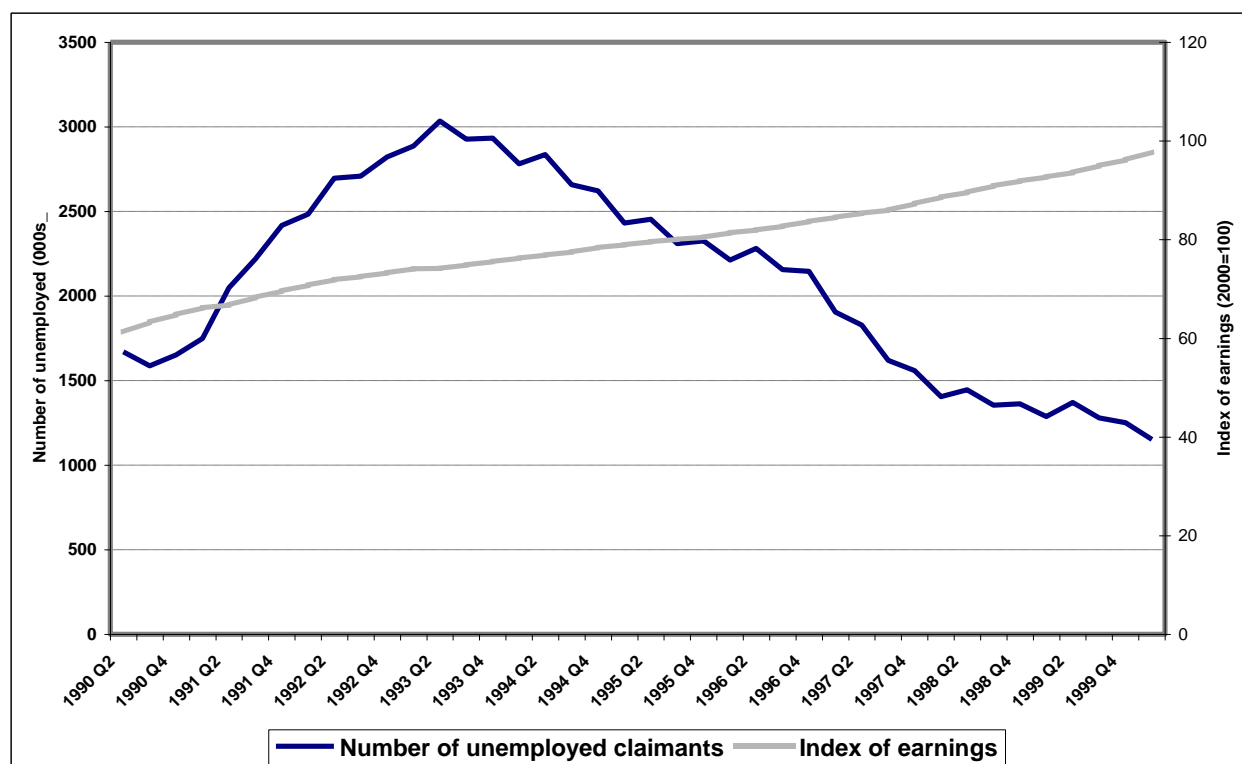
Nonetheless, not all recessions follow the same pattern. While in earlier recessions unemployment began to increase around the same time as output commenced its decline, in the current recession, somewhat unusually, unemployment appears to have begun to increase ahead of the onset of the decline in GDP, perhaps as early as the end of 2007 or early 2008. This might suggest that employers and businesses had actually anticipated the recession or it could be that other factors were impacting on employment and unemployment in addition to the impending recession.

Earnings and recession

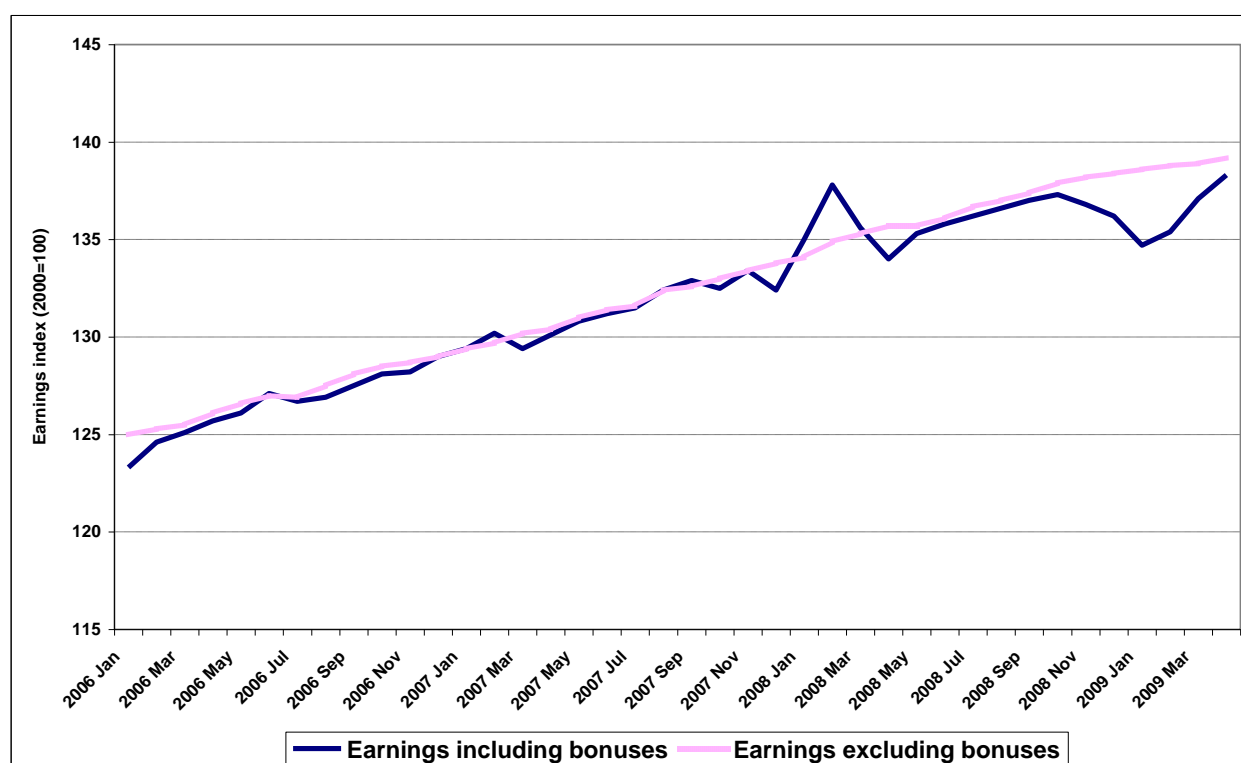
A fall in the demand for labour (reduced employment) and increased competition for jobs (rising unemployment) might be expected to slow down or even reverse the trend growth in earnings. In fact, in the past there appears to have been only a weak relationship between unemployment and earnings growth. Figure 2.10, for instance, suggests that wages continued to increase with little diminution during the 1990s despite the high levels of unemployment.

There are, however, indications that the current recession may be somewhat different from past downturns. In recent years, employers have tended to increase the proportion of pay that takes the form of a bonus. This appears to have given employers greater pay flexibility in the face of the recession. While pay excluding earnings has continued to increase, bonuses have fallen, in some cases dramatically. This is evident in Figure 2.11 which indicates some sharp falls in earnings including bonuses during early 2009. This ability to cut wage costs goes part of the way to explaining how some employers have been able to retain their workforce to a greater degree than in previous recessions (for the time being at least).

Figure 2.10 Unemployment and earnings, 1990-2000, Great Britain



Source: Institute for Employment Research. Derived from Office for National Statistics Time Series BCJA and LNMQ, downloaded from <http://www.statistics.gov.uk/statbase/tsdtimezone.asp>

Figure 2.11 Earnings 2005-09, Great Britain

Source: Institute for Employment Research. Derived from Office for National Statistics Time Series LMNQ and JQDW, downloaded from <http://www.statistics.gov.uk/statbase/tsdtimezone.asp>

2.5 The differential impact of recession on the labour market

Whatever the broad picture of falling output and employment and rising unemployment, recessions seldom bear equally on all participants in the labour market. Much will initially depend on the factors precipitating the recession. The immediate consequences of a recession triggered by a financial crisis (such as the current recession) may be expected to be different to one triggered by a loss of international competitiveness and an overvalued currency. As already observed, the early impact of the current recession has been to depress output and employment in sectors such as construction and motor vehicles. Rather less usually, the current recession has also impacted on employment in the financial sector (banking and insurance) following banking failures, mergers and government buyouts of financial institutions.

There is some early evidence that unemployment has been increasing at a faster rate among professional and other white collar jobs to a greater extent than in previous recessions. Table 2.3 sets out the number of unemployment benefit (Jobseeker's Allowance or JSA) claimants in February 2009 in terms of their usual occupation and the percentage by which that number increased over the preceding six months.

Table 2.3 JSA claimants February 2009, by usual occupation, Great Britain

	Number of claimants (thousands)	% change Aug 08-Feb 09
Occupation unknown	4.7	147
Skilled construction and building trades	98.1	124
Skilled metal and electronic trades	50.7	108
Corporate managers	57.4	104
Science and technology professionals	19.7	91
Transport and mobile machine drivers and operatives	102.7	88
Business and public service professionals	12.2	84
Process, plant and machine operatives	1.6	82
Protective service occupations	71.4	81
Business and public service associate professionals	28.9	77
Managers and proprietors in agriculture and services	13.0	76
Textiles, printing and other skilled trades	22.0	64
Science and technology associate professionals	19.4	61
Skilled agricultural trades	22.4	61
Secretarial and related occupations	18.9	58
Leisure and other personal service occupations	17.7	54
Elementary trades, plant and storage related occupations	297.5	48
Customer service occupations	30.8	47
Administrative occupations	125.2	47
Sales occupations	181.1	45
Culture, media and sports occupations	26.9	44
Elementary administration and service occupations	128.0	38
Caring personal service occupations	43.7	30
Health and social welfare associate professionals	8.3	18
Health professionals	0.7	4
Teaching and research professionals	9.4	-14
All claimants	1,412.4	58

Source: Institute for Employment Research. Derived from JSA Claimant count data 2008-09; downloaded from NOMIS, <https://www.nomisweb.co.uk/default.asp>

Table 2.3 indicates that the largest rates of increase were among occupational groups not normally associated with a high risk of unemployment (for instance, skilled trades in construction and metal and electrical, managers (both corporate and agricultural), professionals (both scientific and technical and business and public sector), and business and public sector associate professionals.

The picture revealed by Table 2.3 may only represent that of the immediate impact of recession. The first round of job losses following the current recession may well reflect the consequences of the financial crisis that precipitated it. There will be further, long-term consequences as the repercussions of the recession flow around the economy. One feature of the current recession is the vast sums of public money being injected into the economy to support the ailing financial system and to bolster demand. The consequences of such public spending are not yet clear but are likely to involve higher levels of future taxation and reductions in public spending plans. Public spending plans and budgets are set well in advance, so do not respond immediately to changes in economic conditions such as recessions. Nonetheless, the longer term impact of the current recession is likely to involve reductions in public sector employment on a scale that could match or even exceed that in the private sector so far. In so far as public sector employees are different in character to those in the private sector, the longer term impact of the recession will have a differential impact. While the public sector by no means has a monopoly on 'good' or socially responsible employment practices, it must be of concern that substantial public sector job losses in the future might bear heavily on an area of employment where vulnerable groups, such as disabled people and lone parents, are disproportionately represented.

While Table 2.3 provides some confirmation that the current recession may be somewhat different in character to previous ones, it should be noted that many of the large percentage increases in unemployment among high-level occupations are from a relatively small base. It remains the case that the largest absolute increase in numbers of JSA claimants was among people usually working in elementary (that is relatively unskilled) occupations. Elementary administration and service occupations account for an increase of 128,000 JSA claimants while elementary trades, plant and storage related occupations account for 297,000 claimants. Thus most JSA claimants are still people who previously worked in comparatively low-skilled jobs. Part of the reason for this is that a recession may bring with it a 'bumping down' process where remaining jobs go to over-qualified people, while those who would normally have taken those jobs are squeezed out (Reder, 1955). This process arises where employers seek to retain a skilled workforce in whom they have made an investment (although in extreme cases even this may not be possible). It is notable, for instance, that motor manufacturers such as Honda have elected to respond to the recession by

completely shutting down production for weeks at a time but retained their workforce on reduced (but generous) retention wages (up to 80 per cent of normal wage in the case of Honda) (Guardian, 2009a). Such arrangements do not apply across the board and where the employer has no interest in retaining their workforce (perhaps because it is unskilled and cheap to replace when the recovery occurs), workers will be made redundant and will join the ranks of the unemployed. One consequence of a 'bumping down' of disadvantaged people into low-skilled occupations is that pay in such occupations can be expected to be held down by the increasing competition for jobs that results at this level of the jobs market. Wage differentials might well increase as a consequence of a recession.

If individuals become unemployed, enter or re-enter the labour force during a period of recession, they will face increased competition for any available jobs. Even though the rate of recruitment can be expected to slow down during a recession, employers will need to recruit workers to replace those in their workforce that quit, are dismissed or retire. In addition, not all businesses decline during a recession: some benefit from austerity and new opportunities and, as business grows, they will recruit people. Thus, the manner in which employers recruit will play a critical role in determining who is able to enter employment and who remains out of work. Employers' recruiting behaviour can be expected to change in the face of increased numbers of job seekers during a recession. Hiring standards, for example, may be increased and employers become more selective. Thurow (1976), for instance, argues that employers rank job-seekers into a job queue according to the cost of training. Employers then recruit those who impose the least cost of training and can 'hit the ground running' in terms of their work. Further characteristics may be perceived by employers (rightly or wrongly) with additional costs to the business. These include the cost of accommodating the needs of disabled people or perceptions of absence by lone mothers. Job-seekers with such characteristics will be moved further down the job queue and only be hired when other, cheaper candidates have been hired. Of course, not all employers will become more selective during a recession. Faced with a ready supply of unemployed potential recruits, some employers may abandon any previous pre-employment selection practices in favour of selection 'on the job' with a correspondingly greater emphasis on an active dismissals policy. In these cases, the concern is less that the changes in recruitment practice restrict access to jobs for some, but more that such changes create a problem of poor job retention and 'churn' among some groups of job-seekers. Whichever strategy is adopted by employers, their behaviour is governed by the need to comply with employment and anti-discriminatory legislation but it may be difficult to observe, let alone prevent, some of the more subtle and indirect forms of employer discrimination.

Employers have also been known to change their recruitment methods during recession (Hasluck, 1995; 1999). In general, such changes usually involve a withdrawal from the more formal, open market methods of recruitment in favour of internal recruitment or use of informal recruitment channels. Many large employers will prefer to redeploy existing redundant staff to other positions within the organisation. That way they avoid many recruitment costs and retain members of staff who could be redeployed in any future recovery and who are known quantities. For similar reasons, many employers reduce their use of public employment services – Jobcentres – during period of recession for fear of being inundated by (often unsuitable) applicants. Instead, employers may turn to less formal means of recruiting such as ex-employees, word of mouth or personal recommendation from an existing employee. These shifts can significantly reduce the ability of some groups of job-seekers to gain information about, or access to, job opportunities. For instance, internal vacancy lists will only be seen by existing employees or people to whom they choose to share that information. Similarly, the use of personal recommendation by existing employees will tend to reinforce existing recruitment patterns in terms of gender, ethnic group or even place of residence. The use of less formal methods of recruitment is particularly disadvantageous for anyone who is entering the labour market for the first time (such as school leavers) or entering after a prolonged absence (such as women returners) who may lack the contacts necessary to find the job opportunities they seek.

A further cause of a differential impact from recession is withdrawal from active participation in the labour market. Some people seeking employment may be so discouraged by their poor job prospects that they no longer actively seek paid work. A critical issue here is the extent to which an alternative is available to such individuals. Young people may elect to remain in education for longer than they otherwise would have done. Older workers may decide to retire rather than seek a new job if made redundant. Where an individual is a member of a multi-person household, decisions about participation will be jointly made and a household member with little prospect of re-employment may withdraw from the job market. Traditionally, such withdrawals were typically made by women with working male partners (married or otherwise) and children, although this pattern has been changing in recent years with female activity rates increasing and male activity rates falling (Beatty and Fothergill, 2003). This is still the case. An alternative route out of the active labour force takes the form of a transition from active job-seeker to an inactive benefit claimant on the grounds of ill health or disability. In the 1980s, there was a dramatic movement of benefit claimants from unemployment benefits (which require active job-seeking) to other benefits (such as Incapacity Benefit) where there was no such requirement to seek work actively. Much of government policy in recent years, such as New Deal for Disabled People and Pathways to Work, has sought to

reverse that trend and attempted to reactivate people claiming 'inactive benefits'. The current recession threatens to undermine that approach. There will be little incentive for those on inactive benefits to seek work if they are convinced there is little prospect of obtaining a job, and advisers within Jobcentre Plus are unlikely to dissuade inactive benefit claimants from that position if the advisers themselves concur with the analysis of job prospects.

2.6 Conclusion

This section has considered the current UK recession by comparison with previous UK recessions and has examined the likely pattern of broad labour market impacts. It is clear from the analysis that the UK is currently in a significant recession with sharply reduced output and employment and rising unemployment. Nonetheless, despite the spectacular financial crises that precipitated it, the current recession has not yet reached the proportions of earlier recessions, notably that of the early 1980s. It remains to be seen how long the decline in output will continue or what the longer-term consequences will be in terms of unemployment and worklessness. This is not to be complacent about the consequences of the recession. While there is some evidence to suggest that the immediate impact of the downturn has been on higher-level occupations not previously at high risk of unemployment, there are several reasons for believing that the longer-term impacts – impacts that could, on the basis of previous experience of recessions, last for many years – will be different for different groups in society. There are good grounds for believing that changes in employers' recruitment practices, together with changes in household behaviour, will result in the longer-term consequences of the recession becoming increasingly concentrated among disadvantaged groups in the labour force and even lead some to leave the labour force altogether. The consequences of such concentrations of worklessness or job insecurity are profound for the individuals concerned and can produce 'scarring effects' from which they never recover. The consequences for society are also profound, not only in terms of the foregone economic benefits, but also in terms of other social costs that are involved.

Having now set out a broad context for a consideration of the evidence, the remainder of this review will consider the evidence relating to specific disadvantaged groups in the labour force.

3. Gender

3.1 Introduction

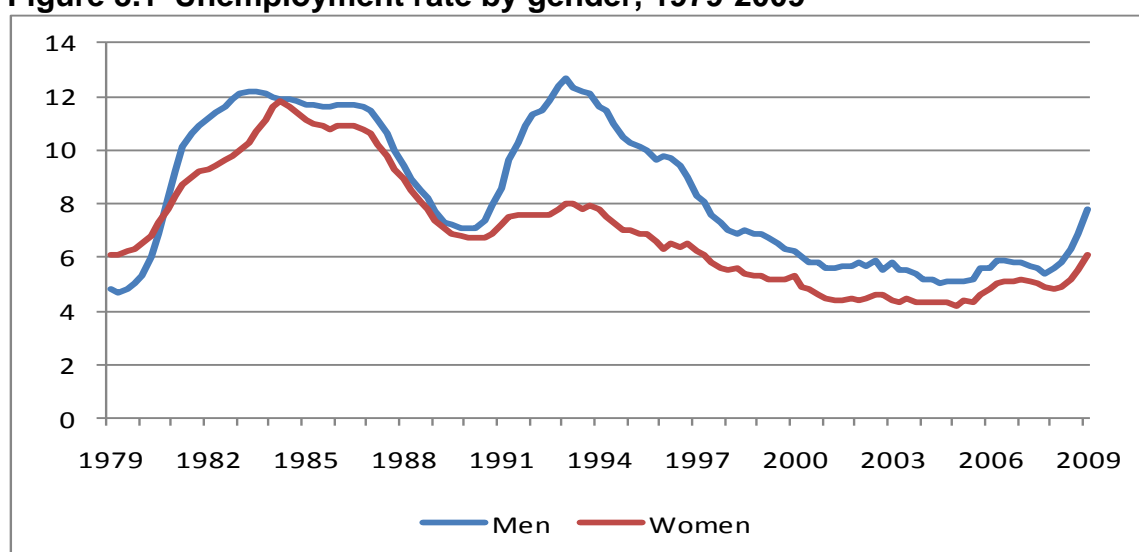
Several recent media reports have argued that because a larger number of men are unemployed and a larger percentage are claiming Jobseeker's Allowance (JSA), they are therefore bearing the brunt of the current recession. Others, however, have countered that women, many of whom do not qualify for JSA or redundancy pay because of limited contributions and periods of economic inactivity, are more disadvantaged than men. The indicators used to examine the impact of the recession show that men are being hit harder than women in terms of unemployment. This chapter will outline the literature relating to the impact of the recession on men and women and will identify certain areas which need to be considered when taking into account the full impact (both direct and indirect) of the current recession.

3.2 Measures used to examine the impact of the recession

Employment rate: Data from the Office for National Statistics (ONS, 2009b) show that the working age employment rate for the three months to April 2009 was 76.9 per cent for men, down 0.9 percentage points on the previous quarter, and 69.3 per cent for women, down 0.7 percentage points.

Unemployment rate: A corresponding rise was shown in the unemployment rate (Figure 3.1), with the rate for men at 7.8 per cent in the three months to March 2009 (an increase of 0.9 per cent on the previous quarter), whereas the rate for women was 6.1 per cent (an increase of 0.6 per cent on the previous quarter).

Figure 3.1 Unemployment rate by gender, 1979-2009

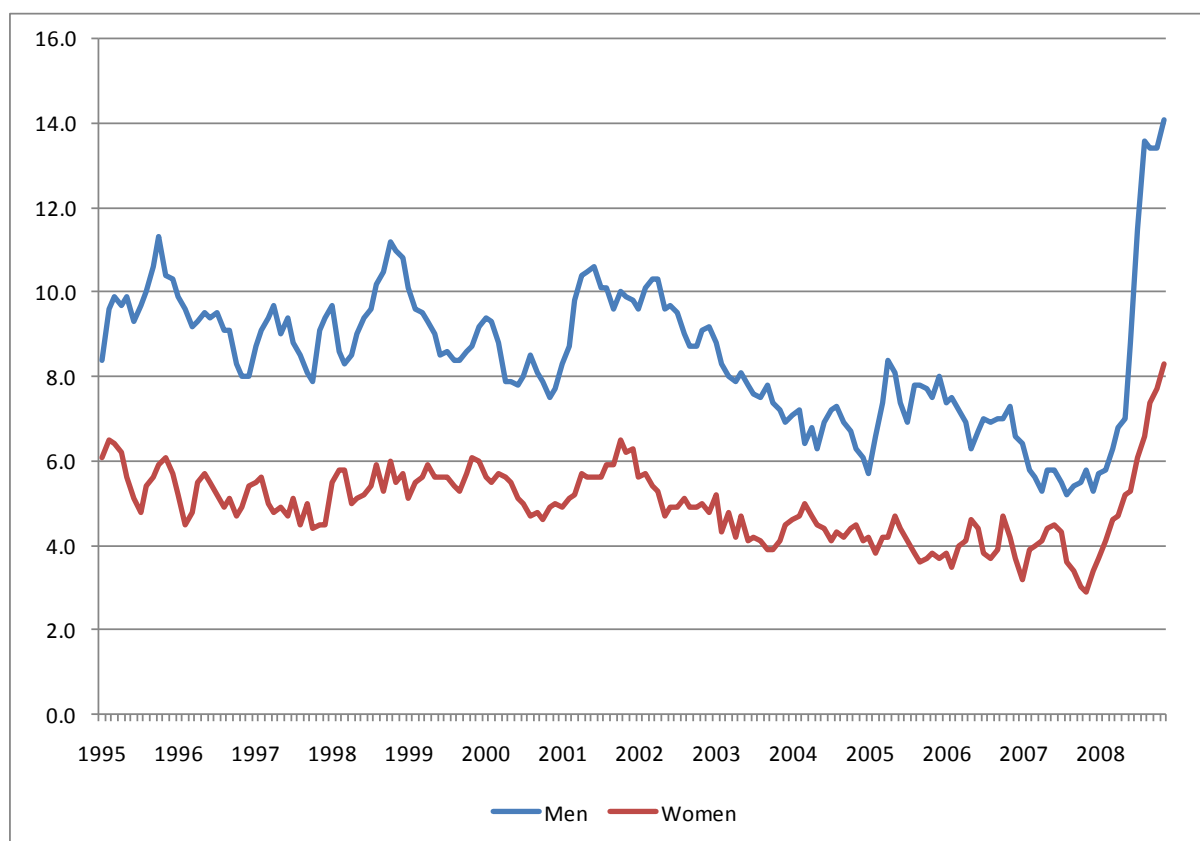


Notes: Percentage of men and women aged 16 and over who are unemployed; seasonally adjusted data.

Source: Office for National Statistics (2009a: 4-5), Figure 4.6.

Redundancy rate: Similarly, as reported in May 2009, the redundancy rate was 14.1 per thousand male employees, and 8.3 per thousand female employees (ONS, 2009a). This gender difference is not surprising, given that women are less likely than men to have worked continuously, due to taking time out of the labour market to have children. They are also more likely to work on temporary contracts, often making them ineligible for redundancy payments. In spite of this, the redundancy rate for the three months to March 2009 showed an increase of 1.7 per thousand female employees, compared with 0.5 per thousand males (Figure 3.2).

Figure 3.2 Redundancy rate by gender per 1,000 employees



Notes: Male and female employees aged 16 and over; seasonally adjusted data.

Source: Office for National Statistics (2009a: 4-5), Figure 4.4.

Claimant count: An examination of the claimant count shows that women are much less likely to claim JSA than men (latest figures for October record 6.8 per cent of men, compared with 3.0 per cent of women) (ONS, 2009d). Again, this is to be anticipated, as many women do not accrue sufficient contributions to make a claim, or have a working partner, so making them ineligible after six months (Dobbs, 2009). Nevertheless, there were 1.7 per cent more female benefit claimants in October 2009

than in the previous month, compared with 0.4 per cent of men, and an increase of 68.5 per cent over the year, compared with 60.8 per cent of men (ONS, 2009d).

Economic inactivity rate: In the three months to April 2009, the economic inactivity rate for the working age population was 16.2 per cent for men and 25.9 per cent for women, showing only small changes over the year in comparison with employment and unemployment figures (ONS, 2009b). Looking at the figures by age groups, the numbers of those economically inactive aged 16-17 rose by 2.2 per cent on the quarter for men and 3.2 per cent for women. For 18-24 year olds, the number of economically inactive men and women rose by 7.4 per cent and by 1.4 per cent respectively. Numbers of economically inactive 25-34 year olds decreased by 2.5 per cent for men, but rose by 3.1 per cent for women. Slight increases were shown in the 35-49 age group for both men and women (0.8 per cent and 0.2 per cent respectively). In the older working age bracket (50-64), the numbers of economically inactive men dropped by 1.9 per cent while women rose slightly (by 0.4 per cent)

Interestingly, figures reported in June 2009 show that those giving the reason for inactivity as 'looking after family/home' have decreased to 2.032 million. While levels for women increased very slightly on the quarter (0.2 per cent), they had fallen 2.5 per cent since last year (ONS, 2009b), perhaps reflecting an increase in stay-at-home mothers going out to work at a time of uncertainty. For men, the figures are somewhat different, with a 3.2 per cent quarterly increase, and a 5.7 per cent yearly increase, in those looking after the family/home. At the same time, in spite of relatively small numbers overall, the percentage of men citing 'discouragement' as the reason for economic inactivity rose by 7.8 per cent on the quarter, whereas for women, the 'discouraged' figures dropped by 15.6 per cent. These figures suggest that the 'discouraged worker' effect (where people leave the labour market altogether in times of recession due to a perceived lack of opportunities) may have more of an impact on men in this recession than on women (ONS, 2009a).

The number of NEETs: The current recession – as the next chapter shows – also has a differential impact on young men and women. For instance, the share of 18 year olds not in education, employment or training (NEET) increased from 14.2 per cent to 16.6 per cent between the end of 2007 and the end of 2008, but among 18-year-old men the increase was even greater – from 14.1 per cent to 17.7 per cent (women 14.3 per cent to 15.3 per cent).²

² NEET data are available at <http://www.dcsf.gov.uk/rsgateway/DB/SFR/s000792/index.shtml>.

3.3 The impact of previous recessions on women's employment

In an influential book published over 20 years ago in the UK, Jill Rubery and colleagues (Rubery, 1988) outlined three basic hypotheses to explain the impact of recession on women's employment:

- i. That women present a flexible reserve or 'buffer', to be drawn into the labour market in upturns and expelled in downturns (employment moves pro-cyclically).
- ii. That due to rigid job segregation, demand for female labour depends on demand in female-dominated sectors (employment trends are related more to secular trends in sectoral and occupational structures than to cyclical factors).
- iii. That during recessions, there is a greater demand by employers for cheaper forms of labour such as women (counter-cyclical trends). The authors argue that instead of being seen as separate and competing hypotheses, they can in fact be complementary.

It remains to be seen whether women's employment (and unemployment) during the current recession differs significantly from previous recessions in terms of the explanations provided by these hypotheses, although findings suggest that these explanatory frameworks are still applicable.

Other research in the US has focused on the gender 'unemployment gap' during economic recessions (for example, Nilsen, 1984; DeBoer and Seeborg, 1987; Leppel and Clain, 1988). As women are more likely to be found in service sector jobs, which are relatively well protected during downturns, and men are more likely to work in sectors more sensitive to the business cycle, such as the manufacturing and construction sectors, it is therefore likely that women will have lower unemployment levels during recessions. Goodman and colleagues (1993) also argued that men's concentration in cyclical occupations contributes to men's larger relative job losses, and that in the recovery from the 1990–91 US recession, women also gained most of the new jobs. In spite of the general finding that women are protected from unemployment during a recession because of their heavier concentration in less cyclically sensitive industries and occupations, Monk-Turner (1991) examined the four US business cycles from 1969 to 1982 and found that, even though far fewer women are actually employed in male-dominated occupations and industries, their unemployment rates exceeded those for men and this difference became larger over time. She attributed this finding to the fact that women are the first to be dismissed during downturns in the business cycle.

Rives and Sosin (2002) used data disaggregated by occupational categories and showed that, although women's unemployment rates are consistently higher than men's within occupations, the gender distribution across occupations favours lower rates for women. In recessions, the unemployment rates rise for both genders, but the occupational distribution shifts in favour of women's employment. Nevertheless, two studies by Bednarzik in the US (1975, 1983) found that part-time employment for economic reasons was higher for women, unskilled workers and employees in service-producing industries, suggesting that not all women are protected from the impact of recession, even those working in the traditionally female-dominated service sector.

In a UK study, Dale (1987) examined the opportunities available to part-time women or older women re-entering the labour market after raising a family and found that they were relatively disadvantaged compared with men and women in continuous full-time employment. Internal labour markets (operating within a firm or occupation, and restricting entry from external labour markets) typically recruit from those leaving full-time education, who enter at the lower levels, or from their existing pool of employees. Women with childcare responsibilities are less likely to be able to penetrate such internal labour markets, particularly if they have a limited geographical location within which they can seek work. During a recession, employers, who are looking for ways to reduce labour costs while also retaining the flexibility to respond to uncertain market demands, are even more likely to restrict access to internal labour market opportunities (Dale, 1987: 578).

Other studies from Europe have added to our knowledge of the impact of a recession on women, and in particular on women in more vulnerable positions within the labour market. Some studies have revealed that male-female wage differentials increase with the level of unemployment (Abrahamson and Sigelman, 1987; Langton and Konrad, 1998). However, Aller and Arce (2001), who examined Spanish data for 1990 to 1994 - when the downturn particularly affected those employed in the manufacturing sector, especially men - found that women fared relatively well. This was because the service industry grew more than proportionally from 1990 to 1994 (from 55.7 per cent to 60.3 per cent of total employment). Moreover, the participation of this industry in overall female employment grew from 73.8 per cent to 78.4 per cent. In fact, the authors note that the recession in Spain contributed to a reduction in the gender wage gap of almost five percentage points (from 83.9 per cent in 1990 to 90.4 per cent in 1994). They conclude that this was mainly due to the relative increase in service industry employment, the activity where the gender wage gap is the lowest. In other words, the lessening of the gender wage gap was not due to a relative improvement in women's working conditions, but primarily to the loss of manufacturing employment.

A Swedish study (Fritzell et al., 2007) set out to examine how changes in the social and policy contexts affected lone mothers in comparison with coupled mothers between 1983 and 2001. Following the recession of the early 1990s, the employment rate among lone mothers in Sweden remained substantially lower than that for coupled mothers at 68.6 per cent between 1990 and 1996, and 67.8 per cent between 1997 and 2001 (no differences were shown between coupled mothers and lone mothers between 1983 and 1989, with an employment rate of over 80 per cent for each group). Nevertheless, the unemployment rate for lone mothers was more than twice that of coupled mothers at all time points, rising to 11.4 per cent between 1997 and 2001. The authors suggest that when jobs are scarce, it may be more attractive for employers to hire coupled mothers who can share childcare with a partner. Furthermore, this trend continued into the upswing of the economy, suggesting a change in the position of lone mothers overall, giving them a weaker position in the labour market.

Glass (2008) examined the impact of gender on access to jobs during the transition from state socialism to market capitalism in Eastern Europe and Russia, using survey data from 1993 and 2000, a time of economic restructuring and recession for all countries. In 1993, women with service sector experience and those with high levels of education enjoyed a degree of protection from job loss, but as economies recovered from major economic losses, women became increasingly vulnerable. By 2000, significant penalties existed for many women, especially those with young children. The author suggests two compatible explanations for this finding: as state supports for women's labour force participation eroded in each of these countries, women found it increasingly difficult to balance work and family, particularly those with young children. Secondly, when the costs of social provisions shifted to employers, many perceived women with young children as more expensive and less reliable.

The recession will not only affect women's participation in the labour market, but could also have other negative repercussions which will disproportionately affect women. Charles and Stephens (2004) examined the association between job loss and relationship breakdown in the US, distinguishing between job loss due to a plant closure and job loss due to a lay-off. Divorce was found to be more likely in the case of a lay-off. Kraft (2001) found that unemployment the previous year significantly increased the risk of separation, in particular when household income was low. Previous research has shown that women are at particular risk from accumulating yet more debt, as they tend to suffer a greater loss of income through family break-up.³ Nevertheless, one must not under-estimate the impact on both partners in the event

³ www.suffolk.gov.uk/NR/rdonlyres/320E5D8B-E2DE-49E8-976A-95C87541D97F/0/EffectsoftheRecessionandThosemostatRisk.pdf

of a relationship breakdown, with men also at risk of reduced incomes, limited housing opportunities and reduced mental health. Higher suicide rates are also anticipated among men as a consequence of the recession (for example, The Press and Journal, 2009).

3.4 Interactions between gender, age, disability and ethnicity

Williams (1985) examined the early 1980s recession in the US and concluded that, overall, the negative effect was relatively greater for men than for women, and there was higher unemployment for White workers rather than Black workers and others, and for older (over 59) than younger groups. There was little difference in the average unemployment rate over the period between White men and women, whereas non-White women experienced greater unemployment than non-White men. The increase in unemployment over the period was greater for White men than for White women. The greatest increase was for older women who experienced a growth in unemployment of 185 per cent. In a study undertaken to analyse the relative impact of the 1990-91 recession in the US, Brown and Pagán (1998) found that men experienced a larger decline than women in the relative share of full-time employment, and Mexican-American and other Hispanic women actually increased their shares. The authors claim that during more recent economic recessions, secondary family workers are not discouraged from dropping out of the labour force altogether, but are in fact more likely to enter or stay in the labour force to compensate for reduced family income. These new members of the labour force are disproportionately women with relatively low levels of human capital (Lundberg, 1988; Pagán and Cárdenas, 1997).

In the UK, Arnott (1987) showed that in 1979, a period of relatively low unemployment, the unemployment rate for White women was 5.7 per cent, compared with 10.8 per cent for Black women; for men the rates were 4.4 per cent (White men) and 6.0 per cent (Black men). In 1985, a time of high unemployment generally, the rate had increased to 10 per cent for White women and 19 per cent for Black women, 11 per cent for White men and 20 per cent for Black men. This suggests few gender differences in unemployment during times of recession, in comparison with large ethnicity differences. For older workers, Pissarides and Wadsworth (1992) found that, in 1986, age became less important as a characteristic associated with long-term male unemployment, whereas for women aged 50 to 59, age increased in importance as unemployment also increased, as in the US (Williams, 1985). The unemployment differential between older women and prime-age women increased from 3.4 percentage points in 1979 to 11.3 percentage points in 1986 (Pissarides and Wadsworth, 1992: 74).

Burström and colleagues (2003) conducted a study into the labour market participation of men and women with long-standing disability in Sweden and Britain from the early 1980s to the mid-1990s, a time when both countries suffered recessions. Although professional men with chronic illness were disadvantaged in comparison with similar healthy men, the differences were not great, whereas larger differences between professional women with and without chronic illness were apparent. For unskilled British women with chronic illness, employment rates in the 1990s were less than half those of similar healthy women and much less than half those of professional women with chronic illness. Unskilled men in Britain were at a similar disadvantage, whereas such social inequalities were much smaller and less consistent in Sweden. The authors found no support for the hypothesis of beneficial effects of deregulated labour markets. Although the numbers of men and women unable to work because of long-term ill health have increased in several European countries (Nickell and Quintana, 2002, cited in Burström et al., 2003), British women are more vulnerable to poverty than their Swedish counterparts - or than British men in the same social class (Ginn et al., 2001). British women are more likely to be in lower-paid jobs or to have interrupted earnings, providing them with fewer opportunities to build the period of employment needed to qualify for sickness, unemployment or retirement pensions (Ginn et al., 2001, cited in Burström et al., 2003).

These findings support the argument proposed by Rubery and Tarling (1988) that women in all countries share a relatively disadvantaged position in the labour market which is often reinforced by unequal access to social security and also by their continuing responsibility for childcare and domestic work. This disadvantage can be somewhat modified in regulated labour markets, where effective frameworks for improved terms and conditions of employment are implemented for all workers, including those in more marginal groups. Within the UK and the US, the ongoing de-regulation of the labour markets has led to the 'downgrading' of terms and conditions of employment, particularly affecting much of the employment undertaken primarily by women. As an example, part-time work, introduced perhaps to economise on working hours, is often associated with reductions in hourly pay rates (Rubery and Tarling, 1988). Although more women have gained qualifications since previous recessions, so allowing an 'escape-route' for some (Rubery and Tarling, 1988), the expansion of low-paid female employment has also continued. Indeed, in a recent book, Rubery argues that there is still an urgent need to:

....promote and reflect an outdated and discriminatory model of women as economic dependents and to take action to avoid women being trapped in low-paid and insecure parts of the labour market.
(Rubery, 2008: 309)

3.5 The current recession

There have been some, including Brendan Barber of the Trades Union Congress (TUC), who have argued that the current recession in Britain is an 'equal opportunities recession', whereby job losses in sectors where men predominate, such as manufacturing and construction, are balanced by job losses in retail and hospitality, where more women work. Anecdotal evidence for this abounds. The lay-off of the new servant class – nannies and child minders – is often cited. Members of high-earning professional households lose their jobs and they can no longer afford such primarily female employees and they have the time to carry out the relevant tasks themselves. So, too, do stories of private schools closing as parents, affected by the recession, are no longer able to meet fees. Again, women tend to bear the brunt of the job losses. High-visibility cutbacks in the retail sector – for example the case of Woolworth's – also involve large numbers of women losing their jobs (Financial Times, 2009b). Similar findings have been reported for the US (Financial Times, 2009c).

An examination of trends over the last year shows that prime-age unemployment rates have risen faster for men than for women. Also the redundancy rate has increased faster for men than for women. Moreover, as yet, there has been no indication of female employment rates dropping off. Indeed, the female employment rate has held up better than male employment rates. There are other labour market indicators, too, that suggest the impact of the recession has been greater for men than for women. As might be expected, there has been an increase in the number of people taking temporary jobs because they cannot find permanent ones, and of people taking part-time jobs because they cannot find full-time ones, but these increases are to be found among men, not among women (ONS, 2009a).

Male job loss, of course, impacts upon women in so far as they are in households which depend upon two incomes. Male earnings are, typically, higher than female earnings. Earnings in the sectors that have shown themselves most vulnerable to the recession are higher than those that are less vulnerable.

The relative protection enjoyed by women as a consequence of their being predominantly employed in the service sector might prove to be temporary. It is likely to weaken if the current recession is deep and/or long lasting. Moreover, women are also disproportionately employed in the public sector. They have benefited from the secular growth of the latter over the past decade. However, if a longer-term response to the current recession is a clampdown on public expenditure, women are likely to bear a disproportionate burden of cutbacks. These cutbacks are likely to be in the areas of social and other ancillary services or in general administration – the areas in which women in particular are to be found (TUC, 2009c; Rake and Rotheroe, 2009).

A Financial Times article, reporting on feedback from a number of major European employers, notes that some have argued that, in difficult times, employers will no longer be able to afford the 'luxury' of pursuing 'diversity strategies' and that this will place a halt on the gains made by women and other groups in the corporate world (Financial Times, 2008). In this respect, it is also worth noting that the number of equal pay claims lodged by female workers has fallen sharply since the beginning of the recession. Sex discrimination claims have also dipped significantly. On top of this, a recent report released by the Government Equalities Office (2009) shows that nearly one in four men think that in difficult economic times it 'makes more sense for people on maternity leave to be made redundant first'.

As far as the psychological costs of recession are concerned, there is a widespread consensus that men suffer more from job loss than women. A number of studies show that men's health and their happiness are more likely to be negatively affected by the threat of redundancy or by unemployment. Men, it is suggested, have fewer 'portfolios'. They define themselves through their work in a way that women, who have social roles in the home and in their neighbourhood, do not (Organisation for Economic Co-operation and Development(OECD), 2008; Daily Mail, 2009). Whether these findings will be substantiated by the current recession remains to be answered.

A closer look at men and women's employment during the current recession reveals deep contrasts with previous ones in many ways. By 2004, more than 70 per cent of women were working outside the home, compared with only 42 per cent in 1971 (UK Commission for Employment and Skills (UKCES), 2009). Women now make up 45 per cent of the workforce, up from 38 per cent in 1971, with little difference in workforce participation between married and non-married women (Scott et al., 2008). At the same time, many more women work in higher-level occupations: by the year 2000, although still under-represented when compared with men, women comprised over 30 per cent of all higher-level managers, and 40 per cent of all professionals (Dench et al., 2002). Overall, there are now 1.5 million more women in employment since the last recession in the early 1990s, although more than 43 per cent of women in the UK work part-time (defined as less than 30 hours per week; LFS data, 2008), primarily in lower-level occupations which do not incur a career 'penalty' (Crompton et al., 2003).

ONS figures show that the number of people in full-time employment was 21.61 million in the three months to April 2009, down 224,000 from the previous quarter. Of this total, 13.80 million were men and 7.80 million were women. For full-time employees only, the quarterly figures showed a decrease for men of 1.2 per cent and 1.1 per cent for women. The number of people in part-time employment was 7.50 million in the three months to April 2009, down 46,000 from the three months

to January 2009. Of this total, 1.84 million were men and 5.66 million were women (ONS, 2009b). For part-time employees only, the quarterly figures showed a drop of 1.1 per cent for men and a 0.8 per cent drop for women. Data from the TUC (May 2009) show that the majority of involuntary part-time workers are female (451,000 women, compared with 378,000 men). It should be taken into account that around 80 per cent of the part-time workforce are women and, indeed, one in five (21.2 per cent) men working part-time said that they were doing so because they could not secure full-time unemployment, compared with 9.6 per cent of part-time women (ONS, 2009b). The TUC report also warns that people moving to part-time work often face a double pay penalty. Not only are they unable to work enough hours, but they are also likely to earn less per hour. As shown by the TUC, women working part-time earn 37 per cent less per hour than men working full-time, while men working part-time earn 27 per cent less than their full-time male equivalents (TUC, 2009c).

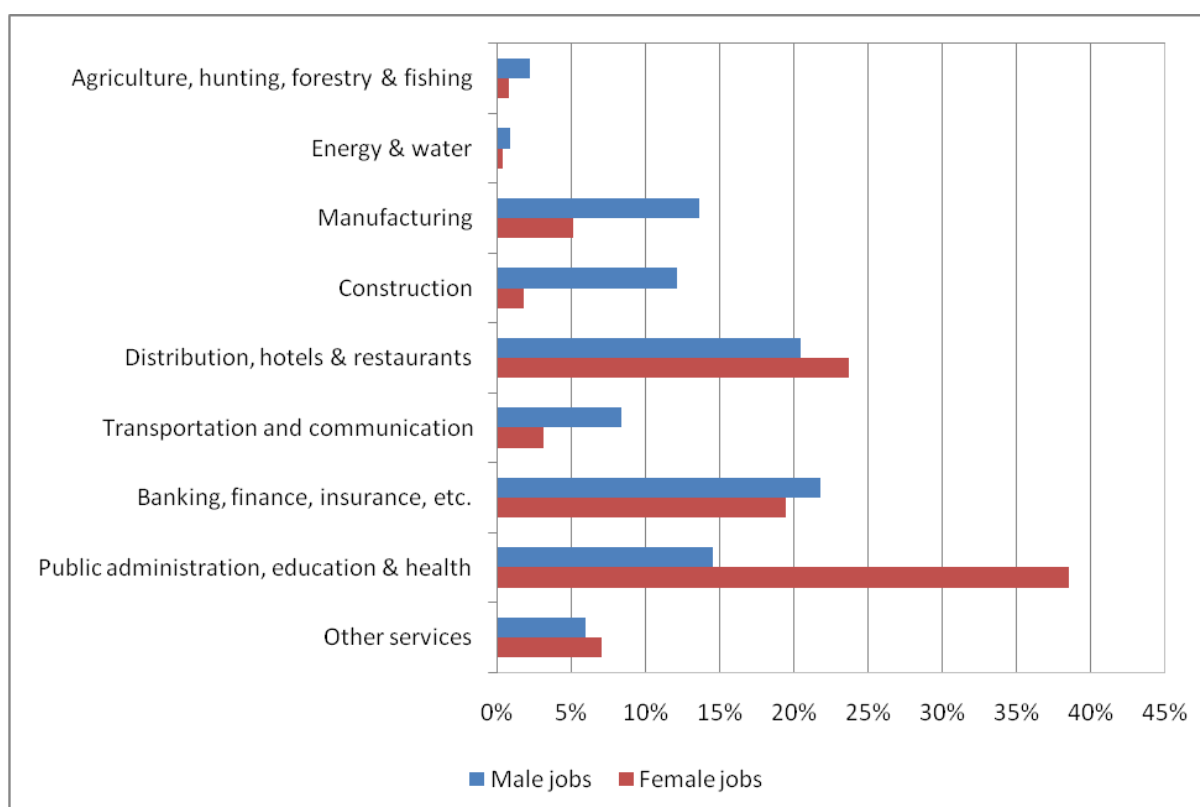
Job losses by sector: In addition to the comment by Brendan Barber noted above, in the US, the then Joint Economic Committee Vice-Chair (now Chair), Representative, Carolyn Maloney, stated that:

...women have been striving for equality with men in jobs and wages; unfortunately what we've achieved is equality in losing jobs during recessions.

(Schumer and Maloney, 2008)

In the US, the trend in job losses began during the 2001 recession when women lost a larger share of jobs than men in manufacturing and trade, transportation and utilities, supporting the evidence reported by Monk-Turner from previous recessions (1991). Women lost about the same share of jobs as men in other high job loss industries. After that recession, women's employment never returned to its pre-recession peak (Gurchiek, 2008), although this did not result in women having higher overall unemployment rates compared with men.

ONS figures reported in June 2009 (ONS, 2009b) show that the number of people in public sector employment was 6.02 million in March 2009 (up 15,000 from the previous quarter), while the number of people in private sector employment was 23.09 million (down 286,000). Manufacturing jobs decreased by 78,000 and agriculture and construction jobs by 28,000. At the same time, service sector jobs decreased by 2,000. All jobs combined decreased by 108,000 over the previous quarter. A report by the ONS (2009a) shows the breakdown of workforce jobs by sex (Figure 3.3). The distribution of gender across occupations (and the predominance of men in more cyclical occupations) supports those who argue that men are likely to be hit more by the current recession than women, as seen in previous recessions.

Figure 3.3 Workforce jobs by gender, percentage shares, December 2008

Notes: 1. Workforce jobs figures are a measure of jobs rather than people. For example, if a person holds two jobs, each job will be counted in the Workforce Jobs total. Workforce jobs figures come from a variety of sources, and where possible, from the employer rather than the individual. Employee Jobs (which is the largest component of workforce jobs) come from quarterly surveys of employers carried out by ONS and administrative sources.

2. Standard Industrial Classification 2003.

3. Public administration, education and health includes both public and private sectors.

Source: Office for National Statistics (2009a: 4-5), Figure 4.2.

In spite of the relatively good news concerning the public sector to date, recent reports are anticipating a substantial rise in public sector budget cuts (for example, Chartered Institute of Personnel and Development, 2009), with as many as 350,000 people being made redundant in the next five years. As the majority of public sector workers are female (see Figure 3.3), this could represent a second wave of job cuts in which women are more severely affected than men.

Even those women with good qualifications and long-standing attachment to the labour market are finding that they are affected by the recession. For example, the press have reported a new phenomenon: 'professional mummies' or 'prommies' who,

due to dwindling business and City lay-offs, now find themselves being stay-at-home mothers (Sunday Times, 2009). While waiting for the economy to recover may be acceptable for some, the report argues that for the majority 'being a "prommie" will mean poverty, frustration and an increasingly daunting gap between being a woman and the workplace' (Sunday Times, 2009). An earlier report in the Financial Times (2008) argued that economic turmoil could see a generational change in senior management, providing an opportunity for women to rise through the ranks in corporations. In spite of this, there were also warnings that gender diversity would fall down the agenda as other imperatives took over:

The problem with diversity issues is that - although they are seen as important by most corporations - they are never seen as the most important on the corporate agenda. In a period of economic pressure they tend to get pushed down the priority list.
(Financial Times, 2008)

Indeed, other recent research shows that an exodus of women from the City threatens to reverse progress in achieving parity in the corporate world (The Times, 2009).

In an online survey by PricewaterhouseCoopers (PWC) (2009), 60 per cent of the 1,059 respondents (91 per cent of them women, predominantly working in the banking, finance and professional services sector in London and the south of England) said that the recession would make it more difficult for women to get ahead. The PWC research claims that there was speculation among senior women that they were being targeted by employers who were attempting to avoid the costs of maternity leave or flexible working. Nevertheless, women are in fact choosing to leave lucrative careers by taking voluntary redundancy, the survey shows. Sarah Churchman of PWC stated that:

Many women are using [the recession] as an opportunity to exit the corporate world, particularly in the City. But whether they are being targeted or choosing to leave, either way it represents a serious loss to the corporate world.

Highly qualified women seem disillusioned with their prospects, believing that reductions in development and learning budgets will create long-term career damage.

Income: In the US, blue-collar jobs which are vanishing are relatively well paid. For example, construction workers earn on average \$840 a week, against the average

US wage of \$616 a week, whereas health and education workers, who are predominantly women, earn about \$620 a week and the average weekly pay for a retail job is \$385. In the UK, latest figures from the Annual Survey of Hours and Earnings for 2008 show that those working in manufacturing (one of the sectors incurring the greatest job losses and undertaken predominantly by men) earn a median salary of £487 per week, compared with sales and customer service workers at £287 per week (traditionally 'women's jobs', although increasingly undertaken by men). This latter group includes occupations generally acknowledged to be low-paid, such as 'retail cashiers and check-out operators' (Dobbs, 2009). Retail sales appear to be holding up, with internet sales healthy, in spite of the downturn, although shop workers are unlikely to escape job losses. At the same time, distribution, hotels and restaurant jobs were down 0.6 per cent in the three months to March 2009 and down 2.8 per cent on the year (ONS, 2009b).

3.6 Effects on vulnerable women

Vulnerable workers

In contrast to the 'equality' debate surrounding the current recession, the Fawcett Society (Rake and Rotheroe, 2009) suggests that women have entered this recession on an unequal economic footing, making them particularly vulnerable to the impact of the downturn: women are more likely to live in poverty, especially in old age, have fewer financial assets, are more likely to manage a household budget, are more likely to experience domestic violence, and, as mothers and carers, need to make complex decisions about their family and work life. A recent International Labour Office (ILO) report on Global employment trends for women claims that 'vulnerable employment is expected to rise in 2009 for both men and women, with the impact relatively more severe for men in all scenarios at the global level' (ILO, 2009). The report adds that:

...by the end of 2008, working poverty, vulnerable employment and unemployment were beginning to rise as the effects of the economic slowdown spread. With the deepening of the recession in 2009...we can expect that for many of those who manage to keep a job, earnings and other conditions of employment will deteriorate.
(ILO, 2009: 6)

Rake and Rotheroe (2009) argue that women are more likely than men to undertake temporary and part-time jobs, which are often the first to go in a recession.

Maternity leave

Women on maternity leave may also be disproportionately vulnerable to job losses. Indeed, recent research released by the Government Equalities Office (2009) shows that 24 per cent of men think that in difficult economic times it 'makes more sense for people on maternity leave to be made redundant first'. A recent report by Maternity Alliance (part of a new campaign, the Alliance Against Pregnancy Discrimination, which also includes Citizens Advice, Working Families, Maternity Action, the Fawcett Society and Gingerbread) has highlighted a steep rise in the number of women claiming that they have been victims of pregnancy-related discrimination in the workplace.

Lone mothers: Twenty two per cent of families are currently headed by a lone mother, rising from seven per cent in 1971 (ONS, 2008). In the three months to June 1998, the unemployment rate for lone parents in the UK was 15.7 per cent, decreasing to 9.1 per cent in the three months to June 2005. Since then, the unemployment rate for lone parents has risen to 11.8 per cent, the highest rate among the family groups. On the other hand, married and cohabiting mothers have the lowest unemployment rate, at 3.1 per cent. Most recent figures produced by the ONS (2009b) show that in April, there was an increase of 23 per cent on the previous month in the number of lone parents claiming JSA to a total of 25,965, and of these, 15,360 had children in the older age bracket (12-15 years), representing a 40 per cent rise, compared with 6,600 of those with a child under six, a rise of only three per cent on the previous month.⁴

Female breadwinners

Data from the Women and Equality Unit for 2006, cited in Rake and Rotheroe (2009), show that in 21 per cent of UK families, women's incomes account for half of the total family income. More and more women in the UK have also become the sole breadwinners in households, supporting their partners and children (Financial Times, 2009a). Nevertheless, women are paid less than men across all occupational groups, with the 2008 gender pay gap for median full-time hourly earnings across all occupational sectors in the UK standing at 12.8 per cent, up from 12.5 per cent in 2007. For mean full-time hourly earnings excluding overtime, the gender pay increased from 17.0 per cent in 2007 to 17.1 per cent in 2008 (ONS, 2008). Previous research has shown that women who earn more than men (or earn a high salary relative to their male partner) are more likely to receive help from their partners with childcare and domestic tasks than women who either do not work or work part-time

⁴ These figures are experimental statistics and may be subject to change with the release of DWP Child Benefit Data (ONS, 2009b).

(Harkness, 2008; Crompton and Lyonette, 2008), and this phenomenon appears to cut across occupational classes. In spite of this, most women still take on or organise the majority of housework, even when working full-time (Bianchi et al., 2000). Women are also more likely to move in and out of the workforce, taking part-time jobs so they can look after children or relatives, and amassing fewer benefits. As a result, many households now relying on a woman's income are struggling, with consequences for all family members.

Threats to flexible workers

A recent Observer article (2009a) claims that the current recession threatens women's employment in the UK like never before. The report goes on to support measures taken to ensure that family-friendly working and childcare do not suffer in the recession:

Flexibility... can help both employers, seeking to trim costs, and employees, who want to keep their jobs... Making family-friendly working and childcare strategic priorities will not only help parents through the recession but also boost consumption and growth.

For example, BT's Work Anywhere scheme (in which employees can control their hours and location of their working day) found an increase in productivity, employee retention, morale and satisfaction, as well as reduced absenteeism (Equal Opportunities Commission, 2007). In spite of this, the Confederation of British Industry (CBI) has warned that increased flexible working rights can hamper businesses during the recession. John Cridland, the CBI's deputy director general, was reported as stating:

Now is not the time to be placing extra burdens on British business, and people increasingly see this. We already have one of the most generous flexible working systems in Europe, and the Government is already committed to giving more parents the right to request flexible working (to parents of children under 16). Any plans that would hamper our companies as they compete in the global economy should concern us all. (The Independent, 2008b)

It should be noted that, unlike many other European countries, granting flexible working options to employees is not a legal requirement, and parents are not legally entitled to part-time work, even though requests have usually been granted (OECD, 2007; Hegewisch, 2009). Accordingly, UK employers can potentially refuse any requests for flexible working during the recession.

3.7 Regional differences

The available data suggest that so far the recession has had a greater impact on men in employment than women. Looking at each of the three calendar quarters during which the UK economy has been in recession (from the third quarter of 2008) and comparing each of them with the same period one year before, men's employment rates have fallen faster than women's (South East England Development Agency, 2009). National statistics for the year to September 2008 show that the three areas with the highest inactivity rates for males were Liverpool (29.4 per cent), followed by Caerphilly and Durham (ONS, 2009c). The three areas with the highest inactivity rates for females were the London boroughs of Newham (47.4 per cent) and Tower Hamlets (44.3 per cent), followed by Burnley, Lancashire (42.6 per cent). Correspondingly, the three areas with the lowest rates of employment for men were Cannock Chase, Staffordshire (65.7 per cent), Hyndburn, Lancashire (64.1 per cent) and Great Yarmouth, Norfolk (61.5 per cent). The areas with lowest female employment rates were Burnley (54.3 per cent), Newham (48.4 per cent) and Tower Hamlets (47.5 per cent).

3.8 Other impacts of the recession on women and men

Equal pay and sex discrimination claims: A recent report by the Financial Times (2009b) found that the number of equal pay claims lodged by female workers has fallen sharply since the beginning of the recession (just under 42,500 equal pay cases were accepted by employment tribunals in the 11 months between April 2008 and February 2009). Sex discrimination claims have also dipped significantly, with about 1,600 cases per month between April 2008 and February 2009, compared with 2,250 per month in 2007-08. The numbers of claims lodged in other discrimination jurisdictions (including race, age, sexual orientation and disability) have remained fairly steady in spite of the downturn, according to data compiled by the law firm Beachcroft. The success rates of such claims have also remained low, with only about three per cent of women winning their cases at trial. A Beachcroft lawyer said that female workers who may be feeling vulnerable about their jobs could be less likely to raise complaints about perceived harassment or discrimination at work (Financial Times, 2009b).

Reduced divorce settlements

Family solicitors are also reporting a large increase in attempts by high-earning men to cut the cost of divorce settlements because of a rapid decline in their future earning power in the recession (Telegraph, 2009). While media reports have focused on high-profile cases, it seems likely that this trend will begin to filter down to lower-earning families, with the corresponding long-term impact on both partners and children.

Family disruption

Harriet Harman, Minister for Women and Equality, recently revealed that, in a poll of public attitudes in the recession, one-third of women say their lives have already been affected by the economic downturn (Daily Mail, 2009). Harman said the poll demonstrated that more women than men report an increase in arguments in the home as a result of this recession. Harman's claims regarding the greater impact of the recession on women have been disputed in recent media articles. In the Daily Mail (2009), sociologist Brendan Burchell stated that men handle losing their job worse than women and are more vulnerable, because of the male 'macho' belief that they have to be the breadwinners. 'Men, unlike women, have few positive ways of defining themselves outside of the workplace between when they leave school and when they retire,' he said. Conservative MPs further criticised Ms Harman's position. Beckenham MP Jacqui Lait said: 'Good times and bad times affect people equally.' Shipley MP Philip Davies said: 'Harriet Harman seems to see everything in terms of gender. The obvious implication is that more should be done for women than for men.'

Domestic violence

In spite of this criticism, the 30-page government booklet 'Real Help Now for Women' was issued in March 2009 (HM Government, 2009), offering advice to women on how to deal with recession-related domestic violence and discrimination from employers. This reflects concern that women will be affected by the recession in different ways from men. The document is based on the premise that 'women, especially those who are pregnant or work part-time, can feel particularly vulnerable during economic downturns' and provides a summary of available benefits, as well as details of support groups. January 2009 figures issued by the Metropolitan Police suggested that there has been a slight increase in domestic violence in the past year, and that the police were looking at how stress relating to job losses might create tension in families. The attorney general, Lady Scotland, has also warned that domestic violence will rise with increased financial worries (Guardian, 2009c). 'Economic downturns can be difficult times for family relationships. Worries about finances can create additional tension and in some cases, where couples have already decided to part, problems over selling the family home can deepen tensions', the government booklet states (reported in Guardian, 2009c).

Reduced maternity leave

Additional implications of the recession on women may include cutbacks on maternity leave and early re-entry into the labour market after childbirth. A recent article in The Scotsman (2009) states that a poll of 1,148 adults revealed that 70 per cent of mothers were re-entering the job market earlier than originally intended because of money concerns. Over half said they would return to work six to 12 months sooner

than they expected, some immediately. A further 33 per cent felt 'an urgent need' to start contributing to the family's finances and aimed to return to work as soon as possible, according to a YouGov survey conducted for Avon Cosmetics (The Scotsman, 2009). Twenty per cent of the mothers who were previously committed to bringing up their children full-time cited a shortfall in the family budget as the reason for the change, and 27 per cent expressed fears about the impact the recession would have on their family's income. One in ten women said that they were concerned that their husbands were likely to be made redundant over the next year. Given the findings relating to employers targeting women on maternity leave for redundancy, it may also be the case that women are feeling the need to return to work as quickly as possible. Anna Segatti of Avon UK said that: 'The main obstacles women foresee focus on finding flexible work, with over half the mums we spoke to worried about managing the school run, kids' sick days and, of course, school holiday schedules.'

3.9 The future of women's and men's employment post-recession

The UK Commission for Employment and Skills (UKCES) (2009) reports that the increase in the proportion of women who are working over previous decades may well have peaked (see also section 8.3) as men will increasingly move in on female domains as they are squeezed out of traditional jobs like manufacturing. Indeed, men are already working in many more parts of the service sector, particularly in customer services (the majority of personal service jobs such as caring services are still undertaken by women, and projections suggest that this will continue). A report in the Financial Times (2009c) on the economic crisis in the US reports that women have lost jobs, but at a less calamitous rate, in the current crisis. One reason is that women hold three quarters of the jobs in education and healthcare, sectors that have expanded slightly this year. The impetus for change could come if large numbers of men moved into female-dominated jobs, the report argues. Due to the relative security of many such jobs, the prospect of lower wages and poorer benefits may not deter increasing numbers of men from looking for such work. It remains to be seen whether or not the status of such jobs will improve in the long-term with the influx of male workers in both the UK and the US or whether men will see these jobs as stepping-stones to greater opportunities in the future. Women previously favoured these service sector jobs because many could be done part-time, but 'significant increases' in male part-time work are also predicted (see Table 7.3). At the same time, administrative and secretarial jobs, predominantly undertaken by women, are expected to decrease substantially, displaced by advances in computer technology (UKCES, 2009).

3.10 Conclusion

In many ways, this recession is very different from previous economic downturns. More women, and particularly mothers, have entered the labour force (although many work part-time), there are more highly qualified women now than in previous recessions, and there are various supports for working families which have only relatively recently been put in place. On the other hand, there are many similarities with earlier economic recessions: a greater number of men than women are currently unemployed and are claiming benefits, although women are less likely to be registered as unemployed and are also less likely to be able to claim benefits due to previous periods of economic inactivity, often for childcare and other caring reasons. Nevertheless, the rate of job loss appears to be greater for men than for women.

Where women are in employment they earn less than men, are more likely to be working in lower-status jobs, and continue to bear the major responsibility for domestic work and childcare, meaning that they have reduced flexibility in an increasingly competitive job market. This may make them more vulnerable to job losses or reduced hours as the current recession develops, though this is dependent upon the extent to which women's partners are out of work and take responsibility for domestic work and childcare.

The recession may well alter the distribution of work between men and women, as men seek work in those sectors which have disproportionately employed women. The growth in male part-time employment, for instance, has been observed over recent years and is projected to continue into the future. Hence there may be some equalising of the job security/insecurity between genders. There are some additional (indirect) consequences of the current recession which may affect women more than men, such as increased domestic violence, increased relationship breakdown and debt, and associated concerns over child wellbeing. Therefore, when considering the impact of the recession, notably its particularly abject outcome for men's employment, there is also a need to consider the indirect effects which can be particularly damaging for women.

4. Age

4.1 Introduction

Discussion of 'disadvantaged groups' in the labour market has a long history.⁵ What has changed over time is the list of groups that have been so categorised. Ethnic minorities and foreigners, disabled people, women, and older and young people have long been recognised as likely to experience inferior labour market outcomes as measured by the level of their non-employment and the conditions of their employment. More recently, groups such as those with low levels of skills and those living in certain deprived areas have also been a matter of concern, both among policymakers and those more generally interested in the study of determinants of social and economic performance.

This chapter is primarily concerned with the extent to which age is seen to determine employment chances and employment conditions. However, within the age dimension, the gender dimension is also important. Thus, reference will be made to differences between men and women. Attention will be directed primarily at younger people and at older people. These are often compared with 'prime-age' people, although the prime-age group is often, implicitly, thought of in terms of prime-age males.⁶ All disadvantaged groups perform less well than the latter.⁷

A characteristic of disadvantaged groups is that they serve as 'buffer groups' or as part of the labour force reserve (Casey and Lazko, 1988). They are considered by employers, rightly or wrongly, as being less productive and more costly to employ. Young people are seen to lack experience, socialisation in work, and reliability. Older people are regarded as inflexible, as having outdated skills and being unable to learn new ones, and are thought of as physically less fit. As a consequence, and all other things being equal, young and old people, like members of other disadvantaged groups who are held to have similar or other negative attributes, are among the first to be dismissed if there is a need to reduce workforces and among the last to be

⁵ The term 'problem group' has been current in European analysis at least since the later 1970s.

⁶ The term 'prime age' is used differently by different analysts, but most would agree that it includes those between later twenties and mid forties. Some use the age group 25-54.

⁷ The Department for Work and Pensions constructs a series showing the 'employment gap' (the difference between group-specific employment rates and the overall employment rate) for lone parents, disabled people, ethnic minorities and people aged between 50 and Statutory Pension Age. See, for example, the UK government's report to the European Commission on progress under the Lisbon Strategy for Growth and Jobs (HM Treasury, 2007).

hired if there is a need to increase workforces. Their vulnerability also results in them occupying less favourable jobs should they be employed, since more attractive candidates will obtain and retain the more attractive positions.

This chapter looks at two disadvantaged groups – both determined by age. It considers older people then younger people, and looks at the impact that the current recession might have on their labour market chances.

4.2 Older workers and employment

There are formal and informal institutions that intervene to shield or promote the position of disadvantaged groups. Anti-discrimination legislation is one of these. While sex- and race-based discrimination have been illegal for a considerable time, age discrimination legislation is relatively new to the UK and many of the implications of the law have yet to be properly tested. In particular, whether employers are permitted to operate mandatory retirement rules once employees have reached 65 is still the subject of review.⁸

Older employees can be protected by more or less informal procedures. Last-in-first-out (LIFO) redundancy rules protect older workers in so far as age is related to length of service. Older workers, in so far as they have seniority, also possess experience and this might be valued and so protect them. On the other hand, those with high seniority might also be eligible for enhanced compensation, including some form of early pension, if they accept dismissal. They might be more willing to volunteer to go when volunteers are being called for, especially if they fear that more generous offers might not be repeated and they find themselves selected later and offered less favourable terms. Into the bargain, they are susceptible to social pressures, based around arguments that they have ‘had their turn’ and should ‘make way for young people’ or those with greater responsibilities (Casey, 1992). While efforts to encourage direct replacement of older workers with young people or other unemployed people are no longer a part of UK government policy, as they were in the later 1970s and early 1980s, many employers will seek to manage workforce rationalisations by appealing for volunteers. Where trade unions and employee

⁸ The matter was taken to the European Court of Justice, where it was decided that the UK legislation in question did not, per se, contravene the 2000 European Equality Directive, although it did make clear that employers making use of their right would have to show they had good employment and social policy reasons for wishing to do so.

representatives are involved in any consultation process, they are likely to insist upon it.⁹

Older people in employment enjoy a degree of protection. As a consequence, their rate of job-loss tends to be lower than that of young people, particularly those who are newly hired and have little protection from any last-in-first-out convention that might operate.¹⁰ On the other hand, once they do lose their jobs, they have especially great difficulties in re-finding work. While employers might make allowance for their own, existing older employees, whose experience and loyalty they might reward, or whose deficiencies they might be prepared to discount, they do not feel similar obligations to older job applicants whose real or supposed positive qualities they do not know and whose real or supposed negative qualities they fear.

Young people, although they are highly vulnerable to job loss, tend to be more successful at re-entering work. They might be more flexible about what they are willing to accept, but they might also be subject to greater pressure to seek work. The recent White Paper on welfare reform (for which legislation is at time of writing before Parliament) placed great stress on obligations for enhancing employability. It made clear that young people, core-age job seekers and other benefit recipients who were not working would be required to accept counselling, training and work-preparedness assistance. Older people (those aged 50 and above), by contrast, were subject to much more light treatment, being invited only to one special interview (Department for Work and Pensions (DWP), 2008, paragraphs 5.54, 5.55). Moreover, unemployed people aged over 60 are still referred to enhanced benefits – pension credit – and are, effectively not even required to engage in active job search.

⁹ In the late 1970s and early 1980s, the UK government operated a so-called ‘Job Release’ scheme that permitted employers to cease work up to three years before Statutory Pension Age and draw a special allowance if their employer agreed to replace them with an unemployed person. Whatever changes of opinion the government has had in the interim, and despite its stress on the importance of longer working to protect the enhanced labour supply or to ensure the sustainability of the public pensions system, it still sees ‘early retirement’ as one of the means by which savings in civil service staff proposed by the 2004 Gershon Review might be achieved. The government’s Department for Business, Innovation and Skills ‘business links’ website suggests the offer of early retirement as a way of avoiding compulsory redundancies (see <http://www.businesslink.gov.uk/bdotg/action/detail?r.s=sl&r.lc=en&type=RESOURCES&itemId=1073792399>).

¹⁰ LIFO might be indirectly discriminatory under the terms of UK age discrimination legislation, if it is the sole basis for selection. However, employers might well be able to plead just cause, if they can show that it is a proportionate means of achieving a legitimate aim – for example, by showing that the LIFO principle will reward their most loyal employees.

A simple representation of age-specific job loss and re-engagement chances is given in Figure 4.1, while analyses that provide data on age-specific entry into unemployment include Nickell (1980) and those that provide data on age-specific exits include Böheim and Taylor (2000). Age-specific unemployment rates are shown in Figure 4.2.

Figure 4.1 Relationship between age and unemployment

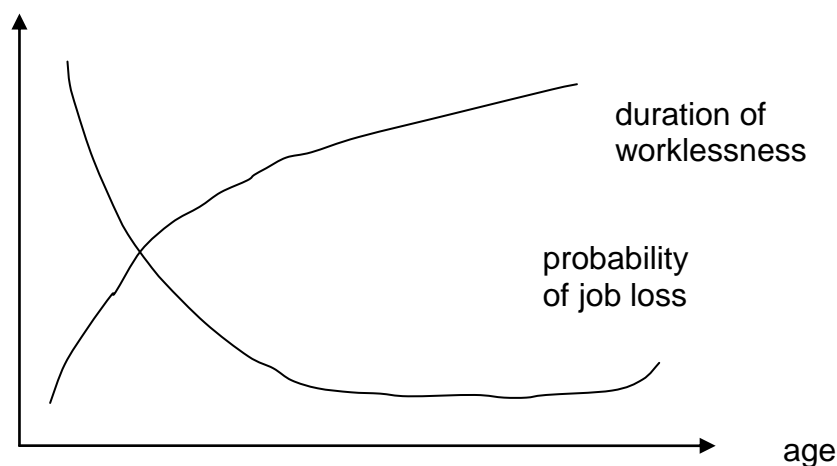
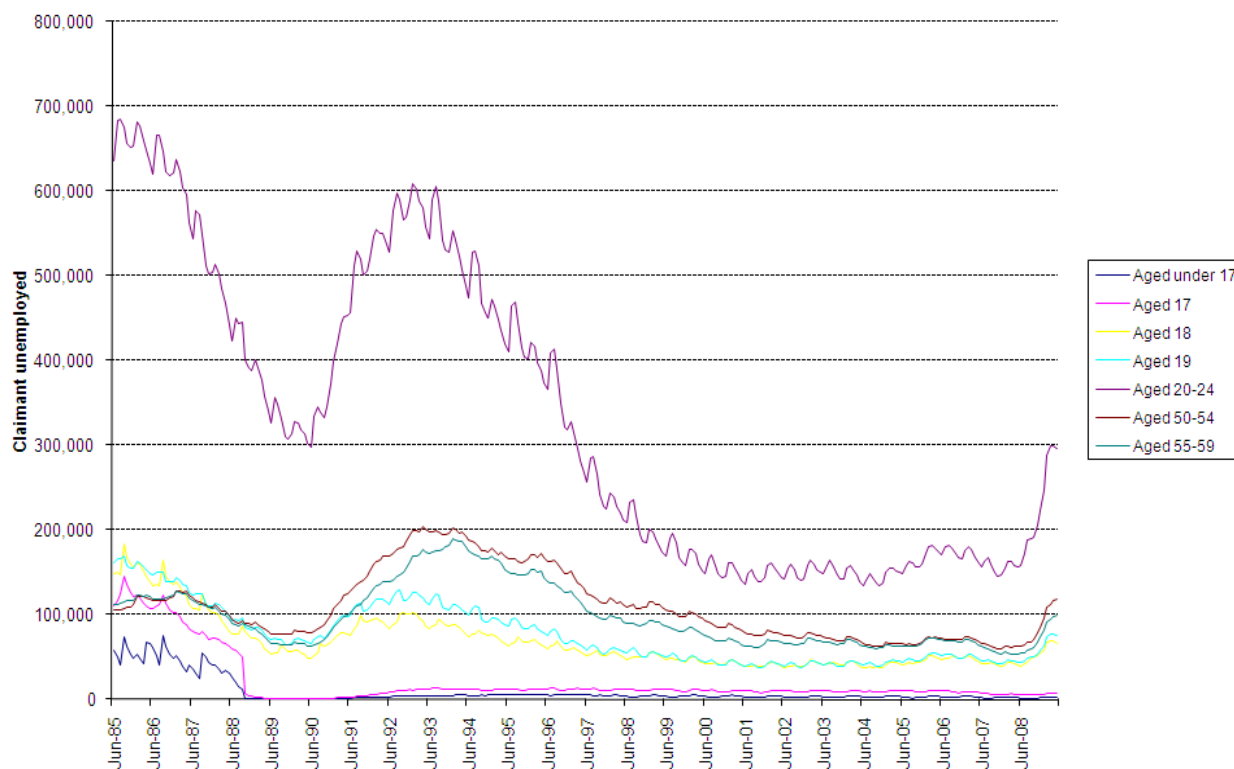


Figure 4.2 Claimant count stock by younger and older age groups



Source: DWP Claimant Count Series by Age via Nomis.

Before the onset of the current recession, conventional wisdom was that the labour force would continue to grow over the next decade and a half. It was, however, also recognised that an important contributor to its growth is the inclusion within it of a greater number of older people. The assumption behind the projections was both that older people would be willing to work **and** that they would have jobs. For these twin objectives to be met, there will have to be a change in attitudes, practices and policies. These changes will have to be made by employers, by older people and bodies representing them, and by government and government agencies. In so far as they are directly involved in looking into the longer term, major stakeholders are aware of the challenge of labour force ageing but, those who are closer to the coal face are not. Individual employers often have rather short time perspectives - the rate of return they set for investments suggests these to be little more than five years or so, while many are concerned merely with how they might come through the next 12 months. Few are able to think about possible labour shortages and the need to change recruitment, work organisation, training and retirement practices. Trade unions are also often concerned with fighting fire and responding to redundancies and growing levels of unemployment. Individuals also, tend to have a short time horizon, and this is one reason why many people are thought to be under-saving for retirement and why many older workers accept early retirement packages they later find to be less than adequate Organisation for Economic Co-operation and Development (OECD, 1995).

One of the ways in which short- and long-term imperatives collide most starkly can be seen with respect to attitudes to older workers. At times when labour is in short supply, older workers' qualities are stressed and they are seen as offering a solution. Even then, however, older workers are seen only as one of many solutions. Although a government inquiry of the early 1950s (National Advisory Committee, 1953) suggested their use as one of the ways in which actual and forecast labour shortages might be met, these shortages were actually met by drawing more married women into the labour force and by bringing in citizens from the Commonwealth countries. In the last few years, there has been reliance on immigrants from other European countries, particularly those from the former socialist states.

On the other hand, when faced by labour surplus, older workers are often the first to be released or encouraged to leave. In the 1970s and 1980s, governments in many countries actively encouraged early retirement, offering subsidies to employers and amending rules for receipt of pension and other benefits to create a new group of 'the early retired'. Individual employers took their own initiatives, using their own corporate benefit systems and sometimes adapting them to synchronise with publicly financed systems and to shift a share of the costs to the latter. Trade unions were active participants. There was a common perception that 'the old have had their turn

and should make way for the young'. Early retirement became a 'socially acceptable' way of managing workforce reductions and workforce restructuring (OECD, 1995). Even today, many of the public policies that facilitated early retirement have been reined in or even abolished. This is even though it has been recognised that, at a macro level, 'work-sharing' is counter-productive and that the costs of early retirement slow down growth and reduce employment, and the media is full of references to 'pension crises'. Most reports of major company cutbacks contain reference to attempts to minimise job loss by recourse to early retirement. Older employees often jump at the opportunity, fearing worse to come – that they will lose their jobs anyway and if they do not take the offer made, next time there will be no offer and no compensation. Even government departments make use of early retirement to facilitate restructuring and efficiency drives – most recently as part of the Gershon process (National Audit Office, 2007).¹¹

In practice, older workers, like certain other 'disadvantaged groups', have tended to act as a buffer-stock on the labour market. Their employment level follows the overall cycle but reacts more intensively to it. This can be seen in the work undertaken to provide labour force projections that looks for the determinants of labour force participation rates by age groups and by sex. The overall level of demand in the economy is an important determinant for many groups, but particularly for men aged 55-64. It is not only to the macro-level that attention should be paid. Even in a growing economy, enterprises will be restructuring, contracting and closing down. Where this occurs, older employees are likely to be vulnerable.

4.3 The impact of the current recession on older people's employment

Many efforts have been made to estimate the determinants of labour force participation or employment by age and gender. Some of these have been motivated by an interest in the impact of changes in benefit regimes – in particular, of increased ease of access to invalidity benefits or pension benefits. Access to such benefits is likely to be an important determinant of whether older people work. Others have been concerned with looking at the impact of tightening up access to benefits and how, in particular, younger and prime-age people respond to this. Efforts directed to looking at changes in women's employment have often shown a 'secular' increase in labour force participation such that, at each age, each cohort shows a higher level of working than does the one preceding it. Behind this secular change are changes in

¹¹ The author remembers how, in 1984 in Germany, the Minister for Labour and Social Affairs, having successfully steered the relevant legislation through Parliament, appealed to older workers to take advantage of the new early retirement opportunities 'in the interests of the unemployed and of younger people'. But a few days later, the same minister, this time in his capacity as Minister of Affairs rather than as Minister of Labour, was appealing to Germans to work longer 'in order to protect the long-term sustainability of the public pension system'.

attitudes but also changes in the availability of childcare services. Such secular increases explain higher levels of employment or activity both among prime-age women and among older women.

Efforts to estimate the determinants of labour force participation also include attempts to measure the impact of overall labour market demand on the activity or employment rates of specific groups. It is often suggested that women's employment and activity is more cyclical than that of men, or at least that of prime-age men. Younger people's employment or activity is also more sensitive than that of prime-age people. Older people's employment or activity is also more cyclical than that of prime-age people.¹²

Whether economic activity rates or employment rates are being investigated is of some importance. Certain groups who cease employment might not be counted as unemployed in the strict sense. Benefit systems might or might not encourage/require the job search that is sufficient to allow a person to be counted as unemployed. Receipt of certain benefits can mean the person concerned has no obligation to seek work and is, indeed, deemed unavailable for work. People of working age who have engaged in a long but fruitless job search might, effectively, withdraw from the labour market. They might be in receipt of unemployment benefits but, to the extent that they fulfil the condition of being 'discouraged workers', they are not deemed part of the labour supply. As a consequence, for some groups, employment rates do not move smoothly in tandem with activity rates. Overall rises in unemployment might mean yet higher rates of unemployment for members of disadvantaged groups, but to the extent that these people might exit the labour market completely, it might not.

¹² The most up-to-date exercise in the UK is that carried out by the ONS in 2005 (Madouros, 2006). The purpose of the exercise was to help project the size and make-up of the labour force in the medium term – until 2020. An exercise to assist with short-term forecasting – for the next two years – was developed by the Bank of England in 2001 (Cutler and Turnbull, 2001).

Table 4.1 Relative responsiveness of labour force participation to economic performance

age groups													
	16-17 student	16-17 non- student	18-24 student	18-24 non- student	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69
men	13.3*	11.9*	4.7*	3.5	2.4	1.0	1.4	2.6	1.6		4.2	2.2	
women	12.9*	14.4*	7.4*	5.7*	2.2	4.6	3.6	2.5					
men			2.2		1.7	1.3	1.5				1.4	1.9	
women			0.7	1.3		0.7	1.4						
men	up	down	Up	down	down	down	down	down	down	down	Down	down	up
women	up	down	Up	down	up	up	up	up	up	up		up	up

Notes: * Reported coefficients not statistically significant. Blank cells means variable not used in model.

Source: Madouros (2005); own calculations (long-term responsiveness calculated using Koyck assumptions).

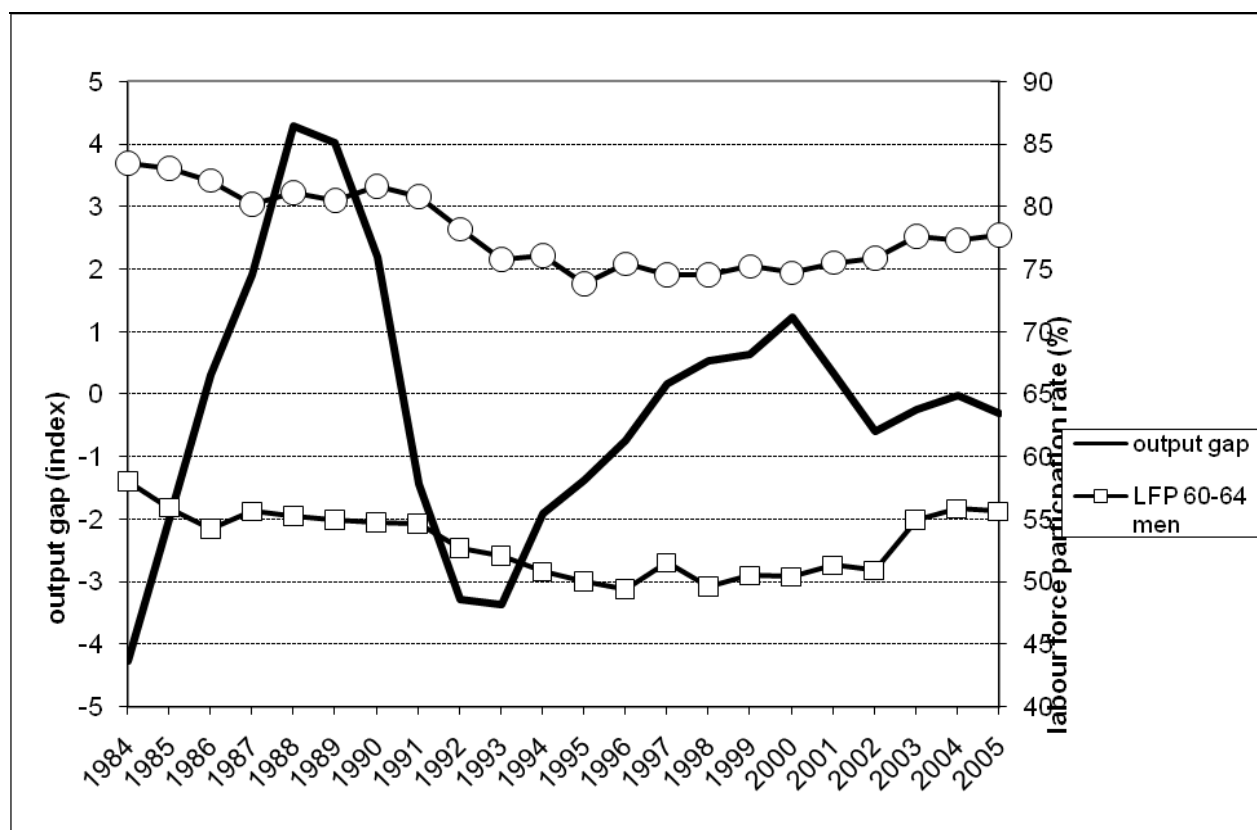
Some indicators of the responsiveness of older and younger people's labour force participation to overall labour demand – as measured by the 'output gap' or the extent to which the economy was operating at below or above trend – have been captured in exercises used to project future labour force size. Relative responsiveness, using the coefficients generated by the time-series models used, is shown in Table 4.2. The results are consistent with the more general statements made above (see Table 4.1 above).

It is to be noted that, for certain groups there is a long-run as well as a short-run impact of deviations from trend output. The long-run impact tends to be greater than the short-run impact, and the long-run impact, in so far as it is important, is particularly so for older men – those who tend to drop out of the labour force entirely following job loss.

It would, however, be inappropriate to use the coefficients generated from such models to make predictions about how labour force participation would be affected by the current recession. Although time-series modelling is considered to be helpful in showing the impacts of changes in each one of the determining variables (here the level of economic activity) on the dependent variable (here the labour force participation rate), it does so by generating averages based upon the period under observation. This has important implications. First, the time period used for the estimates presented in Table 4.1 was 1984 to 2005 – giving a total of 22 observations. The first few years were ones of rapid growth, with the economy moving from operating well below potential to operating well above it; the next few

years were ones of sharp decline, with the economy moving back to operating well below potential. However, over the succeeding period, which made up over half of the years, there was much greater stability and so much smaller changes in the value of the determining variable (see Figure 4.3).¹³

Figure 4.3 Output gap and older men's labour force participation



One of the dependent variables of primary interest, the labour force participation of older people, behaves altogether differently. As Figure 4.3 shows, in the first period it declined more or less continuously; in the second, it was stable or even increased slightly, but relative to the independent variable, it showed much less change. Moreover, closer investigation shows that there appears to be a structural break in the series – in other words, relationships that hold in one part of the period are different to those that appear in a subsequent part of the period.¹⁴ At least with respect to older men, the break appears to occur around 1994 – at about the time when the variance in the determining variable diminished substantially.

¹³ In the period 1984-94, the mean value of the variable measuring the output gap was -0.3 and the standard deviation (the measure of variation) was 3. In the period 1995-2005, it was 0 and with a standard deviation of 1.

¹⁴ Such structural breaks are revealed by a 'Chow-test' (see, for example, Patterson, 2000).

Estimations of an identical model over the shorter first period would have produced different and substantially larger indicators of responsiveness to overall economic performance than those for the period as a whole. Examples are given in Table 4.2.

Table 4.2 Coefficient on output gap for older men

	1984-2005	1984-1993
Men 60-64	1.78 (1.23)	2.59** (0.76)

Notes: The model regressed labour force participation on the log of time and the output-gap lagged by one period, the dependent variable lagged by one period, a dummy for invalidity benefit changes made in 1995 and an interaction of the log of time and the invalidity benefit change dummy. Standard errors are in parentheses. ** = significant at 95%.

Second, even if responsiveness of labour force participation to overall economic performance was visible from analysing the first period, it is not justifiable to use the estimates obtained to make precise inferences about how the current recession will affect labour force participation. Although there was a short period of downturn, at the beginning of the 1990s, this period of downturn was by no means as severe as that currently being experienced. Thus there was no equivalent to the shock to the economic system, such as is now being experienced, that could be used to make statistically based projections about the impact of the current shock.¹⁵ As is shown in Table 4.3, the rate of economic growth is expected to drop from close to three per cent in 2007 to nearly minus four per cent in 2009 and to stay slightly negative even in 2010 (OECD, 2009). The most substantial period of turmoil in the years 1984 to 2005 was in the years 1988 to 1991. Then the growth rate dropped from nearly five per cent to over minus one per cent and recovered slightly in the year thereafter.

Table 4.3 Comparisons of past and projected economic downturns

year	1988	1989	1990	1991	1992
growth rate (%)	4.9	2.4	0.8	-1.3	0.1
year	2006	2007	2008*	2009**	2010**
growth rate (%)	2.8	3.0	0.7	-3.7	-0.2

Notes: *provisional, ** projections

Source: OECD statistics data base and OECD (2009); own calculations

¹⁵ This is an example of 'Knightian uncertainty' (Knight, 1921). There are insufficient precedents to be able to estimate the probability of this or that outcome.

Accordingly, at best, one can make the generalised predictions that disadvantaged groups are likely to suffer more severely than others. Young people, especially new entrants to the labour market but also students seeking part-time work, and older people, are likely to suffer most.

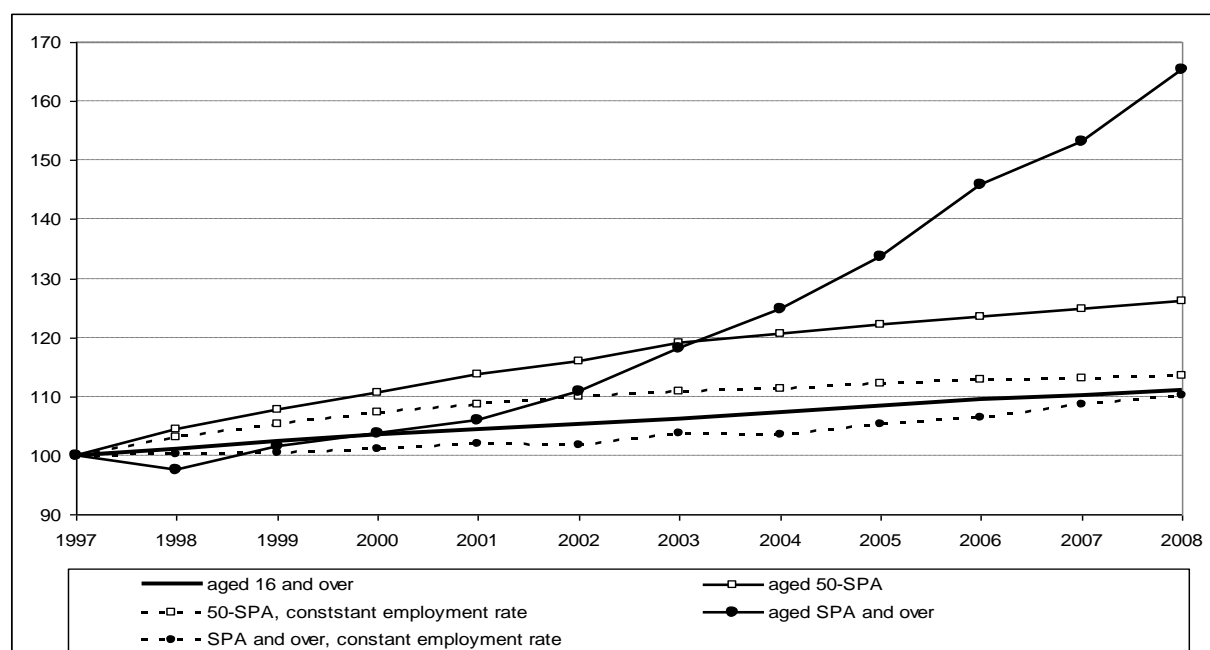
It is to be noted from Table 4.1 that, until now, people over the normal retirement age are acknowledged to have experienced a secular upward trend in their activity rates. Indeed, it has often been commented upon that these people constitute one of the groups whose labour force participation has been growing fastest. This is shown in Figure 4.4, where the growth in their employment is compared with the overall growth in employment and where the impact of behavioural changes, as opposed to mere changes in the number of people over retirement age, is also illustrated.

Again, the relationships generated by the entire period from 1984 can be compared with those generated by sub-periods. With respect to men aged 65-69, it seems as if the secular upward trend that is apparent for the whole period is generated from the experience of the second half. It is not apparent if only the first half is analysed. If the second half, however, is examined in its own right, labour force participation of post-pension age people does seem to be driven by the level of economic activity. Moreover, and as Figure 4.4 shows, it was in the second half of the period that their participation grew most rapidly. The implication of this finding is that post-retirement age workers might bear a disproportionate burden of the current recession. Those who have jobs are likely to lose them. Employers might well not be prepared to keep people on who have reached retirement age and post-retirement age people who seek work will be less likely to find it. As the Chartered Institute of Personnel and Development (2008) noted:

...one alternative to making redundancies would be to enforce the Government's "default retirement age" policy, which allows organisations to retire workers at the age of 65 without having to give a reason for doing so.

The same report also notes that:

...eighteen per cent of employers plan to enforce this more regularly, whereas the majority (64%) do not; which suggests that older workers might become disproportionately affected by such redundancy programmes.

Figure 4.4 Index of older people's employment rates

Notes: SPA is Statutory Pension Age (65 for men, 60 for women)

Table 4.4 Coefficient on output gap for 65-69-year-old people, 1984-2005

	men	women
output-gap	3.04** (1.36)	not significant so dropped
participation rate of 60-64 year olds five years previously	0.50 (0.27)*	not significant so dropped
time	0.05 (0.00)***	positive ***

Notes: The model for men regressed labour force participation on time, the output-gap lagged by one period and the labour force participation of men aged 60-64 lagged by five periods. Standard errors are in parentheses. * = significant at 90%; ** = significant at 95%, *** = significant at 99%.

4.4 The impact of the current recession on young people's employment

Models of the determinants of young people's economic activity over the past two decades have shown that, like women's economic activity, it appears to be driven by a secular upward trend (see Table 4.1). Relevant here is the expansion of further- and higher-education opportunities. All other things being equal, this might lead to lower levels of activity or employment among such people. On the other hand, and to the extent that students increasingly have to finance their own studies, an expansion of educational participation will not always mean an equivalent decline in

employment, even if much of that employment is part-time or occasional. Conditions for receipt of benefits for young people have also been tightened, such that those under 18 are normally excluded from unemployment compensation and are expected to participate in some kind of work preparation or education.

Special programmes and subsequently subsidised apprenticeships designed to keep young people off the unemployment register and to enhance their 'employability' have been pursued since the 1970s. Nevertheless, there has been a persistent, long-standing concern about the flow of young people without Level 2 qualifications and those who are not in employment, education or training (NEET). Despite growth in the economy, there is a group of young people who have failed to share in the benefit of this and, given that qualifications tend to be obtained early on in the life cycle, are likely to remain disadvantaged over their life course.

There are some who argue that job-changing is a characteristic of youth and that, even if entry into the labour market is more or less difficult at any one time, at a certain point more secure employment is achieved and occupational biographies become more or less 'normal' (Daniel, 1981). A more recent study of the impact of unemployment on subsequent earnings for British men found that the incidence of unemployment had only a temporary effect on earning but that the duration of unemployment had a much more lasting effect. It found that wage penalties were lowest for young men and the low paid – those most at risk of unemployment (see Gregory and Jukes, 2001). Others have been less sanguine. A study of people born in 1958 found a large and significant wage penalty, consequent upon unemployment in youth. Early unemployment led to wages that were between 13 per cent and 21 per cent lower by age 42. The wage penalty would, however, be much less severe if unemployment were not repeated (see Gregg and Tominey, 2005).

There are others who argue that the experience of unemployment at this early stage of working life can have a long-term impact. Those who experience it are 'scarred'. Bell and Blanchflower (2009) claim that:

...unemployment while young, especially of long duration, causes permanent scars rather than temporary blemishes. For the young a spell of unemployment does not end with that spell; it raises the probability of being unemployed in later years and has a wage penalty. These effects are much larger than for older people. (Bell and Blanchflower, 2009: 16)

'Labour market scarring' might affect those who are made redundant by a major plant closure. A number of studies of 'displaced workers' in the US have been made which compare people who lost their jobs as a result of large-scale lay-offs with other job

losers (Flaim and Sehgal, 1985). In the UK, the study of those made redundant as a consequence of the closure of the Rover car plant at Longbridge suggests that while many job losers did return to work, many of these did so only in jobs that were inferior to those they previously held (Bailey et al., 2008). In addition, scarring might affect those who are members of a particular birth cohort that is larger than usual and who have to face more than usual competition for a limited number of entry-level jobs. One early study at the impact of cohort size upon earnings and employment looked at the fall in the graduate premium experienced by college graduates of the baby-boom generation in the US (Freeman, 1971). Later work, looking not only at college graduates but at people of all qualification levels, found that the relatively low wages and high unemployment of the 'unlucky cohorts' tended to converge to the levels that might have been expected had the cohorts been more 'normal' in size. The convergence, however, took a decade or so to be realised (Bloom et al., 1987).

Scarring might, however, also affect members of a cohort who entered the labour market at a time when demand was weak. In Japan, where recruitment of school and college leavers is the primary means by which primary-sector organisations bring in employees, the decade and a half of stagnation the country has experienced has resulted in a major rise in youth unemployment. It has also seen the growth of a new group of labour market actors – so-called 'freeters'. These are young people who are often relatively well qualified but who hold at best temporary jobs and/or work on a more or less formal self-employed basis.¹⁶ In the eyes of some, they are seen as a manifestation of societal degeneration, while even more sympathetic commentators express concerns about their falling outside the protection of labour law and social protection systems.

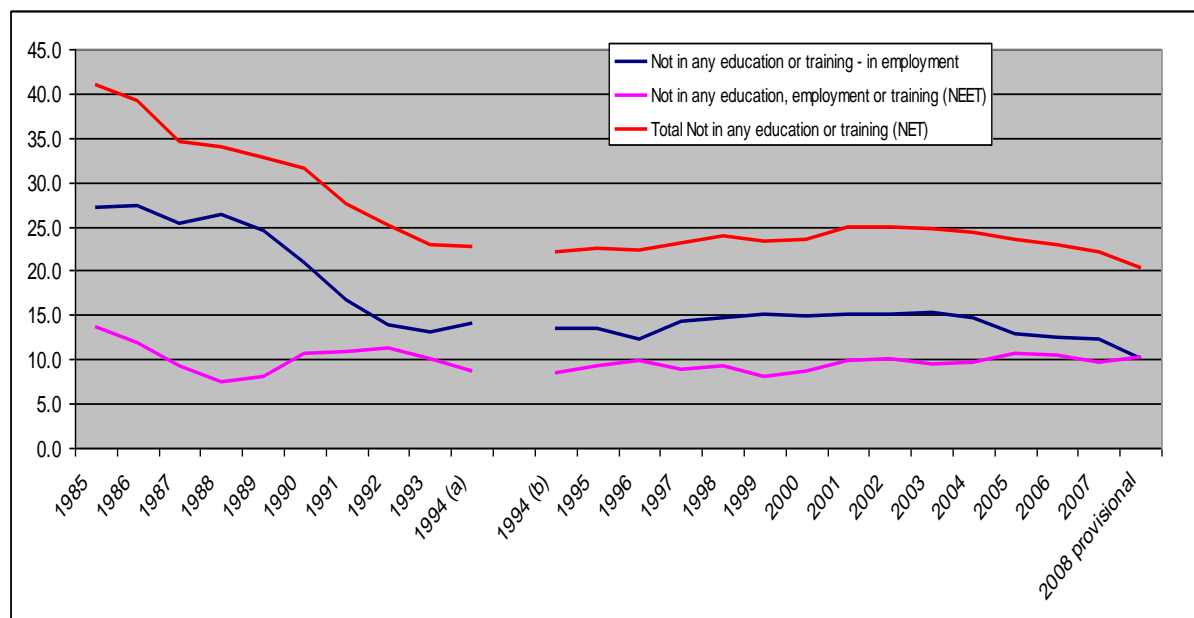
In the UK, the group who have attracted concern in the same way as have 'freeters' in Japan are NEETs – those young people who are not in employment, education or training. NEETs have not been seen as a product of economic downturn – indeed, they were 'discovered' in 2000 at a time of overall economic buoyancy.¹⁷ The NEET age group of primary interest has been people aged 16-18, although in some cases reference is made to all those aged under 25. Since the mid 1990s, the NEET rate among 16-18 year olds has hovered around 10 per cent. Regional variations suggest

¹⁶ The term 'freeter' is a combination of two non-Japanese words – 'free' from the English and 'Arbeiter' (worker) from the German. On some estimates, there are as many as 2.5m under 35 year olds who can be classified as 'freeters' – some one in 10 of the age group who are working (see, Honda, 2005; Reiko, 2006).

¹⁷ The term NEET seems to have appeared first at the end of the 1990s.

that its level might be connected to the state of the local labour market,¹⁸ but NEET status is also much higher among those with few or no qualifications.

Figure 4.5 NEET rate: 16-18 year olds in England



Notes: Data downloaded from:
http://www.dcsf.gov.uk/rsgateway/DB/SFR/s000849/SFR12_2009Ratesv2.xls Table A13.

Source: Statistical First Release Participation in Education Training and Employment by 16-18 year olds in England:
http://www.dcsf.gov.uk/rsgateway/DB/SFR/s000849/SFR12_2009v2.pdf

When specific age groups are considered, however, the picture is different. Comparing end 2007 with end 2008 (so like with like) the share of 16-18 year olds who were NEETs went up from 9.7 per cent to 10.3 per cent, but the share of 18 year olds who were NEETs increased from 14.2 per cent to 16.6 per cent. Among 18 year old men, the increase was even greater – from 14.1 per cent to 17.7 per cent (women 14.3 per cent to 15.3 per cent).¹⁹

The deterioration of the youth labour market might encourage some young people who otherwise would have gone into employment to stay in the education system instead. The association of new (post 1992) universities has claimed an

¹⁸ NEET rates by region within England correlate with unemployment rates positively. The correlation coefficient is 0.62.

¹⁹ NEET data are available at
<http://www.dcsf.gov.uk/rsgateway/DB/SFR/s000792/index.shtml>.

‘unprecedented’ rise in applications to such institutions, and it attributes this rise directly to the ‘recession putting pressure on the jobs market’. Rises in applications of, depending to the institution concerned, between six per cent and 37 per cent are being reported.²⁰ An overall increase in applications for university places by UK residents of over eight per cent has been registered by UCAS. Among applicants aged 21 and over, the increase has been twice as much. So, too, has it been among people applying for foundation degrees – people whose existing qualifications might not have gained them entry into a normal degree course and who might under other circumstances have sought to go into work on leaving school or college (UCAS, 2009).

Table 4.5 Applications to university by UK residents

20 years and under	2009	365,296
	2008	343,047
	% change	6.5%
21 to 24 years	2009	44,610
	2008	38,653
	% change	15.4%
25 years and over	2009	47,131
	2008	40,157
	% change	17.4%
all ages	2009	457,037
	2008	421,857
	% change	8.3%
applications for foundation degrees*	2009	36,255
	2008	30,846
	% change	17.5%

Notes: * All places of residence.

Source: UCAS, own calculations.

People completing university this year are also likely to experience considerably greater difficulties in finding work than those graduating in the recent past. According to the Association of Graduate Recruiters (AGR), the number of graduate vacancies in the UK is likely to drop in 2009 for the first time since 2003. Overall, the association expects a decrease of 5.4 per cent ‘with most employers blaming the

²⁰ The data on new university applications are from:
<http://news.bbc.co.uk/1/hi/education/8012362.stm>.

economic downturn for the cuts'. Moreover, this drop 'follows an unexpected last-minute drop in recruitment levels in 2008'. Not only were vacancies down, the pay that was being offered to graduate recruits has also been frozen. The median starting salary remained at the same level as in 2008. Some employers, notably in banking and financial services, indicated they would be 'cutting graduate salaries – by up to eight per cent'. The poor labour market that new graduates will face is, in the words of the AGR, 'a particular blow', because they will be the first to have contributed tuition fees for the full three years of their degree courses (AGR, 2009).

A poll for the National Union of Students (NUS) indicates that 80 per cent of current students are 'concerned' or 'very concerned' about graduate employment levels and their likely future job prospects (NUS, 2009). The proportion being 'very concerned' rises strongly by year of study, standing at only 19 per cent for first years, 28 per cent for second years but as much as 51 per cent for third years, most of whom will have completed in summer 2009. Third-year students, in particular, suggested that, as a result of the recession, they were very much more likely to consider postgraduate study.²¹ This, of course might mean they are merely postponing entry into a labour market that is still likely to be highly unfavourable even one year later.

It is too early to tell whether the recovery will follow the same trajectory as did Japan during its 'post-bubble' period. In many respects, this depends upon the duration of the current recession and the strength of the recovery, but a number of points can be made:

- even during the period of rapid economic growth, there remained a group of young people who failed to obtain the employability skills which would help them gain access and facilitate progress through the labour market;
- where people fail to make the initial transition between the education system and work in a timely fashion there may be limited opportunities to catch up at a later date; and
- the impact of the recession is such that it will be the less skilled and qualified who will struggle to find work, and there may be an increase in bumping down, where people who are qualified are required to undertake tasks for which they are overqualified.

²¹ The survey was carried out by Opinion Research in March and included just over 500 undergraduate students. Details are available at: <http://resource.nusonline.co.uk/media/resource/HU0213NUSRecessionandHEfundingSummaryReportDATA.pdf>.

Much of the concern of policymakers has been not with older people but with younger people. The spring 2009 Budget, as widely expected, contained selective measures to assist them. In particular, all people under the age of 25 who have been unemployed for 12 months are to be guaranteed a job, training or work placement in order to ensure that 'no young people are left behind due to long-term unemployment' (HM Treasury, 2009).

4.5 Conclusion

This chapter has revealed that the recession is having, and is likely to continue to have, a differential impact by age. Of interest is what happens to people at each end of the age distribution.

Young people are clearly struggling to get into employment. Employers have endeavoured to retain as many of their existing employees as possible during the current recession but the impact of this is to reduce recruitment levels such that there are relatively few job openings for people entering the labour market. There have been a number of initiatives which have been designed to ease the transition from school to work among young people:

- The expansion of the further- and higher-education sectors so that more people stay on in post-compulsory education.
- The expansion of work-based learning through Apprenticeships.
- The September Guarantee, implemented in 2007 for 16 year olds and for 17 year olds in 2008, which guarantees young people exiting compulsory education the right to participate in further learning of some type.

Depending upon the speed with which the economy recovers, these measures tide many young people over the period when the level of unemployment is high while improving their skills base, and thereby avoid the emergence of youth unemployment on a scale observed over the 1970s and 1980s.

In relation to older people, the research of Smeaton and Vegeris (2009) has catalogued the relative deprivation experienced by many people aged over 50 years during a period of relative prosperity. The position of older people in the labour market is ultimately dependent upon the extent to which older people are pushed out of employment (for example, through redundancy policies) or encouraged to enter economic inactivity (for example, through early retirement policies). It seems likely

that the economic position of older people is unlikely to improve with respect to their levels of employment or income during a recessionary period.

In general, the situation of younger and older people in the labour market appears to be one of relative weakness: for young people because of the difficulties they have entering the labour market; and for older people because their economic position, on average, was relatively weak compared with the prime-age group when the recession commenced.

5. Disability

5.1 Introduction

The impact of the economic cycle, particularly downturns in the economy, on the labour market performance and welfare of disabled people is the focus of this chapter. While many disability groups have voiced their concerns since the beginning of the current recession, there is not a great deal of evidence to show that disabled people are experiencing a disproportionately negative outcome. According to the Equality and Human Rights Commission and the Department for Work and Pensions (EHRC/DWP, 2009), over the 12 months to June 2009, the employment rate of disabled people fell slightly to 47.7 per cent. This is a smaller decrease than the overall decrease. Similarly, the International Labour Organization (ILO) unemployment rate increased for disabled people by a smaller percentage than it did for the overall population, but unemployment remains higher within the disabled population than within the non-disabled workforce.

In examining the possible impacts of the current recession on disabled people, this chapter considers the employment levels and the sectoral and occupational distributions of employment for disabled people. If the recession is expected to impact on those sectors and occupations in which disabled people tend to be concentrated then it may be that disabled people will indeed be significantly and perhaps disproportionately affected by the downturn. There are also a number of other factors to consider, including movements out of and into the labour market, and the current legislative and policy contexts, which may impact on the overall effects of recession on the disabled population.

This chapter looks at the implications of the current recession for disabled people (however defined) against the background of the government's efforts to increase the employment of disabled people or people with health problems. These include efforts to reduce the number of people claiming Incapacity Benefits or becoming incapacitated, such as the Fit For Work pilots, and the Improving Access to Psychological Therapy (IAPT) programme.

The implications of a recession where employment levels are driven down and unemployment levels are driven up for disabled people are likely to be determined by:

- the degree to which disabled people are more likely to suffer job loss – because the employer regards disabled workers as less productive - or face more difficulty finding work;

- the degree to which disabled people are more likely to suffer job loss because they are concentrated in sectors of the economy more likely to suffer job losses;
- the extent to which the recession results in an increase in disability or disability benefit recipients (as a consequence, for example, of the psychological distress resulting from a fear of job loss or actual job loss); and
- the efficacy of the Disability Discrimination Act (DDA), and other government initiatives to assist disabled people or those with health problems to retain or obtain employment.

It is impossible to provide a definitive assessment of the extent to which these types of impact are taking hold, but it is possible to infer something from an analysis of the labour market experience of disabled people relative to people who are not disabled over the recent past.

5.2 Defining disability

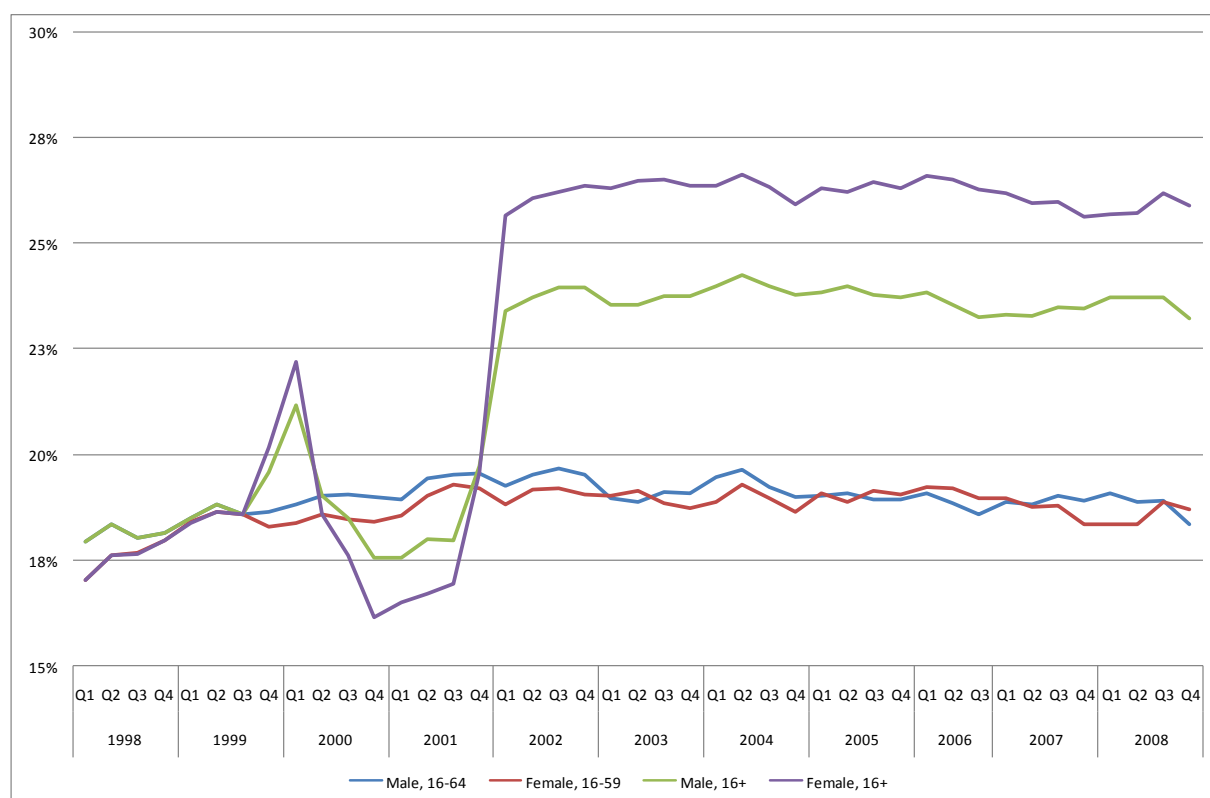
The population of disabled people is not a simple one to define. People may be born with a disability or they may develop a disability in later life, often while at work. Some disabilities are not permanent and with improvements in medical technology, some long-standing disabilities may be cured. Disabled people do not comprise a homogenous group because there are varying degrees of severity experienced. Some disabilities may be completely debilitating while others may be more easily accommodated and managed on a daily basis. The widely varying and dynamic nature of the disabled population results in a number of complications for longitudinal analysis of this group and its labour market performance. Over time, the official definitions of disability have changed thus adding to a certain discontinuity in assessing the changes in disabled people's economic activities over the economic cycle.

Disability covers a wide range of impairments and work-limiting conditions, some of which may not be recognised by the employer either at the point of recruitment or when in employment (Berthoud, 2006). For the purposes of this report, the main definition of disability is drawn out of the Labour Force Survey (LFS) data. Disability is self-reported by the respondent in the LFS in response to a question which asks if they have a work-limiting disability or are disabled according to the DDA. Disability in the DDA (2005) is defined as where a person has a physical or mental impairment which has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities. The DDA also allows this basic definition to be modified for people who have mental impairments and progressive conditions, so that it sets out when people are to be treated as disabled. People with HIV, cancer and multiple

sclerosis are deemed to be covered by the DDA effectively from the point of diagnosis, rather than from the point when the condition has some adverse effect on their ability to carry out normal day-to-day activities.²² Generally, the evidence suggests that there is a high degree of awareness among employers and this has been increasing over recent years (Simm et al., 2007).

Approximately 20 per cent of the working-age population in Great Britain are disabled (LFS, September-December, 2006), a percentage which has changed over time (see Figure 5.1). Trends in impairment show increasing numbers of adults reporting mental illness and behavioural disorders while physical impairments are found to be decreasing (Cabinet Office, 2005).

Figure 5.1 Percentage of the working age population reporting a disability, 1998-2008



Source: Labour Force Survey, 1998Q1 to 2008Q4.

5.3 The labour market performance of disabled people

The performance of disabled people in the labour market differs from that of the non-disabled. Depending upon the extent of an individual's disability, their chances of obtaining a job, other things being equal, may be less than that of a non-disabled

²² <http://www.dwp.gov.uk/docs/provisions-dda.pdf>

person, especially so where there may be an additional cost incurred by the employer in providing employment to the disabled person. As Hasluck (2008: 1) notes:

Employers might also associate disability with greater uncertainty regarding the potential productivity of a disabled person, with greater potential costs of accommodating the person into the workforce or with differences in absence rates. Finally, legislation places on employers duties that do not apply to the non-disabled workforce, while employment decisions can be further influenced by the values, organisational or social, of employers.

In general, evidence from across the Organisation for Economic Co-operation and Development (OECD) suggests that disabled people are disadvantaged in the labour market. Over the OECD as a whole, the employment rate of disabled people is just over 40 per cent (2005) - around half the rate for non-disabled people – and, in general, people with health problems have not benefited from the growth in employment opportunities over the past decade (OECD, 2009). The relatively low employment rate in turn contributes to the relatively low earnings and relatively high incidence of poverty among disabled people and, as a consequence of the demands this places upon disability benefits, drives up the cost to the state. OECD countries spend on average around 1.2 per cent of Gross Domestic Product (GDP) on disability benefits. In the UK, there have been a range of active labour market measures to encourage disabled people back into economic activity. These are aimed in part to reduce the costs to the Exchequer, but also to stimulate labour supply, given the conditions of excess demand which prevailed in the labour market until relatively recently.

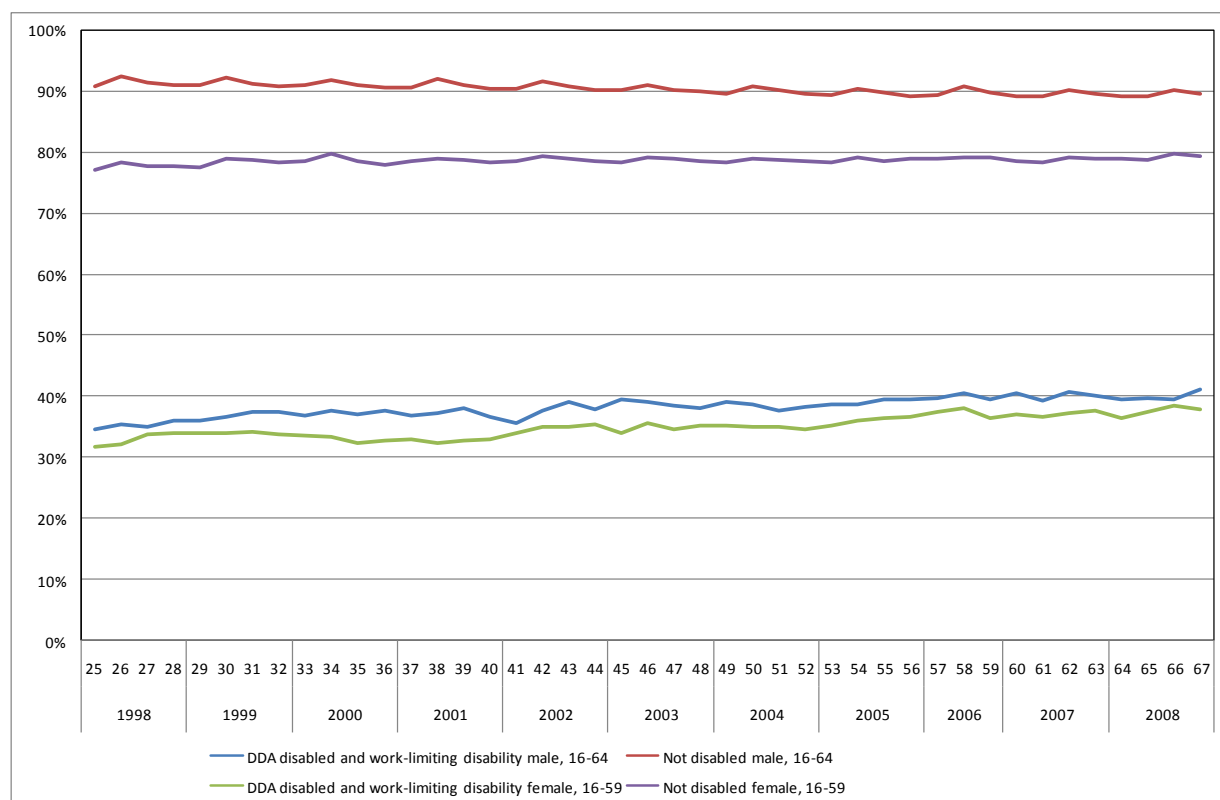
Disability has been found to affect the type of employment undertaken by workers. Part-time work has been found to offer more attractive features to disabled workers (Jones, 2007) and the rate of self-employment has also been found to be higher among disabled workers (Boylan and Burchardt, 2002). A higher concentration of disabled workers has also been found in low-skilled jobs such as administrative, secretarial and personal services (Meager et al., 1998; Blackaby et al., 1999; Smith and Twomey, 2002). Disabled people in employment are more likely than their non-disabled counterparts to work in manual and lower-skilled jobs (Meager et al., 1998). In relation to people with learning difficulties, for instance, the types of jobs undertaken by people with learning disabilities are sometimes referred to as 'The Three Fs': food, filth and folding (The Independent, 2008a). The Survey of Adults with Learning Difficulties in England found that of those indicating that they were in paid

employment 19 per cent worked in a shop or warehouse, 18 per cent as a gardener or labourer, and 15 per cent in catering or waiting on tables.

While the size of the disabled working age population has increased over the past 20 years, the labour market outcomes of such people have deteriorated (Bell and Smith, 2004). Activity rates are lower for disabled people compared with non-disabled people while unemployment rates are higher among disabled people. About half of all disabled people of working age are in work compared with about 80 per cent of non-disabled people (Regan and Stanley, 2003). Employment rates are found to vary significantly by type of disability. Among those with a learning disability, for example, the employment rate is 26 per cent.

The economic activity rates of disabled people – as defined by the DDA (2005) – are shown in Figure 5.2. Activity rates have not altered much over the past 10 years and have remained at more or less half the rate of non-disabled people.

Figure 5.2 Activity rates for disabled and non-disabled men and women, 1998-2008



Source: Labour Force Survey, 1998Q1 to 2008Q4.

Table 5.1 provides a snapshot of the labour market situation of disabled people at the start of this recession and five years earlier. It shows that people who are DDA

disabled and have a work-limiting disability have significantly lower activity rates than the non-disabled. Compared with non-disabled people, this group also exhibits higher proportions of part-time employment and self-employment. Given the propensity for part-time workers to suffer more than full-time workers in times of recession, this observation suggests that disabled workers may be at more risk of job loss or other adverse outcomes due to the relatively high proportion of part-time work undertaken by disabled people.

The unemployment rate is also considerably higher among disabled people compared with non-disabled people. While the activity rates of men and women with both a work-limiting disability and DDA disability have increased between 2003 and 2008 (from 38.9 per cent to 40.0 per cent for men and 35.0 per cent to 37.6 per cent for women), the unemployment rates increased by relatively more (from 11.1 per cent to 15.4 per cent for men and from 7.9 per cent to 10.6 per cent for women). Among the non-disabled population, much smaller relative changes in the unemployment rate have been observed.

Table 5.1 Employment position of disabled people

Per cent:								
	DDA disabled & work-limiting disability		DDA disabled		Work-limiting disability		Not disabled	
	2003	2008	2003	2008	2003	2008	2003	2008
Male								
Activity rate	38.9	40.0	89.8	90.4	80.5	80.3	90.4	89.6
Unemployment rate	11.1	15.4	4.4	3.9	10.4	12.1	4.9	5.7
% full-time	65.8	62.0	77.9	75.8	73.2	71.0	76.8	76.0
% part-time	12.6	15.2	5.4	7.8	8.9	12.0	7.0	7.6
% self-employed	21.6	22.8	16.7	16.4	17.9	17.0	16.2	16.4
Female								
Activity rate	35.0	37.6	78.8	68.5	66.9	68.5	78.8	79.2
Unemployment rate	7.9	10.6	4.2	4.8	8.1	9.3	4.2	5.0
% full-time	43.7	44.9	56.2	57.7	47.6	51.9	54.4	57.0
% part-time	47.0	45.5	38.1	35.9	44.2	40.4	38.6	35.8
% self-employed	9.2	9.6	5.7	6.3	8.2	7.7	7.0	7.2

Source: Labour Force Survey, 2003 and 2008.

The relatively weak labour market position in which many disabled people find themselves results in relatively low levels of remuneration and income with average pay for disabled people lower than that received by non-disabled people. Meager et al. (1998) indicated that the average take home pay of disabled employees was £196 per week while the average for non-disabled employees was £212 per week (in 1997-98). The survey of Adults with Learning Difficulties in England (2003-04)²³ revealed that 45 per cent of those people with a learning disability in paid employment earned less than £100 a week and 81 per cent earned less than £200 a week (Emerson et al., 2005).

5.4 The labour market position of disabled people aged 25-49

There is an age effect related to disability with much of the increase in disability benefit recipients in the OECD due to the claims made by older workers. To provide an indication of the impact of disability on employment regardless of the age dimension, the following commentary refers to prime-age individuals (that is, those aged 25-49 years of age).

As shown in Tables 5.2 and 5.3, women, disabled and non-disabled, typically have higher shares of part-time employment when compared with men. Between 2003 and 2008, the share of men's employment that is part-time increased while for women this share decreased slightly, except for women who are DDA disabled and have a work-limiting disability. Among non-disabled workers, three per cent of men and 34 per cent of women worked part-time in 2008. These shares were higher for the disabled counterparts. In 2008, 12 per cent of working DDA disabled men with a work-limiting disability were part-time employees. In the same year, 44 per cent of working women with both a work-limiting disability and DDA disabled worked part-time.

²³ The survey was conducted by Lancaster University, BMRB Social Research and Central England People First Research Team. They surveyed 2,898 people aged 16 years and older with learning difficulties. The survey report is available on http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/documents/digitalasset/dh_4119944.pdf

Table 5.2 Economic activity by disability status for men aged 25-49

	Per cent:							
	DDA disabled & work-limiting disability		DDA disabled		Work-limiting disability		Not disabled	
	2003	2008	2003	2008	2003	2008	2003	2008
Activity rate	48.9	47.5	96.8	95.9	89.0	88.9	96.6	96.8
Unemployment rate	11.1	16.3	4.0	3.7	8.7	7.7	3.5	3.7
% full-time	71.5	66.6	82.3	81.2	78.0	77.2	81.3	80.1
% part-time	9.6	12.0	3.0	3.3	5.4	7.5	2.6	3.2
% self-employed	18.9	21.3	14.7	15.5	16.5	15.3	16.2	16.7

Source: Labour Force Survey, 2003 and 2008.

Table 5.3 Economic activity by disability status for women aged 25-49

	Per cent:							
	DDA disabled & work-limiting disability		DDA disabled		Work-limiting disability		Not disabled	
	2003	2008	2003	2008	2003	2008	2003	2008
Activity rate	38.7	40.9	80.2	82.5	69.1	71.7	81.6	82.8
Unemployment rate	7.2	10.3	3.9	4.3	6.7	8.5	3.2	3.8
% full-time	47.6	46.7	58.5	59.5	49.2	53.8	55.2	58.0
% part-time	43.4	44.1	36.1	34.1	43.0	38.7	37.1	34.1
% self-employed	8.9	9.2	5.4	6.3	7.8	7.5	7.8	7.9

Source: Labour Force Survey, 2003 and 2008.

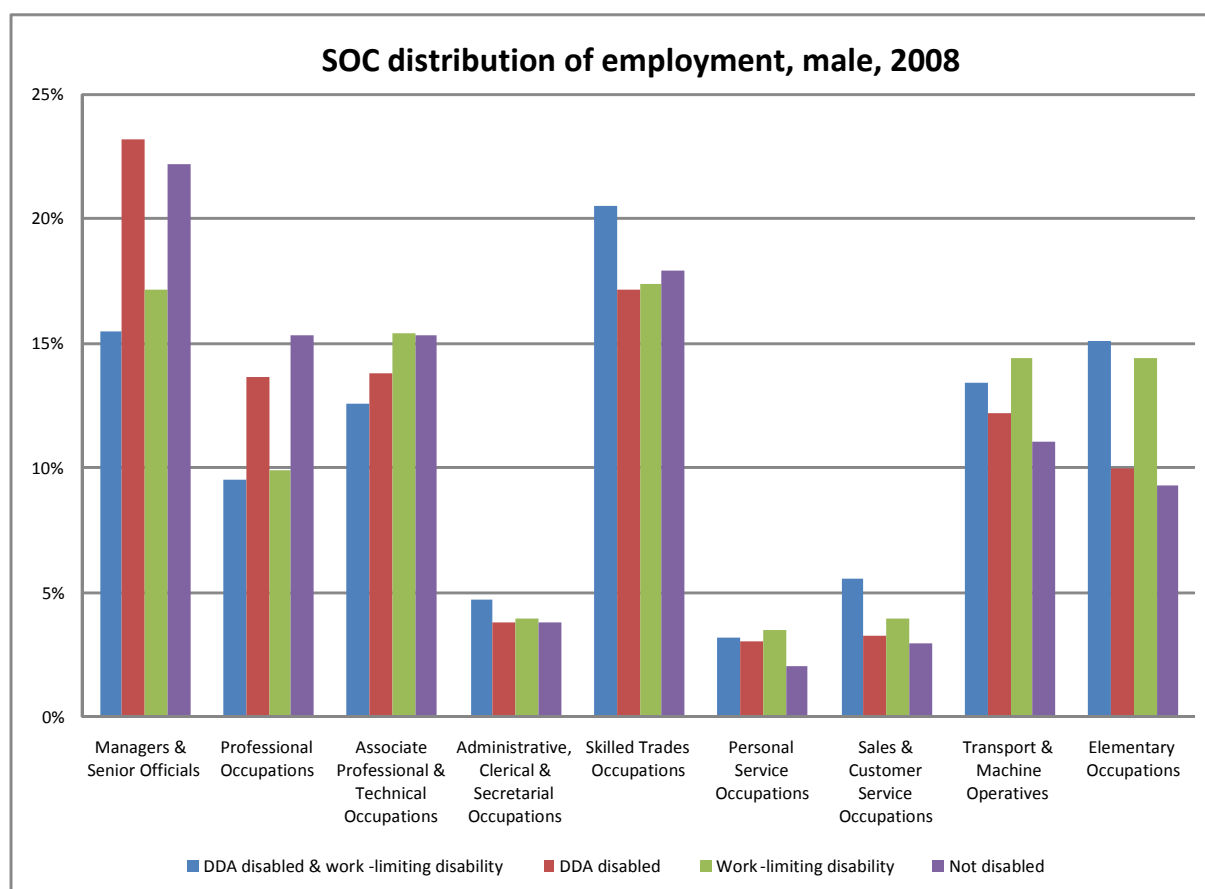
Between 2003 and 2008, the rates of economic activity for disabled men in the prime age group have decreased, according to data from the LFS. Among those with a work-limiting disability and who are classified as disabled by the DDA, the activity rate fell from 49 per cent in 2003 to 48 per cent in 2008. The activity rate for this group is significantly lower than that for men who are either DDA disabled or have a work-limiting disability, but not both. For those classified as disabled by the DDA (without a work-limiting disability), the activity rate fell from 97 per cent in 2003 to 96 per cent in 2008. Over the same period, the activity rate of non-disabled men increased marginally. With the exception of those who are only DDA disabled and do not have a work-limiting disability, the activity rates of those who are considered

disabled are lower than those for the non-disabled. This is especially so for those with both a work-limiting disability and classified as disabled by the DDA.

The activity rates for women, disabled and non-disabled, increased between 2003 and 2008. For non-disabled women, the activity rate increased from 82 per cent to 83 per cent over the five-year period. The activity rate for women who are both DDA disabled and have a work-limiting disability increased from 39 per cent to 41 per cent. The activity rate for women without a work-limiting disability but who are DDA disabled increased from 80 per cent in 2003 to 83 per cent in 2008. For those with a work-limiting disability who are not DDA disabled, the activity rate grew from 69 per cent to 72 per cent.

The unemployment rate (see Tables 5.2 and 5.3) has also worsened between 2003 and 2008 for both non-disabled men and DDA disabled men with a work-limiting disability. The unemployment rate has grown for women whether disabled or non-disabled. For non-disabled men and women, the unemployment rate was lower than that for the disabled groups in both 2003 and 2008. Among the non-disabled, the unemployment rate increased from 3.5 per cent to 3.7 per cent for men and from 3.2 to 3.8 per cent for women. The unemployment rate for men with both work-limiting disability and who are DDA disabled increased from 11 per cent in 2003 to 16 per cent in 2008. Similarly, the rate for this group of women increased from seven per cent to 10 per cent over the period.

Figure 5.3 and Table 5.4 show the distribution of employment (full-time, part-time, and self-employment) by occupation for men in 2008. The greatest proportion of those individuals that are DDA disabled and have a work-limiting disability work in skilled trades occupations (20 per cent) followed by managers and senior officials (15 per cent) and elementary occupations (15 per cent). A different pattern emerges for those who are DDA disabled but do not indicate a work-limiting disability. For this group, 23 per cent work as managers and senior officials, 17 per cent are in skilled trades occupations and 14 per cent work in associate professional and technical occupations. Of those with a work-limiting disability and who are also DDA disabled, the greatest proportions work in skilled trades occupations (17 per cent), as managers and senior officials (17 per cent), and in associate professional and technical occupations (15 per cent). Compared with the three disabled groups, among men who are not disabled, a greater proportion work in professional occupations (15 per cent) and associate professional and technical occupations (15 per cent) while a lower percentage work in personal service occupations (two per cent), sales and customer service occupations (three per cent), as transport and machine operatives (11 per cent), in elementary occupations (nine per cent), and in administrative, clerical and secretarial occupations (four per cent).

Figure 5.3 Occupational distribution of employment for men, 2008

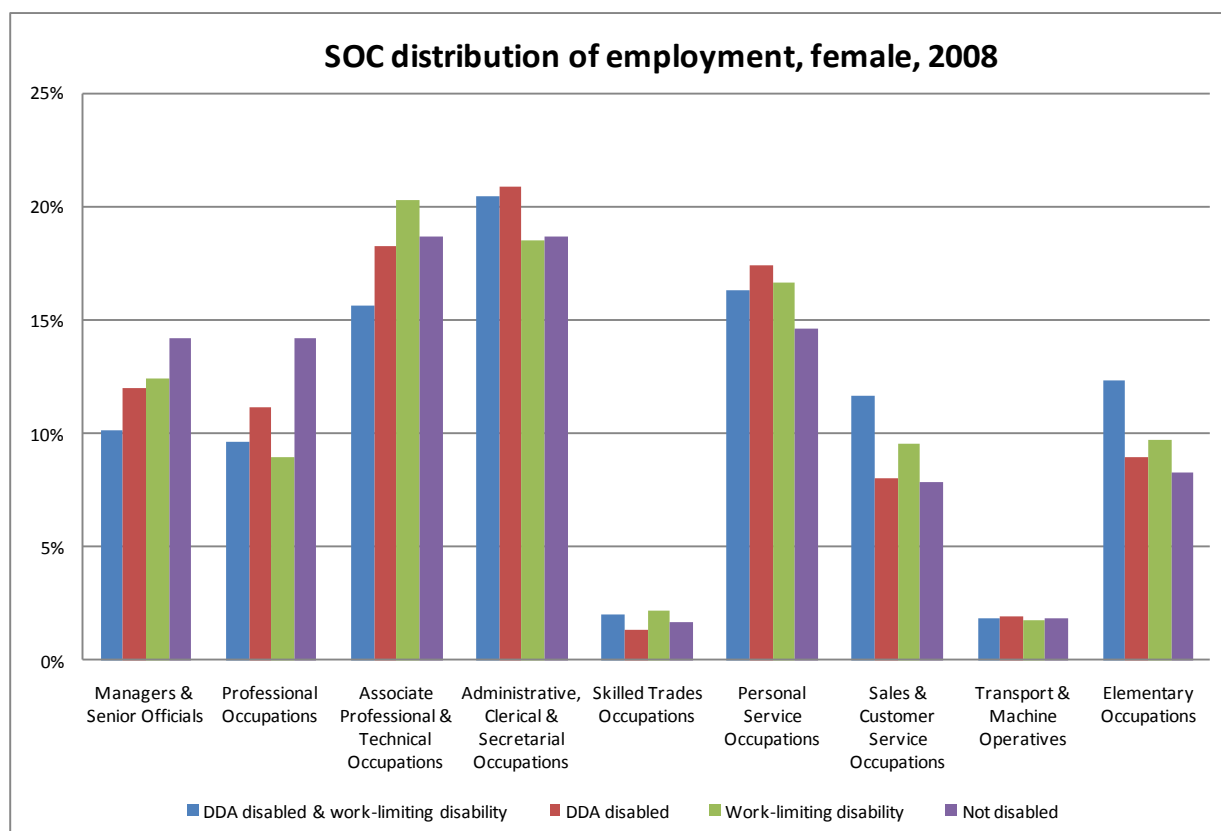
Source: Labour Force Survey, 2008.

Table 5.4 Occupational distribution of employment by disability status for men aged 25-49

	Per cent:							
	DDA disabled & work-limiting disability		DDA disabled		Work-limiting disability		Not disabled	
	2003	2008	2003	2008	2003	2008	2003	2008
Managers & senior officials	14.0	15.5	22.7	23.2	15.5	17.1	21.6	22.2
Professional occupations	8.7	9.5	12.6	13.7	11.2	9.9	15.0	15.3
Associate professional & technical occupations	13.9	12.6	14.8	13.8	14.7	15.4	15.2	15.3
Administrative, clerical & secretarial occupations	6.8	4.7	5.1	3.8	4.6	4.0	4.2	3.8
Skilled trades occupations	20.7	20.5	18.2	17.1	21.1	17.4	19.1	17.9
Personal service occupations	3.1	3.2	2.5	3.0	3.3	3.5	1.9	2.1
Sales & customer service occupations	3.2	5.6	2.9	3.3	2.3	3.9	2.5	3.0
Transport & machine operatives	15.4	13.4	12.3	12.2	13.9	14.4	11.8	11.0
Elementary occupations	14.2	15.1	9.0	10.0	13.5	14.4	8.6	9.3

Source: Labour Force Survey, 2003 and 2008.

Among women (Figure 5.4 and Table 5.5), a greater proportion of non-disabled compared with those with a disability (DDA disabled and/or work-limiting disability) work as managers and senior officials and in professional occupations. Greater percentages of the disabled groups compared with non-disabled work in personal service occupations, sales and customer service occupations and elementary occupations.

Figure 5.4 Occupational distribution of employment for women, 2008

Source: Labour Force Survey, 2008.

Table 5.5 Occupational distribution of employment by disability status for women aged 25-49

	Per cent:							
	DDA disabled & work-limiting disability		DDA disabled		Work-limiting disability		Not disabled	
	2003	2008	2003	2008	2003	2008	2003	2008
Managers & senior officials	10.1	10.1	12.2	12.0	9.4	12.4	12.3	14.2
Professional occupations	9.3	9.6	11.9	11.2	9.2	8.9	13.2	14.2
Associate professional & technical occupations	15.5	15.6	14.9	18.3	17.5	20.3	17.2	18.7
Administrative, clerical & secretarial occupations	20.6	20.4	20.3	20.8	21.5	18.5	21.4	18.7
Skilled trades occupations	2.1	2.1	1.6	1.4	2.4	2.2	1.8	1.7
Personal service occupations	13.3	16.3	14.6	17.4	15.1	16.7	13.7	14.6
Sales & customer service occupations	11.7	11.7	11.6	8.0	9.1	9.6	9.2	7.9
Transport & machine operatives	4.1	1.9	2.3	1.9	3.2	1.8	2.3	1.9
Elementary occupations	13.3	12.3	10.6	9.0	12.7	9.7	8.9	8.3

Source: Labour Force Survey, 2003 and 2008.

5.5 Previous recessions and evidence of the impact on disabled people

The relationship between disability and employment is a complex one. First of all, disability covers a wide range of impairments and work-limiting conditions, some of which may not be recognised by the employer either at the point of recruitment or when in employment (Berthoud, 2006; Roberts et al., 2004; Goldstone and Meager, 2002). For example, a large component of long-term incapacity for work stems from mental health issues (Waddell and Burton, 2004). Second, the OECD refers to a medicalisation of a labour market problem with reference to the use of disability benefits (OECD, 2009). That is, the preference of policymakers to accept an increased number of people on disability benefits – and it is worth noting that in many countries receipt of a disability benefit tends to be permanent – in return for lower levels of unemployment.

The impact of recession, or other parts of the business cycle, on the economic activity of disabled people has not been exhaustively studied in the literature. One reason for this is that the disabled working age population is perhaps one of the least

stable groups to consider. It is particularly difficult to compare the outcomes for disabled people over different cycles due to changes in the definition of disability, changes in legislation and policy relating to disabled people and changes in the behaviour of individuals in reporting disability. The DDA was implemented in 1996. This Act brought about perhaps the most significant changes for disabled people in the labour market. As no comparable legislation was in place during previous recessions, this confounds the problem of trying to compare the genuine recession effects on disabled people in this recession to previous recessions. The definition of disability according to the DDA also limits comparison as the LFS has contained a consistent measure of such disability only since 1998. Finally, the overall trend in health self-reporting indicates that people have become more open to reporting disability, especially mental and psychological conditions, since previous economic downturns.

Nevertheless, disabled people, however defined or measured, on average possess a set of characteristics which, other things being equal, makes them vulnerable to a downturn in the labour market:

- they tend to be concentrated in relatively low-skill, low-waged jobs which are vulnerable to the economic cycle;
- disabled workers tend to be older; and
- on average, employers regard disabled workers as being less productive (Hasluck, 2008).

On the plus side, the DDA and various active labour market measures provide a safeguard to disabled people. As noted in the introduction, the cost of disability allowances can pose a substantial cost to the Exchequer, but equally the costs of assisting disabled people back into the labour market can be expensive given that the most effective measures are those that provide a high degree of customised support (Rangarajan et al., 2008). The impact of the recession on public expenditure – which is something of an unknown at the time of writing when the recession has yet to end – may have implications for various programmes.

A recession may also increase the instance of disability and long-term ill health. Prolonged periods of unemployment can result in both mental and physical health problems, though there is a problem of separating cause and effect in those studies which attempt to show a relationship between unemployment and health. A recent study from the University of Cambridge has indicated people under threat of losing their jobs may experience worse long-term declines in mental health than those who

are actually made redundant. The study also found a gender dimension relating to such effects as men showed more signs of anxiety, stress and depression than women (as reported in Daily Mail, 2009).

When jobs are scarce, as in a recession, the disadvantaged groups in the labour market face the highest risk. Evidence from the US has indicated that following the recession in the early 1990s, the employment rate of disabled people was slow to regain its pre-recession level and the gap in the employment rate between disabled and non-disabled people has increased (Burkhauser et al., 2001). After accounting for changes in the composition of the disabled population in terms of age, race, education and household size, Burkhauser et al. found that if the composition of the US disabled population had been the same in 1999 as in 1980, the economic outcomes for disabled people would have been even worse than the data for the later observations revealed. More recent data for the UK show that the gap in unemployment rates between the long-term disabled and other people diminished between 1998 and 2005, but then began to diverge again (Leaker, 2009). While both groups have experienced increased unemployment from mid-2008, the increase for disabled people does not seem to be faster.

Haveman and Wolfe (1990) looked at US data from 1962 to 1984 to examine the impact of the economic cycle on earnings. They found that from 1962 to the mid-1970s, the real earnings of disabled workers increased rapidly but after the mid-1970s, these earnings plummeted. In the 1981-82 recession, the real earnings of disabled people were at a low of \$9,500 per year. By 1984, earnings had begun to recover except for those disabled people who were not White, had low qualifications and were younger. Non-White disabled males were found to have the worst labour market experience over the period of 1962 to 1984. The ratio of earnings for disabled people relative to non-disabled was found to fall (except for the youngest people) as a result of the 1981-82 recession and budget cuts relating to disability transfer programmes. In the US, the Bureau of Labor Statistics (2009) has reported that disabled people are being more affected than the average by job losses in the current recession. The Department of Labour found a 14 per cent unemployment rate among disabled people – almost double of that for non-disabled.

A systematic review of the costs and benefits faced by employers recruiting disabled people suggests that, on balance, the costs outweigh the benefits (Hasluck, 2008). The principal caveat is that the population of disabled people is a heterogeneous one and many disabilities covered by the DDA may not be evident to the employer. Moreover, available evidence suggests that the costs of accommodating the needs of disabled people in the workplace are relatively small, though this is a biased result in so far as it relates solely to those employers which employ disabled people (Simm et

al., 2007). While qualitative evidence suggests that there are benefits to be derived from employing disabled people, the quantitative evidence points to employers regarding disabled people, on average, as being less productive than non-disabled people. Drawing on the work of Thurow (1976), Hasluck (2008: 10) suggests that in a labour market where jobs are rationed:

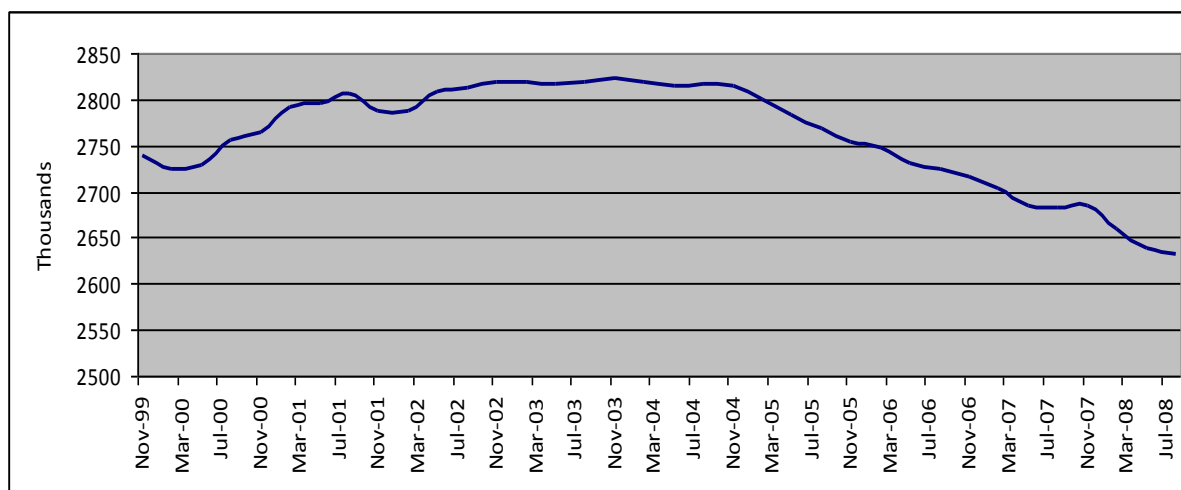
...via a labour queue employers are likely to rank workers by their net value, with workers perceived as having a low net value (including disabled people) placed at the end of the queue and entering employment when jobs are plentiful but squeezed out of employment when jobs are in short supply.

There is fear that one consequence of the recession will be to slow the equal pay movement thus setting back the position of disabled people relative to non-disabled people in the long run. Companies may see avoiding equalisation of pay between disabled and non-disabled employees as one way of responding to recessionary pressures. While the gap in pay has narrowed over the past few decades, stagnation of equal pay and work measures in response to the recession would have longer-lasting negative effects for disabled workers.

In previous recessions, there has been evidence of people declaring a disability/illness in order to avoid unemployment (see Yelin, 1997, for example). Instead of becoming unemployed, they enter the inactive population while receiving incapacity or disability benefits. Such actions helped to decrease the apparent unemployment rate but disguised the actual numbers of people negatively affected by recession. Policy today is very much directed at ensuring the opposite occurs – that is, the emphasis is upon moving people from inactivity into activity and into employment. Over recent years there has been some progress in reducing the number of Incapacity Benefits (including disability allowances) (see Figure 5.5). Between October and December 2008, the gap in employment rates between disabled and non-disabled people decreased but the employment rate for disabled people was still much lower than that of non-disabled people (West Midlands Regional Observatory, 2009). The other effect is that unemployment causes ill health which in turn pushes them to the margins of economy (for example, Bartley, 1994; Kessler et al., 1987; Novo et al., 2000). Unemployed men and women were found to be more than twice as likely to have a limiting chronic illness than employed men and women in an analysis of 1991-92 British data (Arber, 1996). Studies of factory closure, which are thought to minimise the effects of health selection relating to unemployment, have discovered higher levels of medically diagnosed health problems (Beale and Nethercott, 1987; Iversen and Sabroe, 1988; Mattiasson et al., 1990). The actual causal relationship between ill health or disability and

unemployment or economic activity is not straightforward or simple to ascertain as there may be other factors, such as personal characteristics and lifestyle choices, which play an important role.

Figure 5.5 Number of Incapacity Benefit claimants



Notes: Caseload data.

Source: WPLS, November 1999 to July 2008.

The recession may also result in constrained government spending on programmes that help disabled people to find work and support them when they are in work (such as New Deal for Disabled People, Fit for Work pilots, etc.). The government has made a number of recent announcements regarding such programmes, in which it has vowed to maintain or enhance such spending despite the downturn. The government has reasoned that disabled people (and other minorities) require further support in a recession in order to protect them from disproportionate negative effects of the economic downturn.

5.6 The impact of the current recession on disabled people

How is this recession different from previous downturns in terms of the impact on disabled people? One of the main differences relevant here is the implementation of the DDA in 1996. This Act has afforded disabled people more coherent and uniform employment rights and protection. It is no longer the case that employers can view disabled employees as easy targets for workforce cuts arising during a recession.

The Disability Discrimination Act, 2005 (DDA):

- prohibits discrimination against disabled people by treating them less favourably than non-disabled people for a reason related to the disabled person's disability; and

- requires employers to make reasonable changes to working arrangements or to physical features of the workplace when these changes could prevent a disabled worker from being placed at a substantial disadvantage in comparison to non-disabled people.

The mediating effect of the DDA on the labour market implications of the recession on disabled people is difficult to estimate with certainty. Jones (2009) assessed the impact of the DDA on employment in England. As recognised in the US regarding the Americans with Disabilities Act (ADA), it is plausible that while legislation such as the DDA may reduce employment barriers for disabled people, it may also negatively impact on employment due to the additional costs that compliance places on employers. Evidence of such a negative effect arising from the ADA in the US has been found (Acemoglu and Angrist, 2001; DeLeire, 2000). Isolating the impacts of such legislation in order to identify the causal effect on employment is difficult due to changes in the composition of the disabled population, the impact of benefit income, and the effects of the economic cycle on all workers, both disabled and non-disabled (Jones, 2009: 351). In England, Jones has found that the average probability of employment is almost 60 per cent for disabled people while it is more than 75 per cent for the non-disabled. The trend in employment was similar between disabled and non-disabled people before 1999 while the gap in the employment rates of these two groups widened between 1999 and 2000 due to a fall in the employment rate of disabled people. Jones finds that the employment growth rate is greater for disabled people after 2000. Jones also makes a counterintuitive finding that disabled people fare worse in terms of employment in times of economic growth. Jones's findings are consistent with those of Bell and Heitmueller (2005).

It is not possible to estimate the exact impact of the DDA on conditions for disabled people resulting from the current economic climate. The overall outcome for this group is very likely to differ from what it would be in the absence of such legislation. It is likely that the DDA will go some way to help insulate disabled people from disproportionate effects of the recession. At the same time, the costs imposed on employers by adhering to the DDA and employing disabled people may distort employers' actions in the recession as their main priority becomes cost containment in order to survive.

A number of programmes that support disabled people into and in work are also likely to help disabled people be successful through the recession. Jobcentre Plus offers a number of services for people with various disabilities who are seeking employment. The Job Introduction Scheme (JIS) offers a financial incentive to employers in order to help disabled people find employment. Often based within

Jobcentre Plus offices, Disability Employment Advisors provide specialist support on employment issues. WorkPath consists of three programmes to help disabled people overcome barriers to employment: Access to Work, which provides advice and support to people whose disability affects the way they work as well as support for the employer; Work Preparation, which usually involves unpaid work experience with a local employer; and WORKSTEP which was formerly known as 'supported employment'. WORKSTEP aims to enable a disabled person to obtain and keep a job.

The current regulations regarding benefit claims related to unemployment, inactivity and disability or illness are likely to influence the behaviour of disabled people in the face of recession. In previous recessions, a high volume of out-of-work people were moved onto disability benefits with the aim of keeping unemployment rates under control. In the current benefits system, a mass move from unemployment to inactivity due to disability is not as likely as it once was; however, in the face of potential mass unemployment, this may be considered a policy option.

The onset of recession may encourage those who are sick to continue working rather than their absentee record being a possible cause of them being selected for redundancy.

The shape of the current recession in terms of the sectors and occupations that are hit hardest will also determine the overall impact on disabled people. As discussed, disabled people tend to be over-represented in lower-level occupations and under-represented in higher occupations. High proportions of disabled people also work in services. These occupations and the services sectors are typically more negatively impacted by economic downturn. Thus disabled people are likely to be faced with negative outcomes due to their labour market characteristics in this regard.

As the overall increase in unemployment during the current recession thus far has been greater than that experienced by disabled people, the post-recession result may be to narrow the gap between disabled and non-disabled unemployment rates. Given that disabled people entered this recession already at a disadvantage relative to the non-disabled, the hope is that if the gap does not narrow then at least it may not widen as has happened in other times of economic downturn (TUC, 2009).

5.7 Conclusion

How disabled people fare during the current recession will be determined by the actions of employers (that is, their relative willingness to hire and fire disabled people). A number of factors suggest that disabled people, other things being equal, are likely to be relatively vulnerable to the recession. These include:

- Their economic activity rates are relatively low and have improved little over the recent past, although there is evidence that various policy initiatives are beginning to reduce the number of people claiming Incapacity Benefit. If, during a period of buoyant economic growth, activity rates have not responded to increased employment opportunities, it seems unlikely that they will rise during a period when the economy is contracting.
- Disabled people occupy a relatively disadvantaged place in the labour market in that they are disproportionately employed in low-skill, low-waged work of a type that is vulnerable to any economic downturn.
- While surveys show that those employers which employ disabled people have a positive view of their contribution to the business (Simm et al., 2007), overall employers tend to regard disabled people as being less productive than their non-disabled counterparts. As such, they impose additional costs on the employer. This places disabled people at a labour market disadvantage.

6. Ethnicity

6.1 Introduction

This chapter is concerned with the evidence of ethnic minority group disadvantage in the labour market and the way in which the current recession is affecting people from ethnic minority groups. The question of whether this is different to their experience of earlier recessions is also considered.

In the UK context, the ethnic minority groups of policy interest to the government are effectively people from non-White ethnic groups, who have their origins in (post Second World War) migration from former Commonwealth countries, and increasingly other parts of the developing world as international migration has accelerated. Monitoring of the ethnic origins of the population has lagged behind the changing structure of the population (initially focusing on the situation of migrants) and has been undertaken on the basis of questions incorporated into the national Census of Population (from 1991) and other large social surveys (from the late 1970s onwards). These classify individuals into a small number of categories which encompass geographical origin in the world, 'race', skin colour and (perhaps) language. The ethnic group questions used are not based on any theory of ethnic origins, but derive from commonly recognised divisions of the population and evolve over time as the ethnic composition of the population and sensitivities to ethnic terminology change.

The main data source on which this chapter is based is the Labour Force Survey (LFS). The ethnic group classification used by the LFS is derived from that used by the Census of Population, and was changed after both the 1991 and 2001 Censuses. A temporally stable set of ethnic groups has been derived for this project to enable analysis to be conducted for the entire period from 1992 to 2008. Because, however, some of these ethnic groups are small, it is often not possible to derive statistically robust estimates from sample survey data. Thus, the discussion will focus on a smaller number of ethnic categories. These are: ethnic minority groups as a whole; Black and Black British people; Indian people; Pakistani and Bangladeshi people; and people from 'Other' ethnic groups (including Chinese people). All are compared with White people as a whole (comprising the White British, White Irish and Other White ethnic categories), representing the ethnic majority population of the UK (hence White minorities are not considered here).

6.2 The labour market performance of people from ethnic minority groups

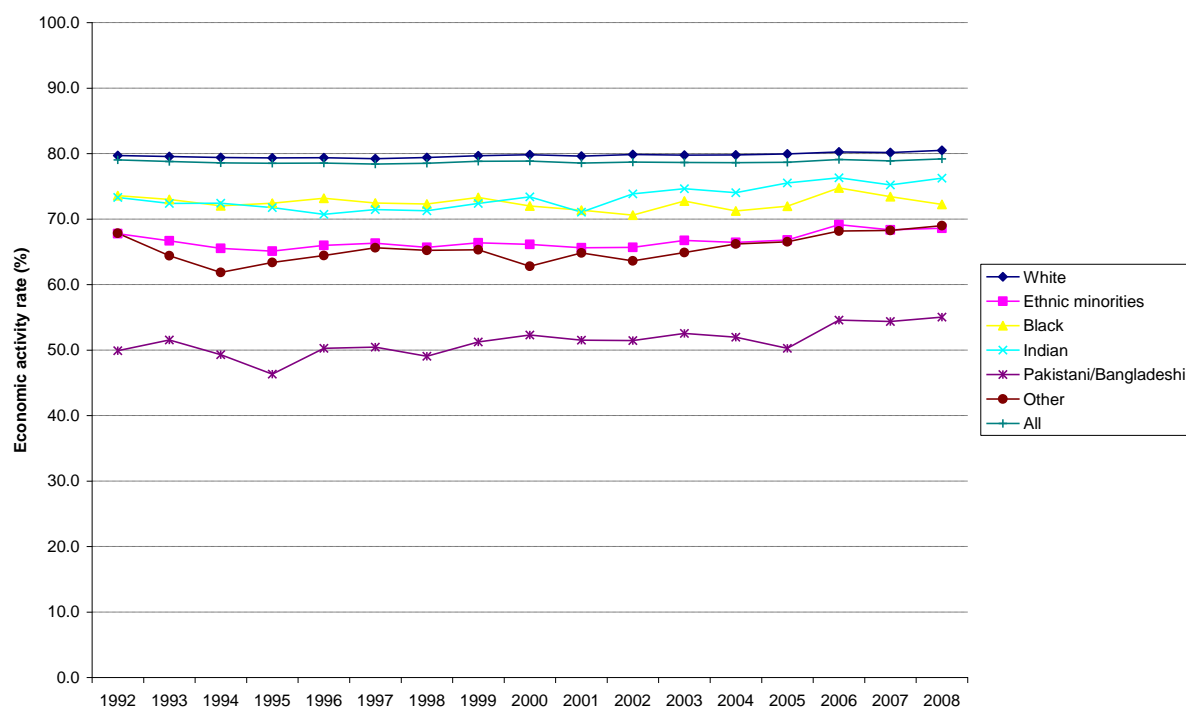
A report by the Strategy Unit (2003) into the disadvantage of ethnic minority groups in the labour market highlighted four important dimensions of disadvantage:

- lower employment and higher unemployment rates;
- lower average earnings levels;
- poorer occupational attainment/progression in the workplace; and
- higher levels of self-employment.

The report noted that while ethnic minority groups tended to be disadvantaged on all four dimensions, there was considerable diversity between minority groups and not all experienced the same degree of disadvantage.

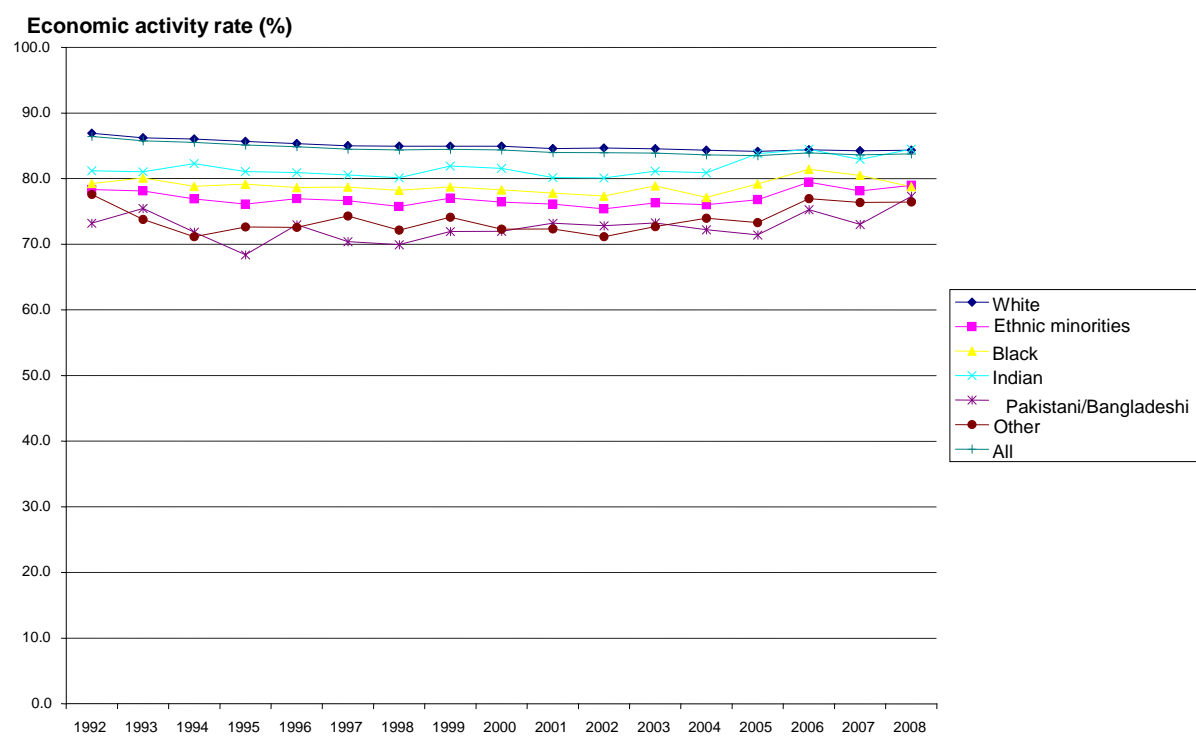
Figures 6.1 to 6.9 present differentials in annual average economic activity rates, employment rates and unemployment rates for men and women of working age (16 to 59 or 64) over the period 1992 to 2008. The White economic activity rate (Figure 6.1) remained constant at around 80 per cent over this period but the minority rate first declined in the early 1990s then increased. From the mid-1990s onwards, economic activity rates for most minority groups have converged slowly with the White rate, though that for Black people has been more variable and shown less evidence of convergence. The Indian rate is approaching the White rate most closely. The White male economic activity rate has declined slightly while that for ethnic minority groups has increased (Figure 6.2). In contrast, economic activity rates for women from all ethnic groups increased over the period 1992 to 2008, but that for Pakistani and Bangladeshi women remained well below those of other ethnic groups (Figure 6.3).

Figure 6.1 Economic activity rates by ethnic group, 1992-2008

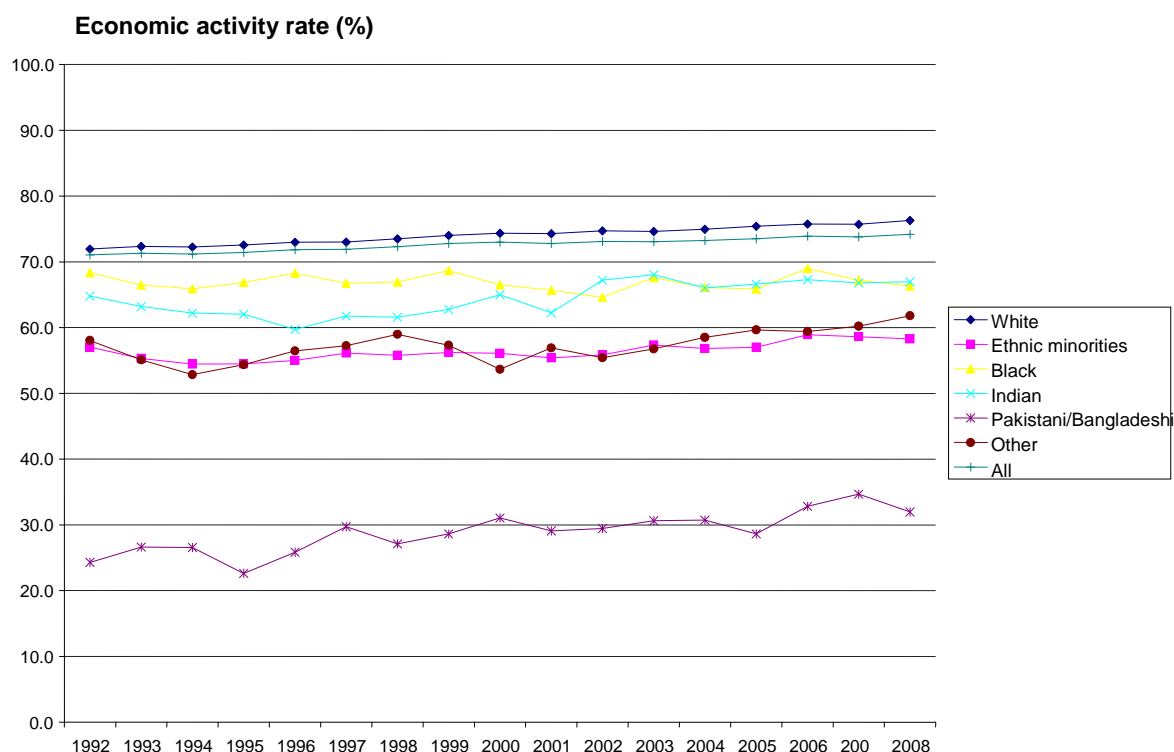


Source: IER analysis of Labour Force Survey data for 1992 to 2008.

Figure 6.2 Male economic activity rates by ethnic group, 1992-2008



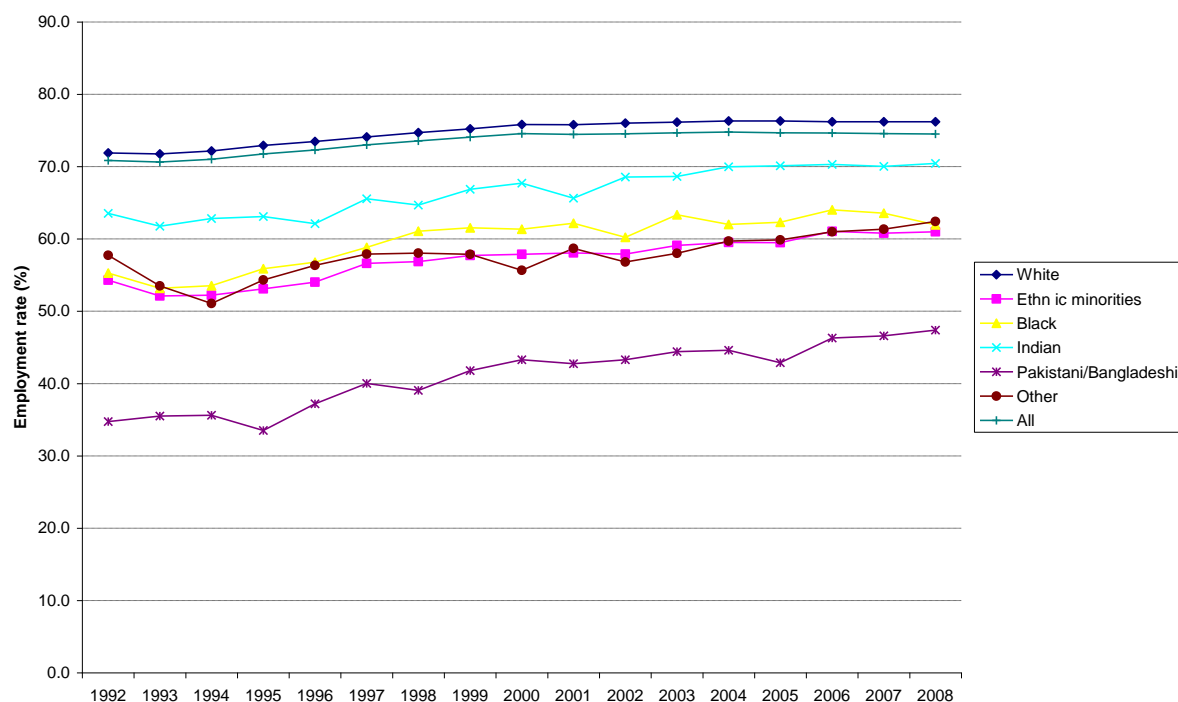
Source: IER analysis of Labour Force Survey data for 1992 to 2008.

Figure 6.3 Female economic activity rates by ethnic group, 1992-2008

Source: IER analysis of Labour Force Survey data for 1992 to 2008.

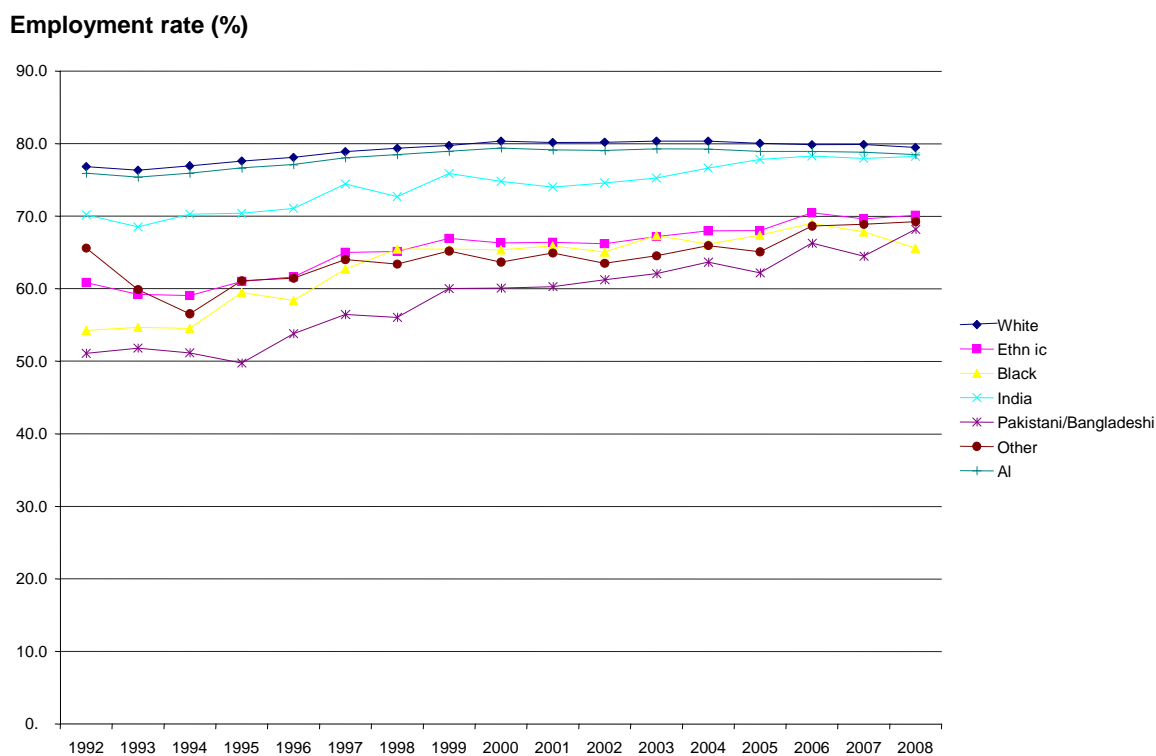
The employment rate for White people was increasing until the early 21st century, but this increase now appears to have stopped (Figure 6.4). For men, there is a clear pattern of quite rapid convergence over time as employment rates for each minority group have increased (following declines in the early 1990s) (Figure 6.5). The Indian male employment rate is now very close to that of White men. There is a lesser degree of convergence for women (Figure 6.6) because the employment rate for White women continued to increase while female ethnic minority employment rates also increased. The employment rate for Pakistani and Bangladeshi women has increased substantially, but they remain much less likely than other women to be in work.

Figure 6.4 Employment rates by ethnic group, 1992-2008

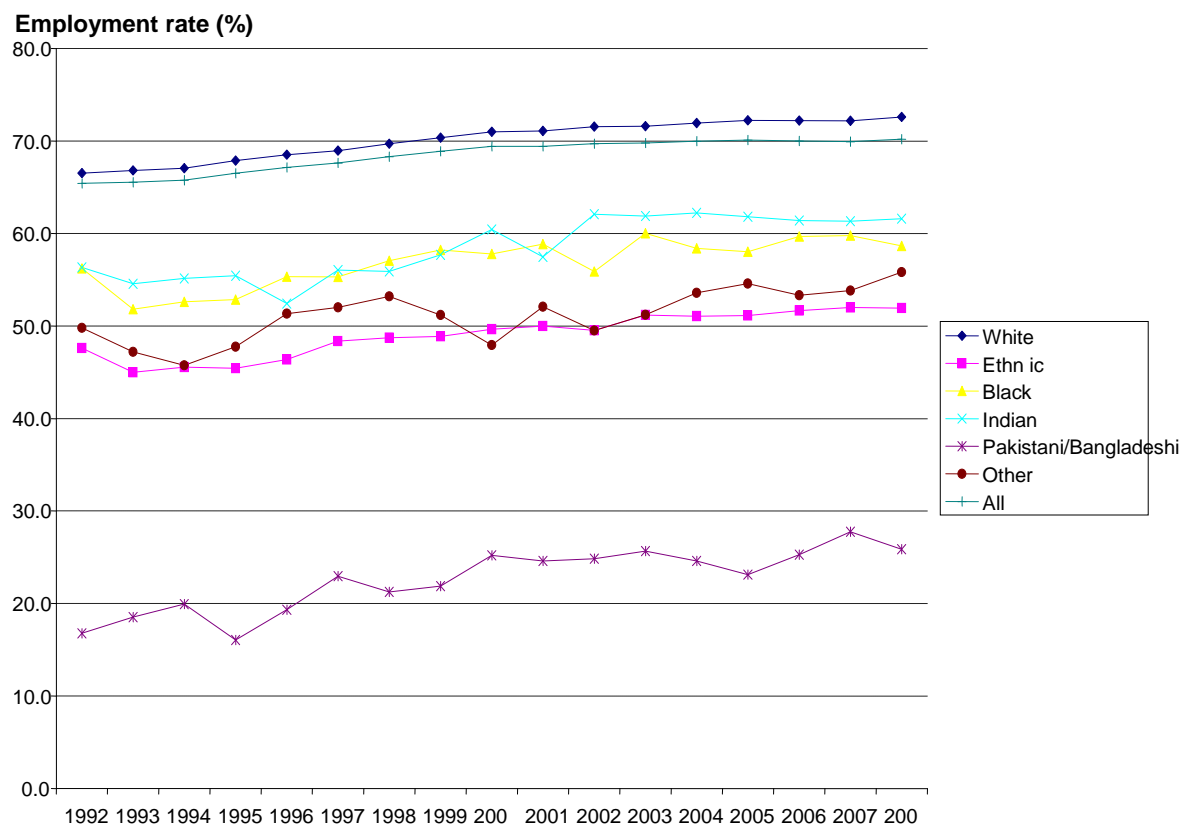


Source: IER analysis of Labour Force Survey data for 1992 to 2008.

Figure 6.5 Male employment rates by ethnic group, 1992-2008



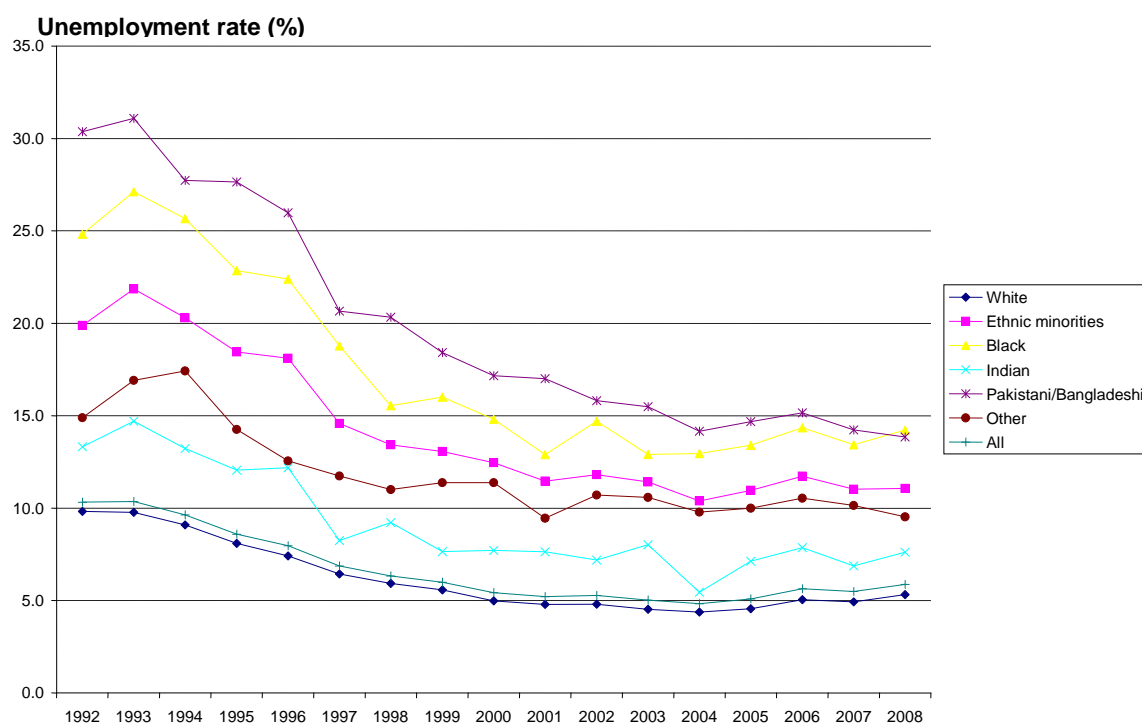
Source: IER analysis of Labour Force Survey data for 1992 to 2008.

Figure 6.6 Female employment rates by ethnic group, 1992-2008

Source: IER analysis of Labour Force Survey data for 1992 to 2008.

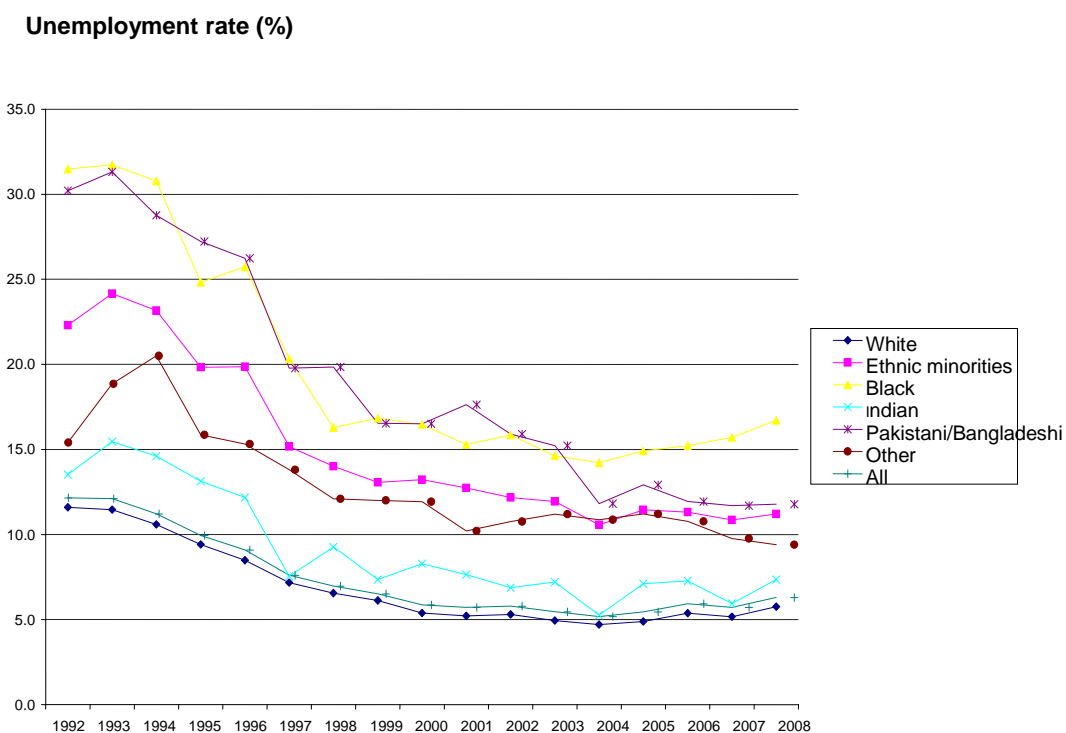
Unemployment rates for all ethnic groups have declined substantially (by half) over the period 1992 to 2008, with a smaller decline for women than men (Figure 6.7). White unemployment rates declined after 1993, but started to increase slightly from 2005 onwards. However, the rank order of ethnic minority unemployment rates was largely maintained, with Pakistani and Bangladeshi experiencing the highest rates, followed by Black people and Indian, and Other people having the lowest unemployment rates. Pakistani and Bangladeshi women had the highest and most volatile unemployment rate and this appeared to have increased the most during the economic slowdown of 2005-07.

Figure 6.7 Unemployment rates by ethnic group, 1992-2008

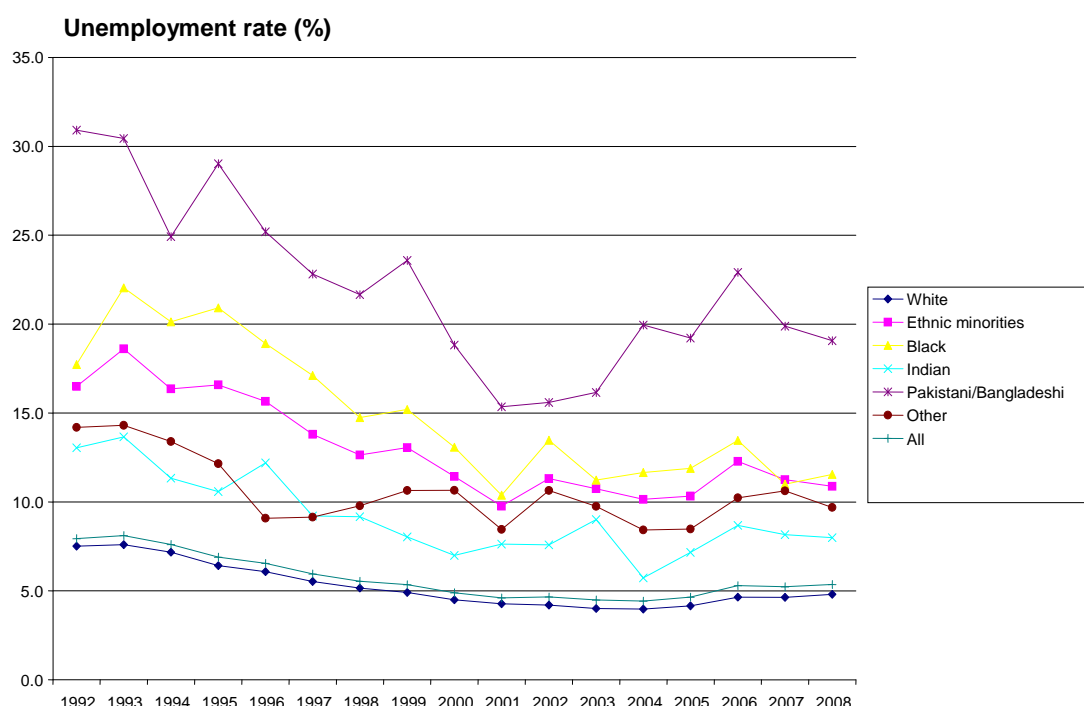


Source: IER analysis of Labour Force Survey data for 1992 to 2008.

Figure 6.8 Male unemployment rates by ethnic group, 1992-2008



Source: IER analysis of Labour Force Survey data for 1992 to 2008.

Figure 6.9 Female unemployment rates by ethnic group, 1992-2008

Source: IER analysis of Labour Force Survey data for 1992 to 2008.

This period has also seen considerable change in the pattern of employment by ethnic group (discussed in detail elsewhere in this report). The most dynamic feature of employment change for the population as a whole since 1971 has been the growth of women's employment, driven by the rapid increase in part-time employment. However, women from ethnic minority groups are more likely than White women to work full-time, and a relatively high percentage of Bangladeshi and Pakistani men work part-time, indicating that men from these ethnic groups are more likely to find work in less secure occupations in the 'secondary labour market' (Mason, 2003). This is reflected in differentials in wage rates by ethnic group. In 2004, ethnic minority workers earned an average of £7.50 per hour, compared with £8.00 per hour for workers from White backgrounds. This gap has been increasing since 1998. Within the overall average for ethnic minorities, earnings were highest for Indian and lowest for Pakistani and Bangladeshi workers. White male employees earn more on average than Black male employees, although the reverse is true for their female counterparts, with Black women earning more than White women. Overall, ethnic minority women earned about £0.70 per hour more than White women, because a larger proportion of White women tend to work part-time.

Table 6.1 Median earnings per hour by ethnic group for employees aged 18 and over, 1998-2004, UK

Ethnic group	£ per hour			
	1998	2000	2002	2004
White	6.29	6.76	7.51	8.00
<i>Ethnic minorities</i>	5.95	6.36	7.13	7.50
Black	5.83	7.04	7.41	7.33
Indian	6.11	6.57	7.00	8.41
Pakistani/Bangladeshi	5.24	4.94	5.80	6.25
Other	6.54	6.00	7.75	7.60

Source: Low Pay Commission, 2005.

While part of the disadvantage of ethnic minority groups can be accounted for by individual characteristics and geographical location, survey evidence over the last 40 years has revealed that workers from ethnic minorities experience discrimination in employment. This has diminished over time, but the fourth Policy Studies Institute (PSI) Survey (conducted in 1994) found that 18 per cent of people from ethnic minority groups thought that an employer would refuse a person a job on racial or religious grounds (Modood et al., 1997). The Citizenship Survey produced by Communities and Local Government has included questions about people's perceptions of discrimination which has revealed that perceived discrimination has declined further. Data from the survey for April to December 2008 found that eight per cent of people from ethnic minority groups in England and Wales felt that they had been refused a job for reasons of race (compared with two per cent of White people). Moreover, seven per cent of people from ethnic minority backgrounds felt they had experienced discrimination on the grounds of their race when seeking promotion (compared with one per cent of White people). This represented a slow decline since 2003 (Lloyd, 2009). However, a study of attitudes and job search behaviours of senior managers from under-represented groups undertaken during 2007 and 2008 for the Department for Work and Pensions found that racial discrimination had been a barrier to career progression for a third of Asian and 20 per cent of black managers (compared with just under 10 per cent of those from mixed ethnic backgrounds and fewer than one per cent of White managers (Hooker et al., 2008).

6.3 Previous recessions and evidence of the impact on ethnic minority groups

Research by a number of authors into the long-term patterns of disadvantage by ethnic group has noted that the labour market situation of migrants in the early post-war decades was relatively favourable. The difference in employment rates between White and ethnic minority groups was quite small until the early 1980s

(Clark and Drinkwater, 2007) and Brown (1984) found that West Indian and Asian male unemployment rates were similar to those for White men at under three per cent. As the ethnic minority group population increased due to births and continued international migration and the British economic crisis intensified with the radical contraction of the manufacturing industry, their situation deteriorated. The share of ethnic minority groups in the unemployment total increased from 2.7 per cent in 1973 to 4.1 per cent in 1982. Unemployment rates for people from ethnic minority groups increased from 4.7 per cent for males and 6.3 per cent for females in 1970 to 14.1 per cent and 12.6 per cent respectively in 1998 (Leslie et al., 2002: 1042).

Leslie et al. (2002) suggest that rising unemployment between 1974 and 1982 had a greater effect on ethnic minorities than on the White population, with the White/ethnic minority unemployment rate differential increasing from 1.1 per cent in 1970 to 9.2 per cent in 1998 for men and from 2.6 per cent to 9.1 per cent for women over the same period. Stafford and Duffy (2009) quote numerous other studies which demonstrate the deterioration of the labour market position of ethnic minority groups over the 1980s and 1990s. Leslie et al. (2002) suggest that there was a 'ratchet' effect for minority unemployment rates. Unemployment rates increased faster for minority than White people as the economy moved into recession but tended to recover more slowly during the recovery.

Most of the studies quoted above focused on aggregate measures of employment and unemployment. A series of surveys were undertaken by the PSI between 1968 and 1994, examining the situation of minority groups in the labour market in more detail (Daniel, 1968; Smith, 1976; Brown, 1984; Modood et al., 1997). These demonstrated that ethnic minority groups were clustered in a limited range of industries and occupations, mainly in semi-skilled and unskilled jobs.

Berthoud (2000)'s analysis of LFS data for 1985 to 1995 revealed that unemployment for Caribbean and African men was more sensitive to the business cycle than that for White men, but that unemployment for Indian, Pakistani and Bangladeshi men was relatively insensitive. Heath and Li (2007) also found that unemployment for African men was sensitive to the business cycle. They also demonstrated the strength of the generational effect; the UK-born children of people from ethnic minority groups tended to do better than their migrant parents, but the disadvantage of their parents did not diminish over time. They also suggested that average ethnic minority unemployment was increased by successive waves of new migrants (for example, due to the higher unemployment of new migrants with poor language skills and little appreciation of the requirements of UK employers).

There is evidence that the relative situation of ethnic minority groups has improved during periods of economic growth. For example, Robinson (1990) found that over the period of rapid economic growth between 1987 and 1989, the gap in unemployment rates between ethnic minority groups and White people narrowed by 0.2 percentage points. Moreover the 2001 Census of Population revealed that employment and unemployment rates improved over the period 1991-2001 for Indian and Chinese people. However, Pakistani, Bangladeshi and Black people still experienced much lower employment and much higher unemployment rates than White people.

6.4 The impact of the current recession on ethnic minority groups

Since the Labour government came to power in 1997, there has been a much more active labour market policy aimed at reducing the labour market disadvantage of people from ethnic minorities. During 2001-03, the Prime Minister's Strategy Unit undertook a major study of the experience of ethnic minorities in the labour market and the factors responsible for their disadvantage. In its final report, it proposed that the UK government adopt the target that 'in 10 years' time, ethnic minority groups living in Britain should no longer face disproportionate barriers to accessing and realising opportunities for achievement in the labour market' (Strategy Unit, 2003). In response, The 2002 Spending Review (SR02) adopted a Public Service Agreement (PSA) target to reduce the difference in employment rates between White people and people from ethnic minority groups by 2006. The Ethnic Minority Employment Task Force was set up to drive forward government action to tackle the barriers to ethnic minority employment through improving educational attainment, equal opportunities policies, reforming employment programmes and tackling specific barriers. The Department for Work and Pensions was given responsibility for ensuring this target was met and the Jobcentre Plus employment service implemented an Ethnic Minority Outreach strategy, while government policies such as City Strategies incorporated the aim of improving employment opportunities for ethnic minority groups. The White/ethnic minority gap in employment rates was reduced from 16.9 to 15.6 percentage points between spring 2003 and spring 2005 (which was sufficient to meet the SR02 PSA target). The rate at which this gap has narrowed has since slowed (House of Commons, 2008). Kent (2009) showed that in July to September 2008, around three-quarters of working age White people, but only three-fifths of people from ethnic minorities, were in employment.

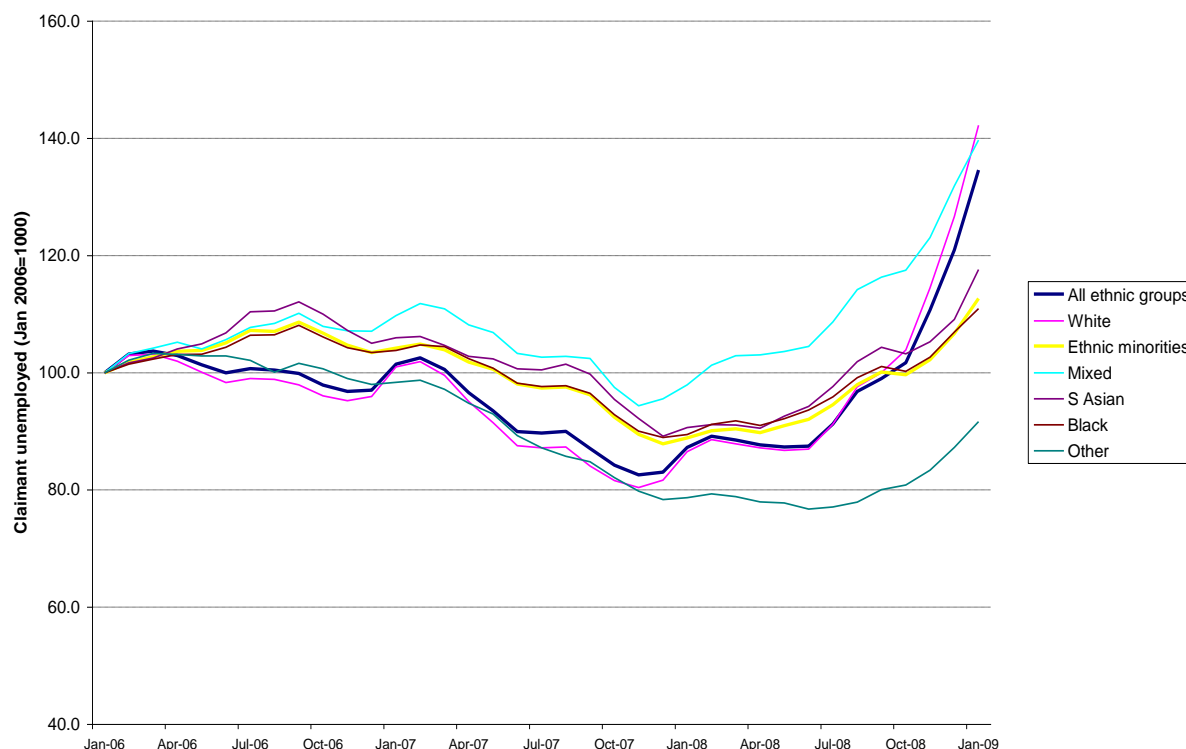
Claimant count unemployment data have been available classified by ethnic group since 2005. Figure 6.10 presents the trend in unemployment since January 2006 by broad ethnic group. The fall in unemployment in 2007 was faster for White people than for people from ethnic minority groups, but the rise in unemployment in late 2008 and early 2009 was faster for White people. Unemployment declined most

after January 2006 for the Other ethnic groups, but tended to remain high for people of Mixed parentage.

During 2008, the share of ethnic minority groups in the total claimant count fell as unemployment rose, but unemployment increased fastest for South Asians and slowest for those from 'Other' ethnic groups. While the gap in unemployment rates between White and ethnic minority groups fell by 0.5 per cent during 2008, the minority rate remained double that for White people.

A Trades Union Congress (TUC) report (2009b) confirmed that, nationally, people from ethnic minority groups had fared relatively well during the current recession. The authors comment that an important factor underlying this is the continued concentration of people from ethnic minority groups in London and South East England, which have been less badly affected by the recession than other regions (though job losses in the financial services industry in London will have impacted upon people from South Asian and South-East Asian ethnic groups). However, a report for the West Midlands Regional Observatory (2009) found that Black-Caribbean unemployment rates rose sharply in the West Midlands. A report by Nottingham City Council (2009) estimated that unemployment rates for Black people in December 2008 were double those for White people. It also noted that Black unemployment increased faster than White unemployment between December 2007 and December 2008. However, unemployment rates for Asian people were well below those of White people.

The TUC (2009b) reported that ethnic minority group employment fell by 15.0 per cent in manufacturing, but increased by 18.9 per cent in health and social work between the end of 2007 and the end of 2008. The employment rate gap decreased to 14.6 per cent, because the White employment rate fell while the minority rate increased.

Figure 6.10 Claimant unemployment by ethnic group, 2006-09

Source: ONS claimant count of the unemployed, via NOMIS.

In 2008, despite the progress noted above, the gap in employment rate between White people and ethnic minority groups was 15.2 percentage points, though the gap in economic activity rates was slightly narrower, at 11.9 per cent (Table 6.2). The gap in economic activity and employment rates was much larger for women than men; with the female ethnic minority employment rate 20.7 percentage points lower than that for White women (Table 6.2). The ethnic minority unemployment rate was still well over twice the White unemployment rate. The White/ethnic minority differential is similar for both men and women. Economic activity and employment rates for Black people were above the minority average, but the Black unemployment rate was nearly three times that for White people.

Table 6.2 Working age labour market rates by ethnic group, 2008

Ethnic group	Thousands			Per cent		
	Economically active	In employment	Unemployed	Economic activity rate	Employment rate	Unemployment rate
White	26,230	24,829	1,402	80.7	76.4	5.3
<i>Ethnic minorities</i>	1,932	1,715	217	69.2	61.5	11.2
<i>Black</i>	793	680	113	72.2	61.9	14.2
Black-Caribbean	301	260	42	77.3	66.6	13.8
Black-African	354	307	47	68.9	59.9	13.2
Black-Other (non-mixed)	35	30	6	72.6	61.2	15.7
Black-Other (mixed)	103	84	19	70.0	57.0	18.6
Indian	663	613	51	76.2	70.4	7.6
<i>Pakistani/Bangladeshi</i>	455	392	63	55.0	47.4	13.9
Pakistani	328	284	43	54.6	47.4	13.2
Bangladeshi	127	107	20	56.1	47.3	15.5
<i>Other</i>	956	865	92	68.9	62.3	9.6
Other-Asian	244	221	23	70.2	63.6	9.4
Chinese	147	137	10	67.0	62.3	7.0
Other	565	506	59	68.9	61.7	10.4
All ethnic groups	29,098	27,378	1,720	79.4	74.7	5.9

Notes: Data are for 16-64 (men) and 16-59 (women).

Source: Labour Force Survey (average for 2008).

Table 6.3 Working age labour market rates by ethnic group and gender

Ethnic group	Economic activity rate		Employment rate		Unemployment rate	
	Male	Female	Male	Female	Male	Female
White	84.3	76.3	79.5	72.6	5.8	4.8
Ethnic minorities	79.0	58.3	70.1	51.9	11.2	10.9
<i>Black</i>	78.8	66.3	65.6	58.7	16.7	11.5
Black-Caribbean	80.5	74.5	67.3	66.0	16.3	11.5
Black-African	78.7	59.9	67.4	52.9	14.4	11.7
Black-Other (non-mixed)	79.5	67.6	65.8	57.8	17.2	14.4
Black-Other (mixed)	74.4	65.9	54.6	59.0	26.6	10.4
Indian	84.5	67.0	78.3	61.6	7.4	8.0
<i>Pakistani/Bangladeshi</i>	77.3	31.9	68.2	25.9	11.8	19.1
Pakistani	77.3	31.1	68.9	25.1	10.8	19.4
Bangladeshi	77.3	34.1	66.2	27.8	14.3	18.4
<i>Other</i>	76.4	61.8	69.2	55.8	9.4	9.7
Other-Asian	80.4	60.8	72.3	55.6	10.0	8.6
Chinese	71.5	63.3	67.1	58.5	6.2	7.6
Other	76.0	61.8	68.5	55.1	9.9	10.8
All ethnic groups	83.8	74.2	78.5	70.2	6.3	5.4

Source: Labour Force Survey (average for 2008).

The economic activity and employment rates of Indian people and Black-Caribbean people were closest to those of White people. However, only just over half of Pakistani and Bangladeshi people were economically active and under half were in employment. Variations in employment rates were wider for women than men. While two-thirds of Black-Caribbean women (and men) were in employment, only a quarter of Pakistani and Bangladeshi women were in work.

Among ethnic minority groups, Chinese men and women displayed unemployment rates closest to those of White people. Black men were more likely to be unemployed than Black women, while Pakistani and Bangladeshi women were more likely to be unemployed than men from the same ethnic groups.

6.5 Conclusion

- People from ethnic minorities groups remain disadvantaged in the labour market, despite considerable progress during a long period of economic prosperity.

- The relative position of ethnic minorities deteriorated considerably as a consequence of the economic crises of the late 1970s and early 1980s which led to a massive loss of manufacturing employment.
- The position of some ethnic minority groups is now approaching equality with that of White people, but the average of all people from ethnic minorities remains well below the White employment rate and above the White unemployment rate.
- Nationally, ethnic minority groups have been less adversely affected than White people by the current recession. However, there is evidence that Black ethnic groups may be faring particularly badly.

7. Projections of employment

7.1 Introduction

This chapter provides projections of employment for Great Britain disaggregated by gender, age, ethnic group and disability. The projections are based on a forecast by Cambridge Econometrics (CE) for the UK economy – and its nations and regions – from February 2009. The forecast is produced by CE's Multisectoral Dynamic Model (CE 2009). The employment projections by gender, age, ethnic group and disability have been produced by Institute of Employment Rights (IER) by apportioning the changing shares of total employment, occupational and sectoral employment for each of these groups based on historical data from the Labour Force Survey (LFS). The projections provide a structured view of the future, but it must be emphasised that there are substantial uncertainties about the speed with which the recovery from the current recession will take place because this is very much dependent upon developments in the world economy. The projections are based on the assumption that the economy will return to its long-run growth path over the medium term (to 2020). For further details of the IER projections, see Wilson et al. (2008).

7.2 Caveats to the projections

One of the rationales for producing forecasts is to provide some indication to policymakers and other labour market participants about likely developments in an uncertain world. The uncertainties facing the UK economy and labour market have been immense during the second half of 2008 and the first half of 2009. The projections in this report were based on a macroeconomic assessment prepared in February 2009. Since that time there has been considerable change in the world economy with several economies exiting recession. The global financial crisis of 2008 is unprecedented in recent times, with a virtual meltdown in some aspects of the financial system, and government interventions across the world intended to shore up the banking system and to restore confidence to financial markets.

As the economy has entered recession, there are concerns that there may be a period of prolonged slowdown in the economy with most commentators suggesting a recovery is unlikely until 2010-11. In such circumstances, producing labour market projections is particularly difficult because it is technically difficult to produce robust forecasts when economic conditions are changing so rapidly. In a relatively short space of time, concerns about accelerating levels of inflation (in early 2008) have given way to worries about deflation as demand declines. Looking to the future, some commentators are concerned about the long-term consequences of deflation, while others see a number of latent inflationary pressures which may become manifest in the period to 2020.

The forecast assumes that, following the recession, the economy will return to its long-run trend, so it may underestimate the short-run impact of a tightening credit supply and the sharp decline in domestic demand. It is apparent that the downturn, at least in its early stages, is being felt particularly hard in London and the South East given their focus for the financial services industry. The focus of the results, however, is upon the medium term. Changing patterns of employment by sector and occupation are largely dominated by longer-term trends rather than the cyclical position of the economy. The results from the current set of projections can, therefore, still be used as a guide to likely future developments in the structure of employment, even though the overall impact of the current recession on employment levels over the next two to three years may be underestimated.

Of course, it is not possible to rule out the possibility that there may be a more negative impact on the longer-term trends in employment patterns, especially in parts of the banking and financial system. For most other sectors, the results present a plausible picture of future developments, assuming that the economy turns the corner during 2010-11. Past experience suggests that, no matter how severe the shock, economies do recover and the longer-term trends are generally quite soon re-established. Sharp recessions often hasten the structural changes going on the economy, resulting in the more rapid decline of struggling sectors and the generation of new ones. The increasingly inter-connected nature of the global economy may help to hasten this process. Analysis of previous recessions suggests that, while the impact on employment levels can be quite severe as the downturn accelerates, the effect on patterns of labour demand by occupation and qualification are much less sensitive, and that the underlying trends in such shares are quite robust.

The impact of the recession of the early 1990s on employment levels by occupation resulted in strong cyclical downturns for many occupations. But trends in the shares of particular occupations in total employment showed a much less dramatic pattern of change. If the current recession has a similar impact, then the underlying, longer-term trends that are built into the projections can be expected to provide a useful guide to longer-term developments in the demand for labour.

7.3 The economy and employment over the medium term

The economy declined by 1.5 per cent in 2008 Q4, by 2.4 per cent in 2009 Q1, a larger fall than expected by the Bank of England at the time, and by 0.8 per cent in 2009 Q2 (Bank of England, 2009a, 2009b). The factors which are likely to slow the pace of recovery include:

- a protracted contraction in world demand (for instance, recession appears to have been particularly deep in some of the UK's main trading partners though they are now exiting recession);
- increases in household saving including consuming less and paying off debts; and
- the limited availability of credit to companies and households such that even credit-worthy organisations face difficulties securing credit.

More positively, the financial stimulus package introduced by the UK government and others may help promote growth. On balance, the Bank of England's view is one of relatively slow economic recovery, but it also emphasises the high uncertainty attached to what is expected to happen next in the economy. Because employment tends to lag behind output trends – see Chapter 2 - this suggests, other things being equal, that the labour market is about to experience a period of prolonged employment decline and unemployment growth.

CE's forecast for the UK economy indicates that the economy will continue to contract during 2009 and remain subdued during 2010. Over 2009, the outlook is one of households reining in their spending, falls in house prices and tight credit supply. Uncertainty in the market will see investment levels fall by 7.75 per cent. Gross Domestic Product (GDP) is expected to contract by around 3.25 per cent during 2009 and will continue to fall during 2010 before resuming growth in 2011.

Employment continued to rise during the 12 months to June 2008. During the second half of 2008 around 140,000 jobs were lost and unemployment levels began to rise. During 2009, employment is forecast to fall by around 2.25 per cent in large part due to the decline in those sectors particularly affected by the credit crunch (financial and business services). The lagged effects of the recession are reflected in a weak labour market over the medium term. Overall, the 2005-10 period is expected to reveal employment growth of -0.4 per cent a year before returning to growth of 0.4 per cent a year over the 2010-15 period and 0.5 per cent a year for 2015-0. This compares with an annual average growth rate of 1.0 per cent over the 2000-05 period. The relatively weak employment growth forecast for the period to 2015 and between 2015 and 2020 will result in unemployment levels rising: to an average of 2.1 million for the 2010-15 period, and 1.9 million for the 2015-20 period, compared with 0.9 million for the 2000-05 period, and 1.3 million for the 2005-10 period.

The impact of the recession is unlikely to be felt evenly across the UK. CE's forecasts for the nations and regions of the UK point to the following:

- The short-term indicators suggest that London will see the greatest contraction in employment (by -2.2 per cent in 2010 compared with -1.7 in the UK), but over the longer term it will have one of the strongest growth rates (0.7 per cent a year growth in the period 2010-20 compared with 0.5 per cent in the UK).
- The short-term indicators also show a relatively strong employment decline in Wales in 2010 (-2.1 per cent a year) with a below average increase of 0.4 per cent over the 2010-20 period.
- Employment growth in Scotland is expected to be -1.8 per cent in 2010 and is forecast to be relatively weak over the longer-term at 0.2 per cent between 2010 and 2020.

In general, the economies of London and southern England are likely to benefit over the longer-term from the recovery of the financial services sector, their concentration of high-value production industries, and improvements to the transport infrastructure. Elsewhere in England, the Midlands will suffer from its dependence upon manufacturing and its relatively weak financial and business services base, and in the North there is still a strong dependence upon low-value service industries, which subdues value-added output growth over the medium term. Over the longer term, the economies of both Wales and Scotland are projected to grow at a rate lower than the average for Great Britain. In Scotland, employment will benefit from the growth of the non-financial business services industry but the decline of employment in manufacturing and transport/communications will result in relatively weak overall employment growth. Earnings levels in Scotland will remain below the UK average. The performance of the Welsh economy is expected to be weak between 2010 and 2015 because of its dependence for employment upon industries with low productivity growth. There is likely to be a growing dependence upon the public sector for employment.

In summary, the CE forecast for the national economy projects a fall in gross value added (GVA) of 3.2 per cent this year and by a further 0.6 per cent during 2010 with modest growth expected to resume in 2011 (see Table 7.1).

Table 7.1 Macroeconomic indicators

	2007	2008	2009	2010	2000-05	2005-10	2010-15	2015-20
Gross value added at basic prices (% p.a.)	3.0	0.7	-3.2	-0.6	2.4	0.5	2.5	2.5
Employment (millions)	31.4	31.6	30.9	30.4	30.3	31.1	30.6	31.4
Unemployment (millions)	0.9	0.9	1.6	2.1	0.9	1.3	2.1	1.9

Source: Cambridge Econometrics (2009).

7.4 Projections of employment

Employment growth over the medium term

Before providing an assessment of employment change by gender, age, ethnicity and disability, a brief description is provided of how employment is projected to develop between now and 2020. By 2020, employment levels are expected to regain their pre-recession level (see Table 7.2). It is apparent that the growth rate over the forecast period is below that recorded over the 1990s. During the recovery period, 2013-20, employment is projected to grow by 0.5 per cent a year compared with 1.2 per cent a year between 1993 and 2001. Reflecting this long-run trend, part-time employment is expected to grow at a faster rate than full-time employment, but this is not necessarily reflected in a faster rate of growth in female employment. In the future, men are expected to take a larger share of part-time jobs.

Table 7.2 Employment outlook to 2020

Thousands	1993	2001	2008	2013	2020
Total employment	26,441	29,053	30,738	29,751	30,898
Male employment	13,961	15,506	16,319	15,798	16,516
Female employment	12,481	13,457	14,419	13,953	14,381
Full-time	16,032	17,777	18,212	17,450	17,854
Part-time	6,729	7,752	8,431	8,384	9,004
Self-employed	3,680	3,523	4,095	3,918	4,039
Unemployment rate (%)	9.5	3.1	2.8	6.6	5.3

AAGR (%)	1993-2001	2001-08	2008-13	2013-20
Total employment	1.2	0.8	-0.7	0.5
Male employment	1.3	0.7	-0.6	0.6
Female employment	1.0	0.9	-0.7	0.4
Full-time	1.3	0.3	-0.9	0.3
Part-time	1.8	1.2	-0.1	1.0
Self-employed	-0.5	2.2	-0.9	0.4
Unemployment rate	-13.0	-1.6	18.9	-3.2

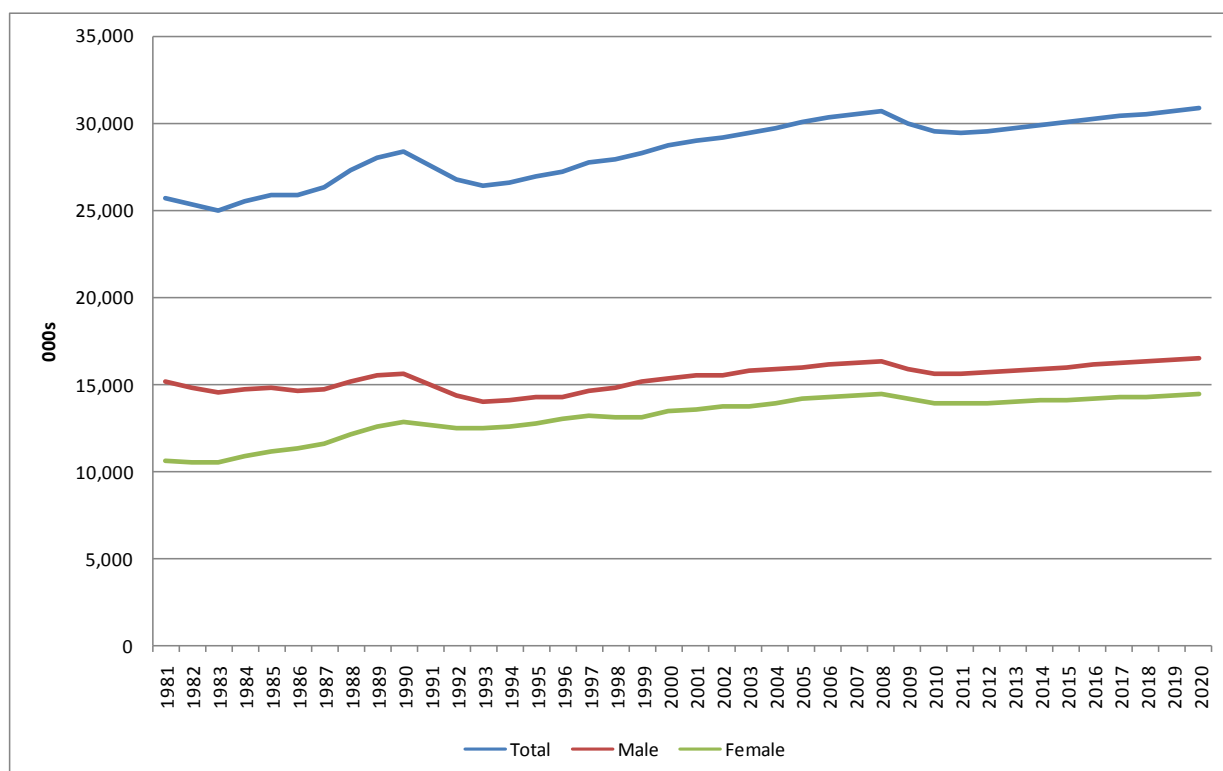
Notes: AAGR = annual average percentage growth.

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

There are uncertainties about the depth of the current recession compared with previous ones and its likely impact on unemployment levels. The unemployment rate in both 2013 and 2020 is projected to be lower than that recorded in the aftermath of the 1990-91 recession. The reasons for this are manifold: people exiting the labour force rather than entering unemployment; return migration, and the use of extended periods of leave by some employers. If the recession is bottoming out during the second quarter of 2009, as some pundits are predicting, then there is the possibility that the impact of the recession on unemployment may not be as abject as that witnessed following the 1980-81 and 1990-91 recessions.

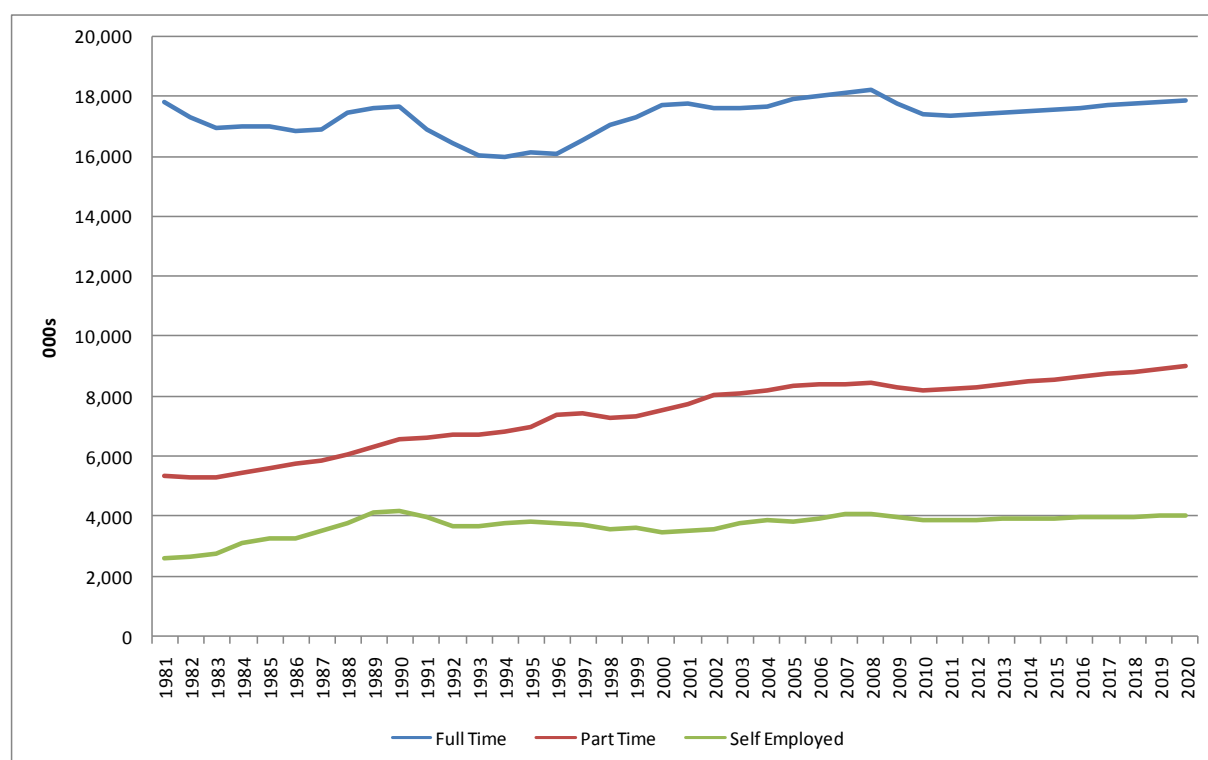
Figure 7.1 shows the long-run trend in employment levels from 1981, together with the projected trend to 2020, for men and women respectively. Figure 7.2 shows the trend for full-time and part-time employment. The charts show that fall in employment is not expected to be as deep as in 1990-91 for both men and women, and that the growth in part-time employment is likely to be relatively strong in the period to 2020 as it recovers to its long-run growth trend.

Figure 7.1 Employment trends for men and women, 1992-2020



Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Figure 7.2 Employment trends for full-time and part-time employment, 1981-2020



Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

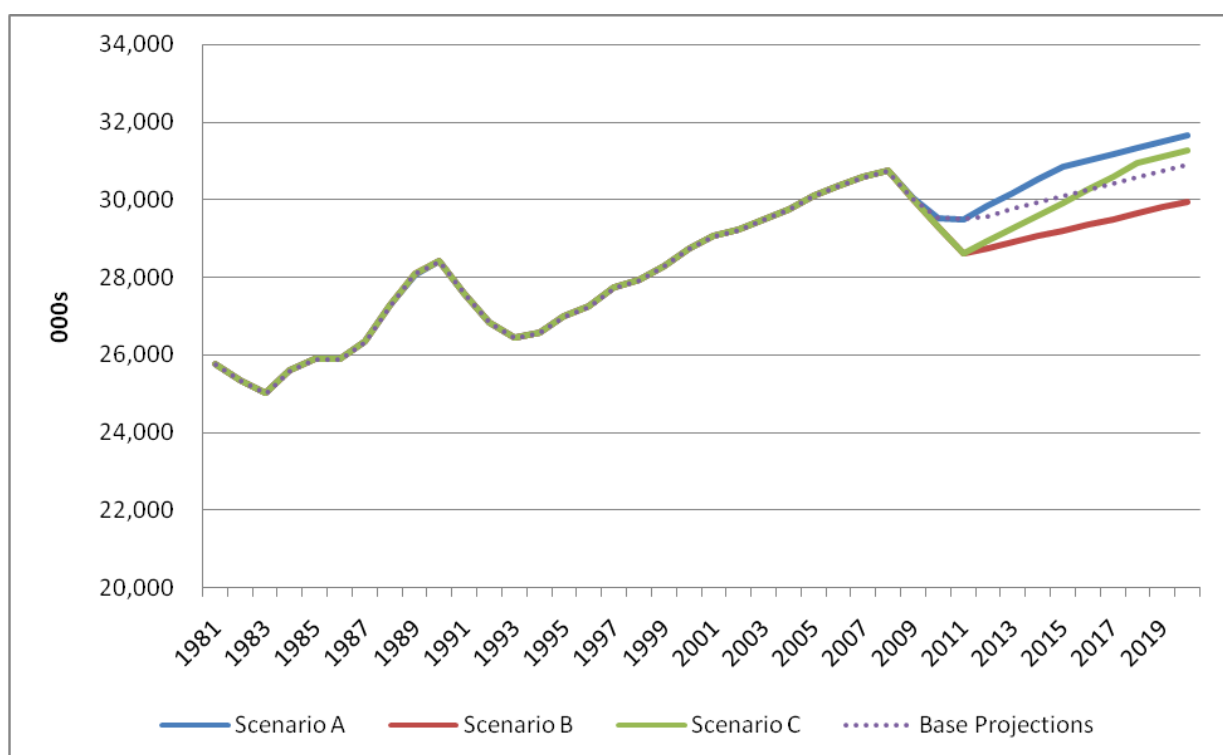
Even if one takes a more pessimistic view of the recovery, as suggested in Figure 7.3, the fall in employment is not as deep as that observed for either of the two previous recessions. Figure 7.3 shows the projected levels of employment levels to 2020 under different assumptions. Under Scenario A, perhaps the most optimistic, the lowest level of employment is reached in 2011 and is equal to that given in the base projections: 29.5 million. This represents a decline of 1.36 per cent per year from 2008 to 2011. After hitting this low, this scenario assumes that employment will grow at the same rate as it did in the recovery following the 1990 recession. With employment growth of 1.13 per cent per annum, the level of employment would be expected to reach its 2008 level by 2015.

In Scenario B, the decline in employment is assumed to equal that witnessed between 1990 and 1993. With an annual decrease of 2.37 per cent, employment would reach its lowest point, 28.6 million, in 2011. This scenario then assumes the same growth in employment in the recovery phase as used in the base projections, 0.51 per cent per year. Under this scenario, the pre-recession level of employment would be just surpassed in 2026.

Finally, under Scenario C, the lowest level of employment for this cycle would result from the same rate of decline as witnessed between 1990 and 1993: 2.37 per cent. The same rate of employment growth as seen in this earlier recession is also assumed to be true in this scenario so that employment would re-establish its 2008 level around 2018.

Given the uncertainties attached to the current recession, the scenarios outlined above give a range of possibilities. The baseline projection from the CE / IER is derived from a set of equations which replicate the probable behaviour of the British economy. The other scenarios, which are more mechanically derived, simply show how the recovery period will differ if the labour market behaves as it did after previous recessions. But it needs to be taken into account that policymakers have learnt much from previous recessions so there is every reason to believe that the more pessimistic outlooks presented in Figure 7.3 will be avoided.

Figure 7.3 Employment levels assuming different rates of recovery



Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

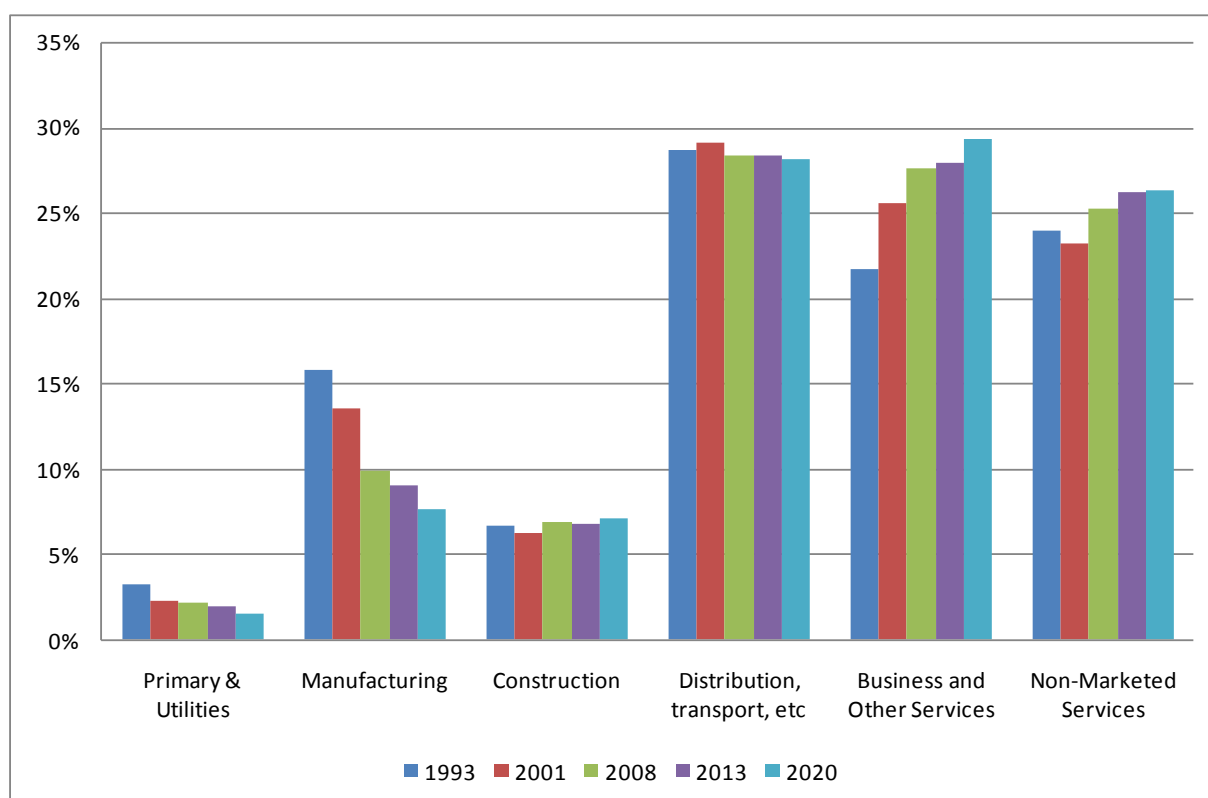
Sectoral employment prospects

The pattern of sectoral change in the baseline forecast is much the same as that reported in *Working Futures* (Wilson et al., 2008). An examination of long-term sectoral change in the labour market reveals that recessions do not bring about structural change but they can accelerate the rate of change. Hence, the current

recession is likely to hasten the fall in both primary and utilities and manufacturing employment over the short-term before the economy returns to its long-term trend in sectoral change.

The sectoral trend in employment change is shown in Figure 7.4. It reflects the long-run trend in sectoral change with the decline in relative importance of the primary and manufacturing sectors, and the increase in the share of employment accounted for by business and financial services, and non-marketed services. Although the recession has led to the loss of many jobs in the financial services sector – especially in London – the medium-term trend is for the broader business and financial services sector to account for a higher share of employment in the future. Similarly, non-marketed services – which includes education, health and social services, and public administration – is also projected to account for an increased share of employment in the period to 2020. It should be noted that factored into the baseline projection is a slowdown in the growth of public expenditure which is likely to have an impact on employment in this sector.

Figure 7.4 Sectoral trends in employment

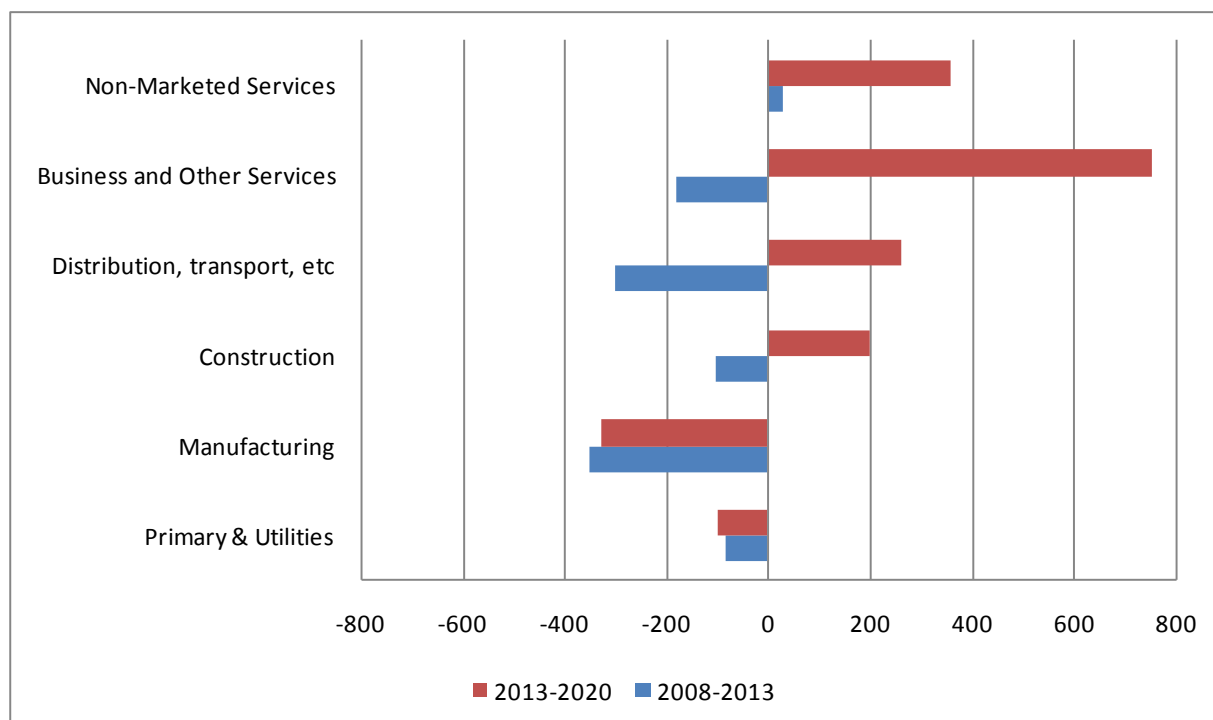


Source: Based on IER/CE Employment Forecasting Model produced for the Commission.

Figure 7.5 shows the change in employment levels by sector over the forecast period. In the earlier period covered by the projections, the outlook is fairly

pessimistic with employment levels falling across all sectors except in non-marketed services. The later period covered by the projections shows employment growth across all sectors except primary and utilities and manufacturing.

Figure 7.5 Change in employment by sector

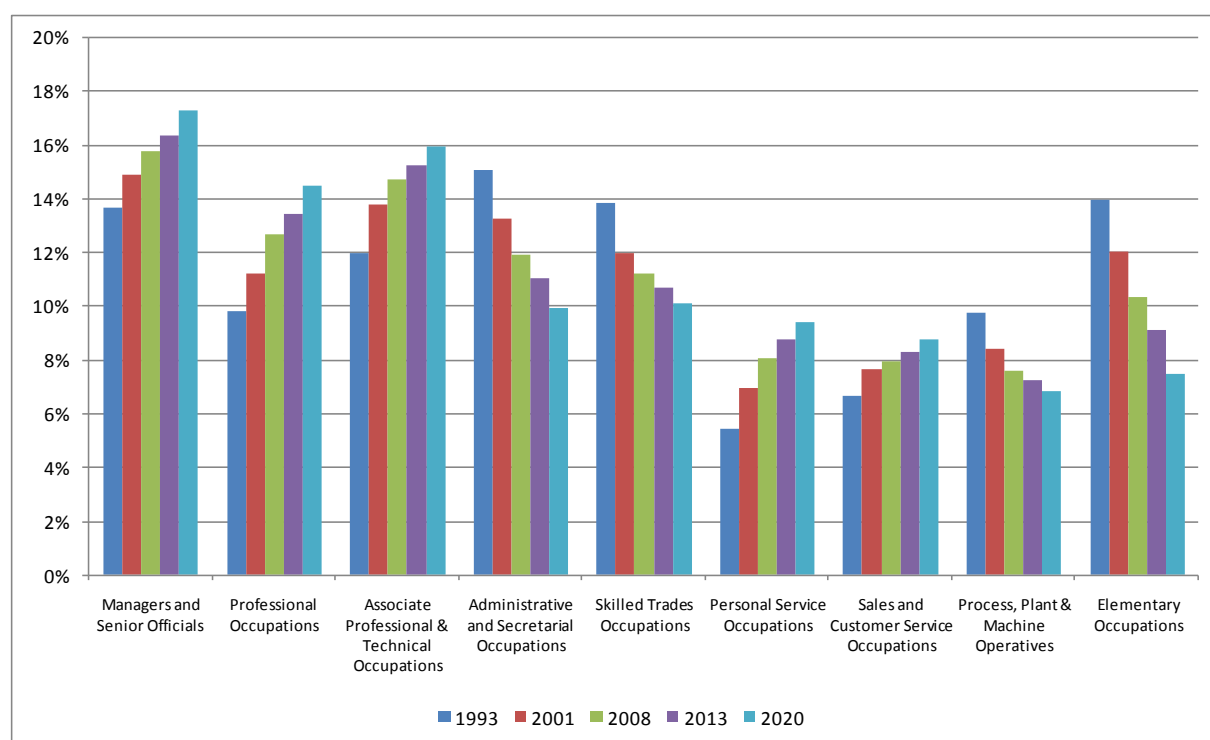


Notes: Data are shown in thousands.

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

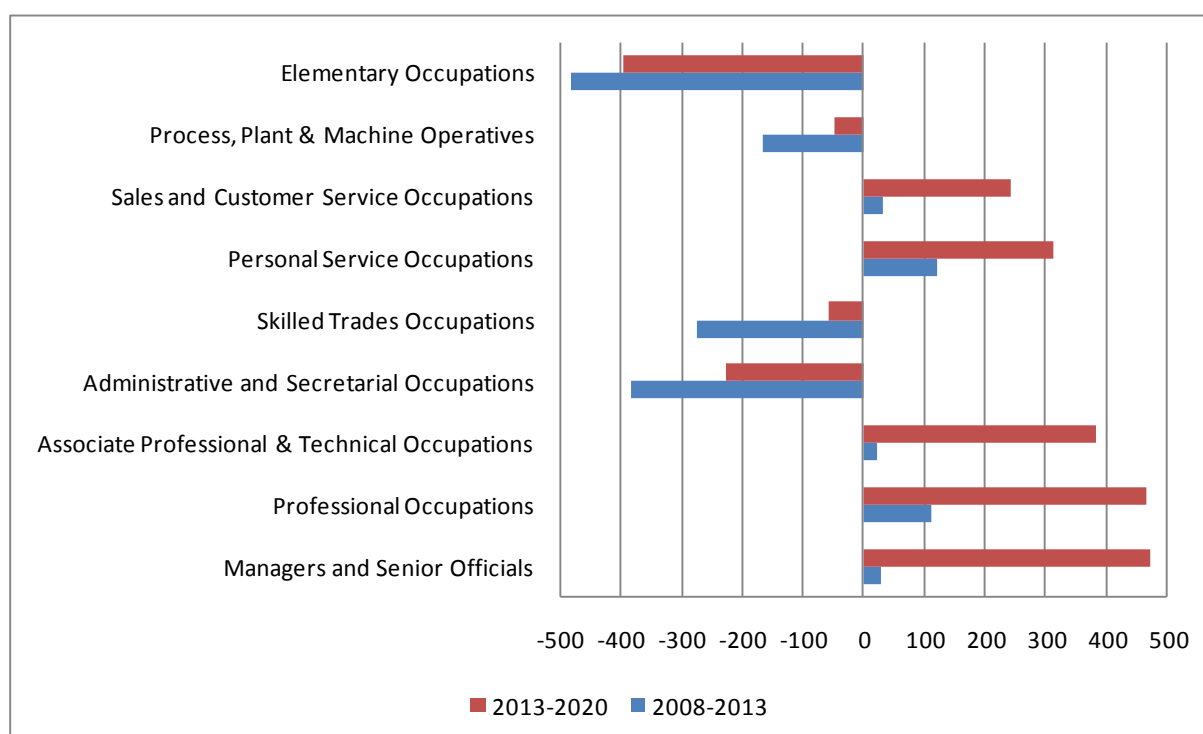
Occupational employment prospects

Occupational change derives from changes in the sectoral composition of employment. The general pattern of occupational change – reported in the *Working Futures* series, Wilson et al. (2006; 2008) – is that of continued growth in higher-level occupations (managers, professionals and associate professionals) and lesser-skilled occupations (sales and personal services). This has sometimes been referred to as the polarisation of the labour market with strong growth in relatively low and highly skilled jobs. Figure 7.6 shows the projected occupational change based on the latest forecast for the UK economy and confirms the long-run change observed in the occupational structure of employment reported in the *Working Futures* series of publications.

Figure 7.6 Occupational change to 2020

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Figure 7.7 shows the change in the levels of employment by occupational group over the period covered by the projections. It reveals that over the earlier part of the period covered by the projections, the higher-level occupations along with sales and personal service occupations will show a modest increase in the numbers employed, whereas all the other occupational groups will show a fall in employment levels. Between 2013 and 2020, the same pattern is observed but the growth among higher-level occupations and sales and personal services is much stronger, and the fall in employment in the other occupational groups is attenuated to some extent.

Figure 7.7 Changes in employment by occupation

Notes: Data are shown in thousands.

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

The trend in employment change described above is similar to that provided in the *Working Futures* series of projections, except that it reveals a more pessimistic picture than that set out in the last *Working Futures* report in 2007, Wilson et al. (2008). While the economy is predicted to resume its long-term growth path by 2020, there is a sharper dip in employment over the period to around 2015-16 such that employment growth over the 2008-20 will be sluggish by comparison with the recent past. The extent to which this affects different groups in the labour market is considered in the remainder of this chapter.

7.5 Projections of employment by gender

The uncertainties attached to the projections of overall employment are amplified when looking at particular sub-groups in the labour market. The projections of employment by gender are derived as part of the econometric modelling underpinning the CE / IER model.

Employment growth over the medium term

The following projections compare the future employment of men and women, providing a picture of how employment has developed since 1993 and how it is likely

to develop between now and 2020 (see Table 7.3). The projections show a similar drop in the growth rate of total employment for both men and women over the 2008 to 2013 period, but the growth rate for men is likely to be higher than for women during the 2013 to 2020 period. In fact, women's share of total employment is expected to be lower in 2020 than it was in 1993 (46.5 per cent, compared with 47.2 per cent). The growth rate for full-time employment between 2013 and 2020 is expected to be identical for men and women at 0.3 per cent, but the greatest projected change is in part-time work. Men are predicted to more than double their share of part-time employment from 8.0 per cent in 1993 to 16.5 per cent in 2020, with a slight decrease in the share of both full-time employment and self-employment. Women, on the other hand, are expected to decrease their share of part-time employment (even though it is still significantly higher than men's share), while slightly increasing their share of self-employment.

Figure 7.8 demonstrates change in the employment of men and women over the period from 1981 to the present recession and how employment is likely to change between now and 2020. The gap between male and female employment levels was most marked from 1981 until it began to narrow dramatically with the entry of increasing numbers of women into the workforce. Both men and women suffered a drop in employment after the 1990-91 recession, although the effect was most marked for men. Since then, the trend for both male and female employment has remained similar, although male employment has maintained its higher share throughout the period and is expected to continue. A similar dip is predicted in employment levels for both men and women during the present recession, with pre-recession levels of employment (for men) not expected until around 2018.

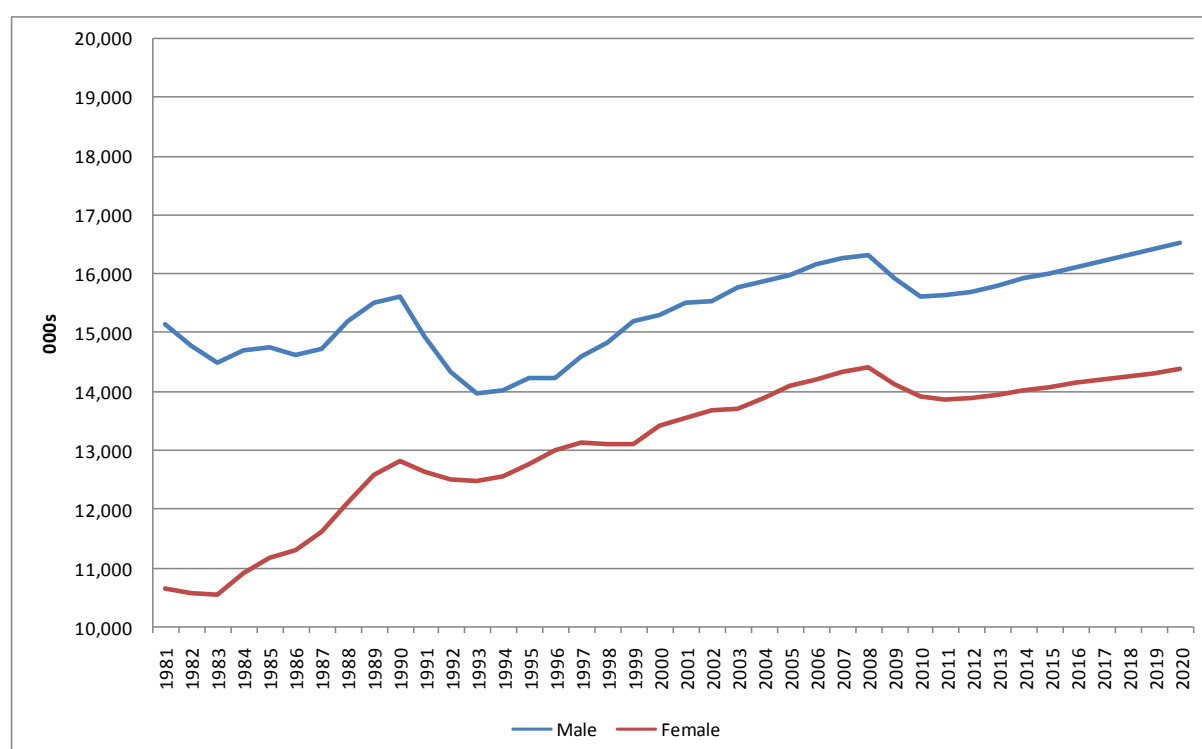
Table 7.3 Male and female employment

Thousands		1993	2001	2008	2013	2020
Total employment		26,441	29,053	30,738	29,751	30,898
	Male	13,961	15,506	16,319	15,798	16,516
	Female	12,481	13,457	14,419	13,953	14,381
Full-time						
	Male	10,214	11,197	11,316	10,812	11,056
	Female	5,818	6,581	6,896	6,638	6,798
Part-time						
	Male	1,116	1,785	2,122	2,279	2,723
	Female	5,613	5,967	6,309	6,105	6,281
Self-employed						
	Male	2,630	2,524	2,881	2,708	2,738
	Female	1,050	1,000	1,214	1,210	1,301

AAGR (%)		1993-2001	2001-08	2008-13	2013-20
Total employment		1.2	0.8	-0.7	0.5
	Male	1.3	0.7	-0.6	0.6
	Female	1.0	0.9	-0.7	0.4
Full-time					
	Male	1.2	0.2	-0.9	0.3
	Female	1.6	0.7	-0.8	0.3
Part-time					
	Male	6.0	2.5	1.4	2.6
	Female	0.8	0.8	-0.7	0.4
Self-employed					
	Male	-0.5	1.9	-1.2	0.2
	Female	-0.6	2.8	-0.1	1.0

Share of employment		1993	2001	2008	2013	2020
Total employment		100.0	100.0	100.0	100.0	100.0
	Male	52.8	53.4	53.1	53.1	53.5
	Female	47.2	46.6	46.9	46.9	46.5
Full-time						
	Male	73.2	72.2	69.3	68.4	66.9
	Female	46.6	48.6	47.8	47.6	47.3
Part-time						
	Male	8.0	11.5	13.0	14.4	16.5
	Female	45.0	44.0	43.8	43.8	43.7
Self-employed						
	Male	18.8	16.3	17.7	17.1	16.6
	Female	8.4	7.4	8.4	8.7	9.0

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Figure 7.8 Employment by gender, 1981-2020

Source: LFS 1981 – 2008, IER and CE Projections 2009-2020.

Assuming different views about how the recovery will develop, a number of scenarios have been developed as follows:

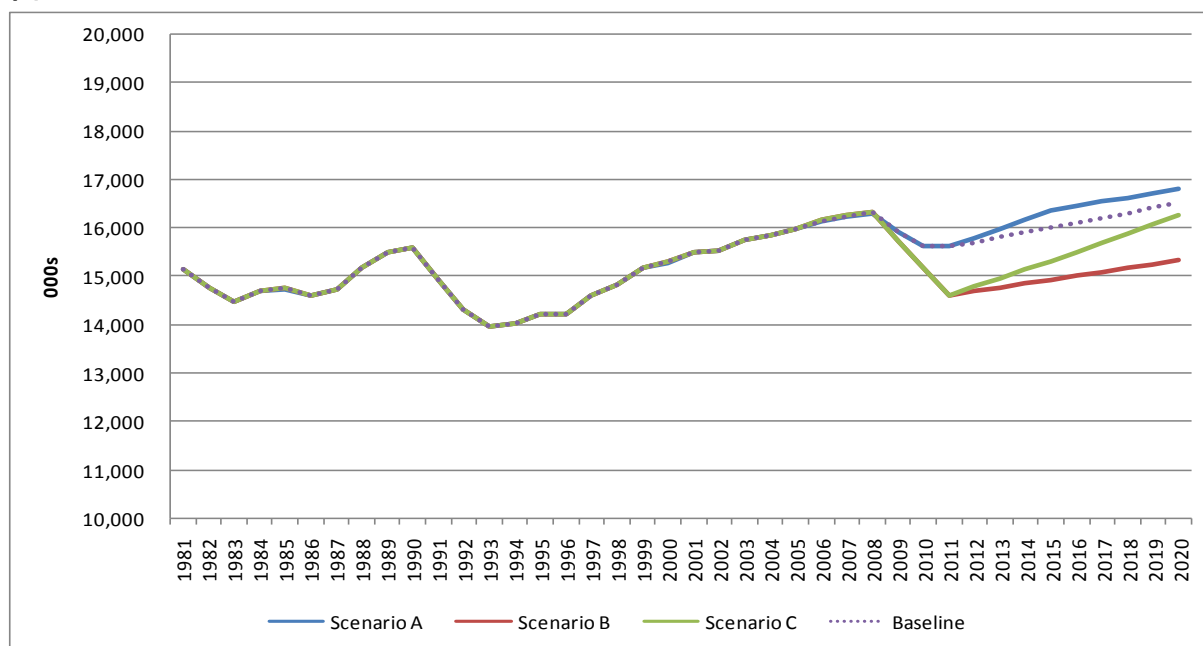
- **Baseline** – baseline estimates produced by the IER model.
- **Scenario A** – the drop between 2008 and the bottom of the recession is the same as that in the baseline projections but growth after the bottom is equal to that after the 1990s recession.
- **Scenario B** – the drop between 2008 and the bottom of the recession is equal to the drop in the 1990s recession with the growth rate after recession equal to that in the baseline.
- **Scenario C** – the drop between 2008 and the bottom of the recession is equal to the drop in the 1990s recession with the growth rate after the recession equal to that after the 1990s recession.

Figure 7.9a and b below show the scenarios vary for men and women. Scenarios A and C both show a relatively high fall in employment for men over the short term, but a relatively fast recovery compared with the baseline projections under Scenario C.

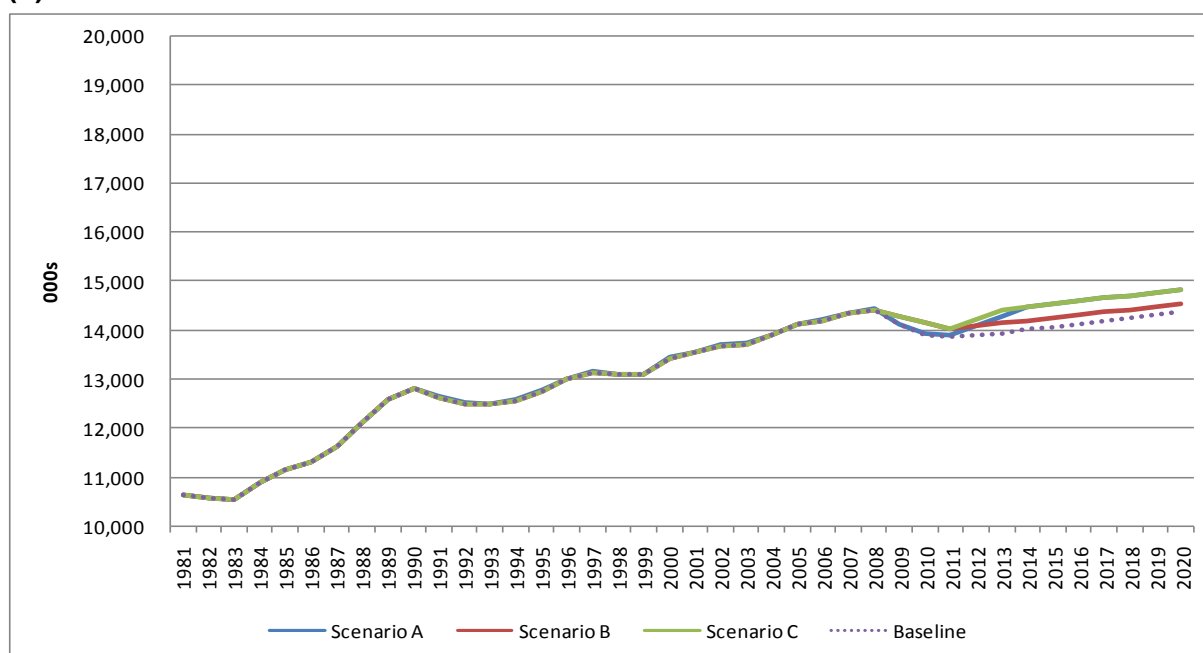
Under both scenarios, employment levels in 2020 will be lower than for the baseline projection. For women, the effect of Scenarios A, B and C is for a fall in employment of the same magnitude as the baseline forecast and a relatively quicker recovery so that pre-recession levels of employment are achieved more quickly

Figure 7.9 Men's and women's employment under different scenarios

(a) Men



(b) Women



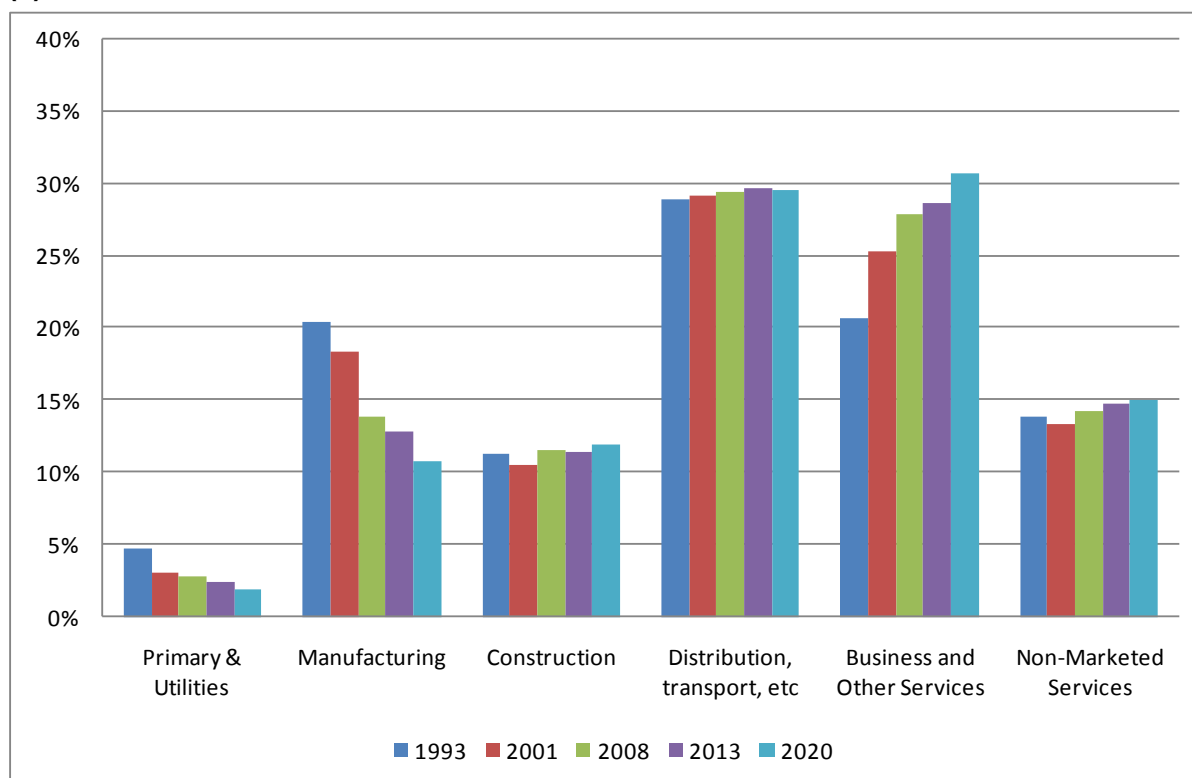
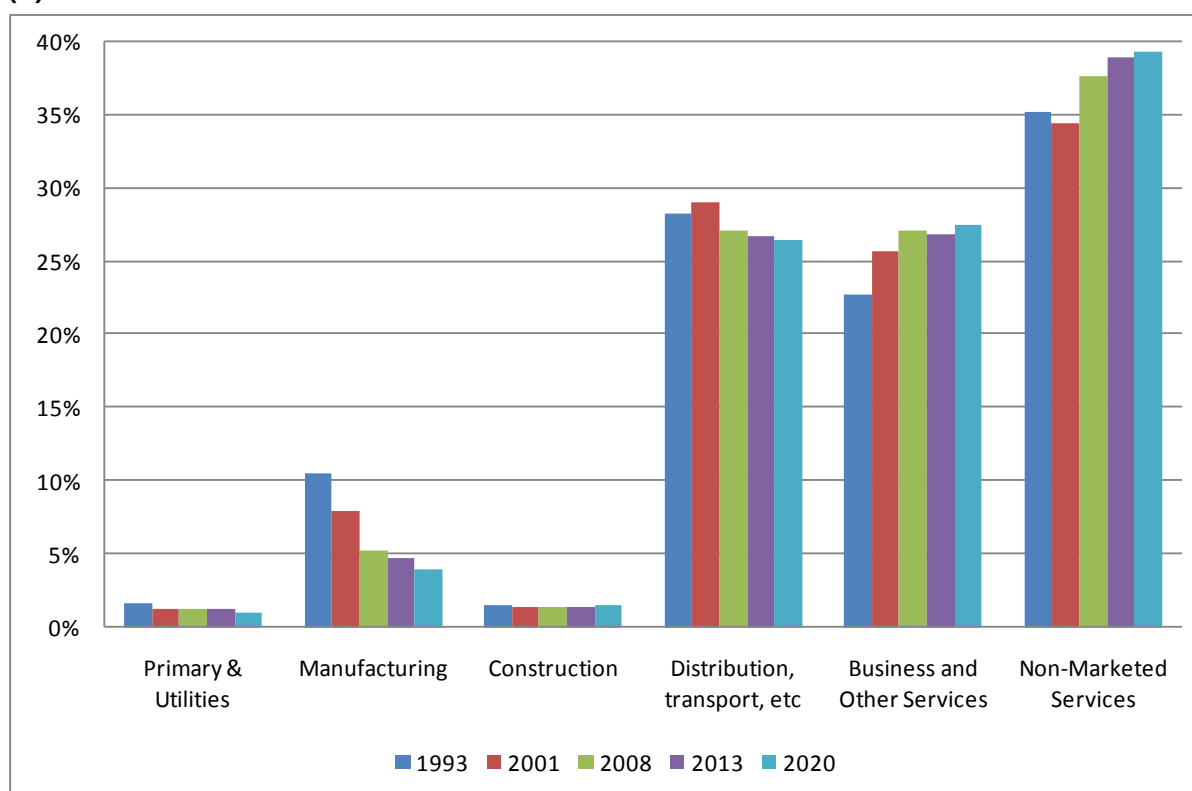
Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Sectoral employment prospects

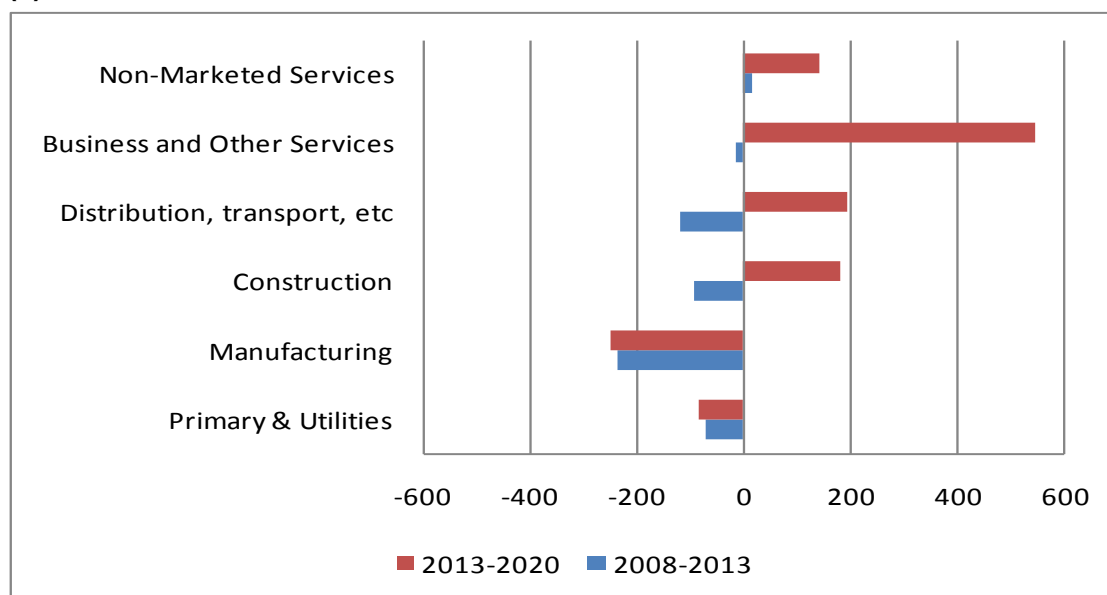
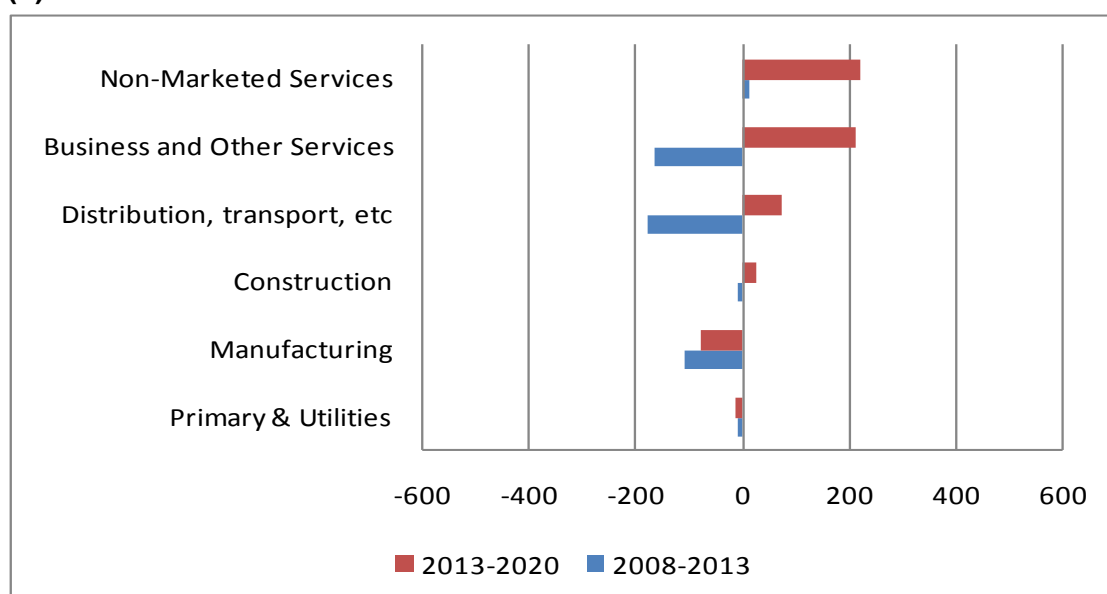
The sectoral pattern of employment change for men and women is demonstrated in Figure 7.10a and b. The manufacturing sector, a large employer of men, is likely to be worst hit and the projections demonstrate that it is unlikely to recover after the present recession, with the share of total male employment in 2020 expected to be almost half of that in 1993. Similarly, the primary/utilities sector is expected to continue its declining share of male employment between now and 2020, whereas the construction sector is projected to drop slightly after the current recession and then to rise again after 2013. Other sectors also show either a slow and steady rise in employment shares for men (distribution, transport; non-marketed services) or a more dramatic rise (the business and other services sector is expected to increase its share of male employment from just over 20 per cent in 1993 to over 30 per cent in 2020).

Women's employment by sector shows some similarities to men's, with the manufacturing sector expected to decrease dramatically (although far fewer women than men are employed in this sector). The primary/utilities and construction sectors, also employing only a small proportion of women, are expected either to decrease their share or to remain flat between now and 2020. Unlike the male sectoral patterns, distribution/transport is likely to reduce its share of female employment slightly, whereas the business and other services sector is likely to dip slightly and then increase to around 27 per cent in 2020. Non-marketed services, however, are expected to continue to employ the largest share of women, increasing to almost 40 per cent by 2020. Projections by age groups demonstrate that the non-marketed service sector is also highly differentiated by age, suggesting that older women are increasingly likely to be employed in this sector.

Figure 7.11 shows the level of sectoral change for men and women respectively over the 2008-20 period and reveals the relative importance of business and financial services and non-marketed services for the growth in women's employment.

Figure 7.10 Male and female sectoral employment**(a) Men****(b) Women**

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Figure 7.11 Changes in male and female sectoral employment**(a) Men****(b) Women**

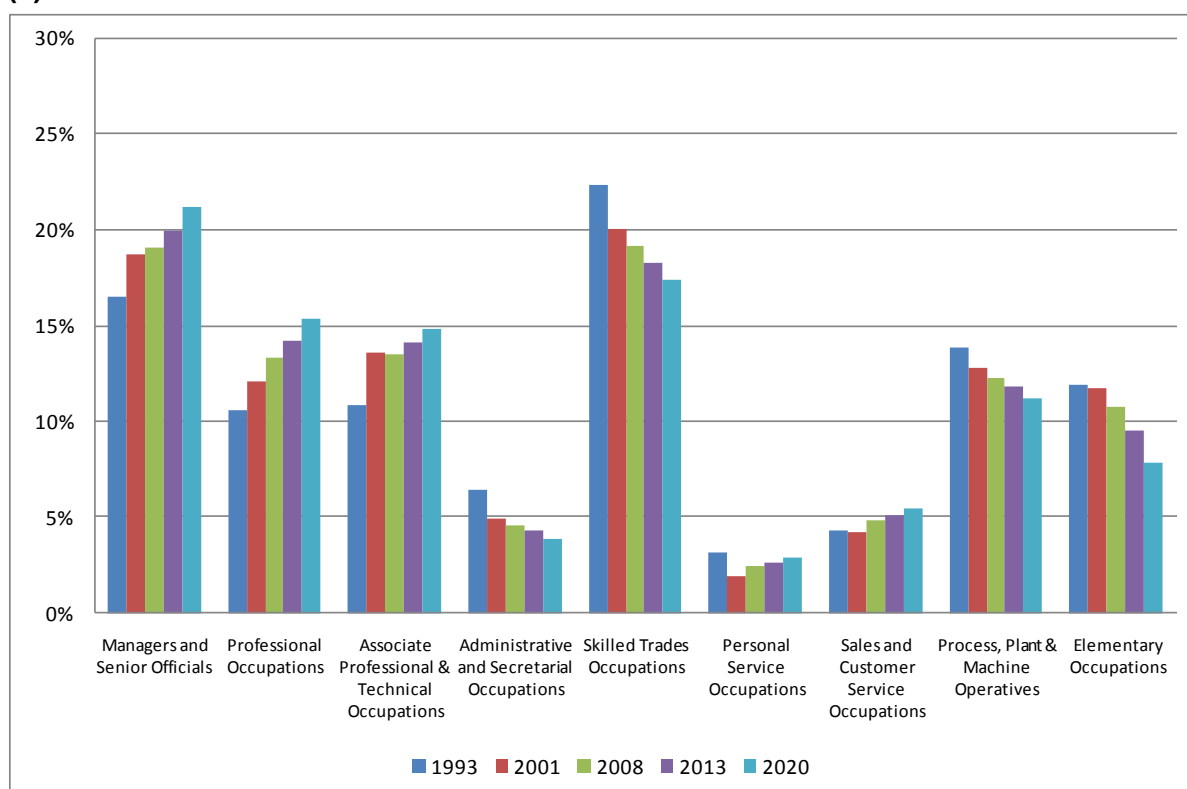
Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Occupational employment prospects

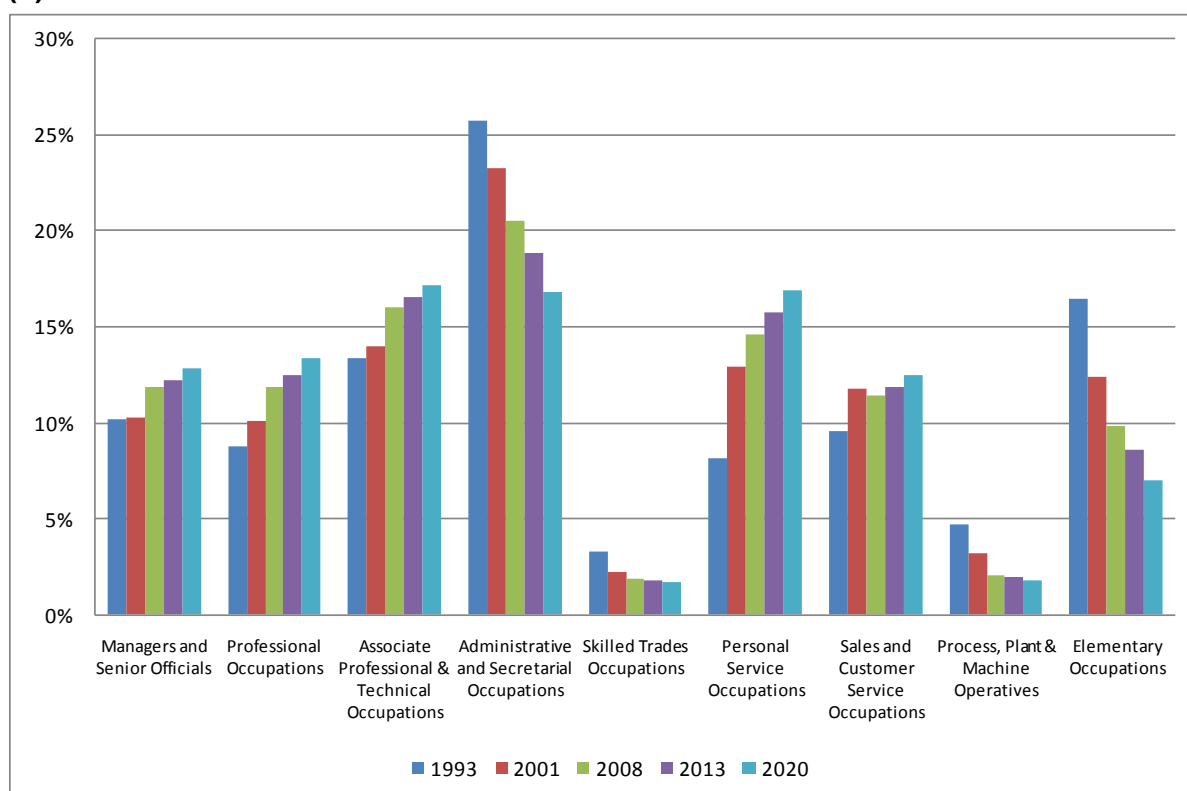
Figure 7.12a and b demonstrate changes in the occupational composition of employment by gender between 1993 and 2008, and also shows projected changes over the medium term.

Figure 7.12 Male and female occupational employment

(a) Men



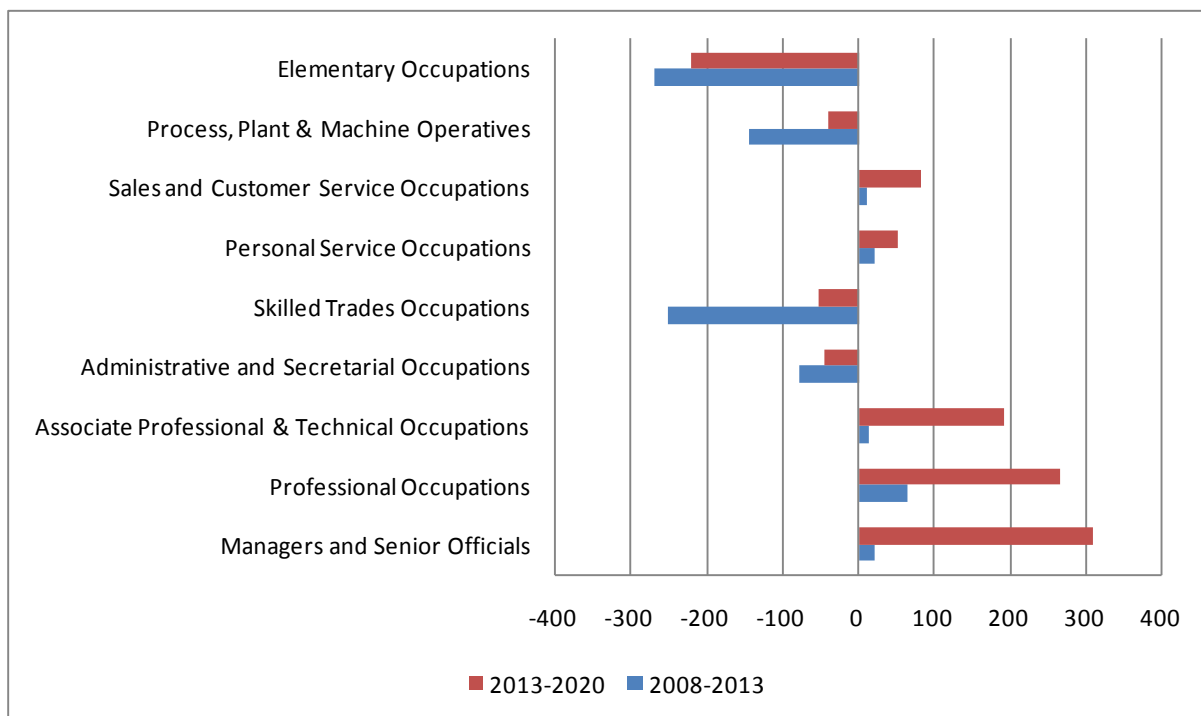
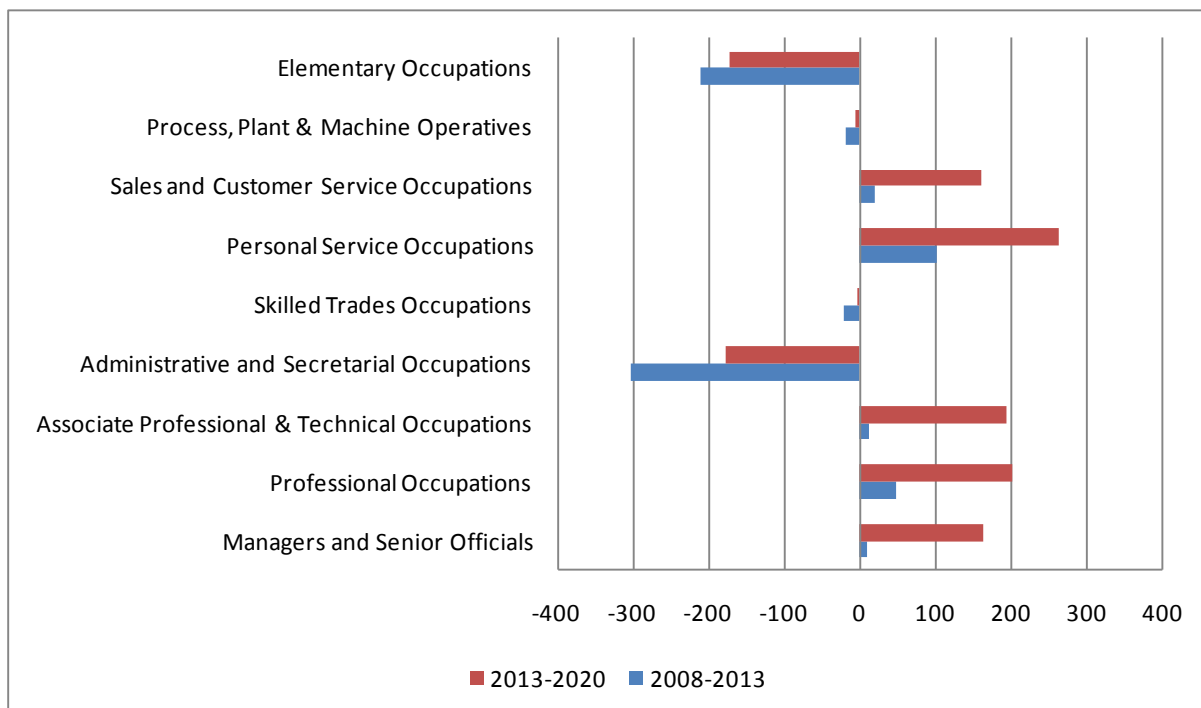
(b) Women



Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Figure 7.12 shows that there are huge differences by gender in occupational patterns. However, broad trends show a continuous rise in higher-level occupations between 1993 and 2008, with projections showing that these occupations will continue to employ increasing numbers of both men and women in the future. Administrative and secretarial occupations, employing over 25 per cent of women in 1993 and declining steadily since then, are expected to decrease their share of female employment even further to around 17 per cent by 2020. The figures for men in the same sector show a similar drop, although the numbers of men employed in these occupations are much lower than for women. Other dramatic drops are predicted in elementary occupations for both men and women, although the decrease for women has been, and will continue to be, more rapid. For men, the skilled trades occupations show the greatest decrease from 1993 until the present recession, a decline which is expected to continue in the medium term. Process, plant and machine operatives are expected to continue their decline in both male and female employment, although due to the greater numbers of men working in these occupations, it is expected that women are less likely to be affected. Both personal services and sales and customer services have been rising steadily since 1993 for both men and women, although women are much more likely than men to work in personal service occupations, a trend which is expected to continue, whereas more men are expected to work in customer service occupations than previously.

Figure 7.13 shows the change in men and women's employment over the forecast period. It reveals the relative importance of sales and personal services occupations for the future of women's employment.

Figure 7.13 Changes in male and female occupational employment**(a) Men****(b) Women**

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

The employment projections suggest that after a similar dip in employment levels for both men and women during the current recession, levels will again begin to rise by

2011 and continue to increase steadily in the medium term. The projections suggest that the impact will be more similar for male and female employment than was the case during previous recessions. Nevertheless, the projections indicate that male employment will reach pre-recession levels by around 2017, but women may not regain as large a share of employment as before at least up to 2020. Chapter 3 also revealed both short- and medium-term effects of the recession by gender, and suggested that:

- the indirect effects of the current recession are more likely to affect women than men in the short term: increased domestic violence, increased relationship breakdown and debt, as well as reduced diversity and family-friendly working initiatives, and
- the public sector will be affected by a second wave of job cuts as this recession progresses, which could affect a significant proportion of older women.

The employment projections suggest that the erosion of administrative and secretarial occupations, as well as a decrease in elementary occupations over the medium term, will only be counter-balanced if more women move into higher-level occupations. The projections also reveal a relatively dramatic increase in male part-time work in the medium term, with men entering traditionally female jobs which were taken on to facilitate the combined effects of work and caring responsibilities. As many higher-level occupations entail long hours and reduced opportunities for part-time working, overall employment opportunities for many women may be limited in the medium term.

7.6 Projections of employment by age group

The projections of employment by age have been produced by apportioning the numbers of people in each category and should be treated as indicative.

Employment growth over the medium term

The projections of employment compare three groups of people of working age: younger people (aged 16-24 years of age); prime age (25-49 years), and the older age group (50-60/65 years). Information is also provided about those in the post-retirement age group. The overall employment picture of how employment is likely to develop between now and 2020 is presented in Table 7.4. This reveals that most age groups are expected to show a similar rate of change over the 2013 to 2020 period which, for the older age groups, represents a marked slowdown in employment growth compared with the 2001-08 period. This reflects the assumption that, to some extent, older workers may have been seen as a reserve army of labour when there

was an excess demand for labour over most of the 2000s, but as labour demand slackens, the demand for older workers, other things being equal, might well fall.

Table 7.4 Employment outlook by age

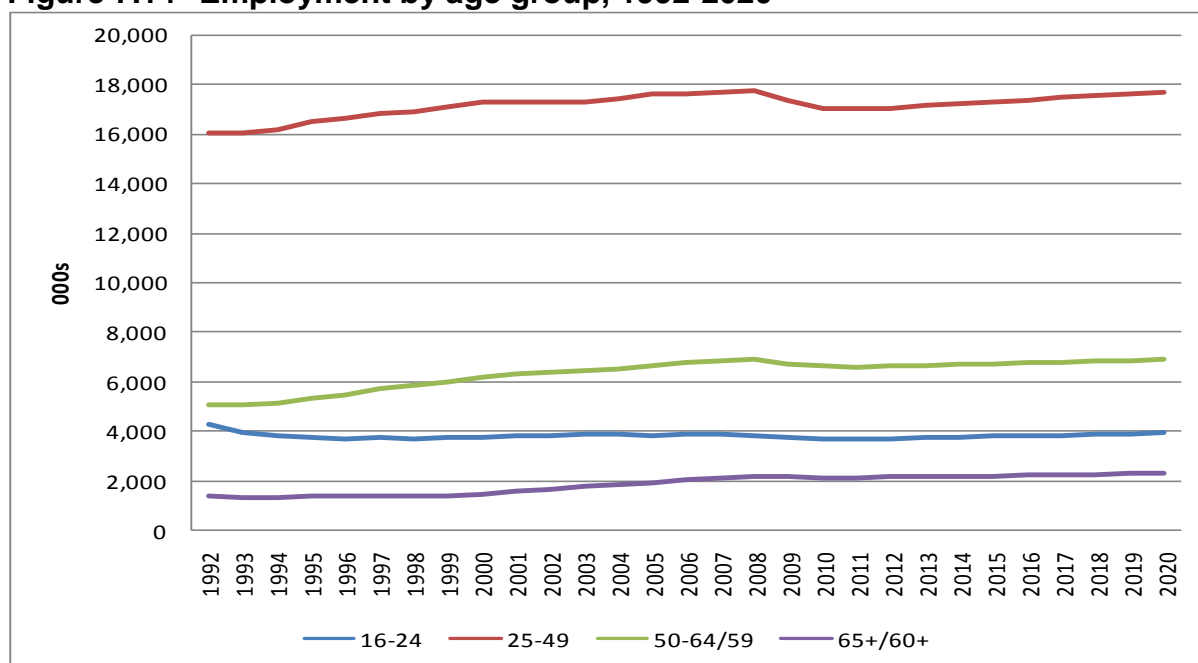
Thousands		1993	2001	2008	2013	2020
Total employment		26,441	29,053	30,738	29,751	30,898
	16-24	3,949	3,846	3,837	3,747	3,940
	25-49	16,028	17,313	17,757	17,136	17,720
	50-64/59	5,106	6,305	6,915	6,670	6,898
	65+/60+	1,358	1,588	2,229	2,199	2,339
Full-time	16-24	2,871	2,546	2,462	2,359	2,434
	25-49	10,337	11,487	11,481	11,000	11,255
	50-64/59	2,690	3,581	3,968	3,800	3,888
	65+/60+	134	163	302	2,900	297
Part-time	16-24	869	1,188	1,211	1,230	1,364
	25-49	3,322	3,752	3,915	1,875	4,132
	50-64/59	1,519	1,619	1,709	1,689	1,798
	65+/60+	1,019	1,194	1,597	1,589	1,710
Self-employed	16-24	208	112	165	157	152
	25-49	2,369	2,075	2,361	2,260	2,332
	50-64/59	898	1,106	1,238	1,180	1,212
	65+/60+	206	230	331	320	333

AAGR (%)		1993-2001	2001-08	2008-13	2013-20
Total employment		1.2	0.8	-0.7	0.5
	16-24	-0.3	0.0	-0.5	0.7
	25-49	1.0	0.4	-0.7	0.5
	50-64/59	2.7	1.3	-0.7	0.5
	65+/60+	2.0	5.0	-0.3	0.9
Full-time	16-24	-1.5	-0.5	-0.8	0.3
	25-49	1.3	0.0	-0.9	0.3
	50-64/59	3.6	1.5	-0.9	0.3
	65+/60+	2.5	9.2	-0.8	0.3
Part-time	16-24	4.0	0.3	0.3	1.5
	25-49	1.5	0.6	-0.2	0.9
	50-64/59	0.8	0.8	-0.2	0.9
	65+/60+	2.0	4.2	-0.1	1.0
Self-employed	16-24	-7.4	5.6	-0.9	0.4
	25-49	-1.6	1.9	-0.9	0.4
	50-64/59	2.6	1.6	-1.0	0.4
	65+/60+	1.4	5.3	-0.7	0.6

Table 7.4 Employment outlook by age (continued)

Share of employment		1993	2001	2008	2013	2020
Total employment		100.0	100.0	100.0	100.0	100.0
	16-24	14.9	13.2	12.5	12.6	12.8
	25-49	60.6	59.6	57.8	57.6	57.4
	50-64/69	19.3	21.7	22.5	22.4	22.3
	65+/60+	5.1	5.5	7.3	7.4	7.6
Full-time	16-24	17.9	14.3	13.5	13.5	13.5
	25-49	64.5	64.6	63.0	63.0	63.0
	50-64/69	16.8	20.1	21.8	21.8	21.8
	65+/60+	0.8	0.9	1.7	1.7	1.7
Full-time	16-24	12.9	15.3	14.4	14.7	15.1
	25-49	49.4	48.4	46.4	46.2	45.9
	50-64/69	22.6	20.9	20.3	20.1	20.0
	65+/60+	15.1	15.4	18.9	19.0	19.0
Self-employed	16-24	5.6	3.2	4.0	4.0	4.0
	25-49	64.4	58.9	57.7	57.7	57.7
	50-64/69	24.4	31.4	30.2	30.1	30.0
	65+/60+	5.6	6.5	8.3	8.2	8.2

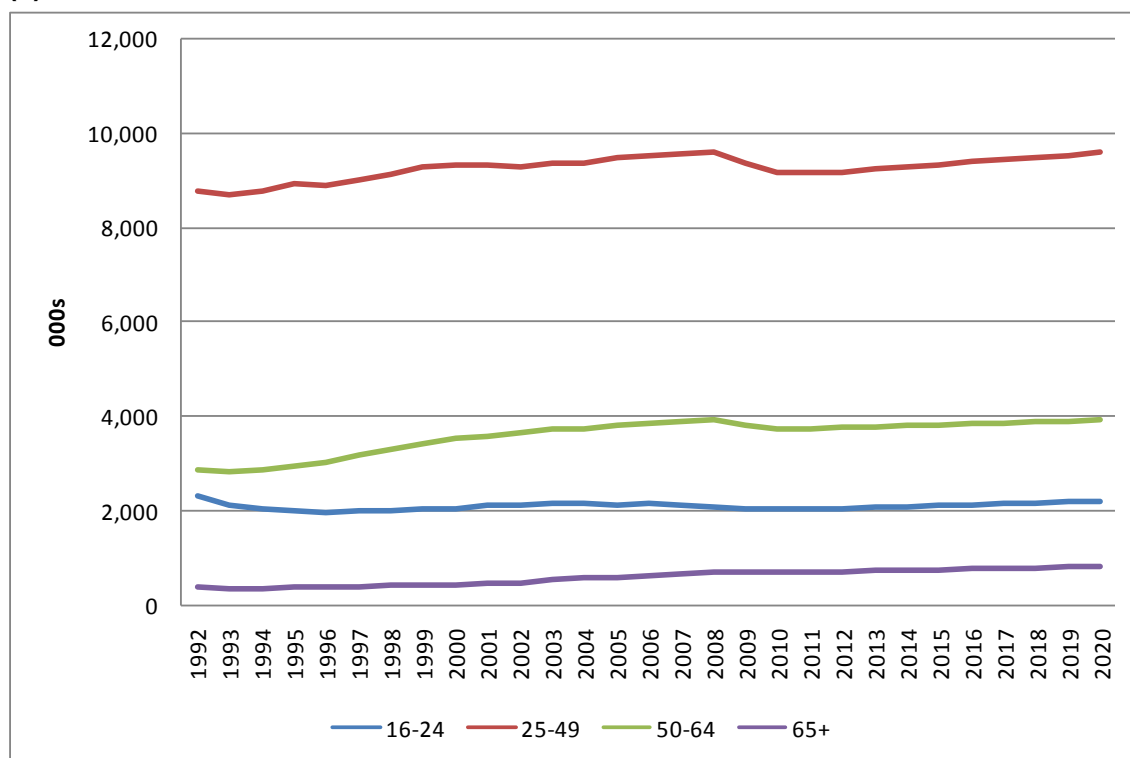
Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Figure 7.14 Employment by age group, 1992-2020

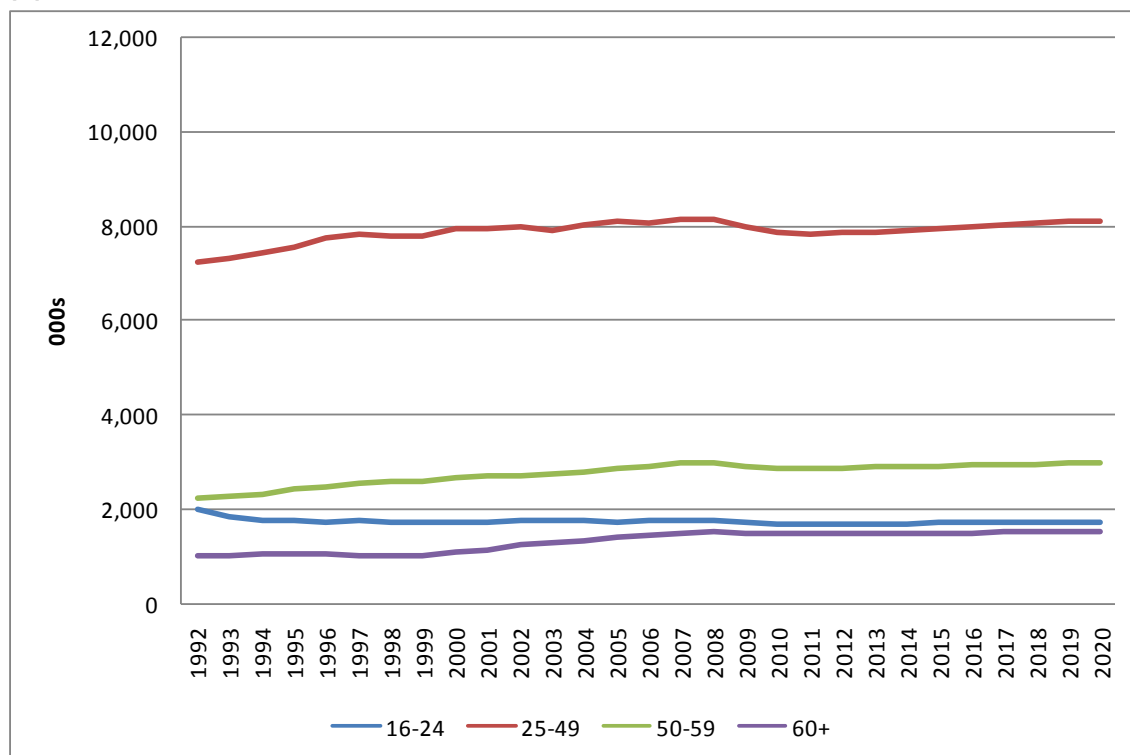
Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Figure 7.15 Employment by age group and gender, 1992-2020

(a) Men



(b) Women



Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Figure 7.16 provides some alternative assessments of how employment patterns may develop over the medium term. As these series begin in 1992, observing the full drop in employment in the recession of the early 1990s is difficult and so the assumptions underlying each scenario vary between some age groups. Assuming different views about how the recovery will develop, a number of scenarios have developed as follows:

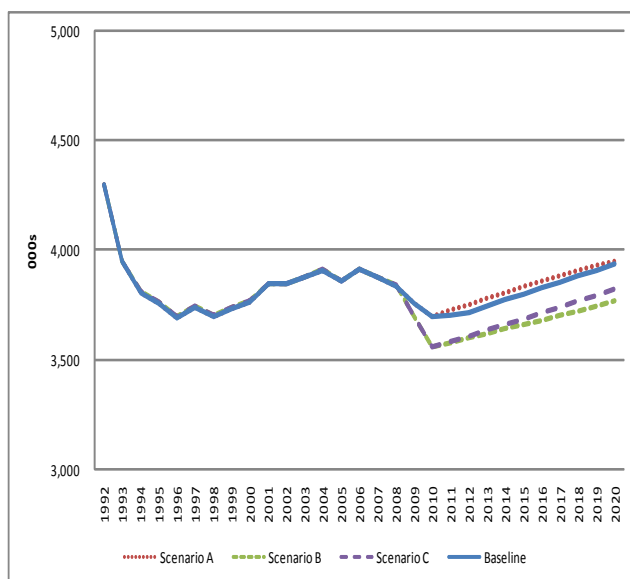
- **Baseline** – baseline estimates produced by the IER model.
- **Scenario A** – the drop between 2008 and the bottom of the recession is the same as that in the baseline projections, but growth after the bottom is equal to that after the 1990s recession.
- **Scenario B** – the drop between 2008 and the bottom of recession is equal to the drop in the 1990s recession for the 16-24 and 65+/60+ age groups but is equal to twice the baseline drop for the 25-49 and 50-64/59 age groups. The growth rate after recession is equal to that in baseline projections.
- **Scenario C** – the drop between 2008 and the bottom of the recession is equal to the drops used in Scenario B with the growth rate after recession equal to that after the 1990s recession.

In the figures for each age group, the growth rate of employment in the scenarios reverts to the growth rate that underlies the baseline projections once the pre-recession level of employment has been re-established.

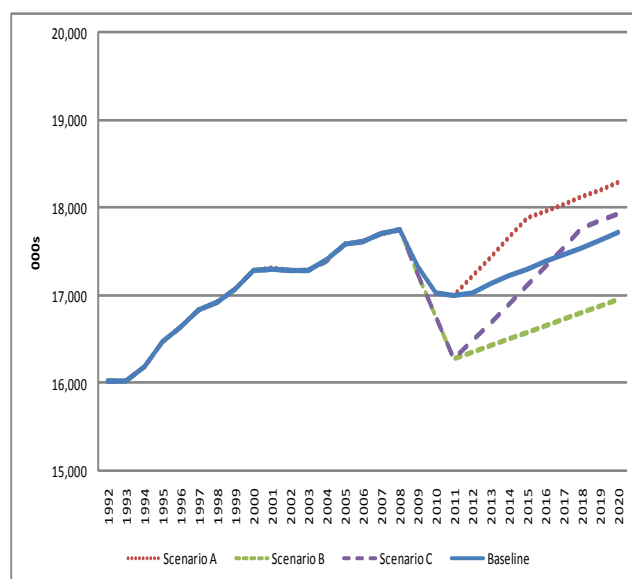
For the youngest and oldest age groups, there is not much difference between the different scenarios, but for the prime-age group, the alternative assumptions about the recovery suggest very different outcomes. For the prime-age group, if the recession proves to be as deep as in 1990-91, but the recovery follows the same path as the baseline projection (Scenario B), then even by 2020, employment will not have recovered its pre-recession level. If the recession proves to be as deep as 1990-91 and a sharp recovery follows – as in Scenario C – then employment will recover its pre-recession level sooner than in the example of the baseline projection.

Figure 7.16 Alternative medium-term trends: age

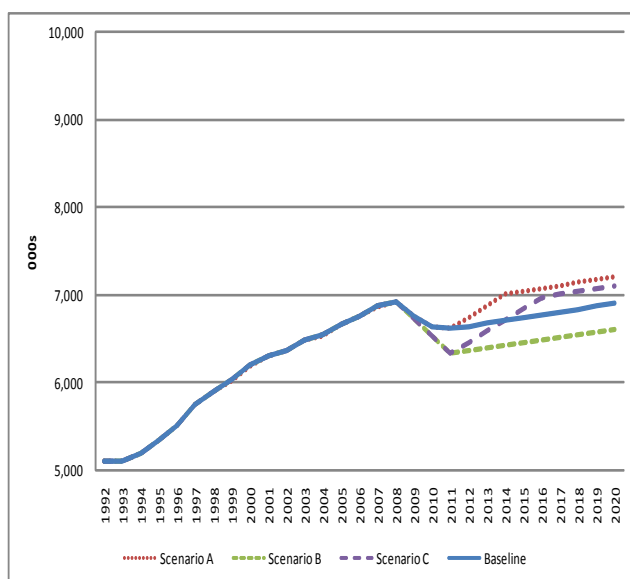
(a) 16-24 year olds



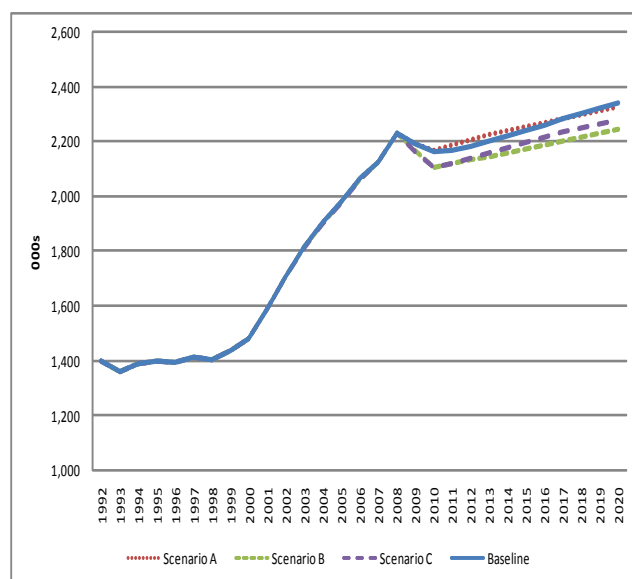
(b) 24-49 year olds



(c) 50-64/59 year olds



(d) 65+/60+ year olds



Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

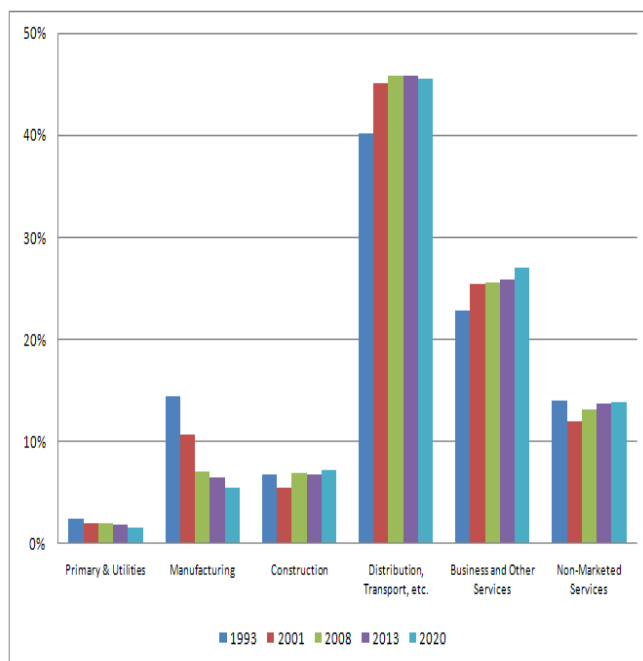
Sectoral employment prospects

The sectoral pattern of employment change is shown in Figure 7.17. There is a general pattern of change across all age groups reflecting the decline in employment in agriculture and manufacturing and the growth in services. There is evidence that the recession will hasten the decline of the manufacturing sector as a source of employment, much as previous recessions have done. This is particularly important for the prime age and older age group because of the relatively high proportion of people in these age groups who are employed in that sector. There also appears to be a relationship between employment in non-marketed services and age, with older people more likely to be employed in this sector. Given expected changes in the growth of public spending, and signs already of redundancies taking place in the public sector, whatever measures are taken to reduce the current level of government borrowing may have a direct impact on the employment of older people, if it results in public sector jobs being reduced at a faster rate than in the baseline projection.

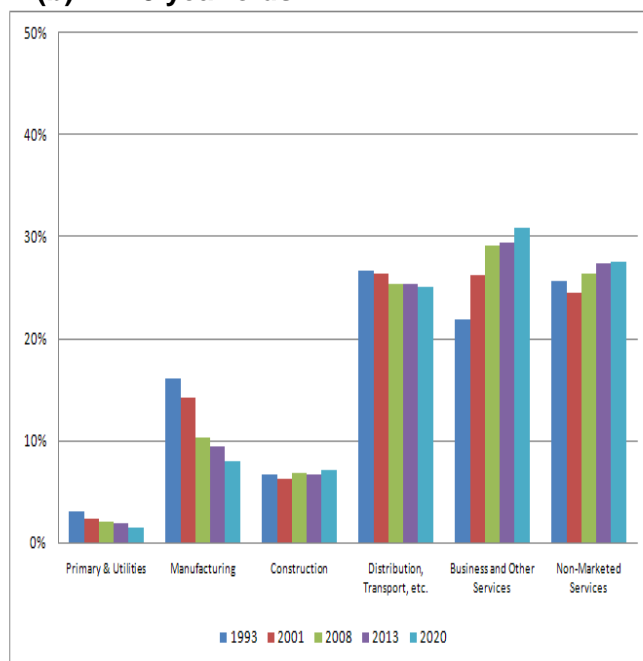
Figure 7.18 shows the scale of change in the sectoral composition of employment over the medium term. It shows how across all sectors, except non-marketed services, employment across all age groups is expected to decline over the 2008-13 period. This will continue for manufacturing and primary/utilities in the 2013-2020 period, but other sectors will bounce back, including a pick-up in non-marketed services employment growth.

Figure 7.17 Sectoral employment by age

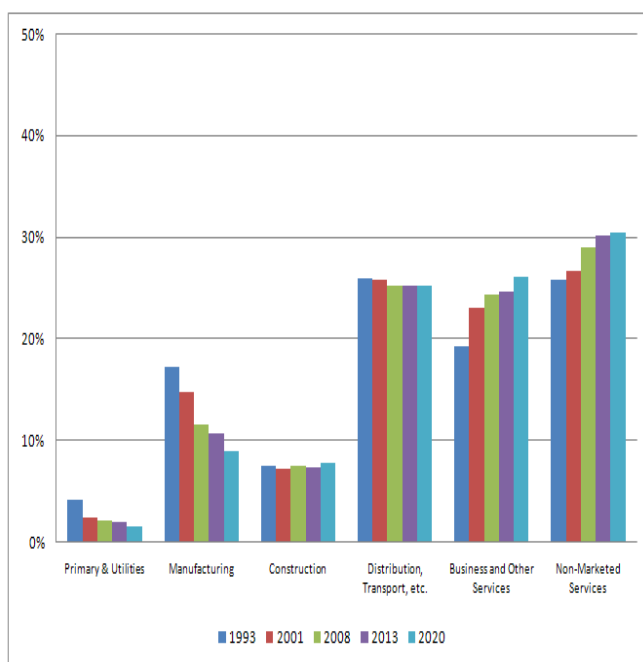
(a) 16-24 year olds



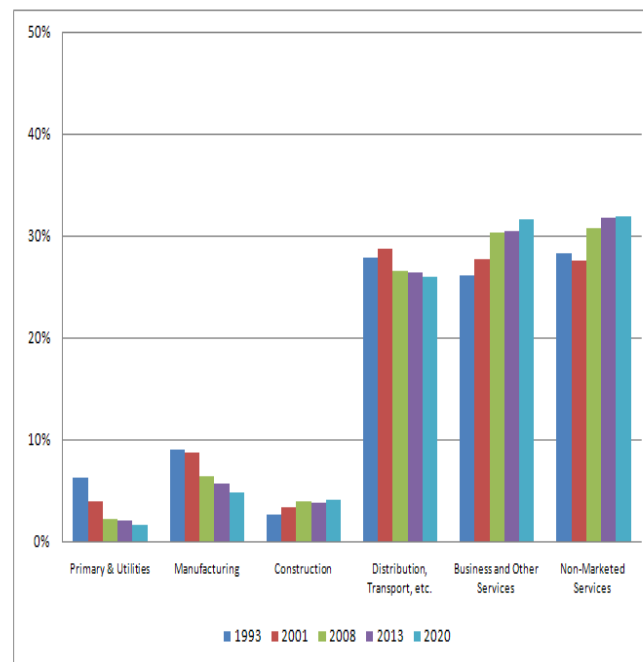
(b) 24-49 year olds



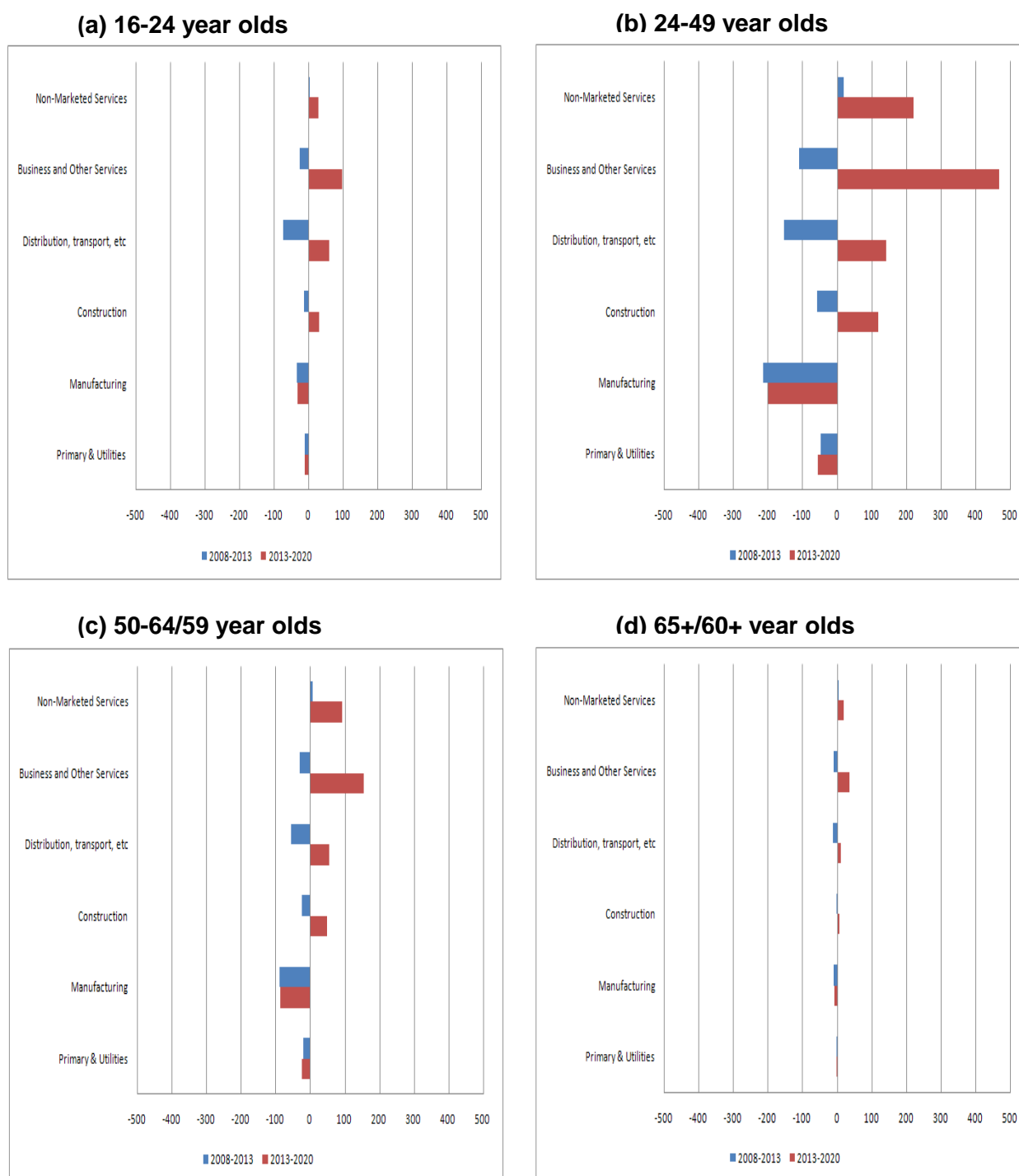
(c) 50-64/59 year olds



(d) 65+/60+ year olds



Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Figure 7.18 Changes in employment by sector and age

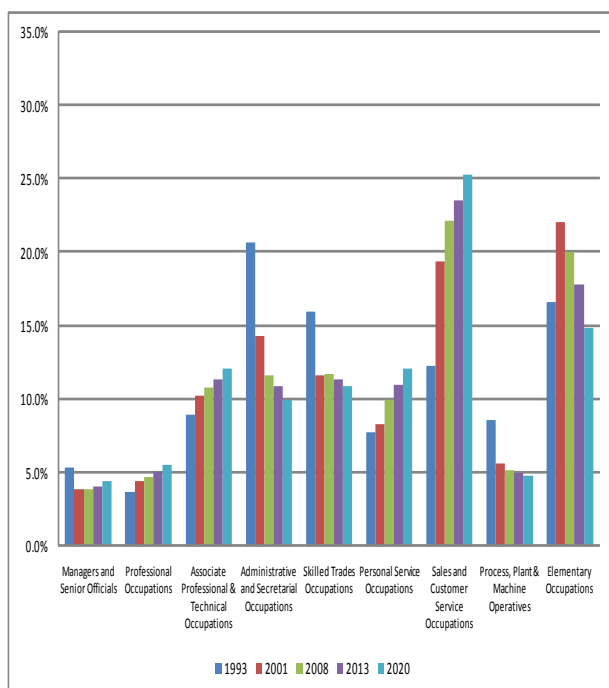
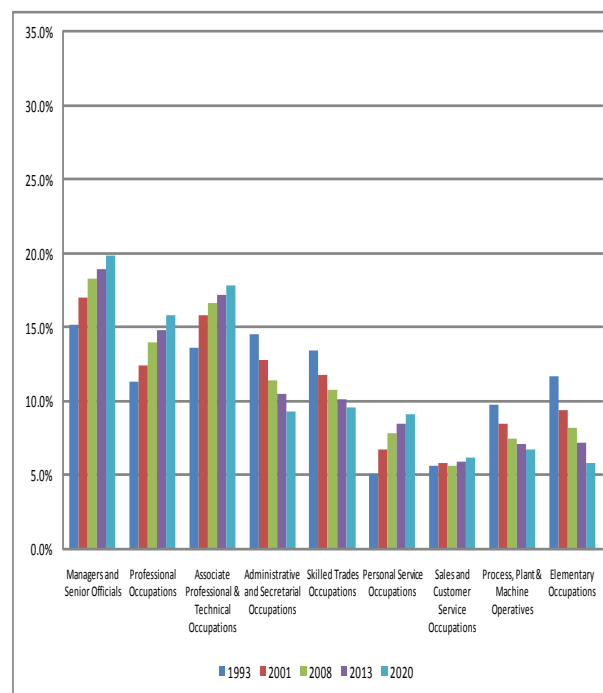
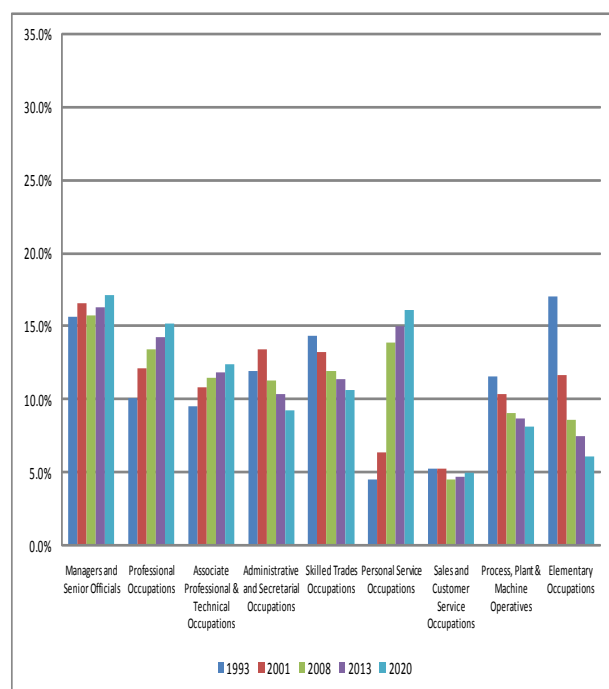
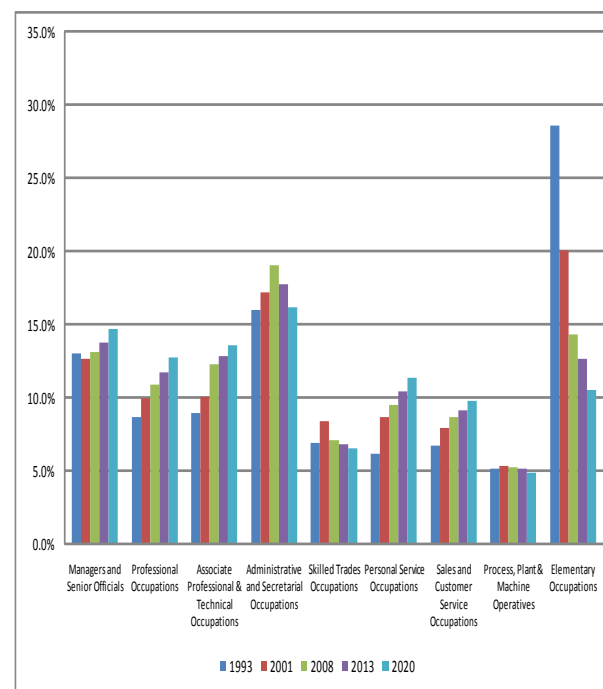
Notes: Data are shown in thousands.

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Occupational employment prospects

Figure 7.19 shows how the occupational composition of employment for different age groups has developed over the 1990s and 2000s, and how it is projected to change over the medium term. Occupational patterns vary significantly by age. The projections by occupation show a continuation of occupational trends seen over the past with growth in high-level occupations, personal service and sales occupations. The growth in personal service and sales occupations is especially important for younger people where a relatively high percentage is currently employed, and will be increasingly employed over the medium term. For the prime-age group, there is a relatively greater importance of higher-level occupations (managers, professionals and associate professionals). Among the older age group, higher-level occupations are important, but there is also a relatively high percentage of people employed in personal service occupations and the importance of sales occupations is less important both currently and over the medium term.

Figure 7.20 shows the change in occupational employment for each age group over the medium term. Between 2008 and 2013, there are several occupations where the number of people will fall quite sharply: elementary occupations; administrative and secretarial, and skilled trades. These will continue to show employment decline over the later period. For younger people, it is the fall in employment in elementary occupations which is greatest, but this will be compensated for over the 2013-20 period by an increase in demand for people to work in sales occupations. Among the prime-age group, there is also a fall in elementary occupation employment but also heavy losses in skilled trades and administrative and secretarial occupations. These falls in employment are compensated by an increase in the demand for people to work in higher-level occupations, personal service and sales occupations where strong growth is expected in the 2013-20 period. The profile of older workers' occupational change is similar to that of prime-aged workers, but their recovery in employment is much more dependent upon personal service occupations in the later period.

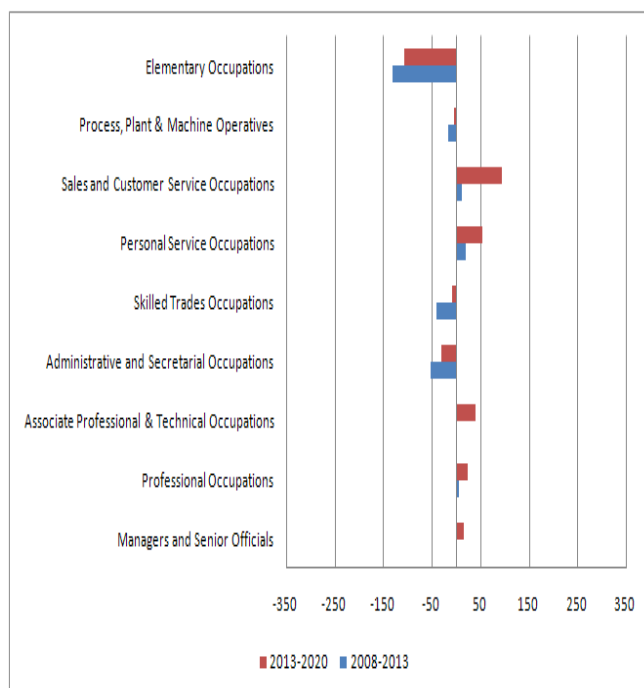
Figure 7.19 Occupational employment by age**(a) 16-24 year olds****(b) 24-49 year olds****(c) 50-64/59 year olds****(d) 65+/60+ year olds**

Notes: Data are shown in thousands.

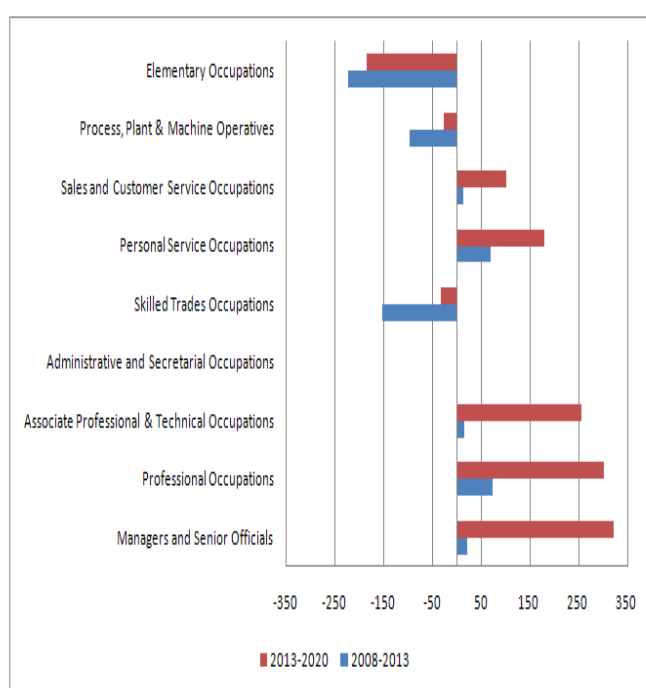
Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Figure 7.20 Changes in employment by occupation by age group

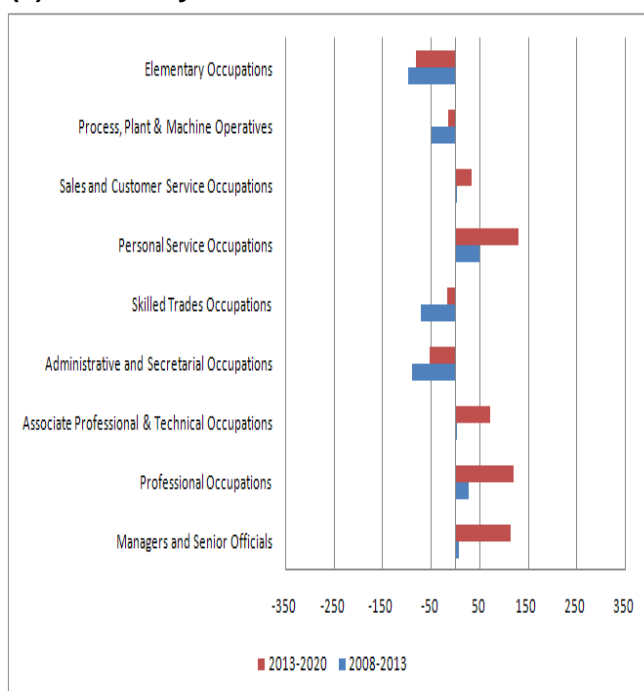
(a) 16-24 year olds



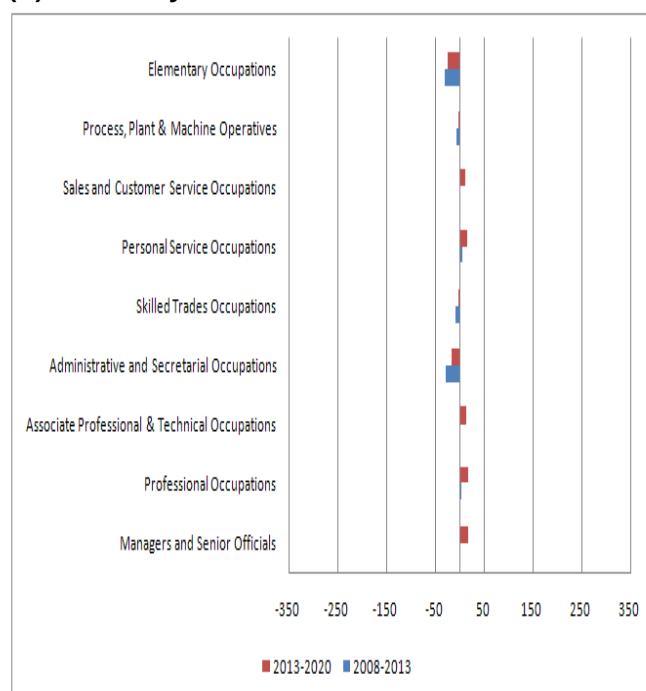
(b) 24-49 year olds



(c) 50-64/59 year olds



(d) 65+/60+ year olds



Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

The baseline projections suggest that the employment levels for all age groups will recover their pre-recession employment levels by around 2016. There are, as Chapter 4 revealed, many uncertainties attached to future employment trends by age, especially over the short term, though a return to the trend is expected over the medium term. The short-term uncertainties relate to:

- the employment of young people at a time when employers may be curtailing or reducing their intake of trainees. The projection demonstrates that the employment of young people is particularly dependent upon the distribution, transport, etc sector – which includes retail, wholesale, hospitality – and sales occupations. These are sectors and occupations which are particularly sensitive to the recession in so far as they are dependent upon household spending, and
- the employment of older people, which appears to be relatively concentrated in non-marketed services (which includes the public sector) and personal service occupations. The sectoral/occupational mix of employment for this age group may result in it being sensitive to changes to public expenditure.

A further factor which is difficult to take into account is the uncertainty attached to pensions and retirement ages. If pensions policy raises the retirement age, then this will increase labour supply further over the medium term, which may have an impact on employers' hiring practices. This is because if people stay on at work for longer, employers will therefore need to recruit fewer people, other things being equal.

7.7 Projections of employment by disability status

The projections of employment of disabled people have been produced by apportioning the number of people who will fall into each category of disability and should be treated as indicative.

Medium-term employment prospects

The projections of employment for disabled people considers three groups:

- i. Those people who report that they have a work-limiting disability (WL) and are classified as disabled according to the Disability Discrimination Act (DDA) (DDA and WL).
- ii. Those people who are classified as disabled according to the DDA but who do not report a work-limiting disability (DDA only).

- iii. Those people who report that they have a work-limiting disability but are not DDA disabled (WL only).

A comparison is also provided with people who are not disabled.

The projections are based on the proportion of people who report a disability in the LFS. Due to the relatively small size of the sample of people who report a disability of one kind or another, a degree of caution is required in the interpretation of the projections. A further caveat relates to policy. The recent past – as Chapter 5 on disabled people demonstrated – has been focused on providing incentives for people who qualify for Incapacity Benefit to enter employment. The projections are based on the current policy position.

Table 7.5 shows the projected change in employment of disabled people to the year 2020. It reveals that the employment of disabled people will decline a little more slowly in the period to 2013 and thereafter increase a little more quickly to 2020, but the differences with the non-disabled group are negligibly small.

A longer-term perspective of disabled people's employment is provided in Figure 7.21. This reveals a number of trends:

- There is a long-run decline in the number of people who report only a work-limited disability. The recession accelerates the decline in the number of people in this category, but by the end of the forecast period, the number of people with a work-limiting disability in employment is lower than in the early 2000s.
- There was a marked increase in the number of people who were in employment and who were recorded as disabled according to the DDA. In the forecast period, the level of growth is expected to decrease. In part this is a product of the economic modelling, which assumes that the proportion of people classified as disabled remains more or less constant. If, however, labour demand is sluggish over the forecast period and if some employers regard hiring disabled people as being relatively costly, it is unlikely that the sharp increase in employment of disabled people (according to the DDA) will continue over the 2008-13 period.
- There is little difference between men and women in the projections.

Table 7.5 Employment outlook for disabled people

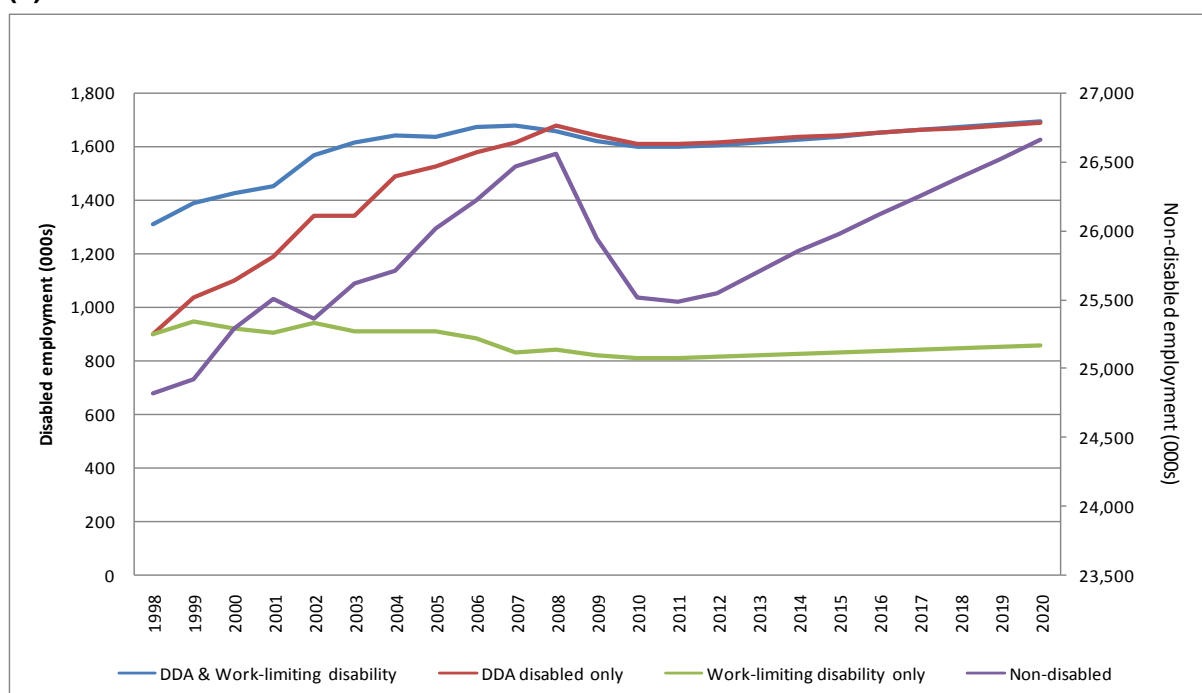
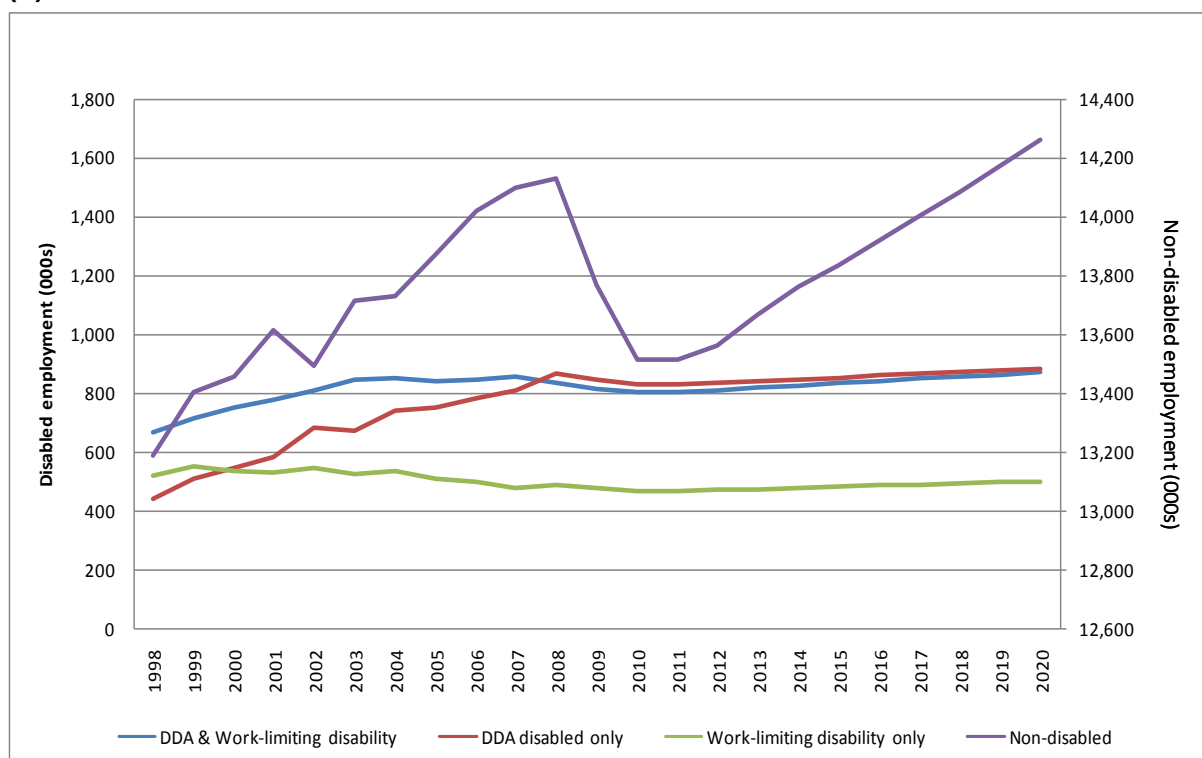
Thousands		2001	2008	2013	2020
Total employment		29,053	30,738	29,751	30,898
	DDA & WL	1,455	1,658	1,615	1,694
	DDA only	1,188	1,678	1,625	1,690
	WL only	903	838	815	852
	Non-disabled	25,507	26,564	25,695	26,662
Full-time	DDA & WL	745	743	712	729
	DDA only	737	977	946	958
	WL only	520	451	432	442
	Non-disabled	15,776	16,041	15,369	15,726
Part-time	DDA & WL	475	634	613	688
	DDA only	321	485	436	519
	WL only	247	267	292	292
	Non-disabled	6,708	7,045	6,846	7,505
Self-employed	DDA & WL	235	280	264	277
	DDA only	131	216	162	212
	WL only	136	121	134	119
	Non-disabled	3,022	3,478	3,237	3,431

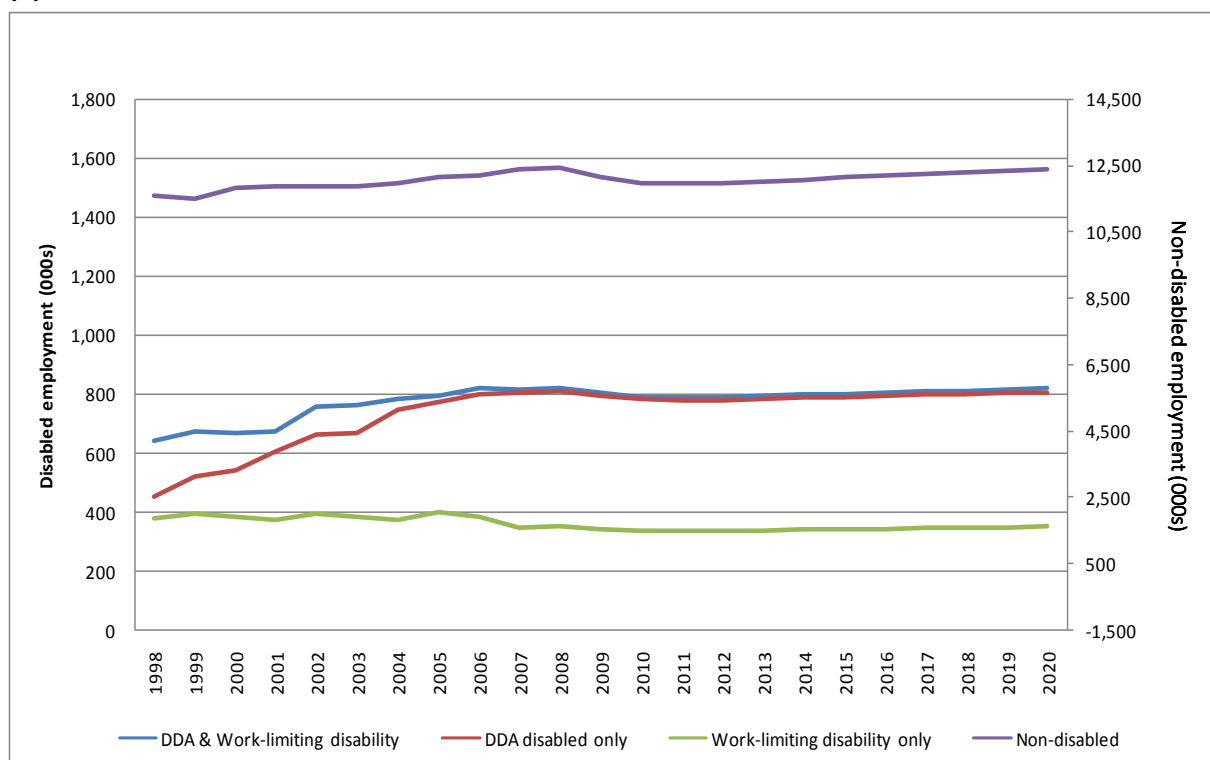
AAGR (%)		2001-08	2008-13	2013-20
Total employment				
	DDA & WL	1.9	-0.5	0.7
	DDA only	5.1	-0.6	0.6
	WL only	-1.1	-0.6	0.6
	Non-disabled	0.6	-0.7	0.5
Full-time	DDA & WL	0.0	-0.8	0.3
	DDA only	4.1	-0.8	0.3
	WL only	-2.0	-0.9	0.3
	Non-disabled	0.2	-0.9	0.3
Part-time	DDA & WL	4.2	-0.7	1.7
	DDA only	6.1	-2.1	2.5
	WL only	1.1	1.8	0.0
	Non-disabled	0.7	-0.6	1.3
Self-employed	DDA & WL	2.6	-1.2	0.7
	DDA only	7.4	-5.6	3.9
	WL only	-1.6	2.1	-1.7
	Non-disabled	2.0	-1.4	0.8

Table 7.5 Employment outlook for disabled people (continued)

Share of employment		2001	2008	2013	2020
Total employment					
	DDA & WL	5.0	5.4	5.4	5.5
	DDA only	4.1	5.5	5.5	5.5
	WL only	3.1	2.7	2.7	2.8
	Non-disabled	87.8	86.4	86.4	86.3
Full-time					
	DDA & WL	4.2	4.1	4.1	4.1
	DDA only	4.1	5.4	5.4	5.4
	WL only	2.0	2.5	2.5	2.5
	Non-disabled	88.7	88.1	88.1	88.1
Part-time					
	DDA & WL	6.1	7.5	7.5	7.6
	DDA only	4.1	5.8	5.3	5.8
	WL only	3.2	3.2	3.6	3.2
	Non-disabled	86.5	83.6	83.6	83.4
Self-employed					
	DDA & WL	6.7	6.8	6.9	6.9
	DDA only	3.7	5.3	4.3	5.3
	WL only	3.8	3.0	3.5	2.9
	Non-disabled	85.8	84.9	85.3	84.9

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Figure 7.21 Employment by disability status, 1998-2020**(a) Men and women****(b) Men**

(c) Women

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

A set of alternative assumptions about employment over the recovery period are shown in Figure 7.22. These scenarios assume the following:

- **Baseline** – baseline estimates produced by the IER model.
- **Scenario A** – the drop between 2008 and the bottom of the recession is the same as that in the baseline projections but growth after the bottom is equal to that between 1998-2000.
- **Scenario B** – the drop between 2008 and the bottom of the recession is equal to twice the percentage drop given in the baseline projections. The growth rate after the recession is also equal to that in the baseline.
- **Scenario C** – the drop between 2008 and the bottom of the recession is equal to twice the percentage drop given in the baseline projections with the growth rate after the recession equal to that between 1998-2000.

The series for the disability classifications used here begins only in 1998 after the LFS fully incorporated the implementation of the DDA. For this reason it is not

possible to observe changes in employment for the disabled versus non-disabled groups in previous recessions. The alternative scenarios differ from those seen earlier in terms of both the decrease in employment between 2008 and the bottom of the recession and the growth rate over the recovery period. In all the different scenarios, the pre-recession levels of employment will revert to their long-run growth rate.

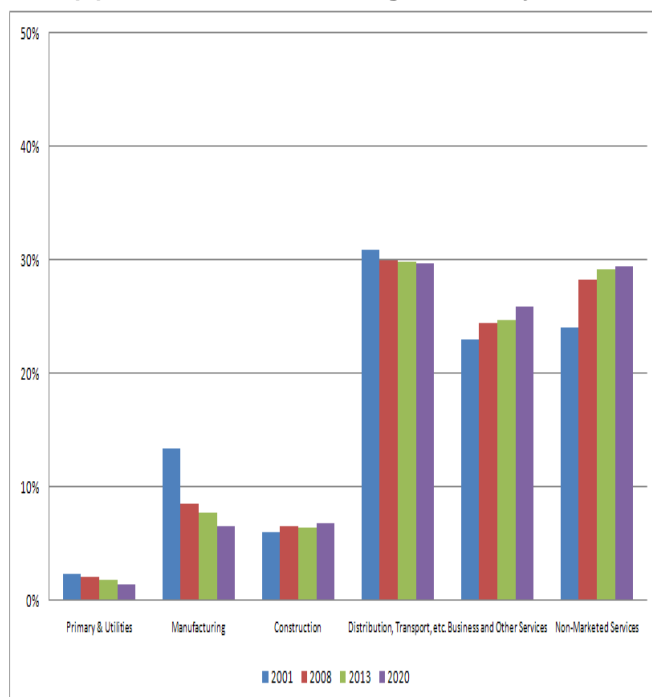
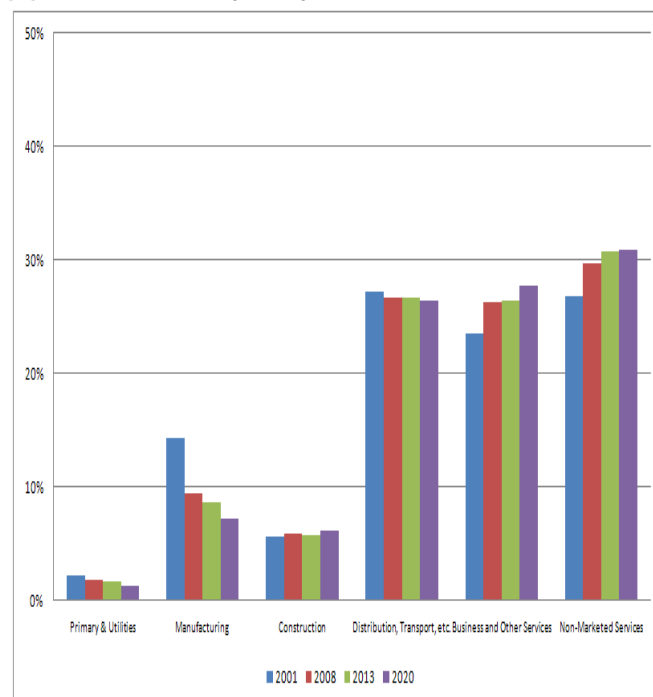
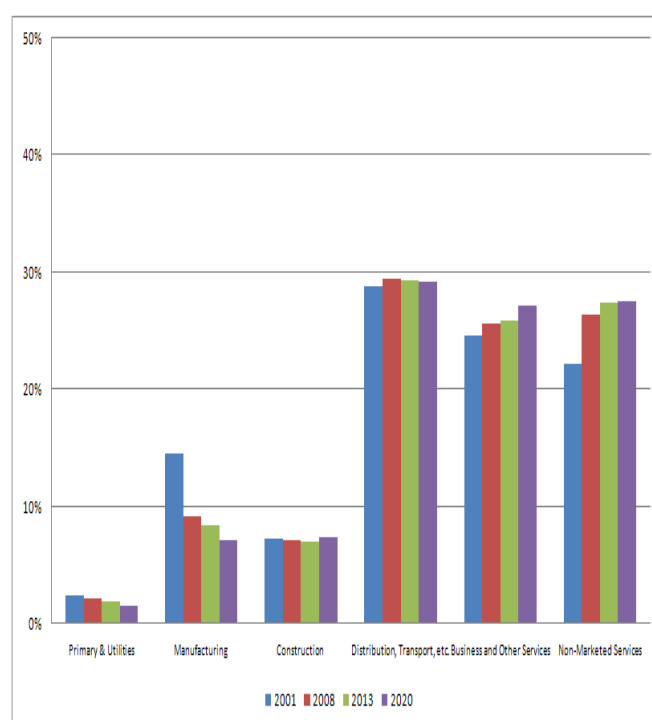
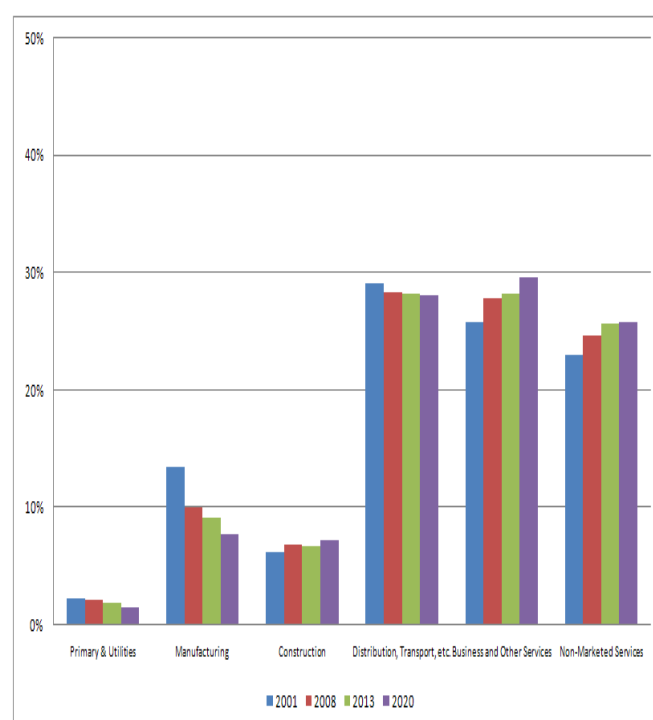
Figure 7.22 Alternative medium-term trends: disability



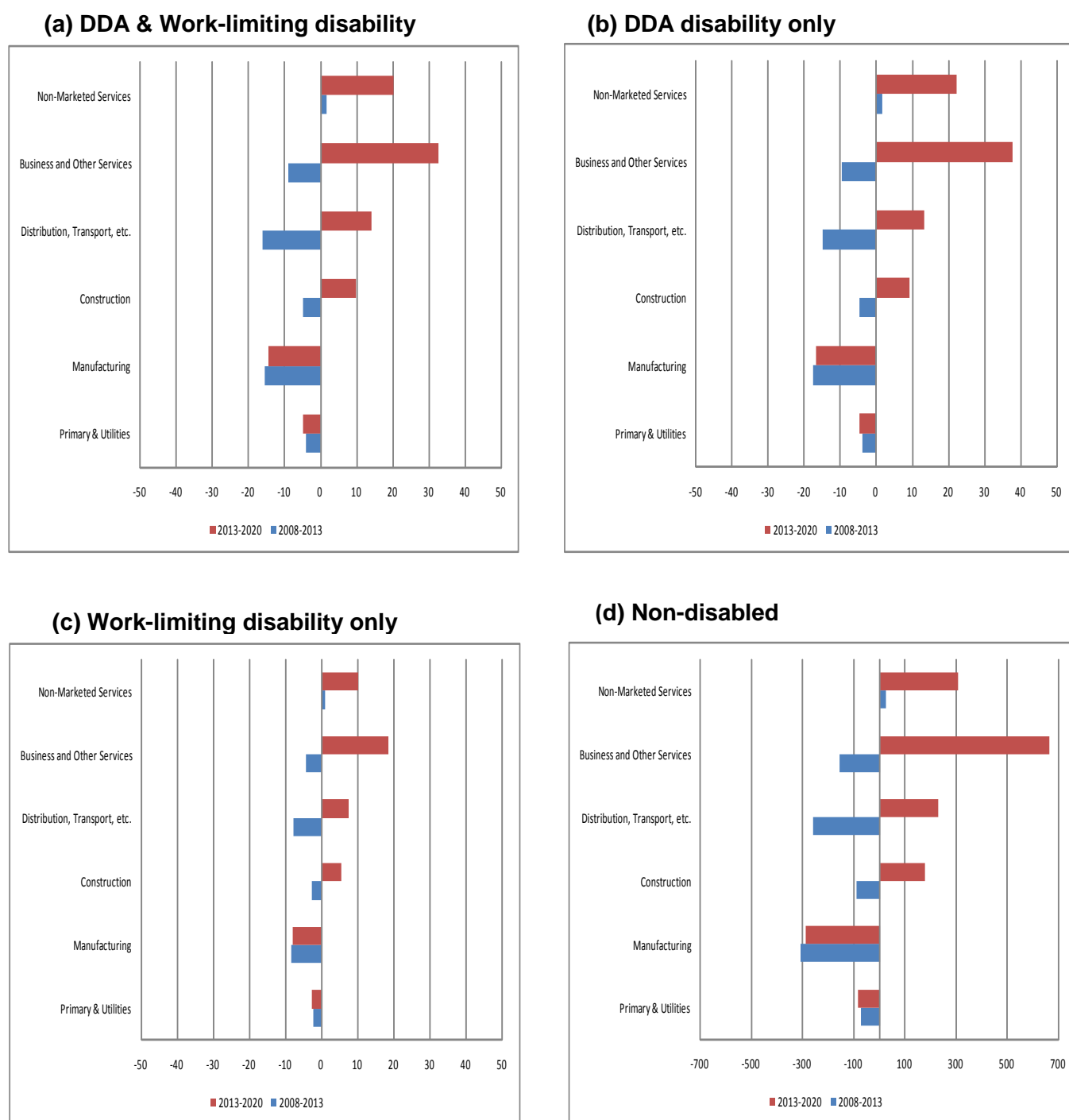
Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Sectoral employment prospects

Figure 7.23 shows the project level of sectoral change to 2020. It is apparent that there is little difference in the sectoral distribution of jobs either historically or over the forecast period between the employment of disabled and non-disabled people, the exception being the relatively greater reliance upon non-marketed services for the employment of disabled people. But as Figure 7.24 shows, it will be in business and financial services where there will be the greatest gain in employment for disabled people.

Figure 7.23 Sectoral employment by disability status**(a) DDA & Work-limiting disability****(b) DDA disability only****(c) Work-limiting disability only****(d) Non-disabled**

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Figure 7.24 Changes in employment by sector and disability

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Occupational employment prospects

Figure 7.25 shows the projected change in occupational employment to 2020.

The overall pattern of change for disabled people is the same as for the population generally: a growth in higher-level occupations and sales and personal service occupations and a decline in administrative and secretarial, process plant and

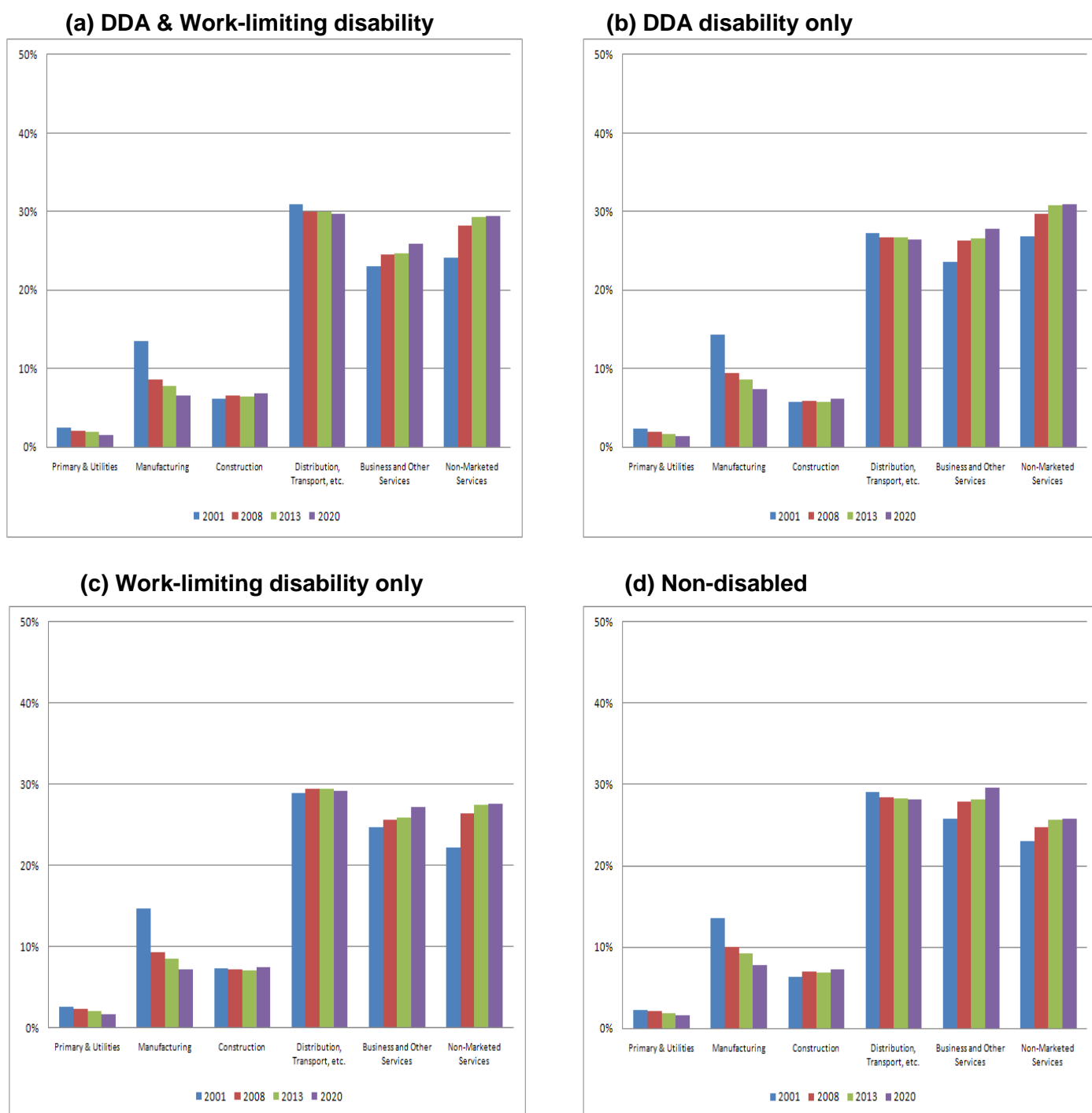
machinery, and elementary occupations. What is of interest is the relative distribution of disabled people across occupations. A number of features are apparent:

- Those who are classified as disabled according to the DDA but who do not report a work-limiting disability share an occupational profile similar to that of non-disabled people.
- Those who report a work-limiting disability are slightly less likely to be employed in higher-level occupations and more likely to be employed in elementary occupations.
- There has been a particularly sharp drop in the number of people with a work-limiting disability working in skilled trades between 2001 and 2008 but this decline is expected to become less sharp over the forecast period.

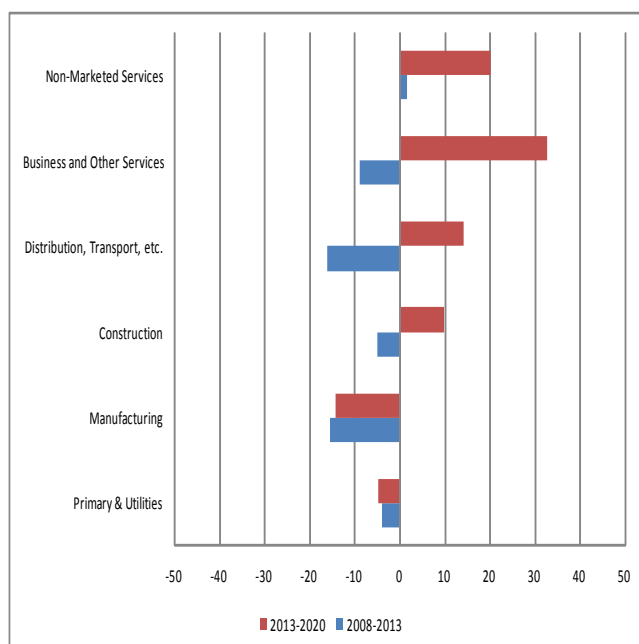
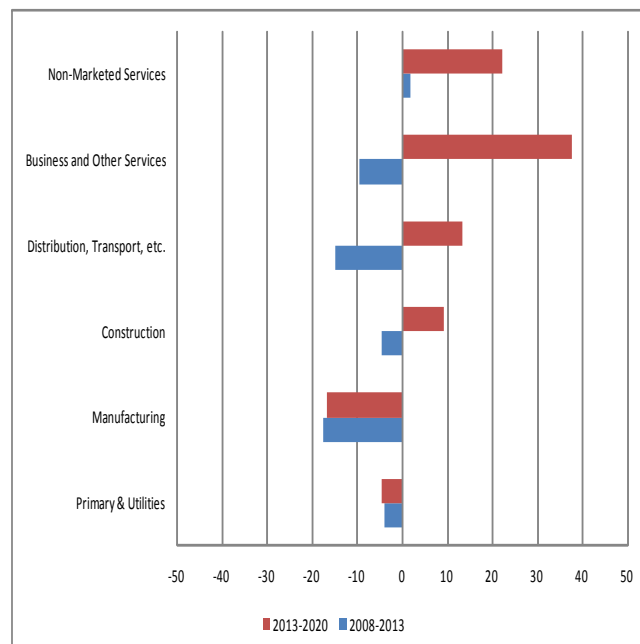
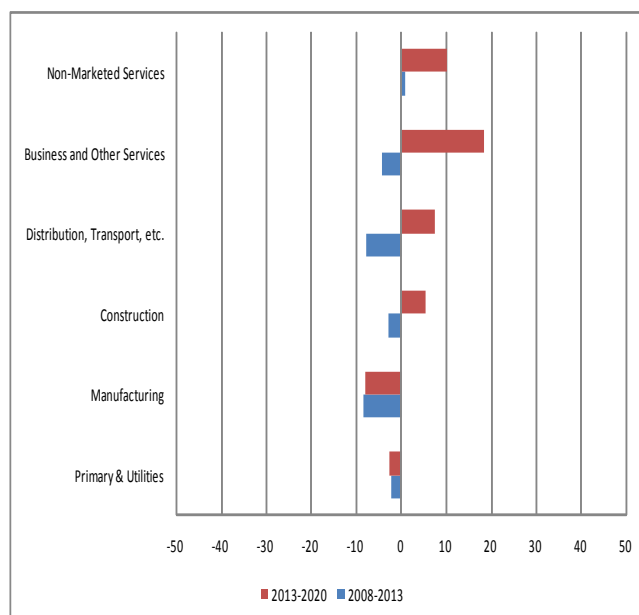
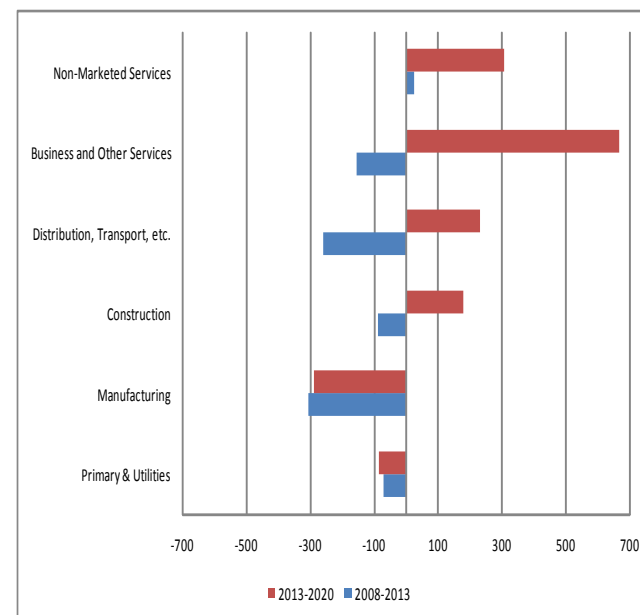
Figure 7.26 shows the extent of change by occupation over the forecast period and shows that it is in the post-2013 period that employment will show anything other than negligible growth in any occupation.

Overall, the projections of employment for disabled people reveal a slowing of the relatively rapid growth in their employment observed over recent years, but over the medium term, employment levels gradually return to their pre-recession level. Overall, the employment position of disabled people does not differ much from non-disabled people over the forecast period. But as Chapter 5 demonstrates, disabled people have lower participation rates. The recession potentially slows the progress towards improving the participation rates of disabled people if there are fewer work opportunities in the labour market.

Figure 7.25 Occupational employment by disability status



Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Figure 7.26 Changes in employment by occupation by disability status**(a) DDA & Work-limiting disability****(b) DDA disability only****(c) Work-limiting disability only****(d) Non-disabled**

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

7.8 Projections of employment by ethnic group

The projections of employment by ethnic group have been produced by apportioning the number of people who fall into each group and should be treated as indicative.

Employment growth over the medium term

The employment projections presented in Table 7.6 are for five broad ethnic groupings: White people, Black people, Indian people, Pakistani and Bangladeshi people taken together, and people from 'Other' ethnic groups (which includes Chinese people). Overall, employment grew by over four million between 1993 and 2008, but is projected to increase by only 160,000 between 2008 and 2020. Over the period 1993 to 2008, the number of White people in work grew by 2.6 million, while the minority workforce grew by around 1.5 million.

White people will account for the majority of employment growth over the period 2008 to 2020, and will account for just over a million of the increase of 1.25 million in total employment between 2013 and 2020. Between 2008 and 2013, total employment is projected to decline by just under one million while the number of White people in employment is projected to fall by just over 900,000. Figure 7.27a shows that following the end of the early 1990s recession, employment for all ethnic groups increased strongly in the 1990s, with the increase slowing down after 2001. The recession started in 2008, with a sharp decline in employment for all ethnic groups during 2008-09. The decline in employment is projected to end in 2010, and after a short period of stagnation, will be followed by growth from 2012 onwards. The trend in employment for males over the period 1993 to 2020 (Figure 7.27b) is very similar to the trend in overall employment, but with perhaps a slightly stronger rebound from the recession after 2010.

Black employment more than doubled between 1993 and 2008, but is projected to be only 8,000 higher in 2020 than 2008, after a decline of 19,000 between 2008 and 2013. Indian employment nearly doubled between 1993 and 2008, but is projected to decline by 8,000 between 2013 and 2020, after a loss of 18,000 jobs between 2008 and 2013. Pakistani and Bangladeshi employment nearly trebled between 1993 and 2008, but in the next 12 years is projected to increase by only 18,000. The loss of 9,000 jobs between 2008 and 2013 is followed by a gain of 27,000 between 2013 and 2020. Employment of 'Other' people more than quadrupled between 1993 and 2008 but is projected to increase by only 19,000 between 2008 and 2020, following a projected decline of 28,000 between 2008 and 2013.

Annual rates of employment increase for ethnic minority groups were extremely high in the 1990s (for example, 6.2 per cent for Black, 7.8 per cent for Pakistanis and Bangladeshis, and 8.3 per cent for the 'Other' ethnic group). Rates of employment

growth remained high during 2001-08 for the Pakistani and Bangladeshi ethnic group, and reached 11.6 per cent for the 'Other' ethnic group. Annual rates of employment change for full-time and part-time employees and the self-employed were even higher. The annual average rate of employment loss was smaller than average for people from the 'Other' and Pakistani and Bangladeshi ethnic groups (and slightly slower for Black people).

Table 7.6 Employment outlook for ethnic minorities

Thousands		1993	2001	2008	2013	2020
Total employment		26,441	29,053	30,738	29,751	30,898
	White	25,348	27,300	27,949	27,038	28,060
	Black	320	517	651	632	659
	Indian	367	476	658	637	662
	Pakistani/Bangladeshi	153	280	442	433	460
	Other	253	480	1,038	1,010	1,057
Full-time						
	White	15,337	16,730	16,537	15,845	16,212
	Black	223	337	411	394	403
	Indian	231	290	434	417	427
	Pakistani/Bangladeshi	82	141	206	197	202
	Other	159	280	623	597	611
Part-time						
	White	6,509	7,271	7,680	7,623	8,165
	Black	75	139	173	174	190
	Indian	62	123	150	151	165
	Pakistani/Bangladeshi	33	85	147	152	172
	Other	50	135	290	283	312
Self-employed						
	White	3,501	3,299	3,731	3,571	3,583
	Black	22	41	67	64	66
	Indian	75	63	73	69	71
	Pakistani/Bangladeshi	38	55	89	84	85
	Other	41	65	135	130	134
AAGR (%)		1993-2001	2001-08	2008-13	2013-20	
Total employment		1.2	0.8	-0.7	0.5	
	White	0.9	0.3	-0.7	0.5	
	Black	6.2	3.4	-0.6	0.6	
	Indian	3.3	4.7	-0.7	0.6	
	Pakistani/Bangladeshi	2.8	6.8	-0.4	0.9	
	Other	8.3	11.6	-0.5	0.7	
Full-time						
	White	1.1	-0.2	-0.9	0.3	
	Black	5.3	2.9	-0.8	0.3	
	Indian	2.9	6.0	-0.9	0.3	
	Pakistani/Bangladeshi	7.1	5.5	-0.9	0.3	
	Other	7.3	12.1	-0.8	0.3	
Part-time						
	White	1.4	0.8	-0.1	1.0	
	Black	8.0	3.3	0.1	1.2	
	Indian	9.0	2.9	0.1	1.2	
	Pakistani/Bangladeshi	12.2	8.4	0.6	1.8	
	Other	13.2	10.9	0.2	1.4	
Self-employed						
	White	-0.7	1.8	-0.9	0.4	
	Black	7.9	7.3	-0.9	0.4	
	Indian	-2.1	2.0	-1.0	0.4	
	Pakistani-Bangladeshi	4.7	7.1	-1.1	0.3	
	Other	5.1	11.1	-0.9	0.5	

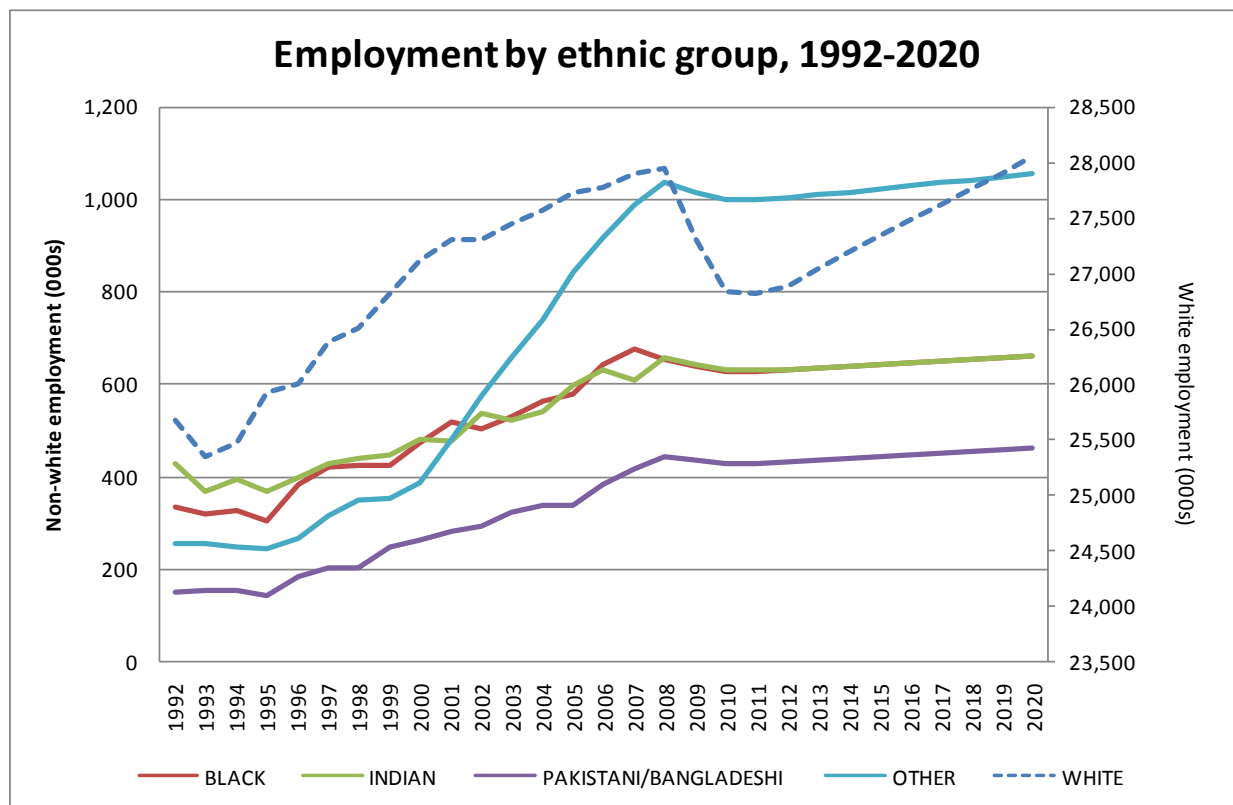
Table 7.6 Employment outlook for ethnic minorities (continued)

Share of employment		1993	2001	2008	2013	2020
Total employment		100.0	100.0	100.0	100.0	100.0
	White	95.9	94.0	90.9	90.9	90.8
	Black	1.2	1.8	2.1	2.1	2.1
	Indian	1.4	1.6	2.1	2.1	2.1
	Pakistani-Bangladeshi	0.6	1.0	1.4	1.5	1.1
	Other	1.0	1.7	3.4	3.4	3.4
Full-time						
	White	95.7	94.1	90.8	90.8	90.8
	Black	1.4	1.9	2.3	2.3	2.3
	Indian	1.4	1.6	2.4	2.4	2.4
	Pakistani-Bangladeshi	0.5	0.8	1.1	1.1	1.1
	Other	1.0	1.6	3.4	3.4	3.4
Part-time						
	White	96.7	93.8	91.1	90.9	90.7
	Black	1.1	1.8	2.1	2.1	2.1
	Indian	0.9	1.6	1.8	1.8	1.8
	Pakistani-Bangladeshi	0.5	1.1	1.7	1.8	1.9
	Other	0.7	1.7	3.3	3.4	3.5
Self-employed						
	White	95.1	93.6	91.1	91.1	91.2
	Black	0.6	1.2	1.6	1.6	1.6
	Indian	2.0	1.8	1.8	1.9	1.8
	Pakistani-Bangladeshi	1.0	1.6	2.2	2.1	2.1
	Other	1.2	1.8	3.3	3.3	3.3

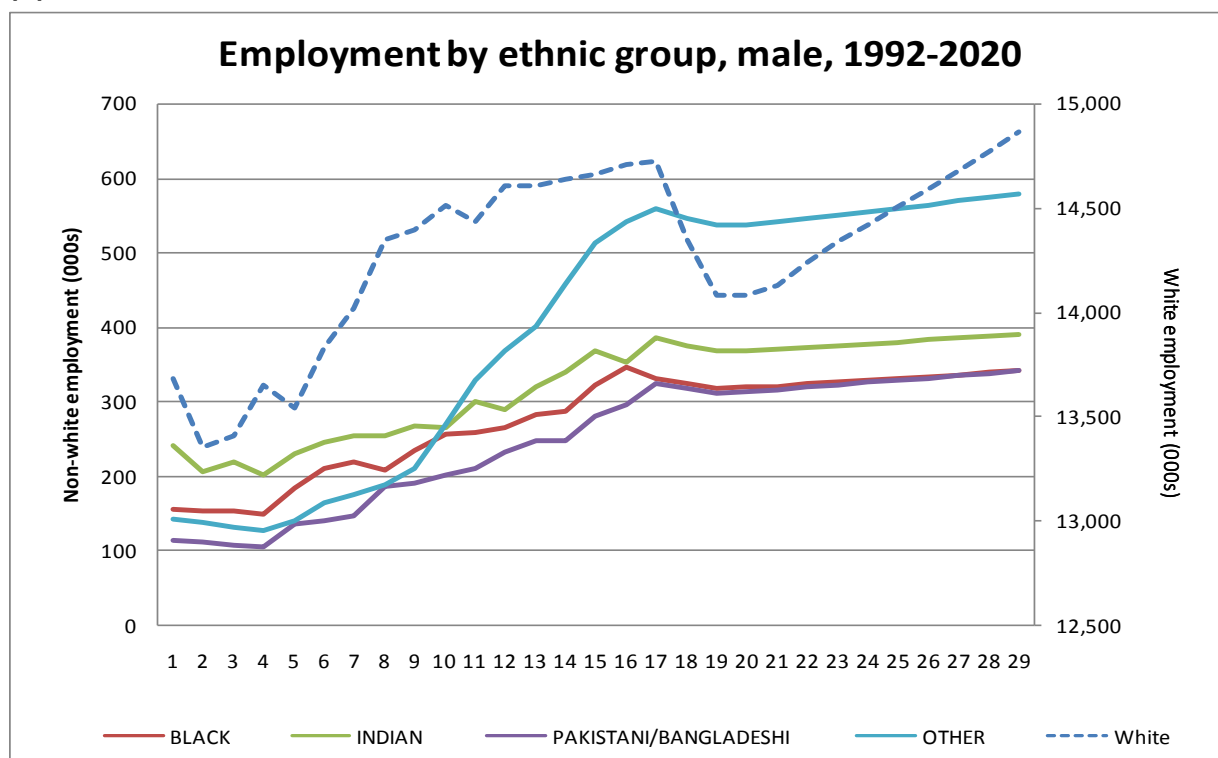
Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Figure 7.27 Employment by ethnic group, 1992-2020

(a) All



(b) Men



Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

In the recovery of 2013-20, employment is projected to increase fastest for people from the 'Other' and Pakistani and Bangladeshi ethnic groups.

The share of White people in total employment declined slowly during the 1990s, but fell from 94.0 per cent to 90.9 per cent over the seven years from 2001 to 2008. The share of Black people in employment grew from 1.2 per cent in 1993 to 2.1 per cent in 2008, while over the same period, the share of Indian people grew from 1.4 to 2.1 per cent, that of Pakistani and Bangladeshi people increased from 0.5 to 1.1 per cent and the share of people from 'Other' ethnic groups increased from 1.0 per cent to 3.4 per cent. The projection methodology assumes that these shares would remain constant over the period 2008 to 2020, and hence they overestimate future White employment and underestimate employment for ethnic minority groups. It should be noted that no account is taken of migration in the projection methodology.

The share of White people in part-time employment was higher than their share of full-time employment over the period 1993 to 2008, but by 2020 these shares are equal. These estimates indicate that people from ethnic minority groups appear to be more likely to work full-time than part-time. White people formed 95.1 per cent of the self-employed in 1993, and 91.1 per cent of this group in 2008, while their numbers of self-employed grew from 3.5 to 3.7 million over the period 1993 to 2008 and is projected to fall slightly by 2020. The share of Indian people fell from two per cent in 1993 to 1.8 per cent in 2008. However, the relative share of Pakistani and Bangladeshi people more than doubled over this period, from one per cent in 1993 to 2.2 per cent in 2008. The share of Black people increased from 0.6 per cent to 1.6 per cent, while that of people from 'Other' ethnic groups increased from 1.2 to 3.3 per cent over the same period.

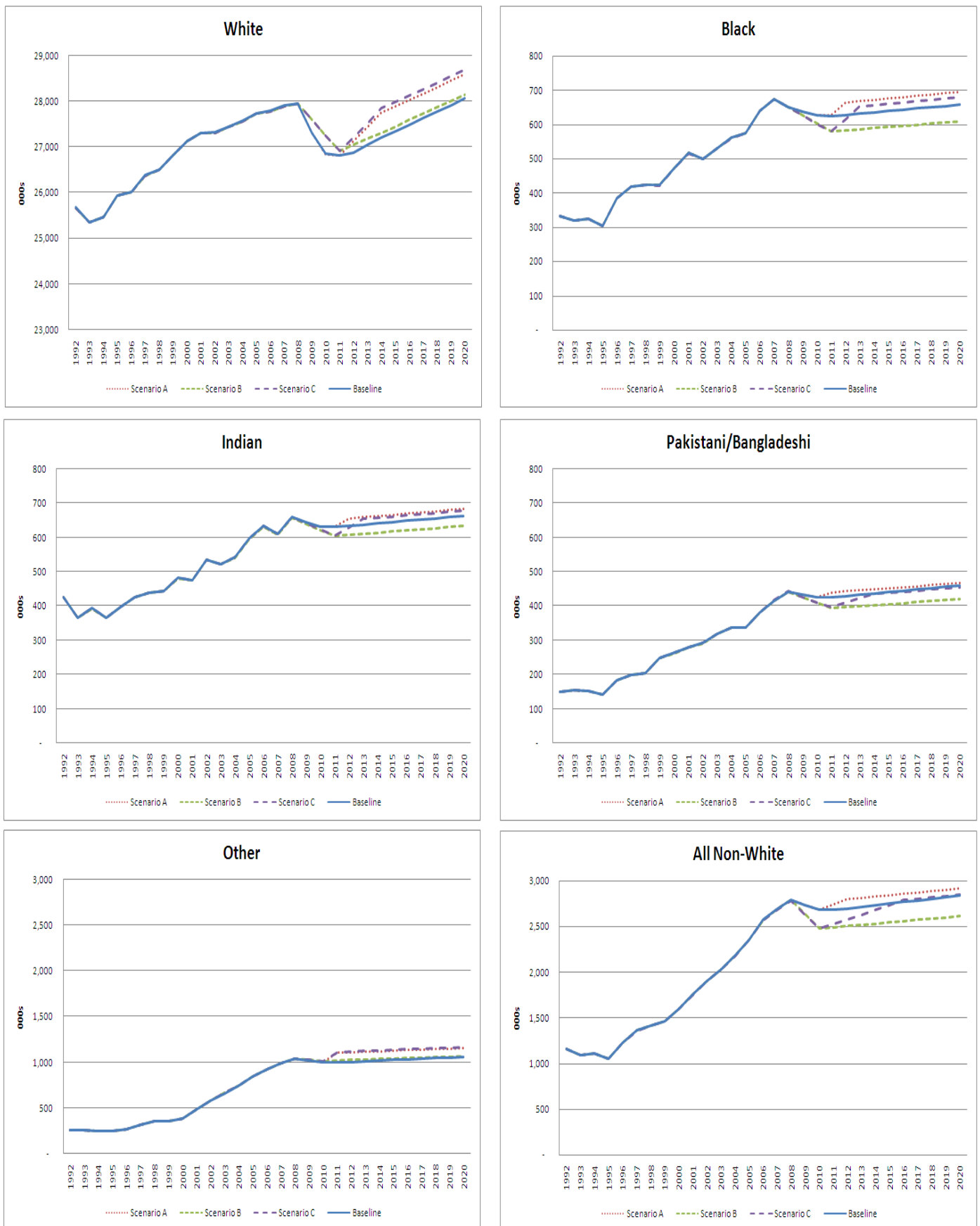
A set of alternative assumptions about employment over the recovery period are shown in Figure 7.28. There are some differences between the ethnic groups in terms of the assumptions underlying each of the three alternative scenarios as follows:

- **Baseline** – baseline estimates produced by the IER model.
- **Scenario A** – the drop between 2008 and the bottom of the recession is the same as that in the baseline projections, but growth after the bottom is equal to that in the recovery phase of the early 1990s recession.
- **Scenario B** – the drop between 2008 and the bottom of the recession is equal to the decrease observed in the recession of the early 1990s for all groups except Indian and Pakistani/Bangladeshi. For these two groups, the decline in

employment for this scenario is assumed to be twice the percentage drop given in the baseline projections. The growth rate after the recession is also equal to that in the baseline projections.

- **Scenario C** – the drop between 2008 and the bottom of the recession is the same as that developed in Scenario B while the growth rate after recession is equal to that of the 1990s recession recovery period.

In those scenarios where the rate of growth in the recovery period of the current recession is set equal to that observed in the early 1990s recession (Scenarios A and C), this rate is set back to the value underlying the baseline projections once the pre-recession level of employment is re-established. The alternative assumptions suggest that a relatively deep recession followed by a relatively weak recovery in employment will affect non-White groups more than White ones.

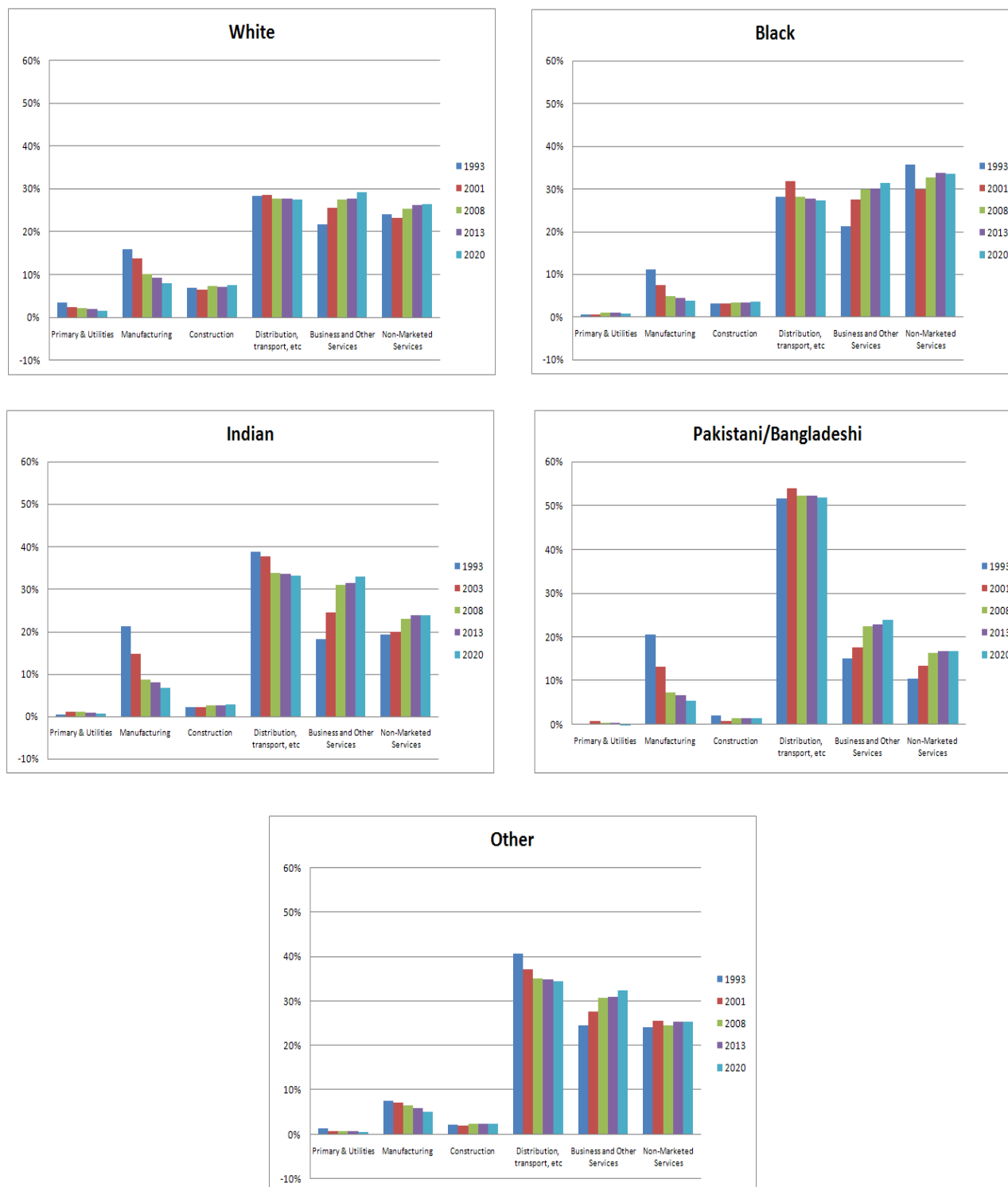
Figure 7.28 Alternative medium-term trends: ethnicity

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Sectoral employment prospects

Figure 7.29 presents the percentage of employment in each of six industry sectors by each of the five ethnic groupings used in this report for 1993, 2001, 2008, 2013 and 2020.

Figure 7.29 Sectoral employment by ethnic group



Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

As Figure 7.29 shows, for White people, there is a clear trend for a falling share of employment in the manufacturing industry and increasing shares of employment in business and other services and non-marketed services. The shift from manufacturing to services shows signs of moderating after 2008.

A smaller percentage of Black than White people worked in manufacturing in 1993, but even so there has been a similar shift away. There was a rapid increase in the share in business and other services in the 1990s, but the growth in the share of this sector is projected to slow after 2008. In 1993, over a third of Black people worked in non-marketed services; this percentage was lower in 2001, but has since grown steadily, being projected to approach a third again in 2020. This share is much higher than for White people.

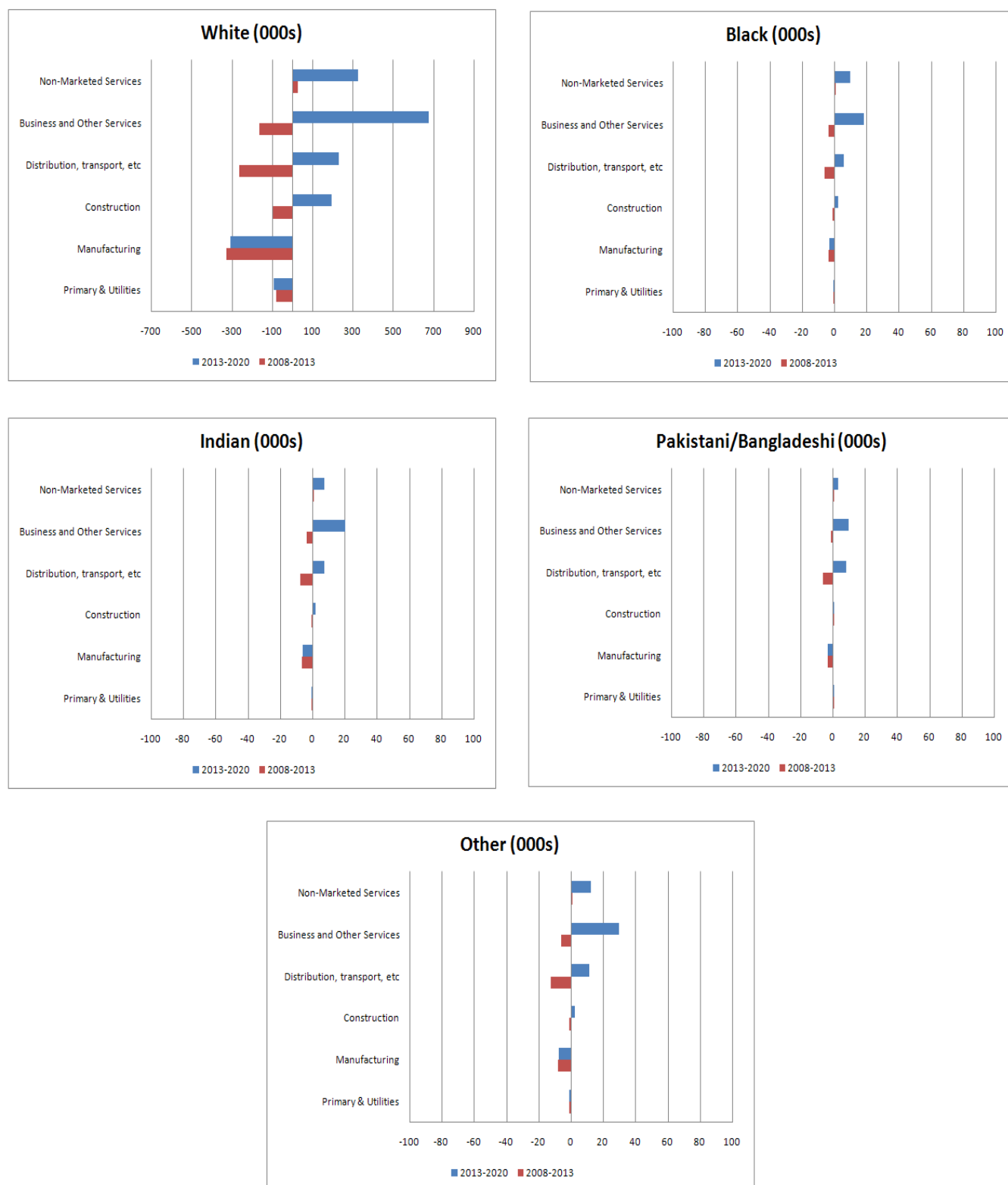
For Indian people, the percentage of employment in manufacturing has declined from a peak of over 20 per cent in 1993 to well under 10 per cent in 2008, and is expected subsequently to decline. Distribution, transport, etc (which includes the restaurant trade) accounted for nearly two-fifths of Indians in work in 1993, but is projected to decline to a third from 2008 onwards. There has been steady growth in the share working in business and other services, which are projected nearly to account for as large a share as the distribution, transport etc sector in 2020. The share of workers in non-marketed services has grown slowly during the period and is projected to reach nearly a quarter in 2020.

Turning to Pakistani and Bangladeshi people, the most striking feature is the dominance of the distribution, transport etc sector. This accounts for more than half of employment throughout the period 1993 to 2020. As is the case for other ethnic groups, there is a shift from manufacturing employment towards service sector employment. The share of manufacturing employment is projected to fall from a fifth in 1993 to around five per cent in 2020. The shares of employment in both business and other services and non-marketed services were very low in 1993. Both are expected to grow steadily over the period 1993 to 2020, but still to account for less than a quarter and less than a fifth of employment respectively in 2020.

People from the 'Other' ethnic group display a very distinctive pattern of occupational employment change. Distribution, transport etc accounted for two-fifths of employment in 1993, but declined in relative importance subsequently, and is projected to account for just over a third of employees by 2020. This remained the largest sector of employment, just ahead of business and other services, which is expected to increase its share from around a quarter in 1993 to nearly a third in 2020. The 'Other' share of employment in non-marketed services is projected to

increase very slowly between 1993 and 2020, ending at accounting for just over a quarter of employment.

Figure 7.30 Changes in sectoral employment by ethnic group



Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Occupational employment prospects

Figure 7.31 presents the percentage of employment in each of nine major groups in the Standard Occupational Classification (SOC) by each of the five ethnic groupings used in this report for 1993, 2001, 2008, 2013 and 2020. For White people, a shift from less to more skilled and from manual to non-manual occupations is apparent over this period. This shift is fairly consistent throughout the period described. Growth in employment shares is projected to be strong for managers and senior officials, professionals and associate professionals, and in personal service occupations, and less strong in sales and customer service occupations. There is expected to be a shift away from administrative and secretarial occupations, skilled trades occupations, process, plant and machine operatives, and (especially) elementary occupations. By 2020, the largest SOC major group is expected to be managers and senior officials.

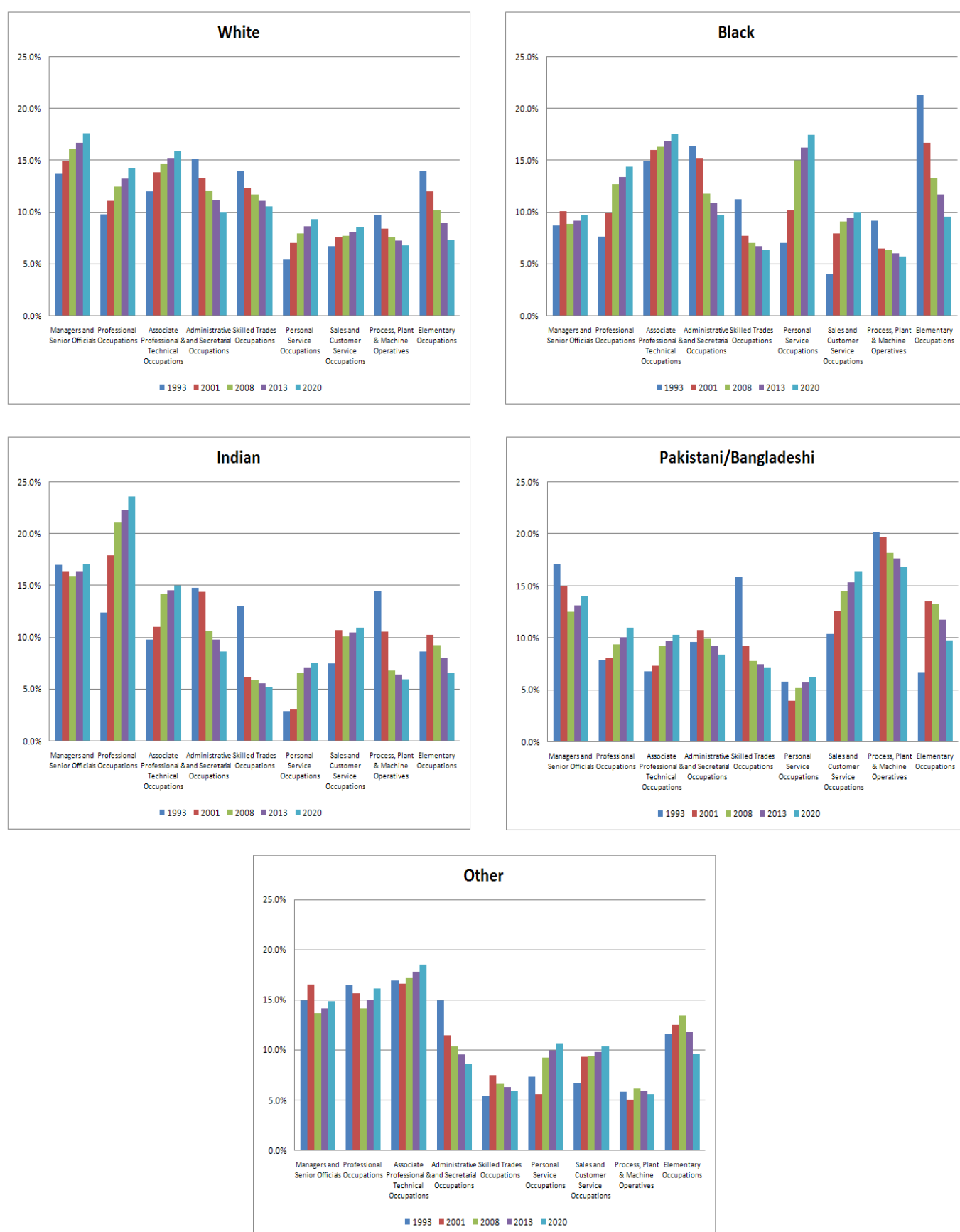
The same trends are apparent for Black people, but the occupational shifts are more exaggerated. In 1993, the largest occupational category was elementary occupations, accounting for over a fifth of Black workers. This is projected to decline to under 10 per cent by 2020. The most rapid increases in employment shares are displayed by personal service occupations and sales and customer service occupations. It is projected that by 2020 the two largest occupational groups for Black people will be associate professional and technical occupations and personal service occupations.

The pattern of changing occupational shares of employment is more complex for Indian people. The share of managers and senior officials in total employment barely is expected to change little over the period 1993 to 2020, but that of professional occupations to increase rapidly, becoming the largest occupation and accounting for nearly a quarter of all workers in 2020. There is a less marked increase in associate professional and technical occupations. The shares of employment in skilled trades occupations and process, plant and machine operatives both declined rapidly in the 1990s, thereafter continuing to decline at a slower rate. Personal service and sales and customer service occupations both increased their share of employment, but this increase is projected to be quite slow after 2008. The percentage of workers in elementary occupations declines more slowly than for most other ethnic groups.

For Pakistani and Bangladeshi people, the share of managers and senior officials is projected to decline overall between 2001 and 2020. However, this percentage increases between 2008 and 2020. The share of professionals and associate professional and technical occupations is expected to increase, but the largest increase in employment share is projected to be for sales and customer service occupations. In 1993, the largest occupational groups were process, plant and

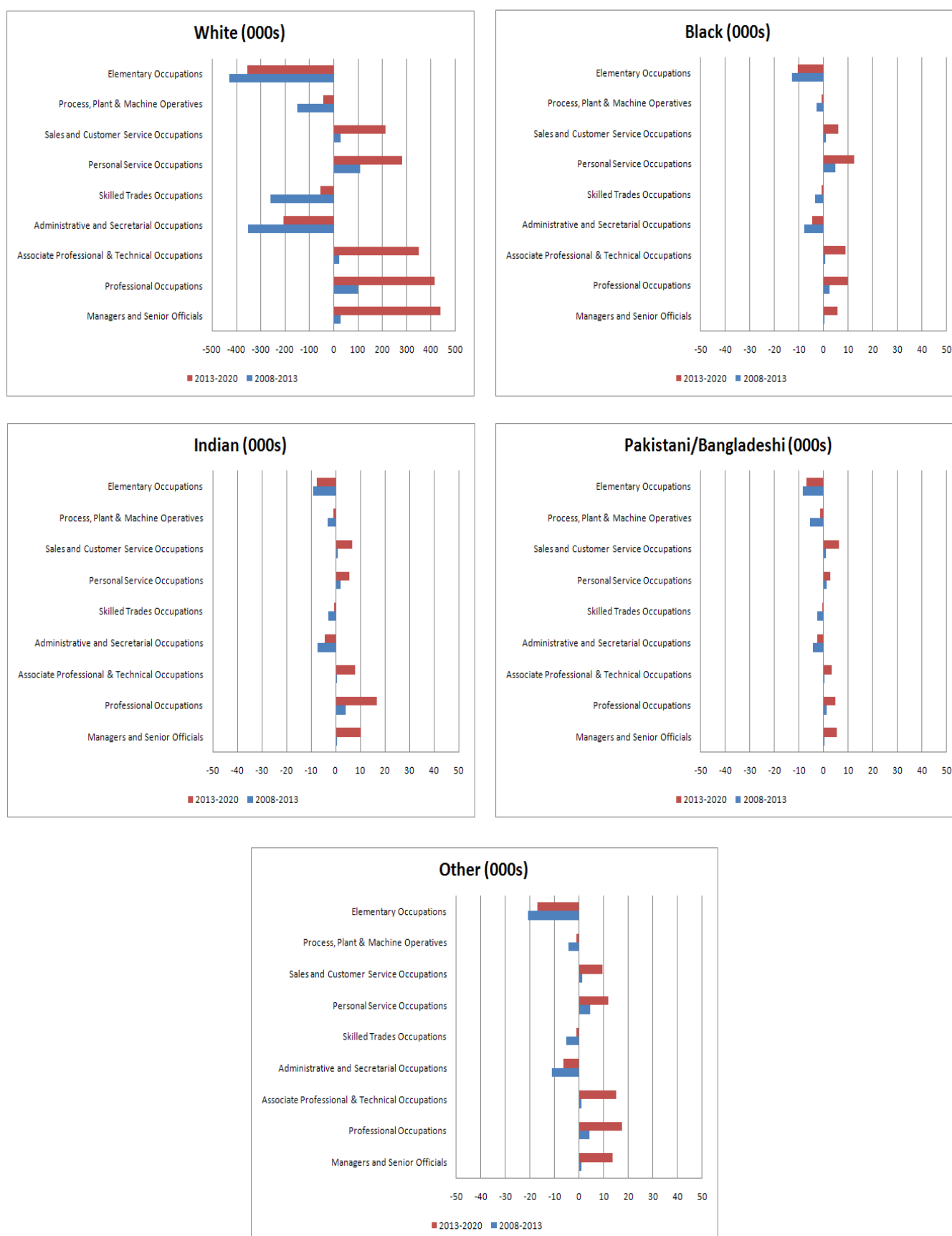
machine operatives, managers and senior officials, and skilled trades occupations, but the largest occupations in 2020 are projected to be process, plant and machine operatives and sales and customer service occupations, followed by managers and senior officials. Skilled trades occupations are expected to decline strongly over the period 1993 to 2020, while the share in elementary occupations first increased during the 1990s but is projected to decline slowly.

For people from 'Other' ethnic groups, it is projected that the share of managers and senior officials and professional occupations in total employment will increase slowly between 1993 and 2020, but more quickly for the share of associate professional and technical occupations. The largest occupational groupings are expected to be SOC major groups 1 to 3 throughout this period, and associate professional and technical occupations are projected to be the largest occupational category for this ethnic group in 2020. While the shares of employment in personal service and sales and customer service occupations are expected to grow steadily over the period, the share of employment in administrative and secretarial occupations is expected to decline faster than that of elementary occupations. The share of employment in skilled and semi-skilled manual jobs is expected to remain fairly constant over the period 1993 to 2020.

Figure 7.31 Occupational employment by ethnic group

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Figure 7.32 Changes in occupational employment by ethnic group



Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

7.9 The impact on employment and unemployment rates for particular groups

The unemployment rates projected over the medium-term are presented in Table 7.7. The model from which the employment projections were derived is a demand side one. The determinants of the unemployment rate include a number of supply-side factors, so the projections of future unemployment should be treated with great caution. The projections of unemployment are based on the share of unemployment accounted for by each group in 2008 and held constant over the period to 2020. Hence the projections are crude indicators of what might happen and should be treated accordingly. For some groups, the projections suggest that unemployment will rise quite sharply over the short term but even by 2020, the unemployment rate for all groups will not have recovered to its pre-recession level.

Table 7.7 Projected unemployment rates, 2008-20

Per cent:													
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
All	2.8	5.1	6.6	6.7	6.8	6.6	6.4	6.2	6.0	5.8	5.6	5.5	5.3
Male	3.1	5.6	7.3	7.4	7.5	7.2	7.0	6.8	6.5	7.4	6.1	6.0	5.7
Female	2.5	4.5	5.8	6.0	6.0	5.9	5.7	5.5	5.3	5.2	5.0	4.9	4.7
White	2.5	4.6	6.0	5.1	6.2	6.0	5.8	5.6	5.4	5.3	5.0	4.9	4.8
Black	6.8	11.9	15.2	15.5	15.6	15.2	14.8	14.4	13.9	13.6	13.0	12.7	12.3
Indian	3.7	6.7	8.7	8.9	9.0	8.7	8.4	8.2	7.9	7.7	7.4	7.2	7.0
Pakistani/ Bangladeshi	6.7	11.8	15.0	15.3	15.4	14.9	14.5	14.1	13.5	13.2	12.6	12.3	11.9
Other	5.1	9.1	11.7	12.0	12.1	11.7	11.4	11.1	10.6	10.4	9.9	9.7	9.4
1-24	7.5	13.0	16.5	16.8	16.9	16.4	15.9	15.5	14.9	14.5	13.9	13.6	13.1
25-49	2.1	3.9	5.1	5.2	5.2	5.1	4.9	4.8	4.6	4.5	4.3	4.2	4.1
50-64/59	1.7	3.1	4.0	4.1	4.1	4.0	3.9	3.8	3.6	3.5	3.4	3.3	3.2
65+/60+	0.8	1.5	2.0	2.0	2.0	1.9	1.9	1.8	1.7	1.7	1.6	1.6	1.5
DDA & Work-limiting disability	6.0	10.6	13.6	13.9	14.0	13.6	13.2	12.9	12.4	12.1	11.5	11.3	10.9
DDA disability only	2.0	3.6	4.8	4.9	4.9	4.8	4.6	4.5	4.3	4.2	4.0	3.9	3.8
Work-limiting disability only	5.1	9.0	11.7	11.9	12.0	11.6	11.3	11.0	10.6	10.3	9.9	9.7	9.3
Non-disabled	2.5	4.6	6.1	6.2	6.2	6.1	5.9	5.7	5.5	5.3	5.1	5.0	4.8

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

7.10 Conclusion

The projections presented in this chapter give an insight into how employment levels are likely to change over the course of the recession and during the recovery period. In aggregate, the impact upon employment is projected to be less damaging than that of the two previous recessions. In part, this stems from the economic stimulus packages put in place by governments across the world. But there remains great uncertainty about the recession and its impact over the short term. For instance, some commentators are concerned about the prospect of deflation (the fall in the real price of various consumer goods and wages) while others are uneasy about the prospect of rising inflation resulting from the increase in money supply (quantitative easing). For the time being, the pace of change in the economy is such that there is much uncertainty about the timing and pace of the recovery.

In summary, the projections of future employment reveal the following points:

- The nature of change in the labour market is skills biased. There has been, and there is expected to be, a growth in jobs in those occupations where the incumbents are highly skilled and qualified. Even in some of the less-skilled jobs in the economy, where growth is expected over the medium term, the minimum qualification for entry has been rising. So for those individuals in society who do not possess the skills and qualifications to gain entry to those occupations which are expected to grow over the medium term, their labour market prospects are likely to worsen.
- Many of the groups with which this report is concerned have experienced an improved labour market position over recent years (for example, rising levels of economic activity and employment). The recession is likely to slow the pace at which these groups have improved their relative position, but over the medium term they are expected to recover their pre-recession levels. In other words, the projections suggest that the recession will slow, not stop, the movement towards increased levels of equality.
- The pace at which various groups will recover their pre-recession position in the labour market depends upon the timing and the speed of the recovery. The baseline projections suggest that pre-recession levels of employment for nearly all groups will be recovered around about 2015-16.
- For some groups, there is a relatively high dependence upon employment in non-marketed services, which includes the public sector. Within the forecasts, assumptions have been made about levels of government borrowing and the implications of this for public sector employment. The level of government

borrowing is dependent upon the extent of the bail-out of the financial services sector and the degree to which government can recover the money it has invested to date. Much uncertainty surrounds public expenditure for the time being and thereby the implications for public sector employment. As noted elsewhere in this report, the equality, diversity and work-life balance agenda is often much more established in the public sector.

- The impact of the recession will be felt unevenly across Great Britain. London and the South East are expected to show a faster rate of recovery from the recession and this is likely to have an impact upon the employment of some ethnic minority groups which are disproportionately located in these regions. Wales and Scotland are projected to show the weakest rates of growth over the medium term.
- The possible exception to the above relates to young people and the prospect that a cohort effect will arise whereby those people who were young during the current recession suffer continued disadvantage throughout their working lives because of the difficulties they encounter entering the labour market. This may become even more of a problem if, during the period of weakened labour demand, pensions policy leads more people to retire later thereby increasing the supply of labour.

The above points are based on the projections of employment conducted as part of this study. It ought to be taken in account that there are a range of qualitative changes in employment which the previous chapters have identified.

8. Projections of employment by nation

8.1 Introduction

Having outlined projections of employment for Great Britain (GB) in Chapter 7, this chapter presents and describes comparable sub-national estimates for England, Scotland, Wales and London.

The same methodology and assumptions were used to prepare the GB and sub-national estimates. Thus these projections are also based on the forecast by Cambridge Econometrics (CE) for the UK economy – and its nations and regions – from February 2009. Similarly, the employment projections by gender, age, ethnic group and disability have been produced by Institute of Employment Rights (IER) by apportioning the changing shares of total employment, occupational and sectoral employment for each of these groups based on historical data from the Labour Force Survey (LFS).

As in the case of the GB-wide projections, the estimates should be viewed with caution. All the caveats to the GB-wide projections outlined in section 7.3 apply to the sub-national projections as well; in addition, for the sub-national estimates, a stronger caveat applies given the higher level of disaggregation which is being undertaken.

8.2 Overall trends

Table 8.1 presents the overall trends in employment by country and London. In England, employment increased from 19.0 million in 1993 to 20.6 million in 2001 and 21.9 million in 2008. It is projected to decline by nearly 700,000 by 2013, after which employment will recover to be 100,000 higher than 2008 levels by 2020. For Scotland, the pattern is very similar, but employment is not expected to recover to 2008 levels. In Wales, the recovery after 2013 is also weaker than in England. London contrasts strongly with the remainder of Great Britain, gaining 900,000 jobs between 1993 and 2008, then projected to lose 150,000 jobs between 2008 and 2013, but ending the projection period with employment a quarter of a million higher than in 2013.

Table 8.1 Sub-national employment totals, 1993-2020

000s	1993	2001	2008	2013	2020
England	19,029	20,651	21,924	21,235	22,034
Male	10,007	10,990	11,602	11,226	11,706
Female	9,023	9,661	10,322	10,009	10,327
Scotland	2,387	2,559	2,715	2,624	2,673
Male	1,239	1,322	1,403	1,362	1,403
Female	1,148	1,237	1,311	1,262	1,270
Wales	1,208	1,261	1,388	1,327	1,373
Male	627	674	729	698	730
Female	581	587	659	629	643
London	3,817	4,582	4,712	4,564	4,817
Male	2,087	2,520	2,584	2,511	2,677
Female	1,730	2,062	2,127	2,054	2,141

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Actual and projected annual rates of employment change vary considerably over time and between the countries of Great Britain and London (Table 8.2). In England, employment increased by one per cent per annum during 1993 to 2001, slowing slightly during 2001-08. Employment grew more slowly in Scotland and only half as fast in Wales during the 1990s, and while Scottish employment growth continued at the same rate after 2001, it accelerated dramatically in Wales. In London, employment grew at 2.3 per cent per annum during the 1990s, but by only 0.4 per cent between 2001 and 2008. Projected employment decline during 2008 to 2013 is much faster in Wales than in the other parts of the country. The recovery of employment during 2013 to 2020 is projected to be fastest in London and slowest in Scotland.

Table 8.2 Sub-national annual rates of employment change, 1993-2020

AAGR (%)	1993-2001	2001-08	2008-13	2013-20
England	1.03	0.86	-0.64	0.53
Male	1.18	0.78	-0.66	0.60
Female	0.86	0.95	-0.61	0.45
Scotland	0.87	0.85	-0.67	0.26
Male	0.81	0.86	-0.59	0.42
Female	0.94	0.83	-0.76	0.09
Wales	0.54	1.38	-0.89	0.48
Male	0.90	1.13	-0.86	0.63
Female	0.14	1.65	-0.92	0.32
London	2.31	0.40	-0.63	0.77
Male	2.38	0.36	-0.58	0.92
Female	2.22	0.44	-0.70	0.60

Notes: AAGR = annual average percentage growth.

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

8.3 Gender

As Table 8.2 also shows, rates of employment change by gender fluctuate considerably over time and space. In general, male employment grew faster than female employment between 1993 and 2001 (the exception being Scotland) while female employment grew faster than male between 2001 and 2008 (Scotland again excepted). During 2008 to 2013, women's employment is projected to decline faster than male employment in all areas except England. The projected recovery of employment during 2013 to 2020 is projected to be faster for men than for women.

Over the period 1993-2008, there was very little change or a marginal shift in the gender balance of employment (Table 8.3). In England, the percentage of jobs filled by women was 0.3 per cent lower in 2008 than 1993. In Scotland, the percentage remained constant, with women forming 48.3 per cent of workers. In Wales, the female share of employment was 0.6 per cent lower in 2008 than 1993. The share of women in employment was lowest in London (45.1 per cent), declining by 0.2 per cent over this 15-year period.

Over the period 2008-20, the female share of employment is projected to decline by 0.2 per cent in England, by 0.6 per cent in Scotland, by 0.8 per cent in Wales and by

0.6 per cent in London. London is projected to continue to have a smaller share of jobs filled by women than any of the countries of Great Britain, while the female employment share remains highest in Scotland.

Table 8.3 Sub-national gender shares of employment, 1993-2020

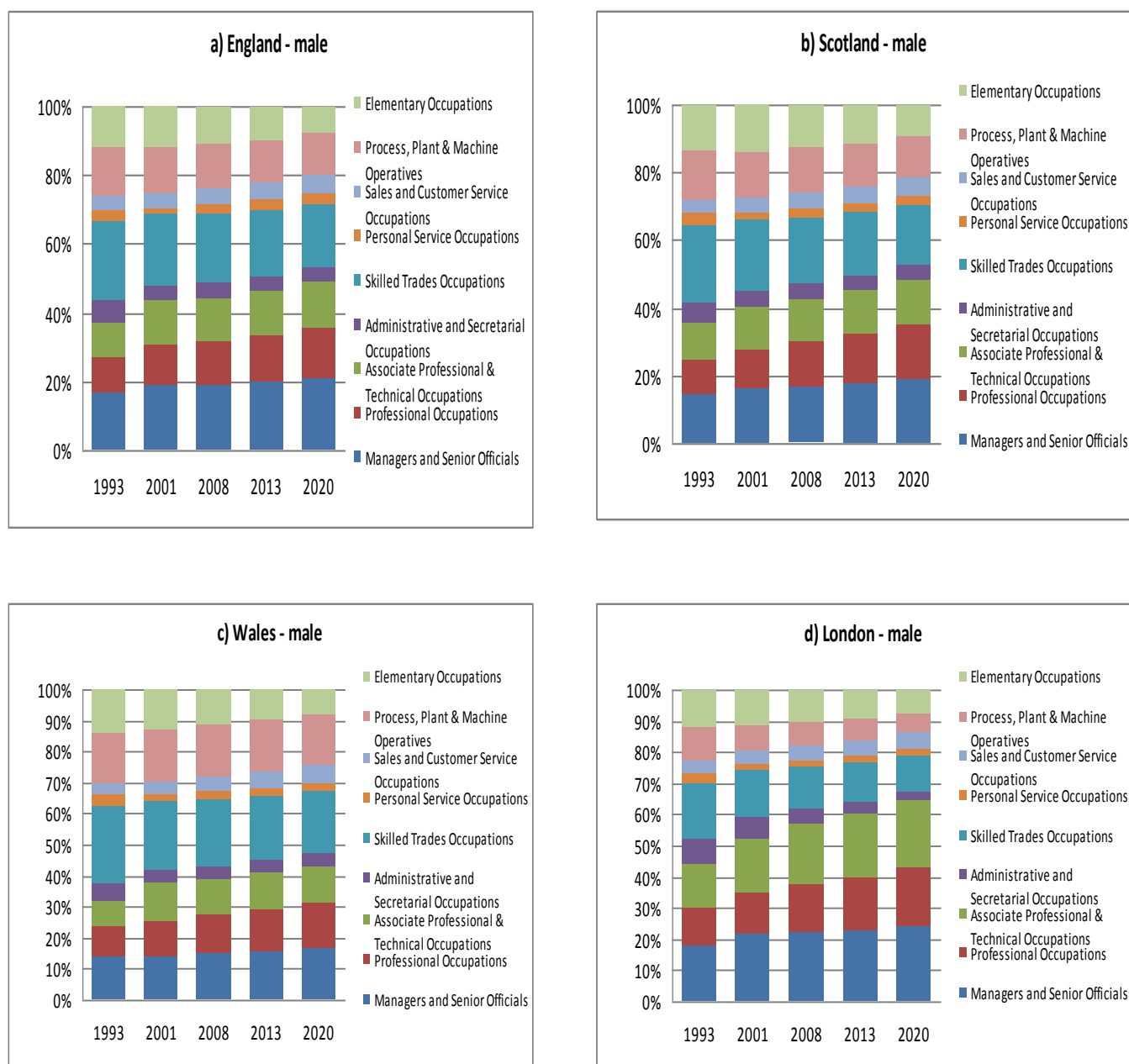
%	1993	2001	2008	2013	2020
England					
Male	52.6	53.2	52.9	52.9	53.1
Female	47.4	46.8	47.1	47.1	46.9
Scotland					
Male	51.9	51.7	51.7	51.9	52.5
Female	48.1	48.3	48.3	48.1	47.5
Wales					
Male	51.9	53.4	52.5	52.6	53.2
Female	48.1	46.6	47.5	47.4	46.8
London					
Male	54.7	55.0	54.9	55.0	55.6
Female	45.3	45.0	45.1	45.0	44.4

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

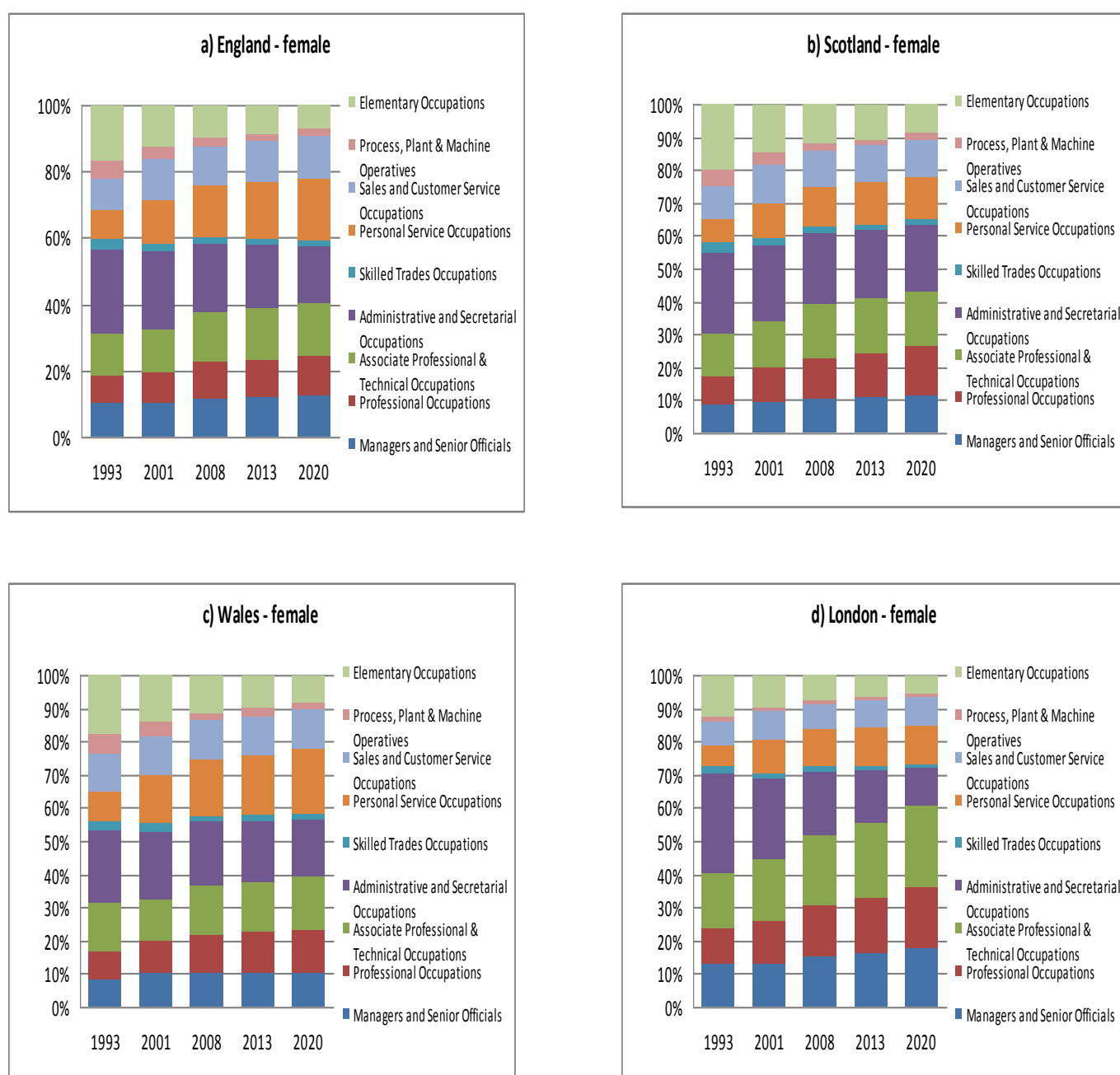
The sub-national pattern of employment change by occupation is presented in Figure 8.1 for men and Figure 8.2 for women, using the major group level of the Standard Occupational Classification (SOC) 2000. For men, the overall shift from manual to non-manual employment is experienced in all four divisions of Great Britain. In England as a whole, employment in SOC major groups 1 to 3 was just under two-fifths of all employment in 1993, and is projected to nearly reach a half of all employment by 2020. Employment in skilled trades occupations contracted most substantially and semi-skilled and unskilled manual jobs is projected to comprise under a fifth of the total in 2020. The contraction of semi-skilled and unskilled manual employment is less pronounced in Wales and Scotland, and nearly a quarter of men are projected to be working in such jobs in 2020. The growth in the employment share for SOC major groups 1 to 3 is projected to be faster for Wales than for Scotland and England. In London, the shift from manual to non-manual employment is much stronger than for other parts of Britain, with SOC major groups 1 to 3 accounting for over 40 per cent of employment in 1993 but projected to form almost two-thirds of employment in 2020. The share of skilled trades occupations is lower

than elsewhere and semi-skilled and unskilled manual employment is projected to decline to under 15 per cent of the total by 2020.

For women, the shifting balance of employment away from manual towards non-manual employment is also in evidence, but there is also a shift from employment in administrative and secretarial employment towards personal service and sales and customer service occupations. For England, the share of employment in SOC major groups 8 and 9 is estimated to decline from just over a fifth in 1993 to under a tenth in 2020. The decline of employment in these occupations is projected to be slightly faster in both Wales and Scotland. In London, their predicted decline is slower as they formed a much smaller percentage of total female employment in 1993, while they are projected to decline to form much less than a tenth of the total in 2020. For England, SOC major groups 1 to 3 increase their share of female employment from just over 30 per cent in 1993 to just over 40 per cent in 2020. Their increase in employment share is projected to be slightly faster in Scotland and slightly slower in Wales. However (and similar to the pattern for men), employment in these higher-status non-manual occupations increases fastest in London, where they are projected to grow from two-fifths to three-fifths of female employment over the period 1993 to 2020. In England, personal service and sales and customer service occupations are expected to double their share of female employment, accounting for 30 per cent of female employment in 2020. This trend is faster in Wales and slower in Scotland. In Wales, the projections suggest that over a third of women in employment will work in such jobs in 2020. The contraction of administrative and secretarial occupations is fastest in London and slowest in Scotland.

Figure 8.1 Sub-national male employment by occupation, 1993-2010

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Figure 8.2 Sub-national female employment by occupation, 1993-2010

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

8.4 Age

Table 8.4 presents the overall pattern of employment by age group in the countries of Great Britain and London over the period 1993 to 2020. The number of older people (aged over 60 for women and 65 for men) in employment will double in both England and Wales, but the increase will be much smaller in Scotland and London. The number of people aged 16-24 in employment will remain stable in three of the four, but will decline in London. The largest increases will occur in the pre-retirement age

group (aged from 50 to 59 for women and 64 for men), but this will be slowest in London.

Table 8.4 Sub-national employment totals by age group, 1993-2020

000s	1993	2001	2008	2013	2020
England	19,029	20,651	21,924	21,235	22,034
16-24	2,796	2,610	2,802	2,686	2,748
25-49	12,007	12,408	12,611	12,262	12,787
50-64/59	3,603	4,904	5,375	5,193	5,374
65+/60+	624	729	1,137	1,094	1,125
Scotland	2,387	2,559	2,715	2,624	2,673
16-24	363	337	345	326	323
25-49	1,513	1,587	1,585	1,540	1,579
50-64/59	438	559	664	643	656
65+/60+	74	76	121	115	116
Wales	1,208	1,261	1,388	1,327	1,373
16-24	197	159	185	174	176
25-49	757	771	801	769	800
50-64/59	219	284	328	314	325
65+/60+	35	47	74	70	72
London	3,817	4,582	4,712	4,564	4,817
16-24	518	584	498	472	483
25-49	2,521	3,030	3,169	3,091	3,290
50-64/59	653	824	855	823	860
65+/60+	125	144	189	179	184

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

For the period 1993 to 2001, the rate of employment growth was fastest for the pre-retirement age group, while the number of people in employment above the formal retirement age increased fastest during 2001 to 2008 (Table 8.5). In England, Wales and Scotland, the number of 16-24 year olds in employment declined. Annual growth rates tended to be lower in London. All age groups are projected to lose employment during the period 2008 to 2013, but the rate of loss is fastest for 16-24 year olds and faster in England, Scotland and Wales than in London. Employment is projected to

increase in all age groups between 2013 and 2020, with the exception of 16-24 year olds in Scotland.

Table 8.5 Sub-national annual rates of employment change by age group, 1993-2020

AAGR (%)	1993-2001	2001-08	2008-13	2013-20
England	1.0	0.9	-0.6	0.5
16-24	-0.9	1.0	-0.8	0.3
25-49	0.4	0.2	-0.6	0.6
50-64/59	3.9	1.3	-0.7	0.5
65+/60+	2.0	6.6	-0.8	0.4
Scotland	0.9	0.8	-0.7	0.3
16-24	-0.9	0.3	-1.1	-0.1
25-49	0.6	0.0	-0.6	0.4
50-64/59	3.1	2.5	-0.6	0.3
65+/60+	0.4	6.8	-0.9	0.1
Wales	0.5	1.4	-0.9	0.5
16-24	-2.6	2.1	-1.2	0.2
25-49	0.2	0.6	-0.8	0.6
50-64/59	3.3	2.1	-0.9	0.5
65+/60+	3.8	6.9	-1.0	0.4
London	2.3	0.4	-0.6	0.8
16-24	1.5	-2.3	-1.1	0.4
25-49	2.3	0.6	-0.5	0.9
50-64/59	2.9	0.5	-0.8	0.6
65+/60+	1.7	3.9	-1.0	0.4

Notes: AAGR = annual average percentage growth.

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Table 8.6 Sub-national employment shares by age group, 1993-2020

%	1993	2001	2008	2013	2020
England					
16-24	14.7	12.6	12.8	12.6	12.5
25-49	63.1	60.1	57.5	57.7	58.0
50-64/59	18.9	23.7	24.5	24.5	24.4
65+/60+	3.3	3.5	5.2	5.2	5.1
Scotland					
16-24	15.2	13.2	12.7	12.4	12.1
25-49	63.4	62.0	58.4	58.7	59.1
50-64/59	18.3	21.8	24.5	24.5	24.5
65+/60+	3.1	3.0	4.4	4.4	4.3
Wales					
16-24	16.3	12.6	13.3	13.1	12.8
25-49	62.7	61.1	57.7	58.0	58.2
50-64/59	18.1	22.5	23.6	23.7	23.7
65+/60+	2.9	3.7	5.3	5.3	5.3
London					
16-24	13.6	12.8	10.6	10.3	10.0
25-49	66.0	66.1	67.3	67.7	68.3
50-64/59	17.1	18.0	18.2	18.0	17.9
65+/60+	3.3	3.1	4.0	3.9	3.8

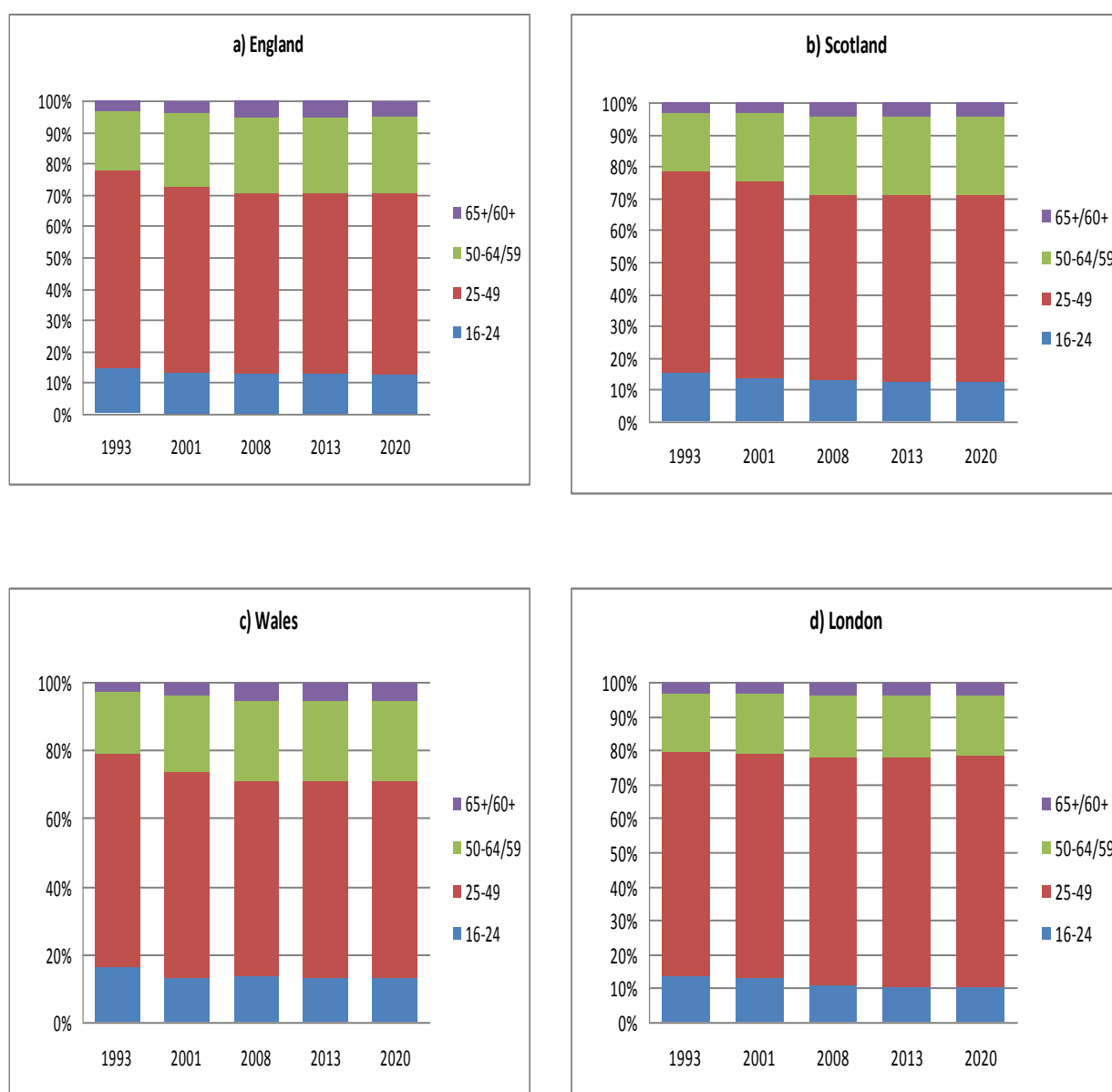
Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

The largest age group in employment is those of prime economically active age range (25 to 49 years), with the next largest those aged 50 to 59 or 64 (Table 8.6 and Figure 8.3). There is little difference between England, Wales and Scotland in the share of 25 to 49 year olds in employment, which declined between 1993 and 2008 in all three countries. In England, Scotland and Wales, the percentage of the employed aged 16-24 declined between 1993 and 2008, while the proportion of employees aged from 50 to retirement age increased from being just under a fifth of the total to around a quarter in 2008. The age breakdown of employment is projected to remain stable in all three countries after 2008. London has a larger share of the employed population aged 25-49 (around two-thirds) than England, Wales or Scotland, and this percentage is projected to increase to 2020. For London, the age

balance of those in employment is projected to change little over the period 1993 to 2020, with little increase in the share of older workers and a decline in younger people in employment.

The pattern of employment by occupation and age is presented for the three countries of Great Britain and London in the Appendix (Tables B1 to B4). The blue collar/white collar shift of employment is apparent for each country and London, as is the increase in employment of people aged from 50 to retirement age. Employment growth for younger people and people aged 25 to 49 is concentrated in SOC major groups 1 to 3.

Figure 8.3 Sub-national employment by age group, 1993-2010



Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

8.5 Disability

The numbers of disabled people in employment increased as the employed workforce grew in all countries of Great Britain and London between 2001 and 2008, but numbers are projected hardly to change between 2008 and 2020 (Table 8.7).

Table 8.7 Sub-national employment by type of disability, 1993-2020

000s	2001	2008	2013	2020
England	20,651	21,924	21,235	22,034
DDA disabled & Work-limiting disability	907	1,030	986	1,008
DDA disabled only	809	850	823	853
Work-limiting disability only	523	664	636	652
Non-disabled	18,412	19,381	18,790	19,521
Scotland	2,559	2,715	2,624	2,673
DDA disabled & Work-limiting disability	142	141	135	136
DDA disabled only	143	134	130	132
Work-limiting disability only	74	82	78	79
Non-disabled	2,200	2,358	2,281	2,327
Wales	1,261	1,388	1,327	1,373
DDA disabled & Work-limiting disability	66	65	61	62
DDA disabled only	72	68	65	68
Work-limiting disability only	27	37	35	36
Non-disabled	1,096	1,218	1,166	1,207
London	4,582	4,712	4,564	4,817
DDA disabled & Work-limiting disability	209	193	183	188
DDA disabled only	154	191	184	193
Work-limiting disability only	135	113	108	111
Non-disabled	4,084	4,215	4,089	4,325

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Between 2001 and 2008, the numbers of disabled people increased much faster than the overall average in England, particularly for those with work-limiting disability only and DDA and work-limiting disability (Table 8.8). The numbers with work-limiting disability also increased particularly rapidly in Wales, and less fast in Scotland, but declined in London. London is distinctive from the rest of Great Britain in experiencing a decline in the number of people in work with work-limiting disability

only. Between 2008 and 2013, the numbers of all categories of disabled are projected to decline, at a faster rate in Wales and London than in England and Scotland. Between 2013 and 2020, the numbers of all categories of the disabled in employment are projected to increase in all parts of Great Britain, but not as fast as the numbers of the non-disabled in employment. The annual rate of increase in DDA disabled only people in employment is projected to be slightly higher than for all other categories of disabled people, fastest in London and slowest in Scotland.

Table 8.8 Annual rate of change in sub-national employment by type of disability, 1993-2020

AAGR (%)	2001-08	2008-13	2013-20
England	0.8	-0.5	0.7
DDA disabled & Work-limiting disability	1.6	-0.6	0.4
DDA disabled only	0.6	-0.5	0.7
Work-limiting disability only	3.0	-0.6	0.5
Non-disabled	0.6	-0.4	0.8
Scotland	0.7	-0.5	0.4
DDA disabled & Work-limiting disability	-0.1	-0.6	0.1
DDA disabled only	-0.8	-0.5	0.4
Work-limiting disability only	1.3	-0.6	0.2
Non-disabled	0.9	-0.5	0.4
Wales	1.2	-0.6	0.7
DDA disabled & Work-limiting disability	-0.2	-0.8	0.4
DDA disabled only	-0.7	-0.6	0.7
Work-limiting disability only	3.7	-0.8	0.5
Non-disabled	1.3	-0.6	0.7
London	0.3	-0.5	1.1
DDA disabled & Work-limiting disability	-1.0	-0.8	0.5
DDA disabled only	2.7	-0.5	1.0
Work-limiting disability only	-2.2	-0.7	0.7
Non-disabled	0.4	-0.4	1.1

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

The share of disabled people in employment increased in England between 2001 and 2008, but declined marginally in Scotland, Wales and London (Table 8.9). The share of DDA-disabled only declined in Wales and Scotland, but increased in

London. In contrast, the share of those with work-limiting disability only increased in all countries of Great Britain, but declined in London. The share of those with DDA disabled and work-limiting disability declined in Scotland, Wales and London, but increased slightly in England as a whole. The employment shares of all categories of disabled people are projected to change little between 2008 and 2020.

Table 8.9 Sub-national employment shares by type of disability, 1993-2020

%	2001	2008	2013	2020
England				
DDA disabled & Work-limiting disability	4.4	4.7	4.6	4.6
DDA disabled only	3.9	3.9	3.9	3.9
Work-limiting disability only	2.5	3.0	3.0	3.0
Non-disabled	89.2	88.4	88.5	88.6
Scotland				
DDA disabled & Work-limiting disability	5.6	5.2	5.1	5.1
DDA disabled only	5.6	4.9	4.9	4.9
Work-limiting disability only	2.9	3.0	3.0	2.9
Non-disabled	86.0	86.8	86.9	87.0
Wales				
DDA disabled & Work-limiting disability	5.2	4.7	4.6	4.5
DDA disabled only	5.7	4.9	4.9	4.9
Work-limiting disability only	2.2	2.6	2.6	2.6
Non-disabled	86.9	87.8	87.8	87.9
London				
DDA disabled & Work-limiting disability	4.6	4.1	4.0	3.9
DDA disabled only	3.4	4.0	4.0	4.0
Work-limiting disability only	2.9	2.4	2.4	2.3
Non-disabled	89.1	89.5	89.6	89.8

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

8.6 Ethnicity

The number of people from ethnic minority groups in employment increased by about half in each of the countries of Great Britain between 1993 and 2001, with the greatest increase in London (Table 8.10).

Table 8.10 Sub-national employment by ethnic group, 1993-2020

000s	1993	2001	2008	2013	2020
England	19,029	20,651	21,924	21,235	22,034
White	18,528	19,883	20,541	19,892	20,637
Ethnic minorities	501	767	1,383	1,343	1,397
Black	116	162	249	243	254
Indian	192	242	381	372	391
Pakistani/Bangladeshi	90	166	255	244	248
Other	103	198	498	484	504
Scotland	2,387	2,559	2,715	2,624	2,673
White	2,367	2,529	2,643	2,554	2,601
Ethnic minorities	20	30	72	70	72
Black	0	3	11	11	11
Indian	5	4	14	14	14
Pakistani/Bangladeshi	5	8	16	16	16
Other	9	14	31	30	30
Wales	1,208	1,261	1,388	1,327	1,373
White	1,193	1,241	1,357	1,298	1,342
Ethnic minorities	14	20	31	30	31
Black	2	5	1	1	1
Indian	4	3	5	5	6
Pakistani/Bangladeshi	2	5	5	5	5
Other	6	7	19	18	19
London	3,817	4,582	4,712	4,564	4,817
White	3,169	3,520	3,278	3,189	3,385
Ethnic minorities	649	1,061	1,433	1,375	1,433
Black	255	408	439	418	429
Indian	195	259	294	284	299
Pakistani/Bangladeshi	50	101	162	154	160
Other	150	294	539	520	544

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

In England and Wales, the largest increase was for the 'Other' ethnic groups.

In London and Wales, employment increased most for the Black ethnic groups.

Between 2001 and 2008, the number of people from ethnic minority groups more than doubled in Scotland. The rate of increase was slightly slower in England, while ethnic minority employment increased by half in Wales and two-fifths in London. However, ethnic minority group employment was only 72,000 in Scotland and 31,000 in Wales in 2008. Employment for ethnic minority groups is projected to decline slightly between 2008 and 2013, but recover to 2008 levels by 2020.

In England and London, Indian, Pakistani/Bangladeshi and 'Other' employment grew faster than White employment between 1993 and 2001, but rates of increase declined during 2001-08 (Table 8.11). The number of Black people in employment grew more slowly than White employment throughout the period 1993 to 2008. The fastest increase was in the 'Other' ethnic groups. In Wales and Scotland, annual rates of employment change are very volatile for individual ethnic groups, because of the small numbers involved. All ethnic groups are projected to lose employment in all parts of Great Britain between 2008 and 2013, with the highest rates of decline recorded by Indian people and those from 'Other' ethnic groups in Wales and London. Employment is projected to increase again between 2013 and 2020, fastest for Black people in London and for Pakistani and Bangladeshi people elsewhere.

Table 8.11 Annual rate of change in employment by ethnic group, 1993-2020

AAGR (%)	1993-2001	2001-08	2008-13	2013-20
England				
White	1.0	0.9	-0.6	0.5
Black	0.9	0.5	-0.6	0.5
Indian	4.2	6.4	-0.5	0.6
Pakistani/Bangladeshi	2.9	6.7	-0.4	0.7
Other	7.9	6.3	-0.9	0.3
Scotland				
White	0.9	0.8	-0.7	0.3
Black	0.8	0.6	-0.7	0.3
Indian	31.5	17.7	-0.4	0.4
Pakistani/Bangladeshi	-3.6	20.0	-0.1	0.8
Other	5.6	10.0	-0.5	0.4
Wales				
White	0.5	1.4	-0.9	0.5
Black	0.5	1.3	-0.9	0.5
Indian	9.2	-18.0	-1.2	0.2
Pakistani/Bangladeshi	-4.8	9.2	0.1	1.3
Other	12.0	0.3	-1.1	0.4
London				
White	2.3	0.4	-0.6	0.8
Black	1.3	-1.0	-0.6	0.9
Indian	6.1	1.1	-1.0	0.4
Pakistani/Bangladeshi	3.6	1.8	-0.7	0.7
Other	9.1	7.0	-0.9	0.5

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Between 1993 and 2001, the share of employment for people from ethnic minorities increased from 2.6 to 3.7 per cent in England and from 17.0 to 23.2 per cent in London, but the ethnic minority share of employment was far lower in Scotland and Wales and grew more slowly, to reach 1.2 per cent in Scotland and 1.6 per cent in Wales (Table 8.12).

Table 8.12 Sub-national employment shares by ethnic group, 1993-2020

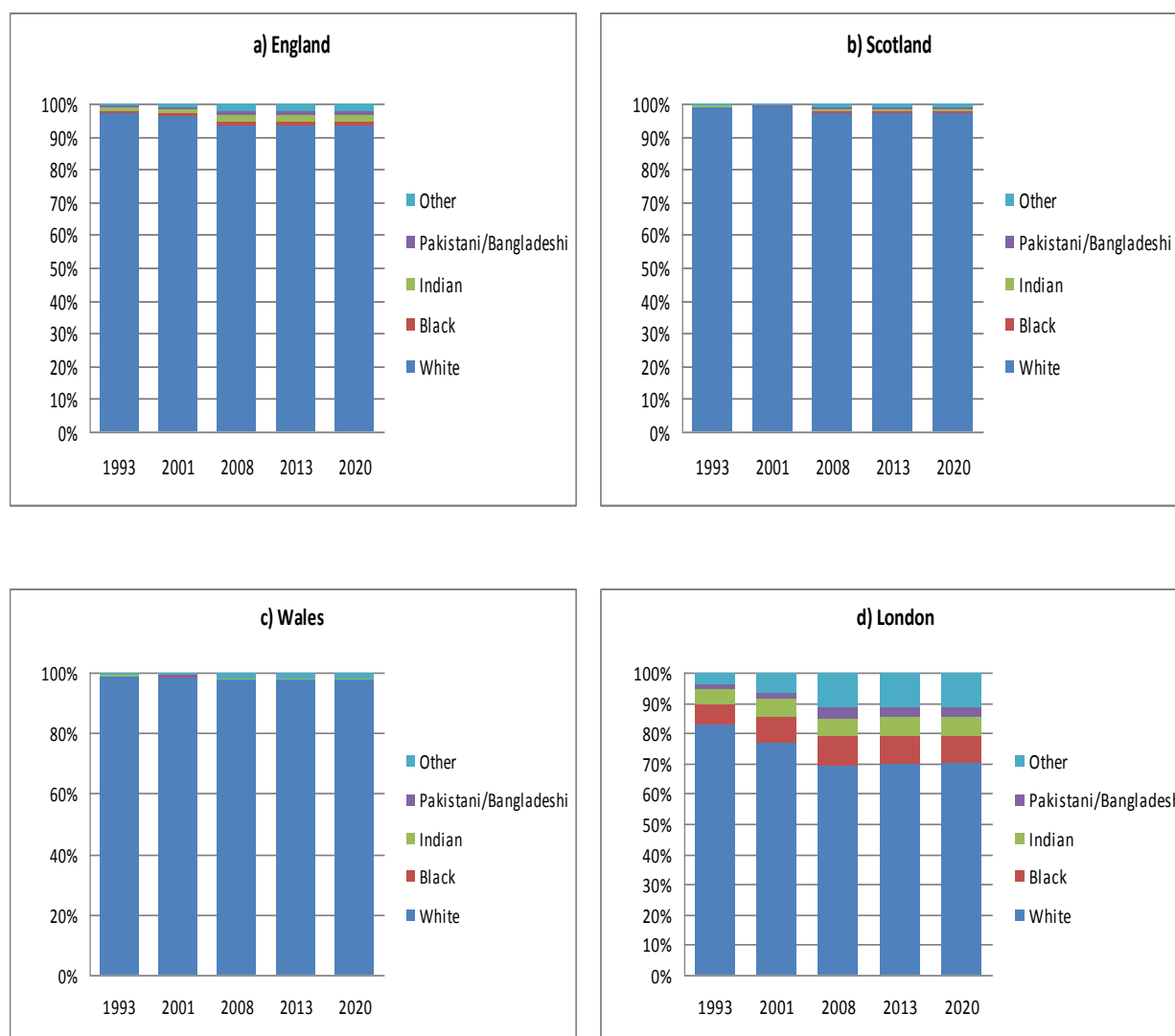
%	1993	2001	2008	2013	2020
England					
White	97.4	96.3	93.7	93.7	93.7
Ethnic minorities	2.6	3.7	6.3	6.3	6.3
Black	0.6	0.8	1.1	1.1	1.2
Indian	1.0	1.2	1.7	1.8	1.8
Pakistani/Bangladeshi	0.5	0.8	1.2	1.1	1.1
Other	0.5	1.0	2.3	2.3	2.3
Scotland					
White	99.2	98.8	97.4	97.3	97.3
Ethnic minorities	0.8	1.2	2.6	2.7	2.7
Black	0.0	0.1	0.4	0.4	0.4
Indian	0.2	0.1	0.5	0.5	0.5
Pakistani/Bangladeshi	0.2	0.3	0.6	0.6	0.6
Other	0.4	0.6	1.1	1.1	1.1
Wales					
White	98.8	98.4	97.8	97.8	97.8
Ethnic minorities	1.2	1.6	2.2	2.2	2.2
Black	0.2	0.4	0.1	0.1	0.1
Indian	0.4	0.2	0.4	0.4	0.4
Pakistani/Bangladeshi	0.2	0.4	0.4	0.4	0.4
Other	0.5	0.6	1.4	1.4	1.4
London					
White	83.0	76.8	69.6	69.9	70.3
Ethnic minorities	17.0	23.2	30.4	30.1	29.7
Black	6.7	8.9	9.3	9.1	8.9
Indian	5.1	5.6	6.2	6.2	6.2
Pakistani/Bangladeshi	1.3	2.2	3.4	3.4	3.3
Other	3.9	6.4	11.4	11.4	11.3

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

As Table 8.12 shows, there was a much more rapid increase between 2001 and 2008, with ethnic minorities forming 30.4 per cent of those in employment in London,

6.3 per cent in England, 2.7 per cent in Scotland and 2.2 per cent in Wales in 2008. The increase in employment share was greatest for people from 'Other' ethnic groups in all parts of Great Britain. Employment shares are projected to remain fairly stable between 2008 and 2020. The largest of the ethnic minority groups is now those from 'Other' ethnic groups, followed by Indian people.

Figure 8.4 Sub-national employment by ethnic group, 1993-2010



Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

8.7 Conclusion

The information presented here has summarised recent and projected future employment trends for the countries of Great Britain and London. The key trends are largely shared across all regions; a falling share of female employment; a growing percentage of workers in the pre-retirement age range; increasing employment of work-limiting disabled people, and a considerable increase in the number of people

from ethnic minorities employed, particularly in London. People from 'Other' ethnic groups are gaining employment faster than Black, Indian and Pakistani/Bangladeshi people. After a sharp decline between 2008 and 2013, employment is projected to recover by 2020.

Differences between nations (England, Scotland, and Wales) are driven by variations in the demographic composition of their workforces and the relative rate of recovery in their economies. The forecasts reveal weaker growth over the medium term in Scotland and Wales compared with England. Because of the way in which the forecasts are compiled, this is reflected in the relative rate of change in employment of all the groups of interest.

9. Conclusion

9.1 The economy and employment

The recession which commenced in mid 2008 differs from the recessions of 1980-81 and 1990-91 in two important respects:

- The worldwide nature of the economic downturn which means there is no economy in the world that can provide a level of demand to stimulate growth in the world economy.
- The near collapse of the financial system in the UK, and in the US and Europe.

The employment effects of the two previous recessions were severe, with unemployment continuing to rise and employment continuing to fall for some time after the recession technically came to an end in that output growth became positive. Yet despite the severity of the current recession – reflected in the steep falls in output – the initial indications are that the employment effects may not be as damaging as they were in the 1980s and 1990s. There are potentially a number of reasons for this:

- The fiscal stimulus government has given the economy is beginning to work through the system.
- The extent of flexibility in the labour market is now considerably greater than during the two earlier recessions and this is slowing the decline in employment. For example, the use of the extended leave used by some companies may have this effect. This may, however, slow the pace of recruitment once the economy recovers.

While, at face value, the impact of the recession may not be as bad as feared, conditions in the labour market are difficult. Unemployment continues to rise - though its rate of increase slowed in the second half of 2009 - and year-on-year comparisons reveal redundancy levels to be up and the number of vacancies to be down. The projections of future employment growth presented in this report suggest that employment will return to the earlier trend over the medium term, in other words returning to its long-run growth path. This is dependent upon growth picking up over the medium term much as it has following previous economic downturns and, based on the experience of recent economic history, there is every reason to believe that it will do so. However, some forecasts suggest that the pace of recovery will be sluggish (in part as a consequence of the level of national debt) (HM Treasury, 2009b). So rather than the trend in output having a 'V' shape, it may be like a 'W' where there is a prolonged period of upturns and downturns, or an 'L' shape where a

lower equilibrium level of output materialises. The projections provided in this report factor in the need to re-pay some of the national debt over the medium term, and reveal that levels of output and employment will have recovered to their pre-recession levels over the medium term.

9.2 The recession and equality

Economic theory – as outlined in Chapter 2 of this report – demonstrates that during a period of labour surplus there will be a bumping down in the economy where those best qualified (however defined) take the jobs of those lower down the skill ladder. While the decline in the financial services sector, for instance, may result in job losses amongst the highly skilled and qualified, these people will be expected to return to work, possibly at the expense of less skilled and qualified people. So over time, the impact of the recession will again assume the characteristics of previous ones where more vulnerable groups bear the brunt of the economic downturn.

Where there is an excess supply of labour, employers are, other things being equal, better able to obtain a match between employees and the jobs they undertake, where the term ‘better match’ may relate to objectively defined capabilities of employees and the employer’s perceptions of certain groups of workers. Perceptions may relate to the relative costs of employing certain groups, for example, where workers may have special needs, or a range of other factors that cannot be objectively determined. This is likely to affect hiring and firing decisions.

At this early stage of the recession – and given that employment levels are expected to fall for some time after the economy returns to growth – it is too early to say whether the current recession will either slow the momentum of the equality agenda or lead to reversals. It is possible, however, to provide evidence from previous recessions and relate this to projections of future employment.

9.3 The evidence from previous recessions

The evidence from previous recessions suggests the following in relation to each of the groups on which this study has focused.

Men and women

- Due to male concentration in cyclically sensitive occupational sectors, men have had higher levels of unemployment than women in previous recessions.
- Women were more likely to be employed in less cyclically sensitive occupations and so were relatively protected from unemployment, but those women employed in male-dominated sectors were often the first to be let go.

- Women with childcare responsibilities were often at a greater disadvantage than either men or other women in continuous employment due to restricted internal labour markets and employer perceptions of unreliability and inflexibility.
- Single mothers, older women and those with lower skills and long-standing disability were especially negatively affected, with little support provided by the UK's deregulated labour market.
- During more recent recessions, there is some evidence of an increase in lower-qualified women entering the labour market, possibly to compensate for a reduced household income.

Younger and older people

- Demand for the labour of young people and old people is hyper-cyclical (that is, it responds more closely to the cycle than demand for core-age workers).
- When demand is low, this shows up in inactivity as much as in unemployment (that is, people drop out of the labour market entirely).
- Young people have difficulty entering the labour market and if they are in jobs, they are likely to lose them.
- Older people are encouraged to take early retirement whilst those that lose their jobs find it particularly hard to re-enter work.
- Older and younger people can be 'scarred' (the implications of failing to enter work smoothly or being obliged to leave the labour market entirely, are long term and not merely short term).

Disabled people

- Before the last recession, the wage gap between disabled and non-disabled people had narrowed, but following the recession the wage gap had widened and struggled to get back to its pre-recession level.
- The recession also affected activity rates with a fall in these for disabled people as a result of the recession.
- Recessions also increase the level of disabilities reported with a notable rise in work-related disability resulting from psychological problems.

- Where labour demand is weak, the Organisation for Economic Co-operation and Development (OECD) has noted that disabled people may be encouraged to withdraw from the labour market on medical-related financial support.
- It should be noted that comparisons across time by disability are difficult to gauge because of changes in the definition of disability and policy change (such as the introduction of the Disability Discrimination Act).

People from different ethnic groups

- The labour market situation of ethnic minority groups first began to deteriorate in the recessions of the 1970s and 1980s.
- The *Racial Disadvantage in Britain* reports produced by the Policy Studies Institute first highlighted the phenomenon of 'hyper-cyclical' unemployment for ethnic minority groups; that is, their unemployment rate rising faster than White unemployment rates in a recession and falling faster in a recovery.
- Historical data reveal that unemployment for Caribbean and African men was more sensitive to the business cycle than that for White men, but that unemployment for Indian, Pakistani and Bangladeshi men was relatively insensitive.
- There is evidence of the 'partial' hyper-cyclicity for ethnic minority groups during the 1990s; that is, minority unemployment rates increased faster than White unemployment rates on entry to recession, but did not fall faster during a recovery. This suggests that minority unemployment may stay high after a recession.

9.4 The economic recovery

The projections of employment suggest that the economy will enter recovery during 2011, but that employment levels will not pick up until the mid part of the next decade. This will affect all groups in the labour market, but it appears to be especially marked for men, younger people, and those from selected ethnic minority groups. Men and people from selected ethnic groups lose out because they are to some extent more concentrated in sectors of the economy where the long-run decline in employment has been accelerated by the recession. With regard to younger people, this relates very much to difficulties they have accessing employment upon exit from the education system.

It is also apparent – notwithstanding replacement demands due to retirement, etc – that future labour demand will be concentrated in relatively high-skilled and qualified

jobs (managers, professionals and associate professionals), and sales and personal service jobs. Much of the increasing demand for labour will be concentrated in business and financial services and non-marketed services. This also has implications for the groups which form the focus of interest to this study given the relative reliance of different groups on different types of job. Hence, some ethnic minority groups, older workers and women are more dependent upon public sector employment.

It is also apparent over the period covered by the projections that there is a degree of equalling out in the labour market with, for example, prime-age men entering those sectors of employment in which they have been disproportionately under-represented, such as part-time employment. In many respects, this reflects long-run changes in the structure of employment, but it is likely that this change may be hastened by the current recession.

9.5 Future implications of the recession

There are also qualitative differences in the demand for labour which need to be considered in relation to each of the groups of interest, as well as the indirect consequences of a weakening demand for labour; for example, the impact on the household of a person losing their job.

Men and women

- Work-life balance and diversity initiatives, as well as the right to request flexible working, are likely to be given lower priority by employers during the current recession, with implications for both men's and women's employment.
- Equal pay and sex discrimination claims made by women have decreased during the current recession, as a result, presumably, of women being increasingly fearful of losing their jobs.
- While men have sustained higher job losses to date in the current recession, women may be more likely to be affected later, with a second wave of job losses expected in the public sector.
- The indirect effects of the current recession will affect both men and women (for example, in terms of marital problems). It may, however, be women who bear a disproportionately high share of the costs, given what is known about the impact of job loss in the household, and in view of reports of increased domestic violence, relationship breakdown and reduced divorce settlements, with associated longer-term concerns over child wellbeing.

- The erosion of traditionally female administrative and secretarial occupations will coincide with a higher proportion of men moving in to the service sector, with some evidence that men are taking on an increasing share of part-time jobs.

Younger and older people

- In order to ensure that the labour force continues to grow rather than shrink and that pension systems are sustainable, more older people will be required to work.
- However, the current recession might see a return to the encouragement of early retirement by employers and might deflect them from making adjustments to employment practices to accommodate older people.
- High levels of youth unemployment are foreseen and this will affect 'highly qualified' young people as well as those with few or no qualifications.
- The productive capacity of young people might be devalued by extensive periods of being without work or of precarious employment.

Disabled people

- In light of the recession and the increased difficulty for disabled people to find jobs, there is likely to be increased demand for, and use of, support programmes for such people. The availability of such programmes is likely to be constrained, due to changes in government spending priorities, and thus the needs of disabled people may be unmet.
- The overall decline in employment is likely to have a levelling effect in which the gap between disabled and non-disabled people will narrow. Unfortunately, this is likely to be due to decreased employment rates for non-disabled people as opposed to any significant gains for disabled workers.
- Disabled people appear to be a group that is afforded a degree of employment protection during the current recession. Current social attitudes, policy and legislation help to ensure that disabled people are not easy targets for job cuts. This protection is unlikely to be taken away from this group in the future, but the need for employers to contain costs during recessionary periods may pose an obstacle for disabled people requiring extra support in work.
- In the current benefit regulatory system, it is unlikely that there will be mass movement of people from unemployment into disability-related inactivity as

was witnessed in previous recessions. Some movement of disabled people from unemployment to inactivity is likely, however, in the face of decreasing labour market opportunities. Increased inactivity has implications for future labour supply and for the quality of workers that re-enter the labour market in the future.

- The duration of the recession will impact on the duration of spells of unemployment and inactivity that people may experience. Longer spells of unemployment or activity may negatively impact on people's health, particularly in terms of psychological and mental wellbeing. This may result in a higher incidence of disability or health problems in the working-age population.

People from different ethnic groups

- Claimant count data indicate that the increase in unemployment in late 2008 was faster for White than ethnic minority groups. The share of ethnic minority groups in the total claimant count fell as unemployment rose.
- Ethnic minority groups still experience labour market disadvantage, but the differential between White and ethnic minority groups has been narrowing.
- The impact of the current recession on unemployment has been greater for White than ethnic minority groups.
- Ethnic minority groups may be relatively insulated from the recession because a high percentage of them live in London.
- This pattern may change as the recession progresses. Spending cuts in the public sector may have a disproportionate effect on ethnic minority groups.
- Moreover, there is great diversity in the experience of the current recession by ethnic minority groups. While the impact of the recession seems to be greater on White people than on ethnic minority groups as a whole, this may disguise the much greater impact on Black and Black British people and the lesser impact on Asian and Asian British people.

9.6 The equality agenda and the recession

The report highlights a number of issues in relation to the equality agenda. At the moment it is too early to assess the full implications of the recession for different groups, but a number of issues can be highlighted which may require a watching brief to see how they develop.

- There is evidence of changes in the structure of employment between men and women with men increasingly likely to take employment in those sectors of the economy where women have been disproportionately employed. As labour demand weakens, it does so in those sectors of the economy more likely to be dominated by men, such that men will be increasingly forced to seek employment in sectors where women are dominant. Over the medium term, the increase in the number of jobs is such that it is likely that men and women can be accommodated without one losing out to the other, but over the short term when labour demand is weak, there is the potential for men to take the jobs of women. Hence, the labour market position of women may be weakened, other things being equal, as a result of more men looking for jobs.
- Improvements in equality and diversity have been observed over recent years, hence the increasing employment rates of disabled people and some ethnic minority groups. There have also been great strides made in the extent to which people are able to achieve some form of work-life balance with the introduction of a range of flexible working practices. Whether these can withstand the pressures of the recession is an interesting issue. Certainly in relation to work-life balance, the evidence has suggested that this benefits employers and employees, so there is, other things being equal, no reason why this should not prove resilient to the recession. There are, however, two principal dangers: (i) where reductions in the number of people employed result in more demanding jobs for those who remain. For instance, the capacity of people to work long hours when needed may affect decisions about hiring and firing; and (ii) where employers have engaged in certain recruitment and human resource practices because of the extent of labour demand rather than recognition of the intrinsic merits, say, of work-life balance policies. Hence where employers perceive greater costs attached to hiring a person with certain characteristics, they are unlikely to take them on.
- The role of the public sector is of central importance to certain groups and the public sector has been in the vanguard of diversity and work-life balance policies. There are continued uncertainties about the employment levels in the public sector. The baseline projections produced for this study suggest that non-marketed services will continue to grow over the medium term, even after taking into account public sector spending cuts, but there remain uncertainties about the future of public service employment levels.
- Employers view recruitment and retention differently. There is a risk posed to young people who are unable to gain access to the labour market upon exit from the education system. Their response to this is to stay on in full-time

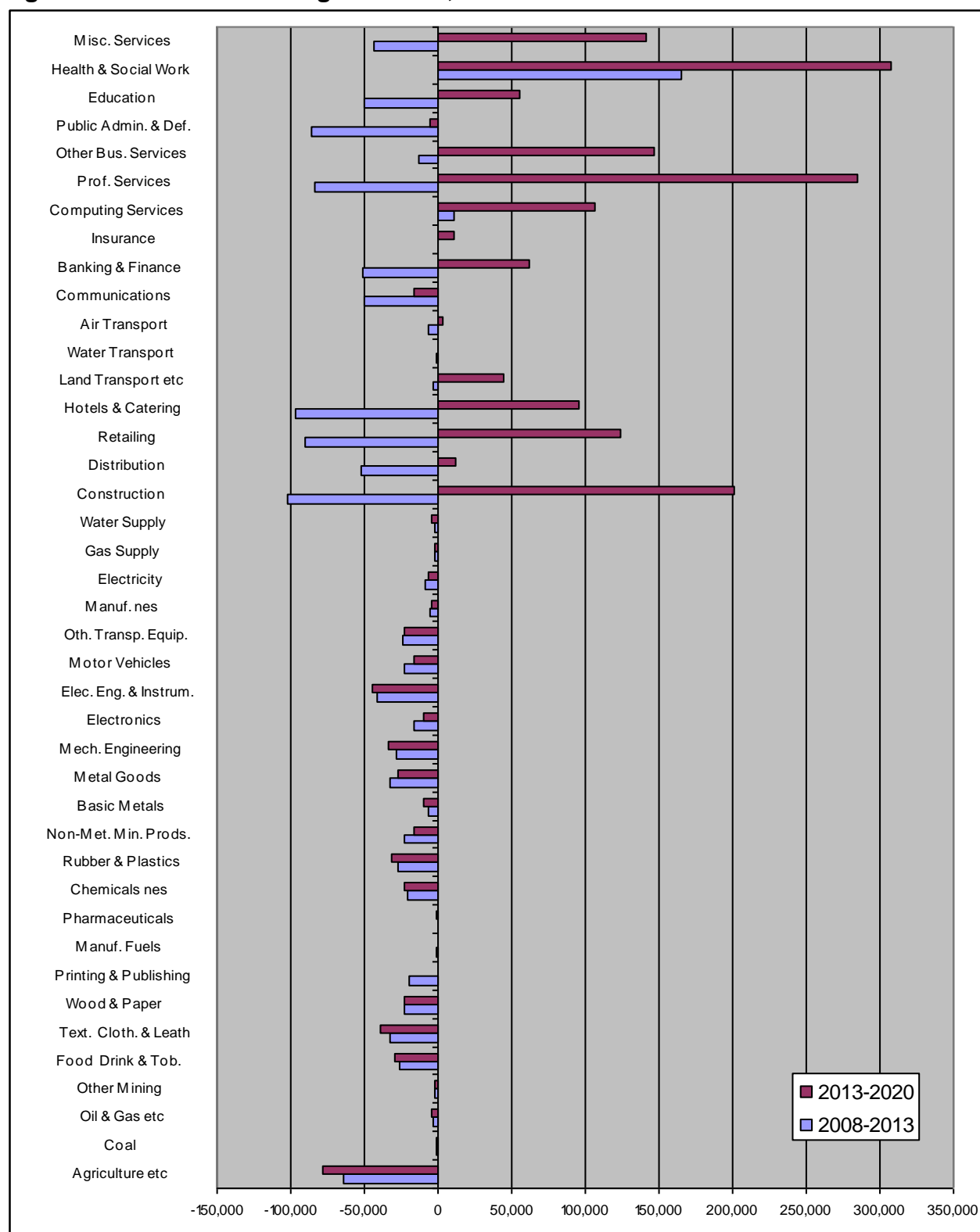
education in the hope that gaining additional qualifications will aid job search and the period of additional education will tide them over the recessionary period. However, if their window of opportunity in which employers expect them to enter the labour market closes, then they may miss out on getting onto the first rung of the career ladder. Evidence from Japan suggests that young people during the 1990s failed to gain progression in the labour market which their counterparts before and after them were able to achieve.

- There are also the indirect effects of the recession upon employment to consider. Evidence has been presented in this report that job loss causes psychological stress, especially among men. Moreover, this can impact upon the household with increased levels of marital breakdown and domestic violence, with repercussions long after the recession has ended and employment has returned to its long-run growth path.
- Finally, government policy can potentially impact on the labour market. The OECD points to policies being used by national governments during economic downturns in the past to constrain the supply of labour through policies such as early exit from the labour force, the use of benefits which foster inactivity and so on. This can make the unemployment problem seem less daunting than it might otherwise be, but whether this is to the advantage of those who are persuaded into inactivity is questionable. Given the pressures on public finances, there is limited scope to achieve this end; it also runs counter to government policy over recent decades, which has been very much focused upon boosting, not constraining, labour supply.

The points made above point relate to uncertainties which might result from the current recession and the risk to the equality agenda, and the need to monitor developments until the recovery in employment commences in earnest.

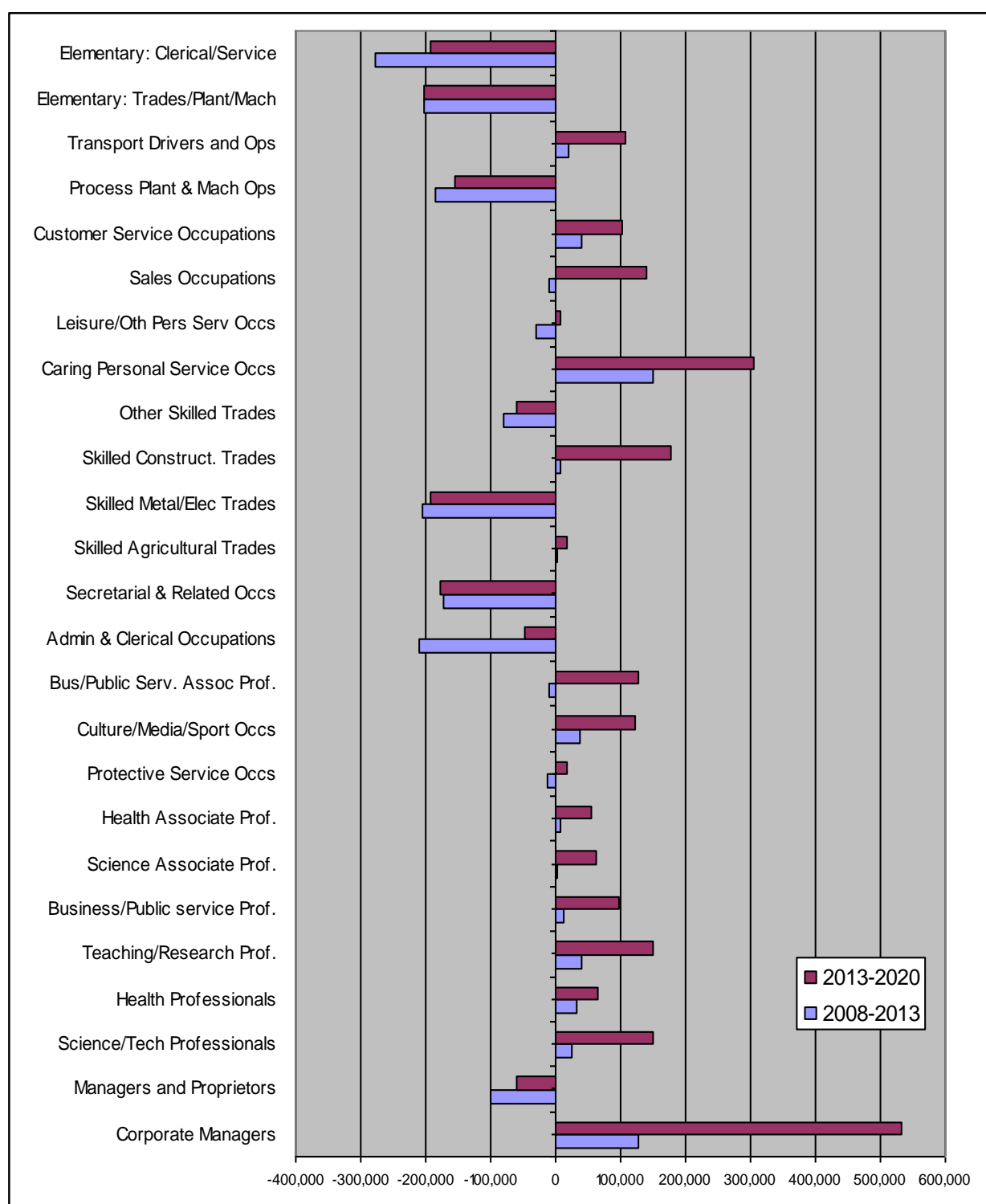
Annex A Sectoral and occupational change

Figure A1 Sectoral change in detail, 2008-20



Source: Institute for Employment Research.

Figure A2 Occupational change in detail, 2008-20



Source: Institute for Employment Research.

Annex B Additional tables for national projections

Table B1 England: employment by age group and occupation, 1993-2020

	1993	2001	2008	2013	2020
Managers and senior officials					
16-24	147	95	107	107	117
25-49	1,804	2,030	2,234	2,242	2,445
50-64/59	559	816	905	908	990
65+/60+	80	95	151	151	165
Professional occupations					
16-24	92	102	117	119	132
25-49	1,291	1,465	1,647	1,681	1,857
50-64/59	361	572	748	764	843
65+/60+	55	68	114	116	128
Associate professional and technical occupations					
16-24	234	246	278	277	297
25-49	1,564	1,849	1,958	1,954	2,090
50-64/59	334	517	636	635	679
65+/60+	52	72	131	131	140
Administrative and secretarial occupations					
16-24	554	350	316	288	276
25-49	1,731	1,576	1,453	1,325	1,269
50-64/59	416	651	651	594	569
65+/60+	96	116	209	191	183
Skilled trades occupations					
16-24	454	314	330	305	300
25-49	1,681	1,535	1,438	1,327	1,306
50-64/59	542	672	720	664	653
65+/60+	47	62	88	81	80
Personal service occupations					
16-24	229	233	306	324	368
25-49	616	883	1,078	1,143	1,298
50-64/59	166	312	377	400	454
65+/60+	38	62	111	118	134

**Table B1 England: employment by age group and occupation, 1993-2020
(continued)**

	1993	2001	2008	2013	2020
Sales and customer service occupations					
16-24	348	530	640	654	720
25-49	706	769	773	789	869
50-64/59	202	277	287	293	323
65+/60+	40	63	108	110	121
Process, plant and machine operatives					
16-24	259	156	145	135	132
25-49	1,217	1,114	995	925	906
50-64/59	426	526	545	506	496
65+/60+	33	41	64	59	58
Elementary occupations					
16-24	478	583	562	477	406
25-49	1,397	1,187	1,034	877	747
50-64/59	596	560	506	429	366
65+/60+	184	150	162	137	117

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Table B2 Scotland: employment by age group and occupation, 1993-2020

	1993	2001	2008	2013	2020
Managers and senior officials					
16-24	14	12	10	10	11
25-49	192	229	252	256	277
50-64/59	62	78	95	97	105
65+/60+	12	6	13	13	15
Professional occupations					
16-24	14	15	20	21	24
25-49	171	196	218	230	259
50-64/59	41	73	101	106	120
65+/60+	5	6	13	14	15
Associate professional and technical occupations					
16-24	33	28	29	29	30
25-49	203	250	269	266	277
50-64/59	40	59	80	79	82
65+/60+	6	6	10	10	10
Administrative and secretarial occupations					
16-24	77	46	40	37	37
25-49	203	214	197	184	180
50-64/59	50	68	78	73	71
65+/60+	9	14	28	27	26
Skilled trades occupations					
16-24	72	42	42	38	37
25-49	198	186	169	156	151
50-64/59	64	74	89	83	80
65+/60+	5	8	9	8	8
Personal service occupations					
16-24	21	22	24	24	25
25-49	80	96	112	112	116
50-64/59	15	37	46	46	47
65+/60+	5	7	10	10	10

**Table B2 Scotland: employment by age group and occupation, 1993-2020
(continued)**

	1993	2001	2008	2013	2020
Sales and customer service occupations					
16-24	46	65	79	78	84
25-49	91	99	88	87	93
50-64/59	20	26	31	31	33
65+/60+	5	5	9	9	10
Process, plant and machine operatives					
16-24	27	21	17	16	15
25-49	155	143	122	113	110
50-64/59	58	58	73	68	66
65+/60+	4	4	7	7	7
Elementary occupations					
16-24	58	87	85	72	61
25-49	219	174	158	135	115
50-64/59	89	88	71	61	51
65+/60+	22	20	21	18	15

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Table B3 Wales: employment by age group and occupation, 1993-2020

	1993	2001	2008	2013	2020
Managers and senior officials					
16-24	8	6	8	7	8
25-49	87	100	112	110	118
50-64/59	36	40	46	46	49
65+/60+	7	8	11	10	11
Professional occupations					
16-24	6	5	8	8	9
25-49	83	88	106	108	120
50-64/59	19	35	45	47	52
65+/60+	2	5	7	7	8
Associate professional and technical occupations					
16-24	17	14	14	13	14
25-49	86	114	124	122	131
50-64/59	26	25	36	35	38
65+/60+	3	4	8	8	8
Administrative and secretarial occupations					
16-24	33	21	18	17	17
25-49	96	84	92	84	84
50-64/59	22	32	36	33	33
65+/60+	6	8	10	9	9
Skilled trades occupations					
16-24	35	21	22	20	20
25-49	118	100	94	86	84
50-64/59	31	44	48	44	43
65+/60+	1	5	8	7	7
Personal service occupations					
16-24	17	14	19	20	23
25-49	41	63	70	73	82
50-64/59	11	18	31	32	36
65+/60+	3	5	8	8	9

**Table B3 Wales: employment by age group and occupation, 1993-2020
(continued)**

	1993	2001	2008	2013	2020
Sales and customer service occupations					
16-24	20	28	40	39	42
25-49	48	48	51	50	55
50-64/59	12	18	16	16	17
65+/60+	3	3	7	7	7
Process, plant and machine operatives					
16-24	23	12	16	15	15
25-49	94	86	79	74	74
50-64/59	25	38	39	36	36
65+/60+	0	2	4	4	4
Elementary occupations					
16-24	37	39	41	34	29
25-49	105	88	74	62	52
50-64/59	37	35	30	25	21
65+/60+	10	8	13	11	9

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

Table B4 London: employment by age group and occupation, 1993-2020

	1993	2001	2008	2013	2020
Managers and senior officials					
16-24	38	31	22	22	25
25-49	452	625	688	700	791
50-64/59	101	136	162	165	186
65+/60+	11	15	21	21	24
Professional occupations					
16-24	31	42	33	34	39
25-49	332	443	535	560	645
50-64/59	67	110	142	148	171
65+/60+	13	20	31	33	38
Associate professional and technical occupations					
16-24	62	90	92	95	110
25-49	424	600	671	697	801
50-64/59	67	109	137	142	163
65+/60+	16	17	37	38	44
Administrative and secretarial occupations					
16-24	140	113	67	52	38
25-49	434	404	324	254	183
50-64/59	94	124	108	84	61
65+/60+	25	29	35	27	20
Skilled trades occupations					
16-24	54	43	41	38	37
25-49	265	265	240	219	214
50-64/59	77	92	93	85	83
65+/60+	8	11	9	9	8
Personal service occupations					
16-24	37	38	37	37	40
25-49	108	157	175	175	188
50-64/59	32	54	57	57	62
65+/60+	7	11	14	14	15

**Table B4 London: employment by age group and occupation, 1993-2020
(continued)**

	1993	2001	2008	2013	2020
Sales and customer service occupations					
16-24	67	108	113	112	124
25-49	108	138	146	144	160
50-64/59	27	33	31	30	34
65+/60+	10	10	10	10	11
Process, plant and machine operatives					
16-24	23	14	15	14	13
25-49	158	151	143	131	125
50-64/59	68	65	54	49	47
65+/60+	8	7	7	6	6
Elementary occupations					
16-24	66	106	79	67	58
25-49	242	246	247	212	183
50-64/59	120	100	72	62	53
65+/60+	28	24	25	21	18

Source: Based on IER/CE Employment Forecasting Model produced for the Equality and Human Rights Commission.

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Contacts

England

Equality and Human Rights Commission Helpline
FREEPOST RRL- GHUX-CTR
Arndale House, Arndale Centre, Manchester M4 3AQ

Main number 0845 604 6610
Textphone 0845 604 6620
Fax 0845 604 6630

Scotland

Equality and Human Rights Commission Helpline
FREEPOST RSAB-YJEJ-EXUJ
The Optima Building, 58 Robertson Street, Glasgow G2 8DU

Main number 0845 604 5510
Textphone 0845 604 5520
Fax 0845 604 5530

Wales

Equality and Human Rights Commission Helpline
FREEPOST RRLR-UEYB-UYZL
3rd Floor, 3 Callaghan Square, Cardiff CF10 5BT

Main number 0845 604 8810
Textphone 0845 604 8820
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This report examines the impact of the current recession in terms of gender, age, race/ethnicity and disability. Based on a literature review focusing on previous recessions, a descriptive analysis of Labour Force Survey data and estimates of future employment levels up to 2020, it examines the likely impact of the recession for women and men, younger and older people, ethnic minorities and the disabled. The authors conclude that the recession is likely to slow progress towards meeting equality objectives rather than lead to a reversal of gains made to date.