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The *Welsh Economic Review* is produced twice yearly, by the Welsh Economy Research Unit (WERU) at Cardiff Business School. The aim of the *Review* is to provide an authoritative and objective analysis of the Welsh economy in a manner that promotes understanding and informs decision-making. The 'core' section of the *Review* is written by members of WERU, with feature articles contributed by academics or practitioners within or outside Wales. The *Review* is circulated widely within Wales, to both private and public sector organisations, including the education sector and the National Assembly.

Notes for Contributors

Authors should send papers for potential publication in the *Welsh Economic Review* to the Editor at the address given below, preferably via e-mail in a Word for Windows format. Papers are welcome on any topic that would be of general interest to the readership, and should be written in a style suitable for non-specialist readers. Papers should be approximately 3,000-4,000 words and any graphs or figures should be accompanied by the underlying data to allow reproduction.

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Labour Markets

Employment

Between June and August 1999, the average number of people in employment in Wales (including full-time and part-time employees and the self employed), was just over 1.24m (Labour Force Survey). Compared to the same period in 1998, the average number in employment had increased by almost 16,000, comprising a 10,000 increase in the number of full-time workers, and a 6,000 increase in the numbers employed part-time. Table 3 provides an industrial analysis of the change in employee jobs over the period June 1998 to June 1999. During this period, market and non-market service industries experienced an increase in the number of employee jobs, of 24,000 (3.5%) whilst in manufacturing, the number of employee jobs fell by around 13,000, (or 6.1%).

The average number of people in self-employment in Wales fell during the year to the third quarter of 1999. Between June and August 1999 there was an average of 140,000 people in self-employment. Self-employment rates in Wales (self-employed as a share of the working age labour force) were around 12.7% in 1998, compared to a UK average of 11.7%. Self-employment rates vary between UK regions, and are largely determined by the regional industrial and occupational mix. The lowest self-employment rates were in the North East and North West of England, and Scotland, where rates were less than 10%, whilst London and the South West had self-employment rates that exceeded 13%.

Table 4 shows some key labour market indicators for Wales. The economic activity rate used here is defined as those in work or seeking work as a share of the working age labour force. The employment rate is the total in employment and self employment divided by the labour force of working age. In the year to August-October 1999, the economic activity rate increased by 0.8 percentage points to 74.4%. Over the same period there was an increase in the employment rate by 0.9 percentage points to 69.0%. Economic activity rates vary by gender. For example, in the period August-October 1999, the male economic activity rate was 79.6% compared to a female rate of 68.6%. The Welsh Development Agency's new corporate plan - *Promoting Prosperity* - cites comparatively low activity rates as one

Table 3: Changes in employee jobs by industry, June 1998 to June 1999 (000s)

	June 98	June 99	Change
Agriculture, Forestry & Fishing	23	25	2
Mining, Energy & Water	9	10	1
Manufacturing	213	200	-13
Construction	46	51	5
Market and non-market Services	692	716	24
Total	983	1002	19

Source: ONS Employer surveys.

Notes: Excludes self-employment. This table measures jobs rather than people. Numbers rounded to the nearest thousand.

reason for the prosperity gap between Wales and other UK regions.

Table 5 shows that the percentage of people unemployed for over 12 months (based upon claimant counts) has fallen over the last 3 years, as the long term unemployed find jobs at a faster rate and some exit the labour market altogether. The duration of unemployment tends to be much lower for females, largely because they have a higher propensity to take part-time and temporary work (female employment in both categories is higher than males,

Labour Force Survey). The government has responded to long term unemployment by initiating the New Deal. Individuals aged under 25 who are seeking work have been the principal targets of the programme rather than the economically inactive. However, many individuals who have been unemployed for more than 12 months are older workers. A programme to help these individuals into work, New Deal 25-plus, has been piloted since June 1999, and a new scheme is being set up for the over 50s.

Table 4: Economic activity rates, Aug-Oct 1999

	Rate	Change on year - percentage points
Economic activity	74.4%	+0.8
Employment rate	69.0%	+0.9
ILO UE rate	7.1%	-0.2

Source: Labour Force Survey

Table 5: Duration of Unemployment over 12 months as a percentage of the claimant count

	Duration > 12 months % of total
November 1997	27.3
November 1998	24.0
November 1999	21.7

Source: Benefits Agency administrative system. Based upon a count of claimants of unemployment related benefits.

Earnings

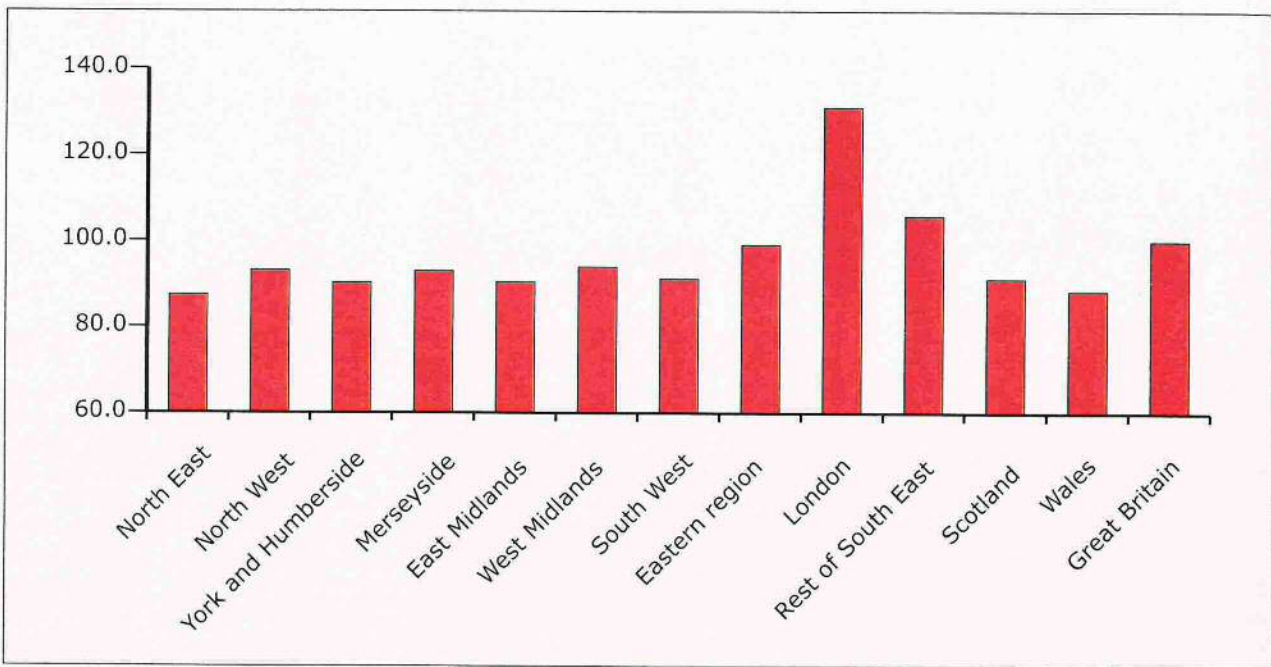
Figure 1 shows average gross weekly earnings for all full-time workers by region relative to the GB average, from the New Earnings Survey (April 1999). In 1999, Welsh average earnings were 88.4% of the GB average, the second lowest of all GB regions. The earnings differential varies between sector. For example earnings in Welsh manufacturing industries are closer to the GB manufacturing average, whilst in the

service sector, the gap between Wales and the GB average is wider. Outside of London (where average earnings are around a third higher than the GB average), the Rest of the South East had the highest regional earnings.

Figure 2 shows average weekly earnings for full-time workers by Unitary Authority (UA). Average earnings vary considerably between UA area, reflecting the industrial characteristics

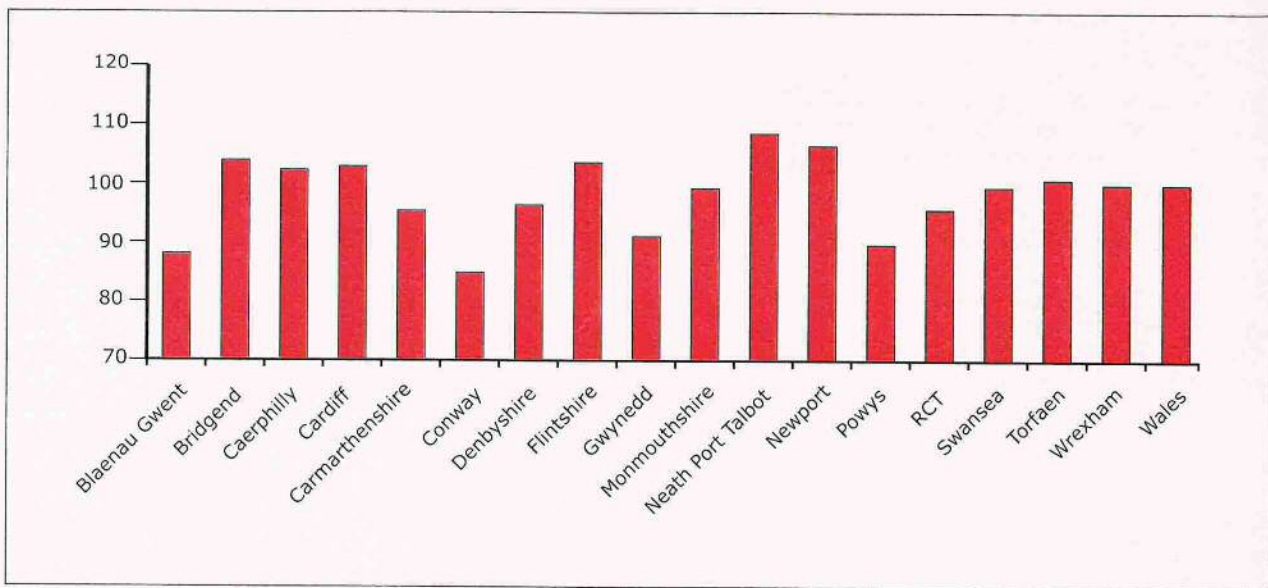
of each area. For example, in Neath Port Talbot and Newport, average earnings for full-time employees were relatively high, reflecting a relative concentration of employment in the higher paying metals industry. Note the data in Figure 2 is recorded at the individuals place of work. So although Conwy has the lowest reported earnings relative to the Welsh average, household earnings may be higher, due to individuals commuting.

Figure 1: Average gross weekly earnings, GB average =100, April 1999



Source: New Earnings Survey, April 1999, Part E. Full-time employees

Figure 2: Average gross weekly earnings by UA, Welsh Average =100, April 1999



Note: 5 UAs were excluded due to sample size problems.

Source: New Earnings Survey, Part E, 1999 April figures. Full-time employees