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Part I

The context for labour market detachment

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1 The UK labour market

Sue Yeandle

Introduction

This book is about processes of labour market detachment among adult men. As later chapters show, in recent years detachment from the labour market has become an increasingly important phenomenon, with significant economic and social consequences. Yet it cannot be explained in terms of any single factor – men's attitudes or personal characteristics, for example, or employers' decisions to close or restructure workplaces. As a research team, our interest in the processes of labour market detachment arose partly from the observation that, in the early and mid-1990s, inadequate opportunities in the British labour market were being reflected not only in continuing high levels of unemployment, but also in rising levels of economic inactivity. This was particularly the case in certain local labour markets where major industrial restructuring had occurred. We were also stimulated by a developing literature on how employment behaviour and labour market participation were influenced by welfare systems and social security regimes (Esping-Andersen 1990). Finally, we were interested in how far changes in men's social and family roles, affected both by women's rising rates of labour force participation and by the proliferation of different types of household structure, were shaping changes to traditional expectations about men's working lives.

What do we mean by detachment from the labour force? Labour market analysis uses a range of measures to assess levels of participation in the labour force: employment, unemployment and a variety of types of 'economic inactivity'. Our study started from an assumption that the boundaries between these categories were not clear cut. How to count the unemployed (those who want a job but cannot obtain one) had already become an increasingly vexed question for academics and policy-makers alike. As discussed below, the available measures all have limitations. This had been widely recognised in relation to female unemployment for years (Sinfield 1981, Walker 1981, Martin and Wallace 1984), but until the 1990s the prevalence of standardised patterns of male employment

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had disguised the problem for the male labour force. At the start of the twenty-first century, a range of alternatives to full-time 'lifelong' male employment have emerged, with part-time working, early retirement, re-training and adult learning, all unknown for men early in the twentieth century, becoming familiar concepts. Further, during the later twentieth century, it became possible in certain circumstances for men to withdraw from employment and to access a range of social security, insurance and employment benefits associated with chronic ill-health, a limiting disability or family responsibilities of various kinds. Important changes in the rules governing such withdrawals from the labour force, whether permanent or temporary, occurred during the last quarter of the twentieth century. For example, new rights to time off to carry out parental and family duties were included in the Employment Relations Act 1999. These developments are discussed in more detail in ch. 3.

Our study is the more timely because the relationship between work and welfare was given very high profile by the Labour government immediately it came to power in 1997. It has continued to be an important and controversial theme since that time. This book explores new evidence from men who have become more or less detached from the labour force. It is based on a study of men who, when interviewed, were of an age at which full-time employment would once have been taken for granted. All the men were aged between 25 and 64, and almost all had been without regular full-time work for six months or more (see the appendix). The study was thus designed to explore the blurred and eroding boundaries between unemployment, economic inactivity and part-time employment for men. As later chapters show, the decisions the men had made were often complex, frequently a mixture of both enforced and voluntary processes, and sometimes 'drawn out'; one step had led to another for some, resulting in their labour force detachment, even though this may not have been an intended or expected outcome of the actions they took or the choices they made.

High levels of unemployment, as experienced during the later 1970s, 1980s and 1990s, were not, of course, new; indeed, in the 1940s, many aspects of the modern British welfare state had emerged from experiences of widespread poverty and hardship associated with mass unemployment in the 1920s and 1930s. But in the mid-1990s, interesting new evidence was rapidly accumulating: among older men, rates of 'economic inactivity' had accelerated fast, with inactivity associated with sickness and disability growing at a rate hard to comprehend in the context of rising general living standards (e.g. in housing and nutrition) and after fifty years of the National Health Service. Our study took shape as a way of answering the following questions about adult men and the labour market:

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- How much unemployment is concealed by economic inactivity among men?
- What do the recent work histories of men who have become 'detached' from the labour market tell us?
- How far are 'detached' men cushioned from the effects of losing their wage by their family and personal circumstances, and more generally, how do they 'get by'?
- Among detached men, how large are the groups still seeking work, prevented from working by health or disability, choosing early exit (perhaps linked with part-time work) or occupied by family responsibilities?

Later chapters show how the study has been used to provide some of the answers to these questions. In this opening chapter, we discuss approaches to measuring employment and unemployment, and the problems and issues associated with them; the dynamic nature of labour market analysis, both in relating to the changing composition of the labour force and to changes in demand for labour of different types; and men's changing experience of work as a component of their lives.

Employment and unemployment in the UK

As other commentators have pointed out, 'there is no perfect way to measure unemployment' (MacKay 1999: 1919). What is more, economies which permit free movement of labour will inevitably and always have some unemployment; this is known as 'adjustment' unemployment, which may be both frictional (people moving between jobs for which they have appropriate skills, within the same local labour market) and structural (movement between jobs which involve, for the worker, a change of occupation or industry or local labour market) (MacKay 1999: 1920). This much has long been recognised; indeed, Beveridge himself argued that 'full employment does not mean the end of change, competition, initiative and risks. It means only fresh opportunity always' (Beveridge 1944: 131).

In Britain, statistics on unemployment have been collected, in a variety of ways, since the 1880s. Statistics were derived initially from trade union records, and later from data based on unemployment insurance records after 1911 (Denman and McDonald 1996). During the first half of the twentieth century, changes to the law on unemployment insurance brought increasing numbers of unemployed workers within the scope of these records; but it was only with the 1948 implementation of the National Insurance Act that coverage extended to all male and female employees. The resultant data, on those 'registered as unemployed', most

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of whom were also eligible for social security benefits because of their unemployment, can be distinguished from the 'claimant count' figures on which administrative data since 1982 have been based.[1] While the earlier assessments had been based on a clerical count, the new data collection system was computerised in 1982. From October of that year, registration for employment became voluntary for all adults, and from November 1982 the official unemployment figures were based instead on a claimant count of those receiving unemployment-related benefits. Denman and McDonald report that this led to changes in coverage which 'had the effect of reducing the level of unemployment, on average, by 112,000 (or 3.7 per cent)' (1996: 13). The 1982 changes followed an inquiry into unemployment statistics instigated in 1980 by the then new Conservative government. At that time the government identified 'those aged 60 to 65 who had taken "early retirement", the unfit and the "unemployable" as groups that should be excluded' (Walker 1981: 9). As Walker notes, the Job Release Scheme, introduced in 1977, had already denied those within a year of statutory retirement who chose to join it (leaving work in return for a tax-free allowance) the entitlement to register as unemployed.

The 'claimant count' is based on official records of the number of individuals who are (successfully) claiming 'unemployment benefits'. Of course, the titles given to such benefits change over time, as governments decide (see ch. 3). The basis upon which a claim for unemployment benefits is approved is subject to change, usually caused by governments deciding to adjust the eligibility criteria entitling individuals to such benefits. These criteria include evidence about whether or not the individual has, as a member of the workforce, been making National Insurance (NI) payments over relevant periods. Some people who are not in work but who would like to have a job may be deterred from applying for such benefits, thinking they are ineligible, or fearing stigma or that they may be judged to be ineligible. Here confusion about benefit entitlement, discussed more fully in ch. 3, plays an important role. Some of the sources of stigma or embarrassment about claiming benefits are also outlined in that chapter. Other people may be excluded from the claimant count (and indeed from receiving benefit) because they are judged not to be behaving appropriately. In recent years this has been connected with various assessments of whether an individual is 'actively seeking work' or 'available for work' (again, see ch. 3 for details). Some who wish to work may have

[1] For a full analysis of changes affecting the collection of unemployment statistics from 1881 onwards, see Denman and McDonald (1996) (including annex A which details 'legislative and administrative changes likely to have affected the monthly series of unemployment statistics between 1912 and 1982') and Fenwick and Denman (1995) for a list of all such changes affecting the unemployment figures between 1979 and 1995.

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characteristics that enable assessors to allocate them to another category of benefit because they meet its eligibility criteria (the prime examples being sickness and disability benefits). Examples of men who were advised to apply for, or were redirected to, other benefits are discussed in chs. 7 and 8.

The political sensitivity of unemployment, particularly as 'magic' figures such as the 1 or 2 million mark are reached, has meant that governments have sometimes stood accused of 'massaging' the unemployment figures. Some argue that, for the purpose of analysis of conditions in the labour market, the 'claimant count' figures are best discarded and replaced by survey data, especially data based on figures collected using the International Labour Organisation (ILO) definition of unemployment. This covers people who are out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight; or are out of work and have accepted a job that they are waiting to start in the next fortnight. The ILO definition has the advantage of enabling cross-national comparison of data, as well as eliminating the impact of administrative and legislative changes, but it remains an imperfect measure. Labour Force Survey data, in the UK as elsewhere in Europe, rely on asking a randomly selected, statistically generalisable, sample of individuals to assess their own situation. Such data produce statistically reliable estimates, and tend to be favoured over counts of claimants since the latter fail to pick up many persons who wish to have paid work. Examples include eligible persons who are not claiming relevant benefits, and others who may want work but are officially deemed not to be fully active in seeking it. Given that unemployed people in areas of high unemployment and low demand for labour are more likely than others to become discouraged in their search for work, this can be an important source of regional variation in the reliability of claimant unemployment data. Being counted within the ILO definition of unemployment for respondents to these surveys nevertheless implies that, in their own judgement, they are 'actively seeking work'.

As MacKay (1999) and others note, it has traditionally been the relationship between the number of unfilled jobs in the economy (job vacancies) and the number of people judged to be unemployed which has determined whether or not unemployment is seen as a political problem requiring government action, or an inevitable labour market characteristic (as in 'adjustment unemployment', discussed above). If estimates of vacancies (there is no sure way, in a free market economy, of counting all vacancies, so labour market analysts rely always on estimates, guided by research evidence on how best to make these) are smaller than counts of 'the unemployed', by other than a very small margin, then there is judged

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to be an 'unemployment problem'. Such a problem has existed for British governments now for over thirty years. During that time commentators have repeatedly drawn attention to a variety of facets of this problem. It varies in severity by region; it affects men and women differently; it is experienced more frequently by young workers and by older workers; and it arises both because people wishing to enter the labour market cannot find a job, and because people who hold jobs lose their position when employers decide to shed labour or to close a worksite. Throughout the past fifty years, as shown below, workers in certain occupations and industries have been especially vulnerable to redundancy. The regional location of these industries gave rise to the expectation that job losses of this type and scale would lead to (at least initial) rises in unemployment in the regions affected. That this did not occur, to the extent expected, following mass pit closures in the British coalfields in the 1980s and 1990s, was part of the labour market puzzle which Beatty and Fothergill first investigated in their study of labour market adjustment in the coalfields (Beatty and Fothergill 1996).

The period between the early 1970s and 1997 (when our study was begun) saw important fluctuations in male and female economic activity rates, employment rates and unemployment rates. While economic activity for women increased, men's economic activity fell. More detail about the situation of men is given in ch. 4.

The scale of the changes is evident. Male employment in Great Britain fell by an extraordinary 1.7 million between spring 1979 and spring 1983 (Office for National Statistics 1997). In the following decades the number of jobs held by men continued to fall – by almost 1 million between 1981 and 1998, with very large falls in manufacturing jobs and the extractive industries only partly offset by increases in male employment in parts of the service sector, notably in financial and business services and in distribution, hotels, catering and repairs. By contrast, the overall number of jobs held by women increased by 2.2 million between 1981 and 1998, although many of these jobs were part time, and the increase disguised major job losses affecting women employed in manufacturing (Office for National Statistics 1999: table 4.15).

For the whole of the last quarter of the twentieth century, unemployment was a significant economic and political issue, with profound social consequences. Officially recorded male unemployment peaked in the mid-1980s and again in 1993. More detailed figures for the 1990s show that while for both men and women claimants unemployment was a particularly acute problem for the young (those under 25), among workers aged 25 and above, rates were consistently higher for men than for women, with rates for men aged 45–54 fluctuating between 4.8 and

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Table 1.1. *Reasons for economic inactivity:*[a] *by gender, 1993 and 1998*

	Males		Females		All of working age	
	1993	1998	1993	1998	1993	1998
Does not want a job	70	67	72	71	72	69
Wants a job but not seeking in last four weeks						
Long-term sick or disabled	10	16	3	6	5	9
Looking after a family or home	2	2	14	14	10	9
Student	4	5	2	3	3	3
Discouraged worker[b]	3	1	1	1	2	1
Other	5	5	4	4	4	4
All	24	29	24	26	24	27
Wants a job and seeking work but not available to start[c]	6	4	4	3	4	3
All reasons (= 100%) (millions)	2.7	3.0	4.9	4.9	7.6	7.9

Notes:
[a] At spring each year; males aged 16 to 64, females aged 16 to 59.
[b] People who believed no jobs were available.
[c] Not available for work in the next two weeks. Includes those who did not state whether or not they were available.
Source: Labour Force Survey, Office for National Statistics (*Social Trends* 29, 1999).

9.3 per cent, compared with 3.1 and 5.0 per cent for women of the same age.

The economically inactive, as discussed in more detail below, comprise a number of sub-categories which are conceptually and empirically distinct. 'Inactive' persons may be full-time students, persons caring full time for another person or for a home and family, persons who are not required to register for work because they are sick or disabled and in receipt of sickness or disability benefits, as well as those who have chosen, or been required to take, an early exit or temporary withdrawal from the labour force. Some of these, the 'early retired', may have taken severance or reached the retirement age specific to their occupation, and will often (although not always) be in receipt of an occupational pension. Between 1993 (the most recent peak in male unemployment) and 1998 the Labour Force Survey estimated that the number of men of working age who were economically inactive rose from 2.7 million to 3 million. Of these, the proportion saying they wanted a job, but who had not sought work in the previous four weeks, rose from 24 to 29 per cent (table 1.1). While this table shows that the figures for most sub-categories of male economic inactivity remained relatively stable, those indicating that they were not

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seeking work because of long-term sickness or disability rose particularly sharply. A similar, but less marked, picture emerges when the figures for women of working age are examined.

Previous research had in the 1980s already focused on a particular sub-category of the unemployed, those who had been unemployed for longer periods (the long-term unemployed, usually defined as those out of work for a year or longer) (Burghes and Lister 1981, White 1983, Dawes 1993). Much earlier, Beveridge had discussed the 'long-period unemployed', citing Wales and Northern England as areas where 'nearly two out of every five persons unemployed had been out of work for more than a year' (Beveridge 1944: 66–7). In these mid- and late-twentieth-century studies it had already been noted that there were important regional, age and sex differences among the long-term unemployed.

In the early 1980s, Walker reported that, in 1979,

> two-thirds of those unemployed for more than one year were aged 35 or over, and one-third were aged 55 or over. Nearly three-quarters had formerly held manual jobs . . . The long-term unemployed came disproportionately from construction, manufacturing or basic industries. The main reasons given for leaving their last job were redundancy and ill-health. In fact, more than one in three had some handicap or illness which affected their activities. (1981: 19)

Walker also drew attention to 'a significant group of older people who are part of the "hidden" unemployed because, under different labour market conditions, they would be employed', stressing the role of 'age discrimination' in this process, which meant that 'long-term unemployment [was] borne disproportionately by older workers' (23). Regional disparities in the unemployment rate contributed further complexity, although regional analyses still underestimated the impact on some vulnerable small areas. Sinfield, writing about the geography of unemployment in 1981, commented that

> the picture that emerges is a depressing one of downward spiral. It illustrates well what may happen in a community with above-average unemployment for many years, and how further increases in unemployment will generally hit these groups yet again. (Sinfield 1981: 28)

Another study found that 'personal disadvantages', including low levels of education, poor health and disability, played only a minor role in explaining long-term unemployment. Rather more important in individual work histories were displacement from the 'shrinking manufacturing sector' (and from other industries of declining employment, such as mining, iron and steel) and mobility between industries (White 1983: 151). Large-scale redundancies, and to a lesser extent employers' programmes of early retirement, had also been important in bringing older men into

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long-term unemployment. Only a minority of the long-term unemployed in White's study had a personal history of 'recurrent unemployment', and this was concentrated among the younger long-term unemployed. Notably, most of the formerly stable workers who were now long-term unemployed were older men, a disproportionate number of whom had experienced redundancy or early retirement. White observed that 'there were however many who had left stable employment of their own choice, most commonly for reasons of ill-health' (154). Furthermore, 'the great majority of the long-term unemployed came (in their last employment) from large or medium-sized firms or from the public sector' (155). White emphasised that while older men at this time were 'not particularly prominent in the flow into long-term unemployment', their chances of getting a job were 'extremely slender'. Summarising his conclusions about workers who had fallen into long-term unemployment directly from long-lasting stable jobs, he explained:

> The main routes into unemployment for these formerly stable workers are early retirement, redundancy, and leaving for reasons of ill-health. The occupational pensioners naturally come from the over-55 age group, and from the skilled manual and higher non-manual occupations. Those leaving work for reasons of ill-health are more often in the age group between 45 and 55 and from a wide mix of manual occupations. Redundancies and closures, especially large-scale ones, bring stable employment to an end for many in both age groups. (White 1983: 164)

In 1986 a large research programme involving ten universities, the Social Change and Economic Life Initiative (SCELI), was sponsored by the Economic and Social Research Council. This studied developments in six labour markets (Aberdeen, Kirkcaldy, Northampton, Coventry, Rochdale and Swindon) and examined changes in labour supply and demand, the impact of economic restructuring and continuing high unemployment. The SCELI studies adopted a broader than conventional definition of unemployment, recognising that 'the unemployed are not just people without work but people who would participate in the formal economy if there were jobs available for them' (Gallie, Marsh and Vogler 1994: 7).

The SCELI studies also noted that it was difficult to make 'clean distinctions' between the unemployed and the economically inactive. In practice, SCELI treated as unemployed all those who were receiving benefits on the grounds of unemployment and any others who had looked for work in the previous four weeks.

By comparison with the present study, SCELI paid rather little attention to the group within the economically inactive category that

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