

CARDIFF  
BUSINESS  
SCHOOL

# Welsh Economic Review

Volume 12.2 Autumn 2000

Produced in association with



# Welsh Economic Review



# Labour Markets

Total employment in Wales (including the self-employed) during the early part of 2000, was an estimated 1.25m (Labour Force Survey), with employees typically accounting for around 87% of this total. Table 2 shows how employment (excluding the self-employed) was distributed across industrial sectors in Wales over the period March 1999 to March 2000. The largest increases in employment occurred in the construction industry with an increase of 9.1%, and the primary sector where employment increased by 11.8% in the year to March 2000. Over the same period manufacturing employment in Wales fell by 1.4%.

Economic activity rates show the proportion of population of working age who are in work or seeking work. During the second quarter of this year the Labour Force Survey estimated that the Welsh economic activity rate stood at 74.4%. This remains well below the national average of 78.1% and is one of the causes of GDP per capita differences between Wales and the UK. In Wales there is a trend towards falling male activity rates and rising female rates.

Table 3 shows how the composition of unemployment has changed over the past three years. The percentage of all claimants who have been claiming unemployment-related benefits between 12 and 24 months declined over the period July 1998 to July 2000. Long-term joblessness has declined; in July 1998 24.9% of all claimants had been jobless for longer than a year, whereas in July 2000 the figure was 19.6%.

Table 4 shows the age structure of the long-term unemployed for the past three years. The proportion of long-term jobless is lowest in the 18-24 year age band, with the majority of the long term unemployed claimants in the 25-49 age band. This may suggest that younger claimants are able to find jobs more easily than older job-seekers, reflecting perhaps greater mobility, more appropriate skills, and a wider selection of jobs. There has been a large fall in the proportion of claimants among 18 to 24 year olds between July 1998 and July 2000, from 14.9% to 1.7%. This is largely as a result of the government's *New Deal* to target this age group. The proportion of individuals claiming benefits should also start to fall for other age groups, as the government launched a £270m programme to get the over 50's back to work in April 2000.

Figure 4 shows how the overall

**Table 2 Employees in Employment by sector, all workers**

	March 99	March 00	Change %
Primary	17,000	19,000	11.8
Extraction and Utilities	10,000	10,000	0
Manufacturing	209,000	206,000	-1.4
Construction	55,000	60,000	9.1
Services	717,000	715,000	1.3
<b>All jobs</b>	<b>1,008,000</b>	<b>1,010,000</b>	<b>0.2</b>

Source: ONS Wales Labour Market Statistics, August 2000

**Table 3 Claimant count by duration (%) all ages**

	<6 months	6-12 months	12-24 months	>24 months
July-98	56.4	18.7	11.7	13.2
July-99	60.3	17.6	11.6	10.5
July-00	63.6	16.8	9.7	9.9

Source: Benefits Agency administrative system

**Table 4 Claimant count by age of the long term unemployed >12 months (%)**

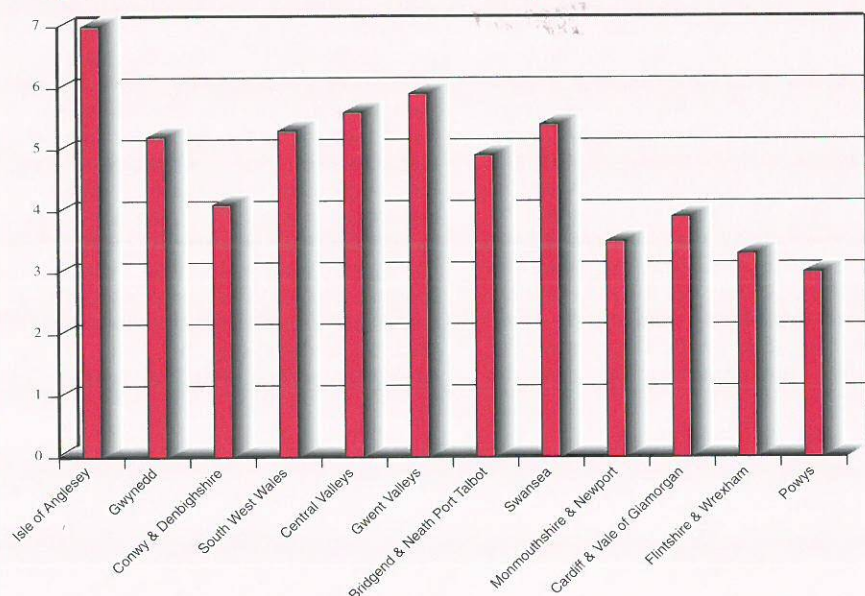
	18-24	25-49	50+
July-98	14.0	62.8	23.3
July-99	2.8	70.2	27.0
July-00	1.8	70.3	27.9

Source: Benefits Agency administrative system

unemployment claimant rates in July 2000 varied across Wales. Powys had the lowest rate at under 3% whereas the Isle of Anglesey had a rate of over 7%. The Valleys had a high claimant rate at around 5.5% together with high inactivity rates (Blaenau Gwent 35.4%

and Merthyr Tydfil 27%). Whilst the governments *New Deal* may have helped to reduce the overall claimant rates, significant regional disparities in unemployment and other economic and social indicators remain.

**Figure 4 Claimant Rates across Wales, July 2000**



Source: Benefits Agency administrative system