

EMPLOYMENT

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WHERE HAVE WE COME FROM?

Unemployment has not always been with us. In fact, the term was hardly used at all before 1900, and that was because the concept of being unemployed only began to take form in the early 1880s depression. Before then there were paupers, who were often assumed to be work-shy and lazy. Unemployment scarcely exists without unemployment benefits of some kind. The word unemployment is most [mentioned](#) in books scanned by Google in 1936 and 1984; the heights of the great depression of the 1930s and the great recession of the 1980s.

Employment is not the opposite of unemployment. Many adults can be neither employed or unemployed. They can be retired, caring unpaid, studying, or sick. Also people can be underemployed, or entirely dissatisfied with their work. By 2020 the majority of children living in poverty were being cared for by parents in poorly paid work which was [not the case](#) in the 1980s.

WHERE ARE WE NOW?

Towards the end of 2020, unemployment and redundancies were on the increase, as ONS [reported](#) in November. At the very same time, the number of employed people living in the UK who had been born abroad began to [fall](#) rapidly; by 717,000 between March and September. At first commentators thought that such a rapid change must be due to changes in how the statistics were recorded, but then they [realised](#) that the pandemic had led to an exodus. The majority of those leaving were EU citizens who had been in employment before April. People who were unemployed were more likely to stay, but in total, 915,000 adults who were not born in the UK left the UK between April and September. Of those who stayed, 88,000 more were unemployed.

WHERE ARE WE HEADING?

Employment levels, and the quality of jobs, are partly a political choice. It is not ‘the market’ which mainly determines how many people are in work, but the extent to which people are encouraged to be in paid work or not. A government can decide to make it more or less attractive to employ people. A highly progressive tax rate can make it more attractive to employ more people at a good wage, rather than fewer at a higher wage, resulting in an increase in overall employment rates.

Governments that impose punitive sanctions on those deemed not trying hard enough to find work can force the unemployment rate down. Governments can directly create employment themselves through jobs paid for by the state. Within Europe, this can be 50% higher in some countries as compared to others. The diagram below shows the extent of variation in unemployment rates within Europe and how the UK had chosen (by 2019) to be at one extreme of that distribution, copying the USA by ensuring that as few people as possible resorted to unemployment benefits. Many took inadequately paid jobs, many had to do multiple jobs, many in the UK did not like their jobs.

What may happen next? Often the most sensible predictions are also the dullest and most depressing. The UK could continue along the route it has taken in recent years. Work becomes more mandatory

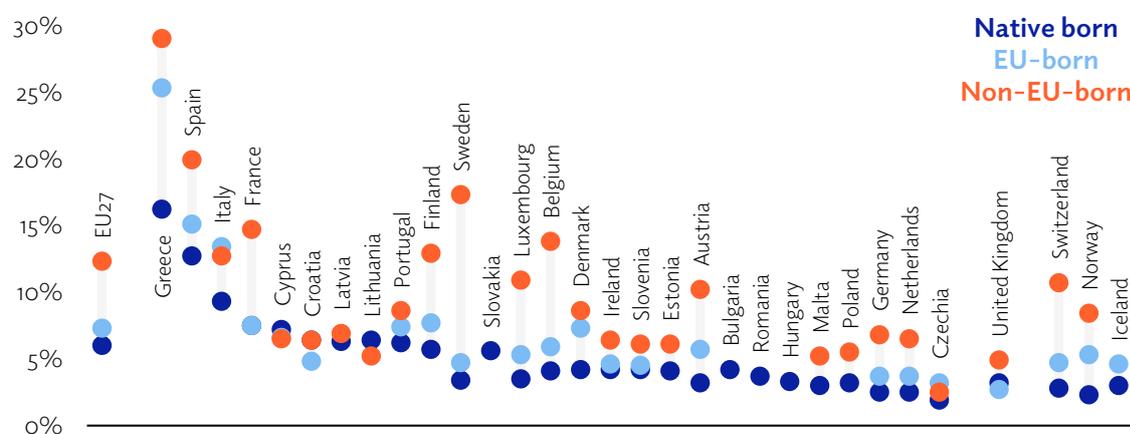
and more precarious for the majority. Unemployment benefits are further reduced (in real terms they are already half what they were in the 1970s). Millions of people in the UK are forced to take even more demeaning work, increasingly acting as servants for the better-off: delivering take-aways, cleaning their homes, walking their pets. Inequality rises.

I do not think the above scenario will play out. This is because of the 2020 pandemic. Rather like the second world war, it has weakened right-wing devil-take-the-hindmost politicians. Once you have to ask everyone to be ‘in it together’, once you rack up an enormous bill to pay for the war or pandemic, once you start to use the language of having to make individual sacrifices for the greater good, it is then very hard to return to a rhetoric of there being no such thing as society — just individuals and their families. A pandemic shows just how false such thinking is.

UK unemployment has been low compared to the EU27

Unemployment rates among 20-64 year olds in the EU, EEA and UK by country of birth, 2019.

UK IN A CHANGING EUROPE



Source: Eurostat (online data code: Ifsa_urgacob).
 Note: EU-born and non-EU-born figures unavailable for Bulgaria, Hungary, Romania, Slovakia. EU-born figures unavailable for Latvia, Lithuania, Malta and Poland. EU-born figures for Croatia and Slovenia have low reliability. Non-EU-born figures for Croatia, Lithuania, Poland and Czechia have low reliability.

What I think is more likely is that the UK fills up with even more of its ‘ex-pats’ returning; especially the older ones. Young, cheap and efficient workers leave these shores because they do not have equal rights, because the pound drops even further, and as their prospects dwindle. The UK middle-class is squeezed; their graduate children have no work of the kind which a (now very expensive) university degree was supposed to deliver. Above all else there is a need to take back control from those who actually took it — the richest people in Britain who took a greater share of income in the UK than that group takes anywhere else in Europe.

The UK will level out rather than level up. Taxes will rise, especially for the better-off. Government will have to create jobs. The ‘fifth option’ — to not be forced into paid employment — will return, perhaps through tentative steps towards a universal basic income, mimicking the tentative steps towards paying unemployment benefit of just over a century ago. The stigma of having to rely on benefits will decrease. And, just as has happened several times before in British history, those at the top will know not to ask for a pay rise and those at the very top will accept permanent reductions in their pay — as the FTSE 100 CEOs already have started to, albeit only [slightly](#) so far. And so Britain outside the European Union will slowly begin to look ever so slightly more like an average employment/unemployment level European state.