



Countering Unemployment

The UK experience 1975-1995



International
Labour
Organization

Introduction



International
Labour
Organization

-
- A case study:
 - particular country (UK)
 - particular period (1975-95)
 - To illustrate :
 - how circumstances influence policy
 - how long-term policies evolve from emergencies
 - learning and innovation inside government

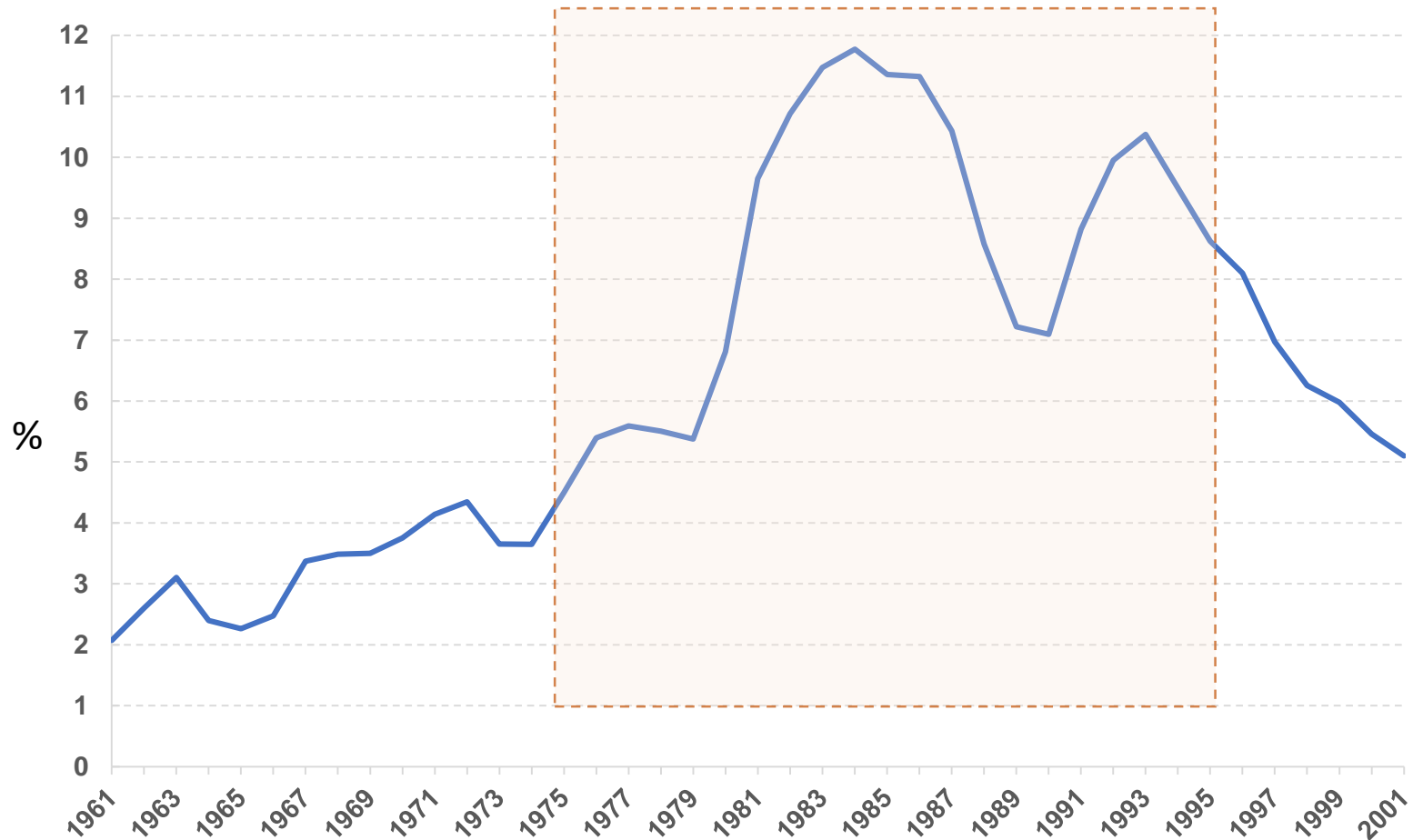
Outline

-
- Context
 - Unemployment and industrial change
 - Politics
 - Social programmes
 - Labour market concerns
 - The early programmes
 - Evolution of youth training and vocational education
 - Evolution of active labour market measures

Unemployment



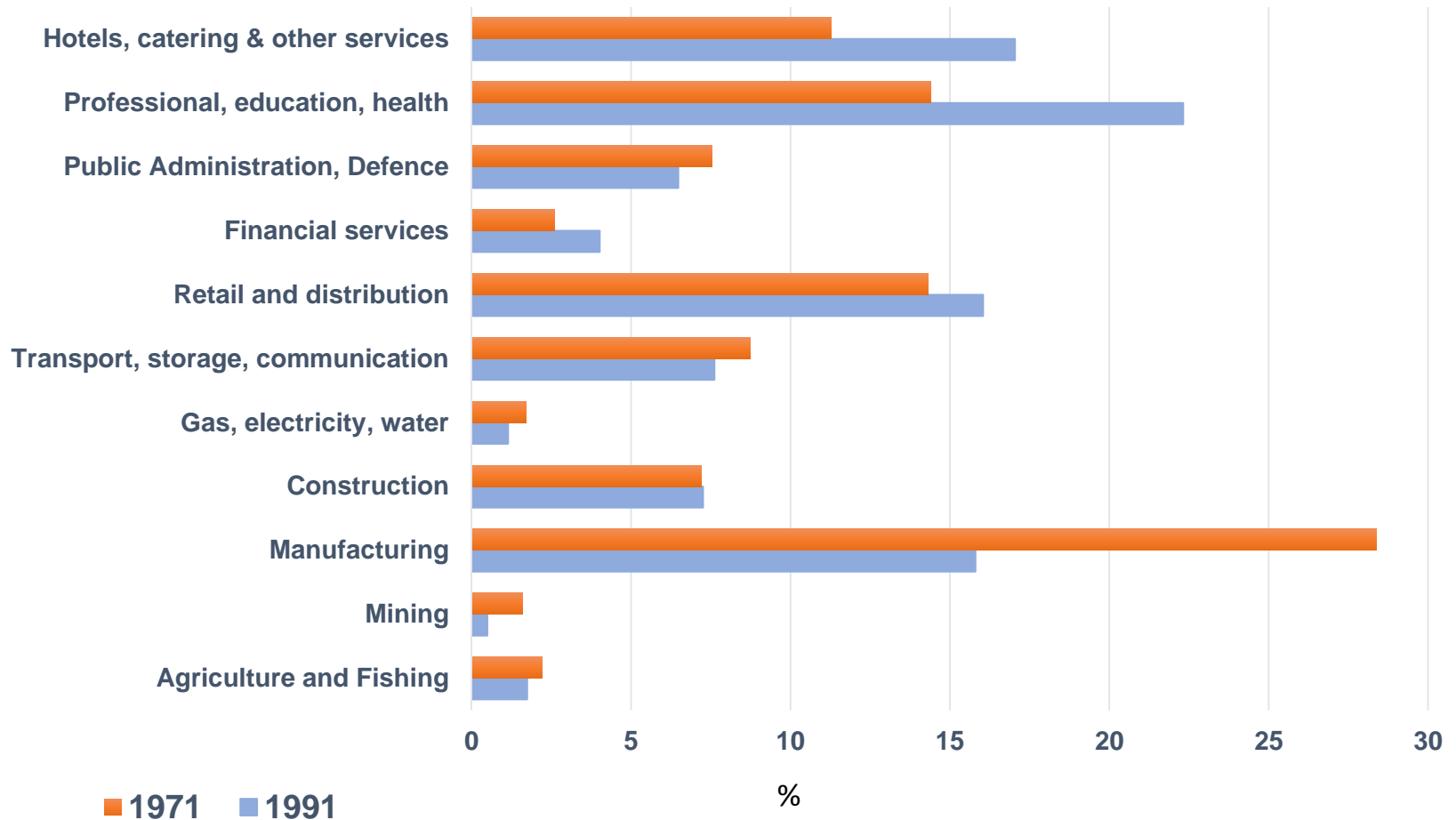
International
Labour
Organization



Industrial Change 1971-91



International
Labour
Organization



Government



International
Labour
Organization

-
- Two parties
 - Conservative – small government, free market
 - Labour – socialist
 - Government officials
 - permanent and non-political
 - Local government
 - politically led
 - education, housing, social services
 - Government agencies
 - tasks and budgets from ministers
 - Manpower Services Commission – employment and training services

Social programmes



International
Labour
Organization

Post-war 'Welfare State'

- education to 15/16
- free medical services
- unemployment insurance
- disability allowances
- old-age pensions (60/65)
- social housing (local government)
- poverty relief

Unemployment benefits



International
Labour
Organization

From (1975)

Flat-rate

One year entitlement

20% average earnings

Then poverty relief
(dependent on family
size and circumstances)

To (1995)

Age-related

6 months

12% average earnings

Supplements depending
on circumstances

In-work benefits

Labour market concerns



International
Labour
Organization

-
- Youth preparation
 - outdated apprenticeship system
 - no technical schools
 - Flexibility and productivity
 - weak adult training
 - little labour mobility
 - trade unions resist change

Manpower Services Commission



International
Labour
Organization

-
- Agency with supervisory board
 - employers, trade unions, local government
 - budget from government
 - Modernization of Employment Offices
 - Jobcentres, counselling
 - Modernization of training
 - industrial training boards
 - expansion of adult training

Early Programmes – the 1970s



International
Labour
Organization

- Support for apprenticeships
- Recruitment subsidies
- Deferment of redundancies
- Job Creation Scheme
 - temporary public works
- Work experience for school leavers
 - allowance, 6 months
- Work preparation courses

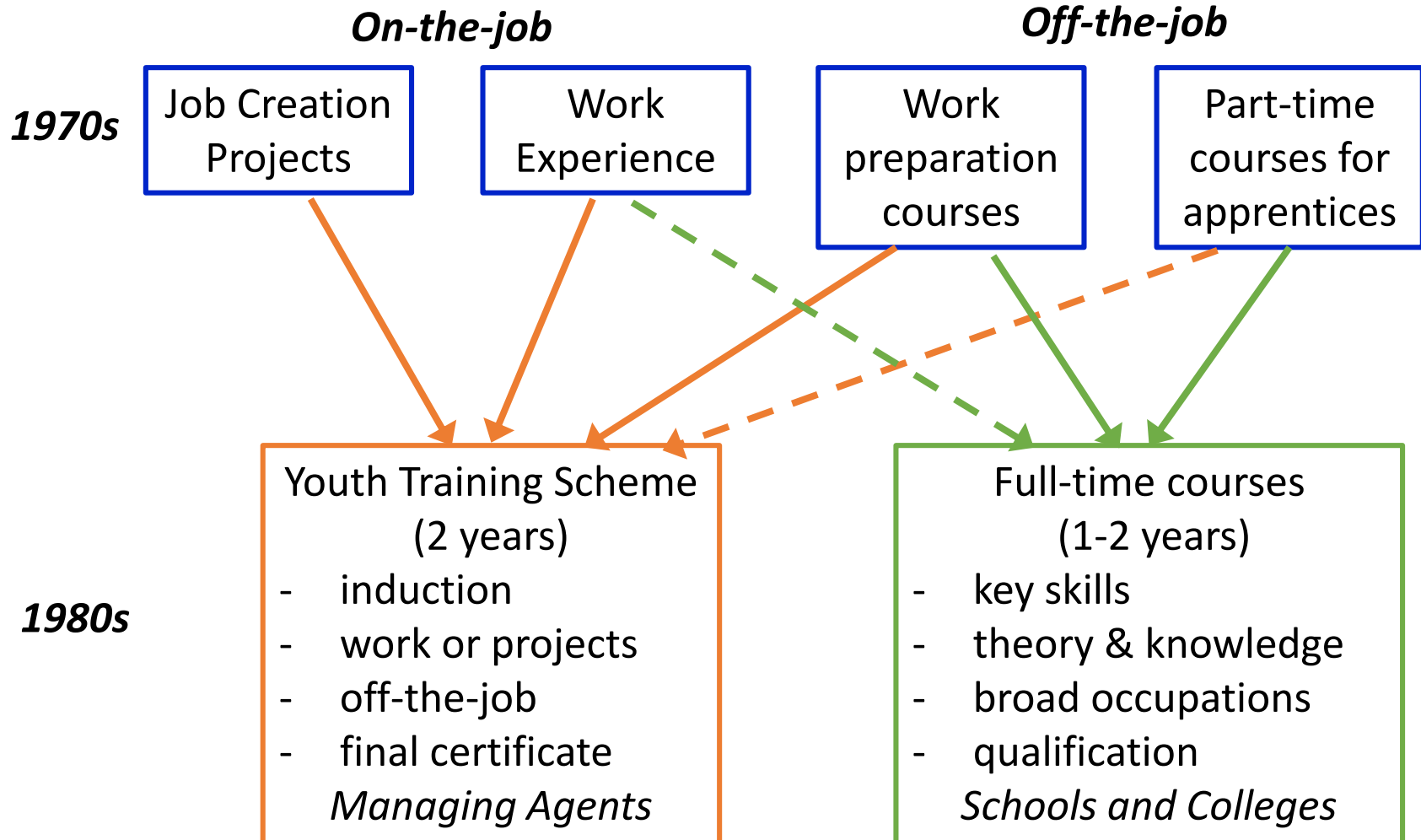
Strategies



International
Labour
Organization

-
- Most at risk
 - young people – replacement for apprenticeship
 - long-term unemployed – prevent demoralization and dependency
 - Evaluation
 - net costs (reduction in unemployment count)
 - minimize deadweight and substitution
 - job attainment
 - qualification attainment

Youth Training



Community Programme



International
Labour
Organization

-
- Long-term unemployed
 - >6 months 18-24
 - >12 months 25+
 - 1 year part-time
 - work of benefit to community
 - not otherwise undertaken
 - regular wages

Local delivery



International
Labour
Organization

-
- Area offices (1m population, 30 staff)
 - jobcentres and benefit offices
 - Managing agents
 - NGOs, private trainers, local government, large employers, employer associations
 - Area boards
 - local government, trade unions, employers
 - Monitoring and quality



Adult Programmes

Public Works

Community
Programme

Training

Full skills
courses

Other measures

Enterprise
Allowance

Voluntary
Projects

Counselling

Restart Interviews

- action plan
- benefit sanctions

Training for Work

- work or projects
 - directed training
 - training allowances
 - payments for jobs or qualifications
- Managing Agents*

Support options

- job search advice
- job clubs
- motivation courses
- work trials

*Employment Service and
contractors*

Template for Active Labour Market Measures



International
Labour
Organization

- Counselling
 - before long-term unemployment
 - agreement on action (enforceable)
- Range of options
 - cheapest first
- Incentives for providers
 - payment by results
- Blurring of out of work/in work benefits
 - always an incentive to work

Innovations



International
Labour
Organization

-
- Use of variety of organizations
 - low fixed costs, credibility
 - Contracts, not regulations
 - flexibility
 - Funding by results
 - quality issues
 - Evaluation framework
 - Governmental agencies

Lessons for officials



International
Labour
Organization

-
- Experiment and learn
 - Negotiate
 - Ownership and commitment
 - Speed and opportunism
 - never waste a good crisis
 - Market ideas to politicians
 - *But*, in the end: ‘Do as you are told’!