

Unemployment Statistics

David Taylor read an extract to show that in 1938 there was serious disputes about the actual number unemployed. However the dispute arose from differing readings of the official figures. Now the official figures themselves were suspect. The unemployment figures had been said by the Employment Gazette to be an economic indicator rather than a true count of the unemployed. In the late 70s the Gazette had suggested that the total unemployed was 400,000 lower than the true figure. Since 1979 there have been 30 changes in definition, all but one of which reduced the count, so that now it is impossible to examine long term trends on a fixed basis. The changes have reduced the total by an estimated one third. As a result the true comparison with 1979 should be over 2 million, not 1.6 million.

He summarised some of the major changes. For example in 1982 the count was shifted from those signed on to those claiming benefit, which excluded many women and those over 60 who get retirement benefit without signing on. In June there were changes to increase the denominator. There are now restart interviews for the long term unemployed and they are encouraged to register as long term sick.

Those who are interested in the figures for making money no longer use the government's counts: the Bank of England in 1978 estimated that the official count was 400,000 too low. Economic models used for forecasting do not use the official statistics any more as they would distort the model.

In addition there are data within the figures which could be analysed but which are not: the occupational skills of the unemployed or the number seeking part time work or the proportion of 16-17 year olds who are not employed.

Not only is there manipulation of the data but some manipulation about the manipulation! The Department of Employment says that there have been 7 changes in the methods of counting but does not list which ones. The Minister in Parliament said that there had been 2 changes, both trivial. The department does publish backward projections based on current methods of counting. In 1982 there was a 400,000 adjustment in the graph.

In 1978 the Bank of England report suggested that the unemployment figures were not behaving properly. The official count was three quarters of a million too low. On that basis Taylor estimated that the present count was 1.2 million too low.

One thing about fiddling the data is that it becomes inconsistent with other data. For example from June 85 to June 88 over 500,000 men disappeared from employment and unemployment figures. Normally when the number of vacancies drop, unemployment goes up. There has been a drop in vacancies in the last 3 years but no rise in unemployment figures.

In the discussion it was suggested that the informal economy had increased in magnitude with many women and foreign students working for cash, which would cause inconsistencies between the different data sets.

