



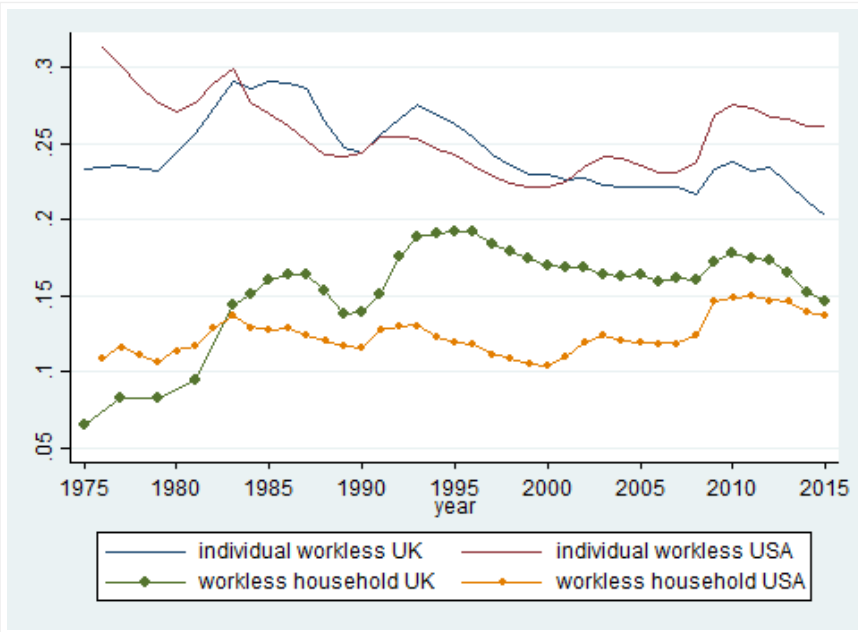
# The State of Working Britain

Friday, 18 March 2016

## SWOB 8: Employment Performance: UK versus the USA. Jury Out

Lost in the Budget fog this week was the latest set of UK labour market performance statistics among which (buried in an increasingly impenetrable government website) were international comparisons of employment. The USA is often held up as an exemplar of what the UK labour market might be (for better or worse) and so it can be useful to try to benchmark the relative position of the two economies with regard to jobs.

The graph below plots four lines. The top two lines are the non-employment rates for individuals of working age (living in households where the head is below retirement age & removing any students). Blue for the UK. Red for the USA. This is a metric often used to measure labour market performance is just one minus the employment rate. On this basis the UK labour market is doing rather well. Non-employment is at its lowest level for at least 40 years. It is also doing much better than the USA using this metric and has been since well before the last recession.



The bottom two lines, however track the share of all households that are workless - counting the number of individuals in each household not in work using the same definition of employment as on the individual counts. For the UK, this measure of joblessness is 3 times as high as in the mid-1970s. Around 15% (1 in 7) of all working age households are now workless - despite the improvement in the individual based jobless count the workless household rate has improved but not as much as the individual count. Not so good. And worse than the US where despite a relatively poor individual employment rate the US managed to avoid some - though by no means all - the concentration of joblessness in households. In other words, the USA has a lower workless household rates despite having fewer jobs per head of population than the UK

What this means is that access to jobs is still unevenly distributed across households more so in the UK than in the US. So UK employment performance looks good when using individual based counts, less good when using household based counts. Which is better?

Neither. Both say something important about the state of the labour market. We should get used to judging performance by more than one yardstick.

What does all this mean for the government's targets of children living in workless households and long-term workless households? We will return to that in future blogs.

Jonathan Wadsworth

Posted by jonathan wadsworth at Friday, March 18, 2016

Recommend this on Google

### No comments:

[Post a Comment](#)

[Newer Post](#)

[Home](#)

[Older Post](#)

Subscribe to: [Post Comments \(Atom\)](#)

---

Copyright Centre for Economic Performance. Simple theme. Powered by [Blogger](#).