

Bulletin

Institute for Employment Research

Occupational Prospects to the Year 2000

Political Upheaval

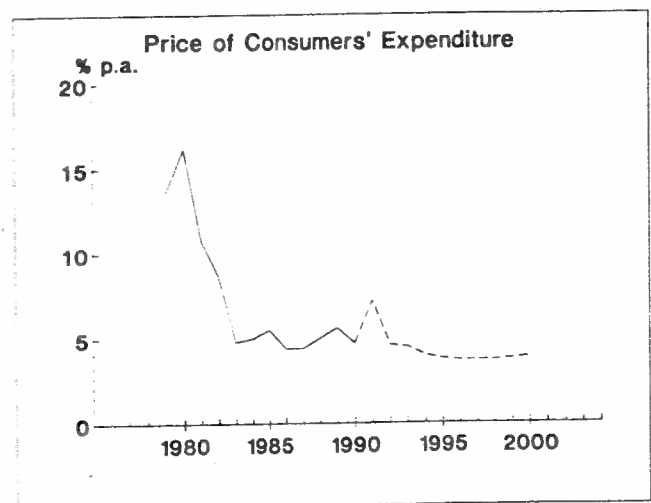
The last 12-18 months have seen significant political and economic change, at both international and domestic levels. The change in Prime Minister and associated developments in government economic policy, the UK's entry into the exchange rate mechanism, the Gulf War and continuing developments in Eastern Europe have all buffeted the UK economy over the last 12 months. This *BULLETIN* summarizes the result from the Institute for Employment Research's latest Occupational Assessment, to be published in the *Review of the Economy and Employment, 1991*. The *Review* contains new projections of how the structure of employment in the UK economy is likely to be affected by a wide range of economic and political change, including those outlined above.

The Recession

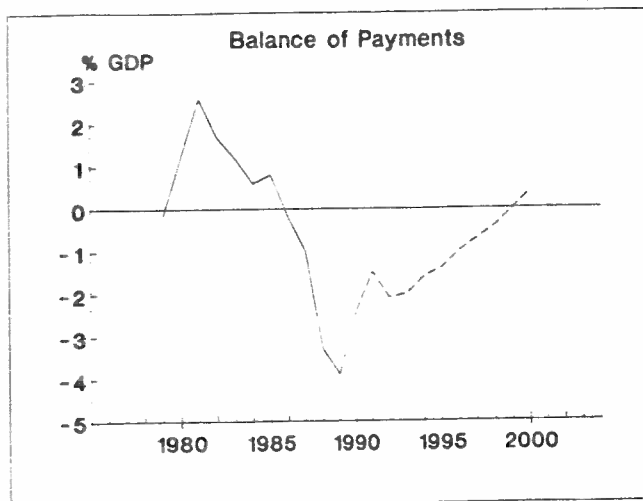
The most immediate problem facing the government is the depth and duration of the current recession. What was initially heralded as a shallow and short-lived downturn, a necessary cost to be borne in order to purge the economy of inflation, now appears to have turned into a more prolonged slump, even in some ways on a par with that of 1980/81. The present projections do not envisage a significant recovery until 1992/93, with unemployment continuing to increase to around 3 million by 1993.

Macroeconomic Prospects

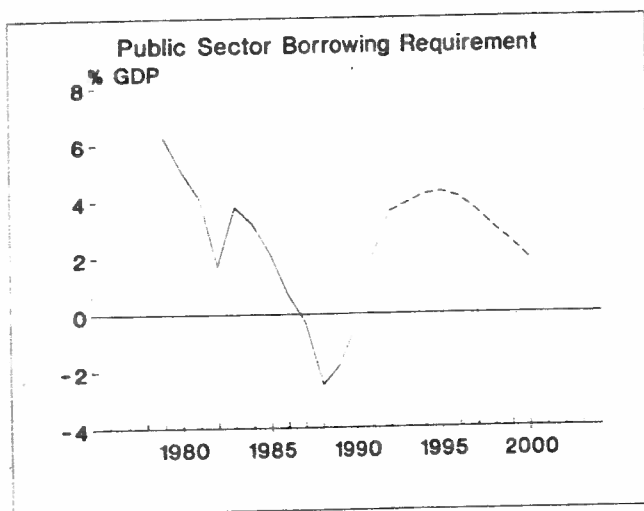
Although the high interest rate policy being followed by the Government is expected to bring the rate of inflation down to just below 4 per cent per annum by 1995, further improvements are not anticipated, as pressures for real wage increases continue to sustain inflation.



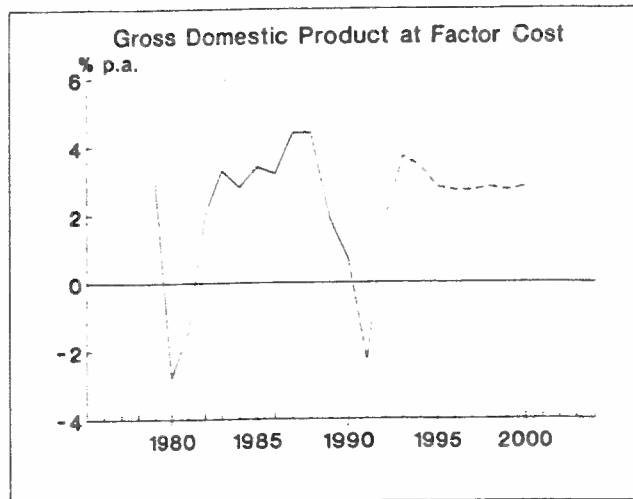
The balance of payments deficit remains the other thorn in the Government's flesh. Although the current account deficit is projected to halve between 1989 and 1991, this improvement is projected to be reversed as the economy recovers from recession. The economy is expected to continue to run a trade deficit until the turn of the century. However a gradual improvement does occur, as export performance benefits from continued improvements in competitiveness engendered by the experiences of the 1980s.



The high level of unemployment in the short-term plus the projected growth in government current spending on goods and services over the medium term, as outlined in the 1991 expenditure White Paper (January 1991), are expected to leave little room for further tax cuts or additional spending. The public sector borrowing requirement remains a significant proportion of GDP throughout the forecast (averaging around 3 per cent of GDP).



The growth rate of GDP is expected to recover slowly in 1992, and then more rapidly in 1993 and 1994 as the economy recovers from the recession. Thereafter a return to the long-term trend rate of growth of around 2 1/2 per cent per annum is expected.



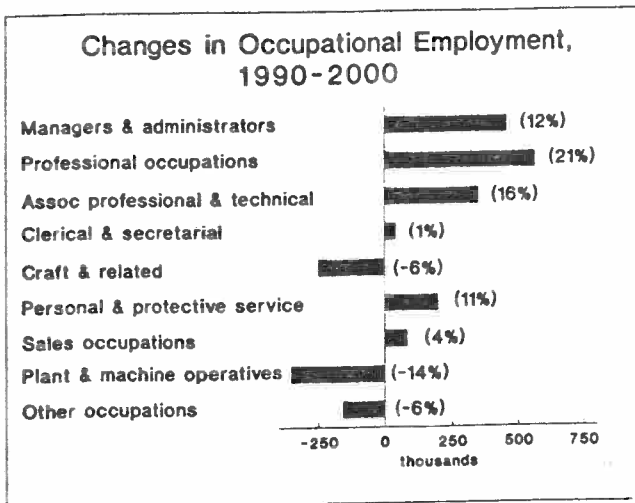
Employment

Employment grew rapidly during the 1980s but the current recession is expected to result in a quite sharp decline from 1990 levels over the next few months. Overall, around 1 1/4 million jobs are predicted to disappear between 1990 and 1993. Thereafter the economy picks up and employment rises again and is projected to be some 700 thousand above the 1990 level by 2000.

The structure of employment has altered very substantially over the last 40 years. Technological advances, modifications to the way that work is organised, changing tastes and shifts in the pattern of final demands for goods and services have influenced both the industrial and occupational structure of jobs. The macroeconomic model used to produce the current projections attempts to encapsulate these developments and to work out the implications of their continuing influence over the next decade.

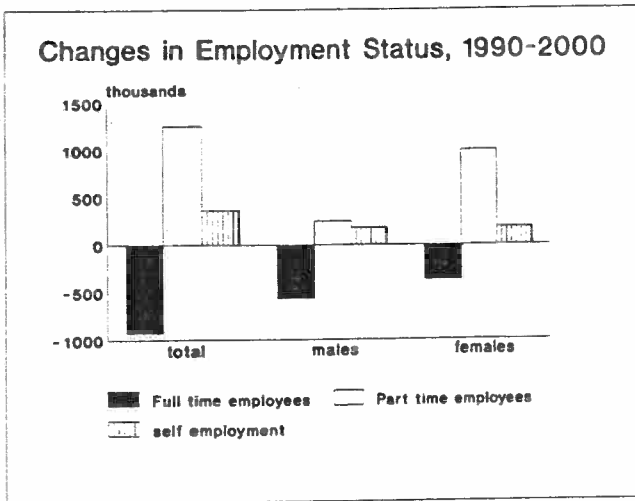
Industry Structure

The main features of recent change have been the decline of primary and manufacturing employment and the growth of the service sector. This pattern is expected to continue over the 1990s. In total, the primary and manufacturing industries are projected to lose 1.2 million jobs by the turn of the century. Much of this decline is concentrated in the short-term (up to 1993). The engineering sector alone accounts for the loss of a quarter of a million jobs. The main increases in employment are expected amongst miscellaneous services which gains around 700 thousand jobs.



Employment Status

Women will be the main beneficiaries of employment growth, taking nearly all of the additional jobs. This largely reflects the growth of the service sector although women have been increasing their share of employment in many industries. This trend is expected to slow down in the 1990s, especially in those areas already dominated by female employment, as men begin increasingly to take on jobs in the service sector previously undertaken mainly by women.

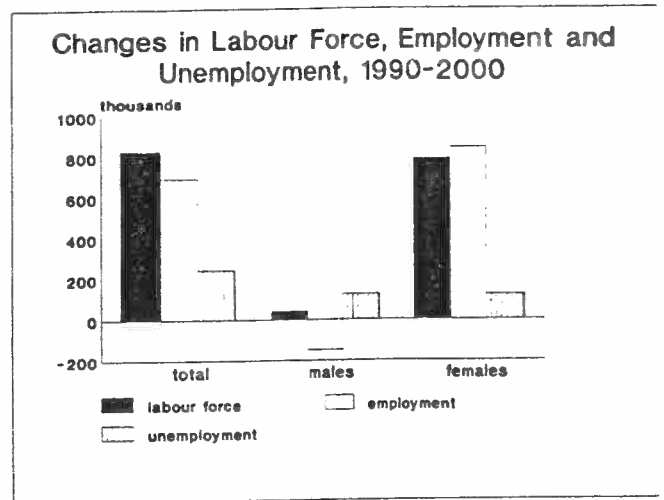


Another implication of the developments in the industrial structure of employment is that many of the new jobs created will be part-time and often poorly paid. This largely reflects the fact that employment increases are concentrated in the service sector. The increase in part-

time employment more than accounts for the net increase of 700 thousand jobs between 1990 and 2000.

Labour Force and Unemployment

The female labour force is projected to grow by around 800 thousand in the 1990s as more women, especially those aged 25-54 become economically active. Women are expected to take a slightly larger share of unemployment. By 2000 unemployment is projected to be just under 2 million, falling from a peak of just under 3 million in 1992/3. Female unemployment accounts for just under 30 per cent of the total in the year 2000 compared with just over 25 per cent in 1990.

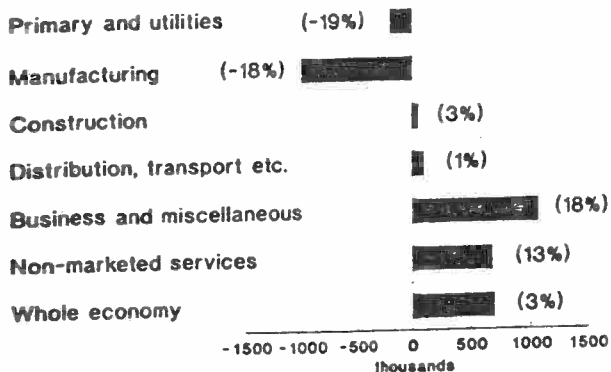


Occupational Structure

The pattern of demand for skills is also expected to alter significantly by the turn of the century. Over the post-war period, the changing patterns of industrial structure have tended to reinforce changes in the way work is organised within industries. This has operated in such a way as to favour higher skill, white collar, non-manual jobs as against blue collar, manual occupations, especially those requiring few skills.

These factors are expected to continue to operate during the 1990s although the short-term effect of the recession may, for the first time, result in serious problem of unemployment (or underemployment) for many highly skilled non-manual occupations. Despite this short-term set back, the main areas of employment growth over the medium term are expected to be amongst managerial, professional and associate professional jobs. In contrast, the number of jobs for craft and skilled manual workers, plant and machine operatives and unskilled labourers is expected to fall substantially.

Changes in Industrial Employment, 1990-2000



The number of managerial jobs is projected to rise by around 450 thousand. This results from both favourable changes in industrial structure as well as rising occupational shares within many industries. For professionals, the strong projected growth of 560 thousand (21 per cent) is primarily attributable to increasing occupational shares within industries, especially for scientists and engineers and other professionals (business and related). Associate professionals benefit from similar factors and are projected to increase by 340 thousand (16 per cent).

The number of clerical and secretarial jobs is expected to show little change over the 1990s in marked contrast to the 1980s. This reflects the impact of technological change on the use of such personnel across the broad range of industries. The rate of growth of sales occupations is also expected to slow substantially due to the impact of technological change and the re-organisation of the distribution sector (e.g. out of town shopping centres replacing more traditional labour intensive, inner city outlets).

Amongst the blue collar/manual groups, only protective services and personal services are expected to see significant growth in job opportunities, reflecting the continued growth in demand for such services. In the case of craft and skilled manual occupations, continued job losses in the manufacturing sector, in combination with technological and organisational changes affecting the skill mix within industries, is projected to result in the loss of a further 250 thousand jobs.

Plant and machine operatives are expected to be even worse affected, losing some 350 thousand more jobs by the year 2000. Finally, amongst other occupations (mainly unskilled workers) a further loss of 200 thousand jobs is expected, although this disguises a continuing shift away from male, full-time labouring jobs in primary and manufacturing industries and towards female, part-time workers employed in services (as cleaners and domestics).

A full account of the material summarised in this *Bulletin* can be found in the forthcoming *Review of the Economy and Employment, 1991*.

The first volume of the 1991 *Review* is divided into 3 main parts. Following a brief introduction, Section 2 presents the macroeconomic scenario underlying the forecast. It also details the assumptions and results relating to the labour force. Section 3 presents the detailed prospects for industries, with particular emphasis on the structure of employment, including an analysis of the changing patterns of employment by gender and status. Section 4 presents the prospect for occupational employment including discussion of the possible implications of the recession for white collar jobs. In addition the *Review* includes an Annex which contains details of a number of recent methodological developments pertaining to the projections. These include a new treatment of labour demand and new trade equations. Subsequent volumes of the *Review* will contain more detailed analysis of occupational trends and regional employment prospects.

Review of the Economy and Employment, 1991
Volume 1: Occupational Assessment

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