



Work and Social Disadvantage

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Why is work important?

- **Employment is the primary source of income and arguably identity for most people**
- **Unemployment makes people unhappy**
 - Unemployed people are twice as likely to say they are 'not very / not at all satisfied' relative to the whole adult population
 - Regression analysis finds the negative effect of unemployment on wellbeing is large – greater than becoming divorced



Why is work important?

- **Unemployment adversely affects individuals' health**
 - Those who have been unemployed for longer than 12 weeks have 4-10 times the prevalence of depression, anxiety and physical illness.
- **Higher unemployment leads to higher levels of crime**
 - Review of research studies suggests that a 1% increase in unemployment leads to an increase in property crimes of 1-2%.

Work and poverty

- **Getting a job lifts people out of poverty**
 - For 8 out of 10 people in the bottom 5th of the income distribution getting a job moved them out of low income
- **There are strong links between individuals' work histories and future pensioner poverty**
 - 10% increase in average working life earnings reduces the chances of subsequent pensioner poverty by 10%
 - Someone from the bottom 20% of the average working life earnings distribution has a 40% chance of being a poor pensioner compared to a 9% chance for someone from the top 20%.

Negative Long Run Effects

- A year of unemployment prior to age 23 increased the time men spent unemployed in the next 10 years by 18% or about 21 months
- Equivalent figure for women is 8% or 10 months.
- 40% of a son's earnings explained by their father's earnings.
- Intergenerational inequality increased between children born in 1958 and those born in 1970.

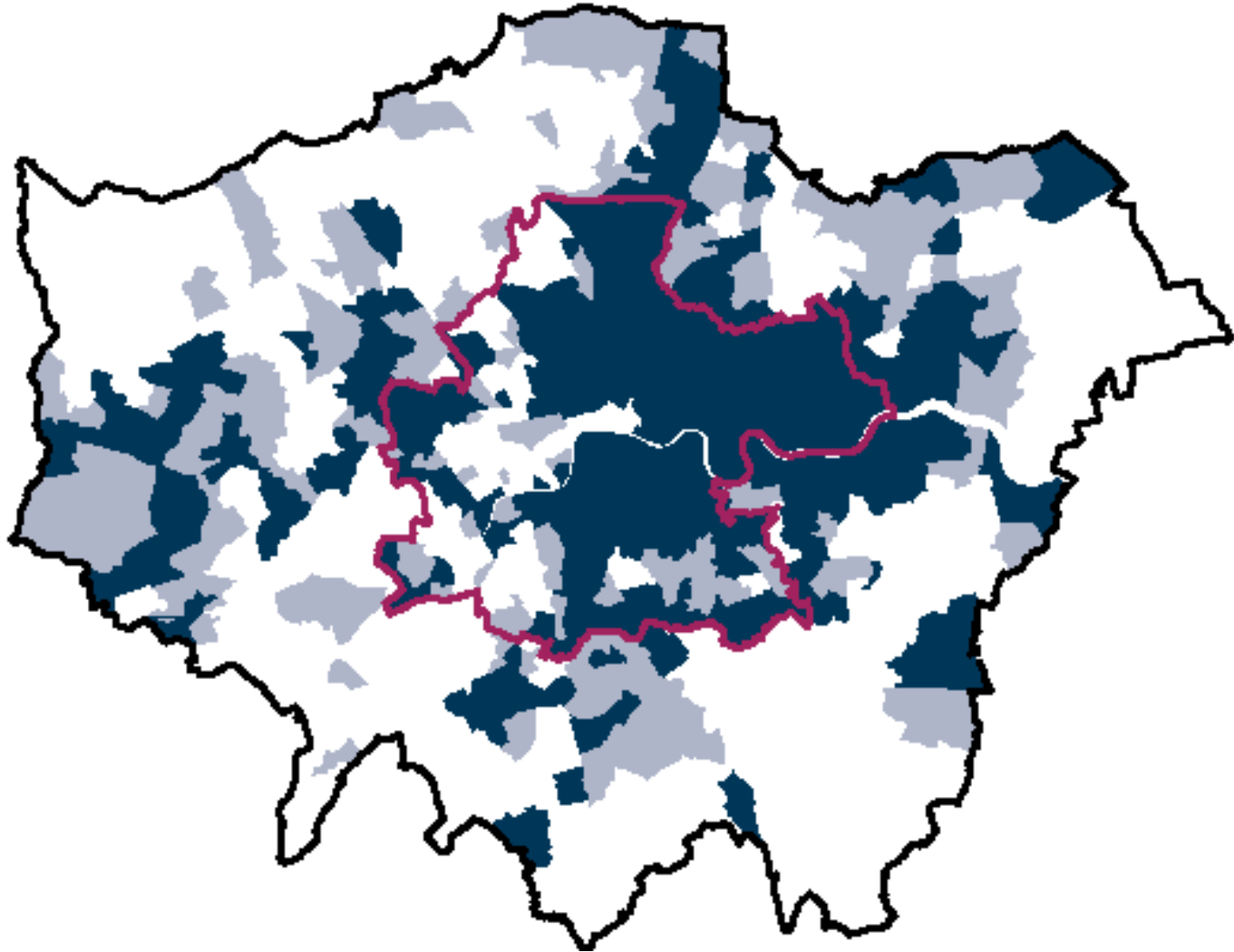
Intergenerational Inequality

- If his father's earnings are in the bottom 25% then the son has a 13% chance of having earnings in the top 25%
- If his father's earnings are in the top 25% then the son has a 52% chance of having earnings in the top 25% – 4 x the chance of a son of a low income father
- If his father was unemployed when the son was 16 then his chances of experiencing at least 1 year of unemployment in the next 10 years are doubled.

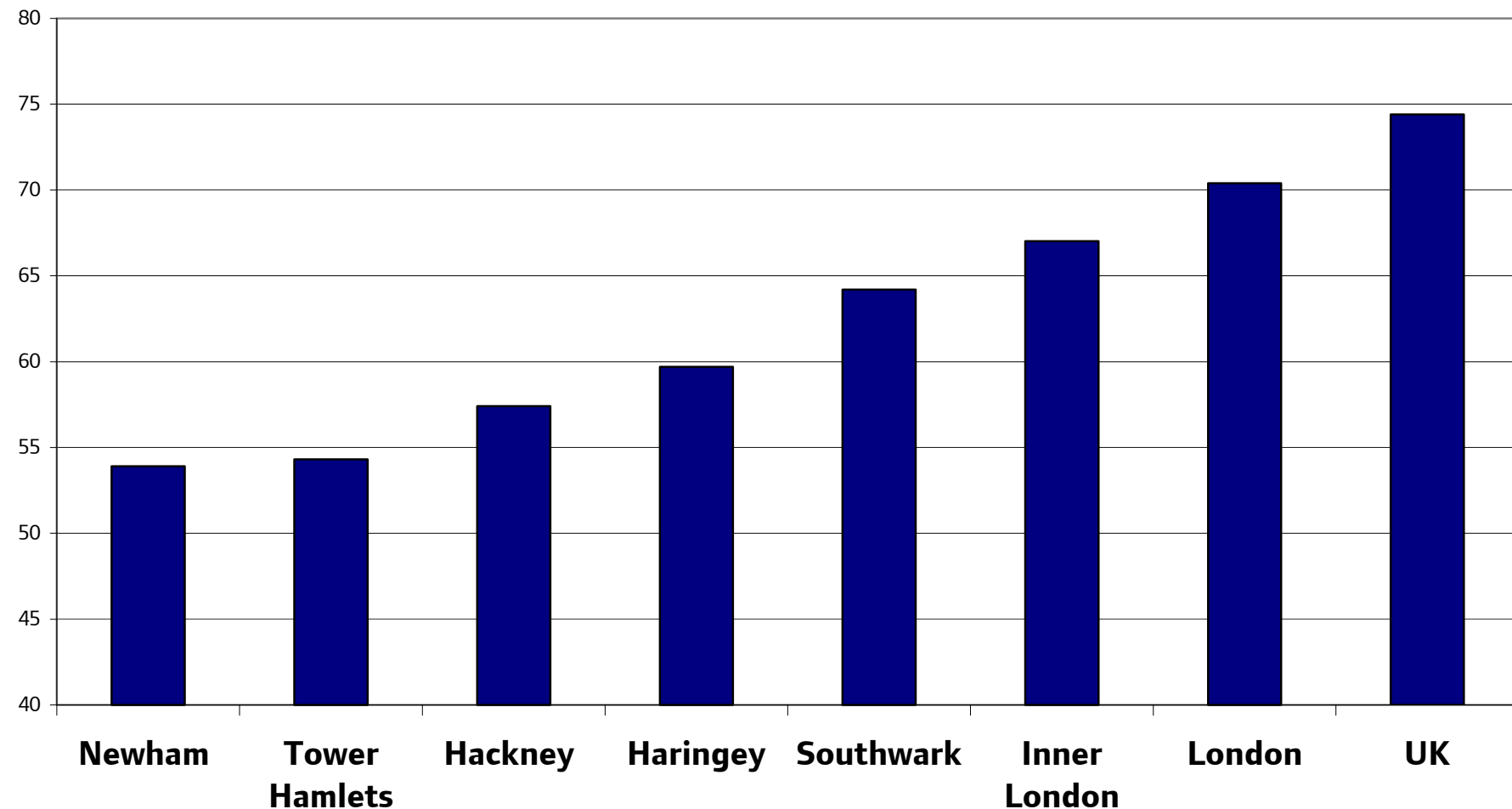
London - a long history of division

- 1889 Charles Booth – 31% of the population of London were poor.
- 1929 – 23% of the population of London were poor.
- 1996 – 30% of Londoners had household incomes no more than 140% of benefit scales.
- 2001/02 – 25% of Londoners had income below the 60% of median income poverty line.

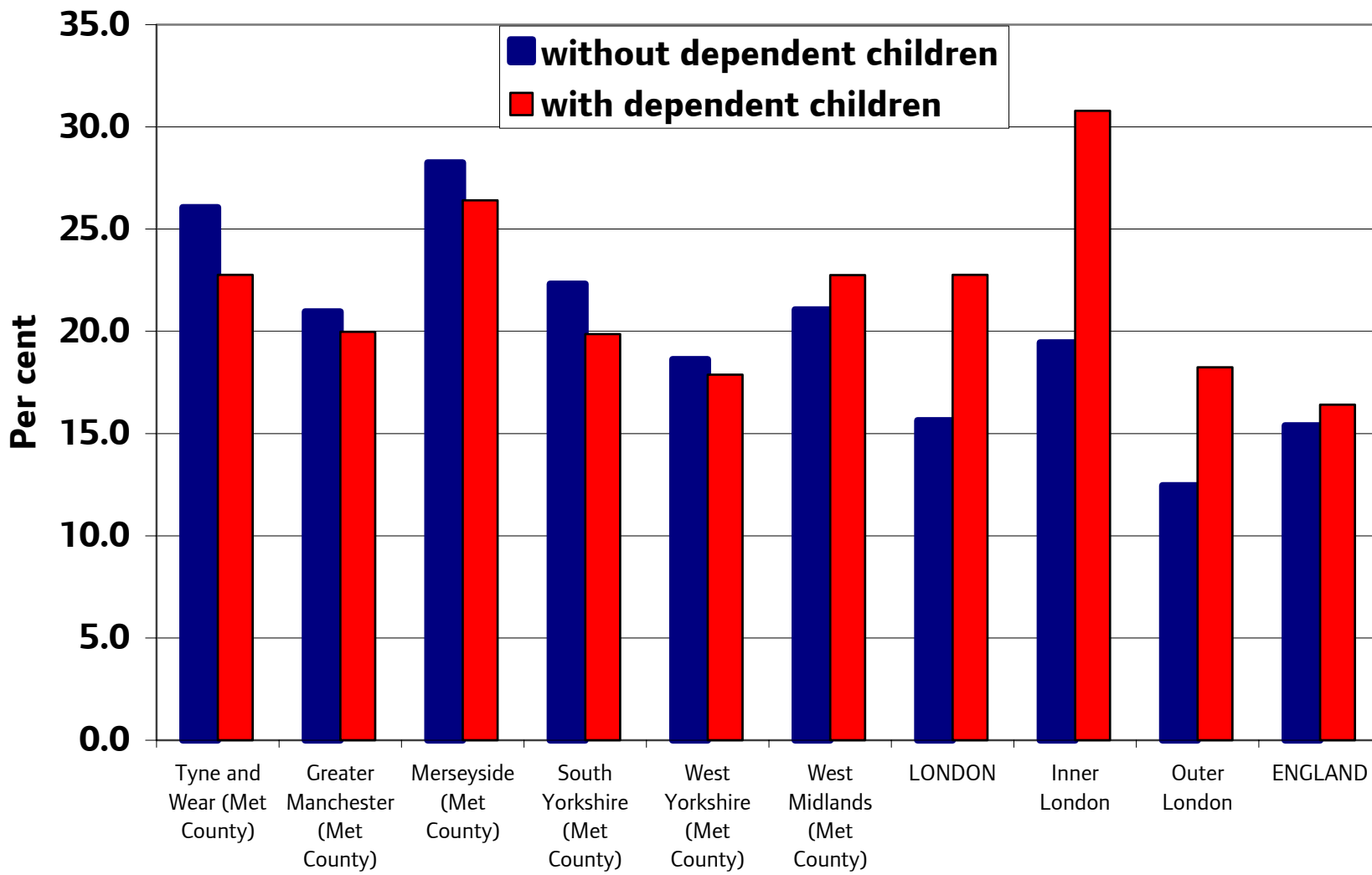
Child poverty in London



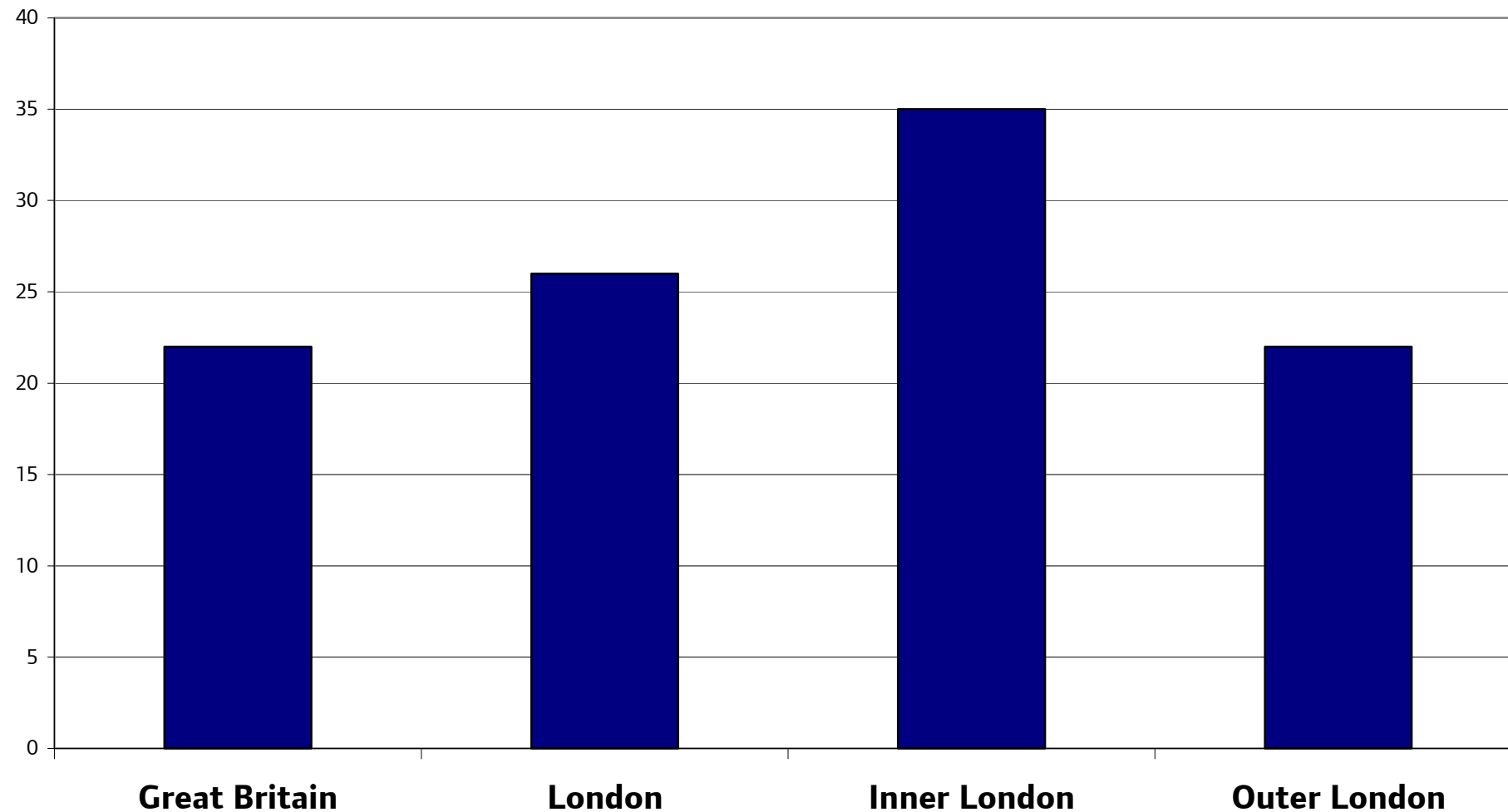
Working age employment rates 2001



Workless households excluding pensioner households



Pensioners with incomes below the poverty line in 2001/02



Work incentives are lower in London

Hourly rate required to make a full time employee £50 a week better off in work

	National	London
Lone parent, 2 children (high childcare costs)	£6.87	£10.49
Married couple, 2 children	£5.87	£8.49

New Deals are less effective in London

- eg the New Deal for Lone Parents (NDLP)
- Recent evaluation of NDLP revealed that London was the worst performing region with only 37.5% of leavers from the programme entering work compared to 58% in Wales.
- Multivariate analysis revealed a strong negative London effect on job entry rates from NDLP.