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BRIEFING

Completing the job

The pursuit of full employment

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Summary

The concept of ‘full employment’ – a mainstay of economic policy in the post-war years, but largely ignored in more recent decades – is rising up the political agenda once again. Politicians across the spectrum have argued for a renewed focus on the issue, and the newly published Welfare Reform and Work Bill seeks to introduce a statutory duty on the government to report progress against target.

While there is some consensus around the merits of pursuing full employment, there is no widely agreed definition of what constitutes ‘full’. Nor have we heard much on quite how any given target might be achieved. In this note – which marks the launch of a major piece of research on the topic which will conclude before the end of the year – we set out some early thoughts on the ‘what’ and ‘how’ of full employment.

With reference to a number of potential definitions we suggest, as a preliminary calculation, that there are upwards of 0.5 million unemployed who can be absorbed into work (‘near-slack’) along with somewhere in the region of one million who can be brought into the labour market (‘the missing workforce’) in our more deprived regions. Once we account for further economic expansion and population growth, this number more than matches the Chancellor’s ambition of two million by the end of the parliament.

Adopting an even more stretching target, which would make the UK a world leader on employment if realised, would require adding considerably more people to the workforce.

We note that any given aggregate target can perhaps best be pursued by identifying those groups that have the most room for employment expansion – including the young, those approaching retirement, single parents, black and minority ethnic individuals and those with ill health or a disability – and focusing policy intervention appropriately. Alongside a macroeconomic policy environment that helps to drive demand, we believe that it is important to build on the lessons of the successful policy intervention that has occurred in relation to employment among women in recent decades.

In doing so, government can help boost the living standards of the individuals targeted for support and spread significant gains to society as whole.

From laggard to leader: the UK’s employment turnaround

Over the course of the past two decades, the UK has undergone something of a turnaround in terms of its employment reputation. Having stood at just 69 per cent in the mid-1990s, the proportion of 16-64 year-olds in work now tops 73 per cent: a historic high. In total, there are around 5.5 million more people in work today than in the mid-1990s, an increase of 1.6 million even after accounting for population growth.^[1]

Having long been considered a relative laggard on employment, the UK is now third only to Germany and Japan within the G7. Looking more widely across Europe, only the Netherlands, Sweden and Denmark can be added to the list of countries outperforming the UK.^[2] And the contrast with recent trends in the US – a country once held up as a role model for high employment – is particularly stark. The change in the US’s employment rate since the mid-1990s is as disappointing as the UK’s is impressive, such that the 3 percentage point lead that the US once enjoyed is now a 4 percentage point deficit.^[3] Britain’s steady upward trajectory is not unique, but it is uncommonly good.

[1] These absolute totals include workers aged 65 and over. The employment rate among the 16+ population stands at 59.7 per cent, up from around 56 per cent in the mid-1990s.

[2] International comparisons are based on employment rates among the 15-64 year old population. When referring to UK data in this note we use the standard ONS figures, which are calculated with reference to the 16-64 year old population instead.

[3] A Corlett & P Gregg, [An Ocean Apart: the US-UK switch in employment and benefit receipt](#), Resolution Foundation, June 2015

If the UK's progress was *steady* before the financial crisis of 2008, it has been closer to *remarkable* in the period since. Given the depth and persistence of the downturn sparked by the crash, UK employment fell by much less than was expected. And the jobs recovery has proved extremely rapid. Set against the more traditional employment performance of most other advanced economies in this period, it's little wonder that many have looked on enviously at Britain's "jobs miracle".^[4]

From this relatively elevated position, new attention is being focused on the possibility of going further still and securing 'full' employment, with politicians across the spectrum talking up the idea of setting out a new ambition.^[5]

Indeed, the recently published *Welfare Reform and Work Bill* is designed to introduce a statutory duty on the government to report progress against the ambition of full employment. It's an admirable goal of course – who doesn't want full employment? But moving beyond warm-sounding words requires tackling a number of difficult questions. Not least, just what would such a target constitute? As the Bill recognises, there's no universally accepted definition:

The Secretary of State must lay a report before Parliament annually on the progress which has been made towards full employment, and the report must set out how the Secretary of State has interpreted "full employment" for these purposes.^[6]

Perhaps more nuanced is the question of trade-offs. Pushing employment ever higher is likely to drag down on the headline productivity rate – assuming that those not yet in the workforce are less productive on average than those who are. Likewise, a return to pre-crash norms of productivity growth, also a key objective of the Treasury, will mean slower employment growth unless the economy grows significantly faster than it has since 2012.

And of course, whatever the answers to these preceding questions, the key unknown is just how we make progress towards any stated ambition.

In this note we set out some preliminary thoughts on these questions – questions that we'll be tackling in much more detail in our major new project on full employment.

Defining full employment

Unlike most labour market measures such as 'unemployment', there is no standard definition of full employment.

It is a concept that was at its height in the decades following the Second World War, having first been floated by William Beveridge. He referred to it as representing 3 per cent unemployment "on average", though this was never officially adopted. Its only ever formal definition by a British government put it slightly lower, with the Labour Chancellor Hugh Gaitskell telling the UN in 1951 that it implied an unemployment level of 3 per cent "at the seasonal peak".^[7] That figure was related to claims for benefits rather than unemployment as we measure it today (as set by the ILO). It therefore can't be contrasted with today's headline rate of 5.6 per cent.^[8] More generally, given how much the labour market and methods of data collection have changed since the immediate post-war period, it is unrealistic to assume that we can simply revert to this old benchmark.

[4] Speech by D Cameron, "[David Cameron speech on the jobs miracle](#)", 17 April 2015

[5] See for example: "[George Osborne's 'fight for full employment' speech – full text](#)", *The Spectator*, 31 March 2014; "[Liam Byrne: Labour would aim for full employment](#)", *BBC News*, 17 May 2013; and "[Independence: SNP plan to create 200,000 new jobs](#)", *The Scotsman*, 12 August 2014

[6] [Welfare Reform and Work Bill](#), Bill 51, 2015-16

[7] N Timmins, *The five giants: A biography of the welfare state*, Fontana Press, 1995

[8] Bank of England, [Inflation Report](#), May 2015, p24

Some point to the non-accelerating inflation rate of unemployment, or NAIRU, as offering an alternative. However, this measure of ‘structural unemployment’ is quite different from the concept of ‘full employment’. The former measures the level of unemployment below which the labour market is thought to start making an inflationary contribution to the economy, while the latter is the point at which there is no excess unemployment. Full employment may well correspond to a level of unemployment that sits below the NAIRU, meaning that getting there will require efforts to lower the structural level of unemployment. That’s possible: for example, skill shortages can be eased such that unemployment can be driven lower before inflationary pressures build. But it might at least represent a constraint on how quickly any full employment goal can be approached – or even if it can be achieved at all.

NAIRU remains an extremely difficult thing to capture however. The OBR’s medium-term estimate puts it at 5.4 per cent, which would imply that we are already close to this structural limit.^[9] Looking over a longer horizon, the Bank of England estimates that the long-term unemployment equilibrium stands at around 5 per cent.^[10] Others think it sits lower still, and estimates move significantly over time. What’s clear is that there is substantial disagreement over quite where NAIRU lies and how to measure it in real time.^[11]

As well as being difficult to pinpoint, both the Beveridge and NAIRU measures suffer from a narrow focus on unemployment rather than employment. Because unemployment excludes the economically inactive (those who are neither in work, not actively seeking work) it’s quite possible to raise the employment rate without affecting the unemployment rate, simply by raising participation. Labour market flexibility, the cumulative impact of over a decade of welfare reforms, pension inadequacy and financial pressures linked to the wage squeeze and high household debt appear to have boosted participation in recent times, effectively increasing the elasticity of labour supply. With this in mind, it’s likely that we need new ways of thinking about full employment.

In this note we consider two broad approaches: matching the numbers of potential workers with the numbers of potential jobs; and targeting specific employment and unemployment benchmarks. The second of these approaches can be interpreted in three slightly different ways, meaning there are four potential ways a target level maybe set. We consider each in turn below.

2. Matching potential workers to openings

In the 1960s, full employment was sometimes described as occurring when there was **parity between the number of unemployed and the number of open vacancies**. In this scenario, there appears to be enough work for everyone who wants it: unemployment simply reflects a matching problem. That is, there is some barrier to matching people to jobs (a delay in linking workers to vacancies for instance) and/or mismatches between the skills the unemployed possess and those needed in the jobs available.

The poor quality of vacancies data meant this definition fell out of fashion, but subsequent improvements mean that this measure can now be stated with greater certainty. Figure 1 sets out data since 2001 and shows that there are currently around 2.5 unemployed people per vacancy, a little above the low of 2.2 in 2004. At its highest over the course of the downturn, it reached 5.9.

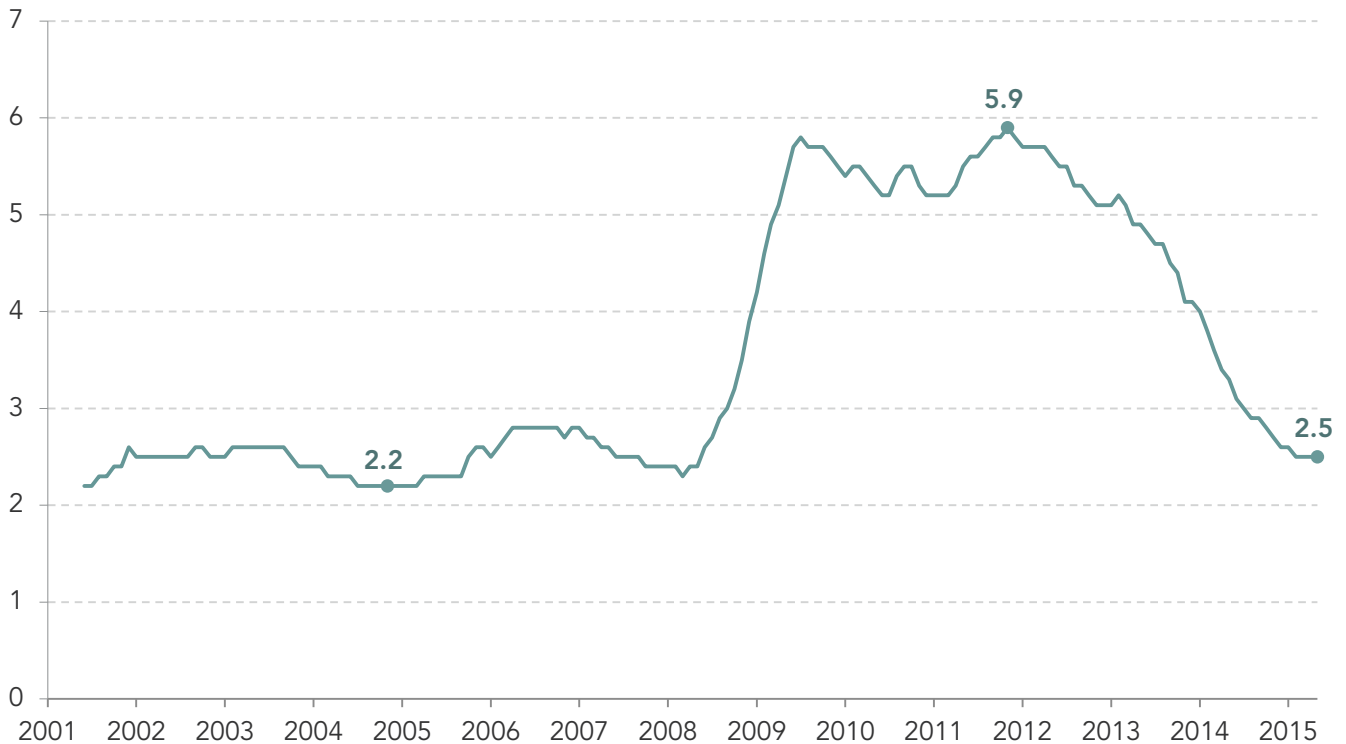
[9] OBR, *Economic and Fiscal Outlook*, July 2015, para 1.18

[10] Bank of England, *Inflation Report*, May 2015, p24

[11] For a discussion of the high level of uncertainty around NAIRU estimates, see D Staiger, J Stock & M Watson, “[How Precise are Estimates of the Natural Rate of Unemployment?](#)”, *Reducing Inflation: Motivation and Strategy*, NBER, 197

Figure 1:
Ratio of unemployment to vacancies: UK 2001-2015

Number of unemployed people per vacancy



Source: ONS, Labour Market Statistics, Table VACS01

There are currently 726,000 vacancies in the economy. Therefore, in static terms (with no population growth or change in labour market participation), **driving this ratio down so there is a one-to-one match between vacancies and unemployment would require a 1.1 million swing from one to the other.** We would need to see some combination of a reduction in unemployment and an increase in vacancies that equated to this figure.

To some extent, we can think of this goal as representing 'near slack'. That is, it involves better utilising those already in the labour market. But our ambition should be greater, so as to bring more individuals into the labour market in the first place by raising participation rates. As such, there is likely to be scope for still higher employment gains.

2. Employment benchmarks

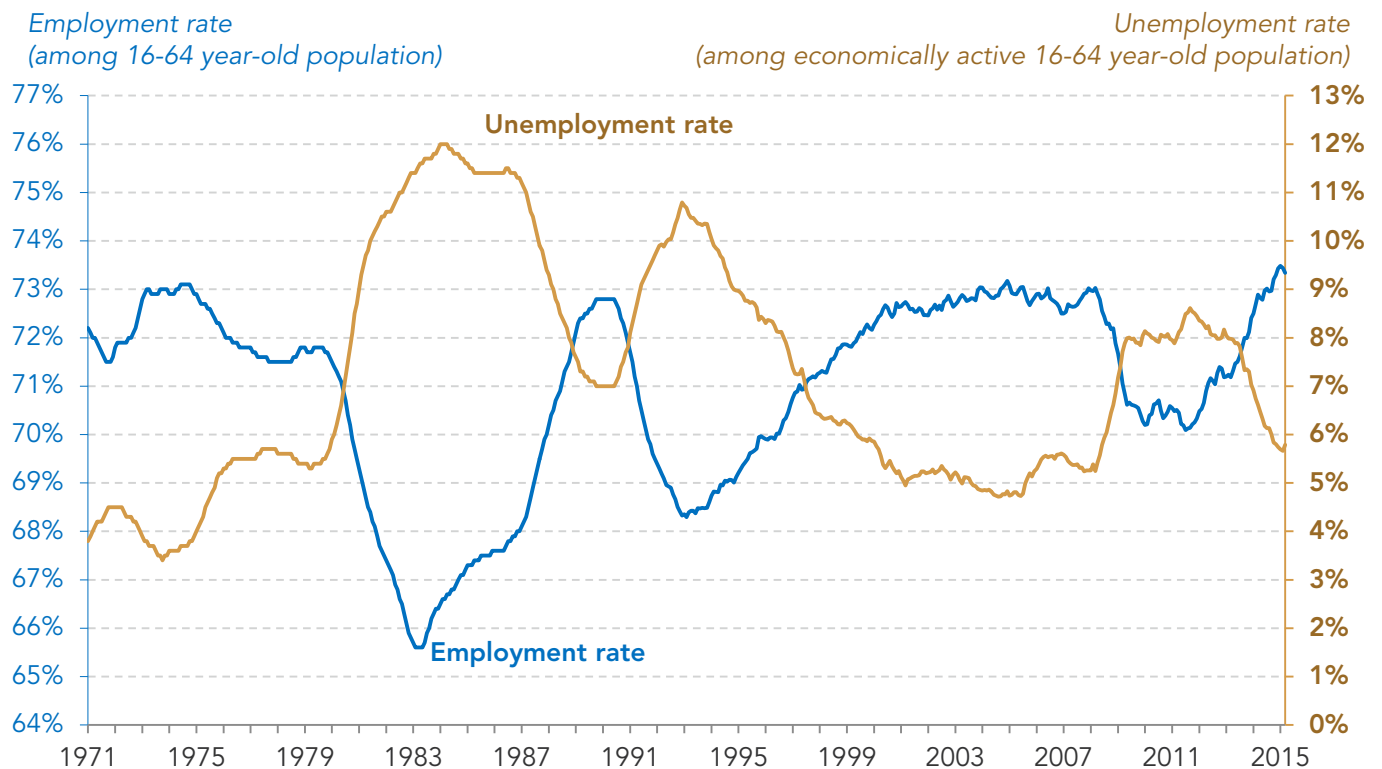
A second conceptual approach is to **set a target level of employment and/or unemployment that equates to full employment.** Unlike the equalisation of unemployment and vacancies however, there is no immediately obvious level to set as a benchmark. Instead, there are three obvious alternative ways of thinking about this which, together, might provide a useful range of potential targets.

2.1. Historic UK rates

The first benchmark involves reference to **historic levels within the UK.** However, this approach is made more difficult by the lack of consistent data. The last time the UK could realistically be said

to be at full employment was around 1968, but the ONS only provides directly comparable figures from 1971 (as shown in Figure 2). This approach is further complicated by the fundamental shift in demographics, life cycles and the labour market that has taken place over recent decades – particularly in relation to the participation of women and growth in student numbers.

Figure 2:
Employment and unemployment trends: UK 1971-2015



Source: ONS, Labour Market Statistics, Table 1

Given that the unemployment measure is less prone to changes in underlying demographics, this may provide a more useful counterpoint. The unemployment rate of around 4 per cent – last recorded in the early 1970s – is therefore perhaps the closest this approach can offer. Again on a static basis, **reaching this target would imply reducing unemployment by around 550,000**. As with the unemployment/vacancy ratio approach, this figure covers ‘near slack’ but takes no account of any potential increase in participation.

2.2. International benchmarks

The second option is to **identify international benchmarks**. Indeed, it was in these terms – having “more people working than any of the other countries in the G7 group” – that the Chancellor first presented his ambition for full employment.^[12]

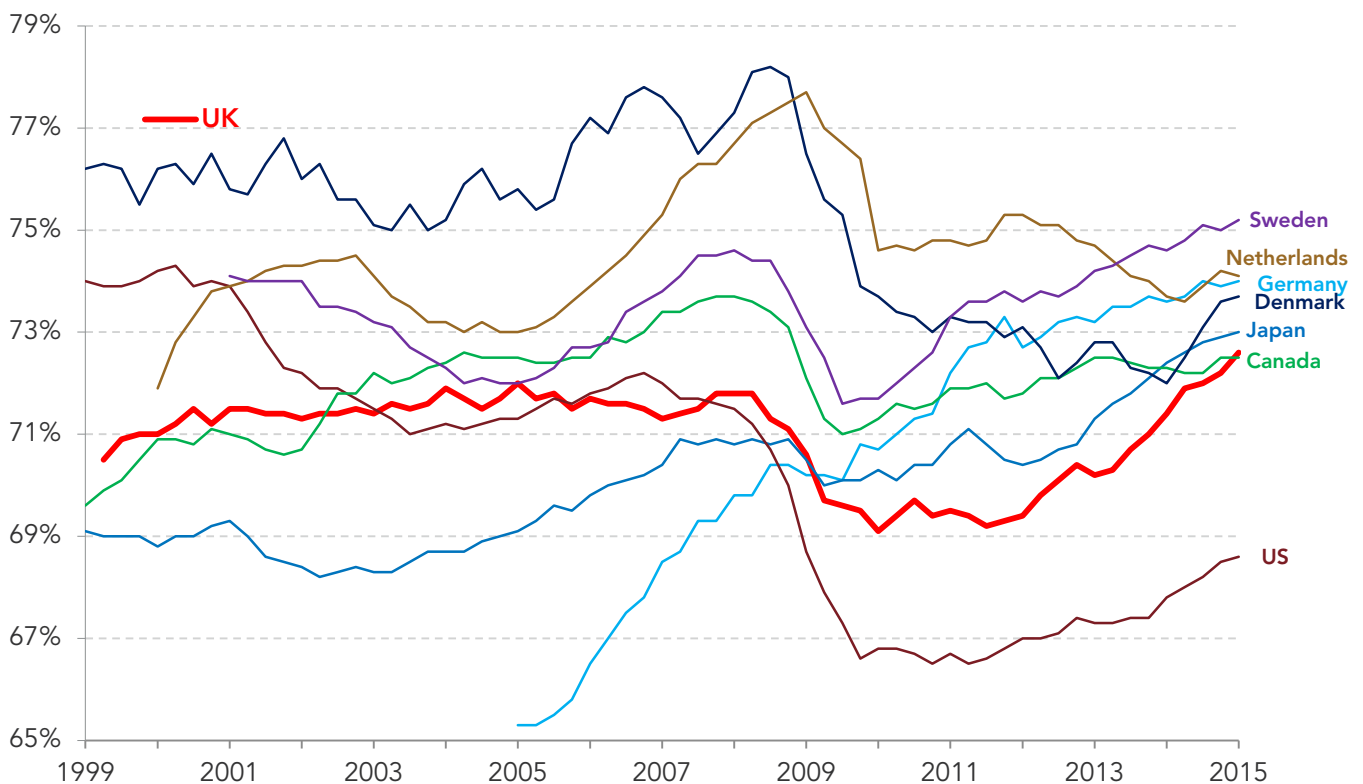
[12] [“George Osborne’s ‘fight for full employment’ speech – full text”, The Spectator, 31 March 2014](#)

Figure 3 sets out trends in selected countries and shows that, of those countries with higher employment rates than the UK,^[13] recent employment peaks have come at 73 per cent in Japan, 74 per cent in Germany and 75.2 per cent in Sweden (all post-crisis) and at 77.7 per cent in the Netherlands and 78.2 per cent in Denmark (both pre-crisis).

Figure 3:

Employment trends in selected countries

15-64 year-old employment rate (16-64 year-old employment rate in US)



Source: ONS, Labour Market Statistics, Table A10

Taking these 15-64 employment peaks as potential benchmarks, we might conclude that an employment rate approaching 78 per cent could serve as an 'upper bound' for what's possible – establishing the UK as a world leader (this would equate to around 79 per cent for the 16-64 age measure most commonly used in the UK). That would be **equivalent to raising employment by around 2.3 million**.

Similarly an unemployment rate of around 3.0 per cent is the best recently achieved in Europe prior to the crash. Meeting such a level would require **a static reduction in the number of unemployed by 900,000** which is clearly more stretching than the historic UK benchmark discussed above.

Useful though these benchmarks are, there is an inevitable arbitrariness around these targets along with important differences across countries in relation to demographic patterns and retirement ages. And using them as indicators of full employment of course assumes that these countries could themselves be described as being at full employment in these periods.

[13] Among 15-64 year-olds.

2.3. High employment region benchmarks

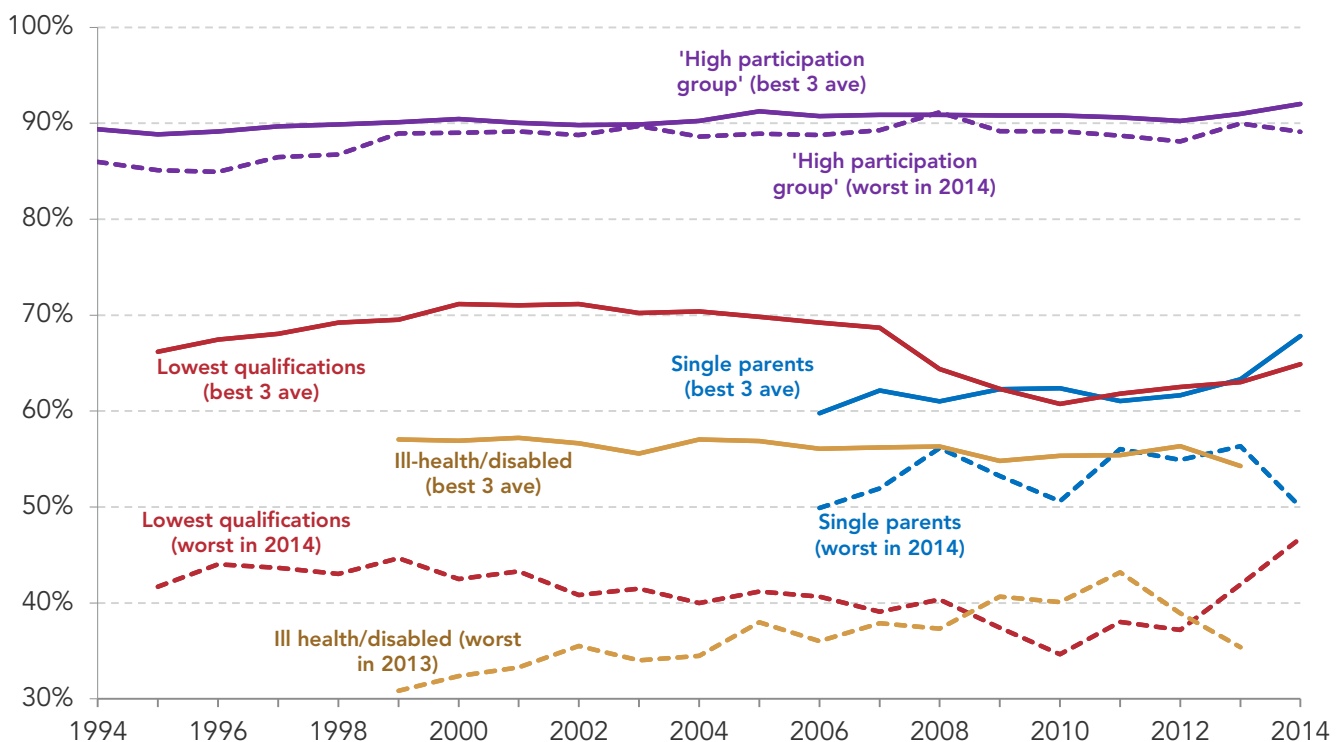
A final approach involves **using high employment parts of the country as a benchmark** for what full employment looks like. This offers a more useful insight in that it tells us more about what the ‘missing workforce’ looks like and hence possible policy priorities.

Across all areas of the UK,^[14] employment is high and stable (averaging 91 per cent in the period since 2000 and standing at around 92 per cent in 2014) among a ‘high participation’ group of workers, comprising prime age (30-49 year olds), highly educated (top one-third), non-single parent, non-health-limited, white individuals.

As Figure 4 shows, there is remarkable consistency in this measure across time. And there is very little difference between the top and lowest performing areas of the country. The spread in employment rates across the country in 2014 was just 3 percentage points. This consistency across time and geography suggests that members of this group are pretty much always and everywhere close to being fully employed.

Figure 4:
Employment rate variation among selected sub-groups of workers: UK

Employment rate (16-64 year-old population)



Note: 'Best 3 ave' measures the average employment rates in East of England, South East and South West. 'Worst in 2013/2014' varies by sub-group.

Source: RF analysis of Labour Force Survey

[14] In this exercise we use 20 areas: Tyne and Wear, Rest of North East, Greater Manchester, Merseyside, Rest of North West, South Yorkshire, West Yorkshire, Rest of Yorkshire & Humberside, East Midlands, West Midlands Metropolitan County, Rest of West Midlands, East of England, Inner London, Outer London, South East, South West, Wales, Strathclyde, Rest of Scotland and Northern Ireland.

Variations in employment rates over time and across the country are instead accounted for by differences among those who tend to be further away from the labour market (and frequently ‘inactive’ rather than unemployed) such as the young, those approaching retirement, single parents, black and minority ethnic adults, those with the lowest qualifications and those with long-term illnesses and disabilities. Figure 4 again makes this variability clear in relation to three of these groups.

The corollary is that achieving full employment involves bringing more members of these groups into work. There is clearly significant potential scope for closing regional gaps in performance among each sub-group:

- » 73 per cent of **50-64 year-olds** are employed in the top three areas, compared with a rate of 57 per cent in the Merseyside – a gap of 16 percentage points;
- » 71 per cent of **18-29 year-olds** are employed in the top three areas, compared with a rate of 57 per cent in the West Midlands Metropolitan County – a gap of 14 percentage points;
- » 68 per cent of **single parents** are employed in the top three areas, compared with a rate of 50 per cent in Northern Ireland – a gap of 18 percentage points;
- » 66 per cent of **black and minority ethnic adults** are employed in the top three areas, compared with a rate of 51 per cent in the North East (excluding Tyne and Wear) – a gap of 15 percentage points;
- » 65 per cent those with the **lowest levels of qualifications** are employed in the top three areas, compared with a rate of 47 per cent in Inner London – a gap of 18 percentage points; and
- » 54 per cent of those with **health issues or a disability** are employed in the top three areas, compared with a rate of 35 per cent in Merseyside (in 2013) – a gap of 19 percentage points.

Of course, narrowing these gaps so that rates for workers in the lower-employment parts of the UK match those in the high-employment areas will only go part way to closing overall regional employment variation. That’s because of compositional differences across areas, with the North East having a disproportionate number of adults with low qualifications for example. This means that ‘full employment’ could be consistent with the persistence of substantial gaps between the most prosperous parts of the country and the rest.

Nevertheless, **closing the regional gaps in participation among those who tend to be further away from the labour market would add in the region of 900,000 extra people to the workforce.** This would be on top of any reduction in unemployment achieved by tackling the ‘near slack’ discussed above, which will also be more prevalent among members of these groups.^[15]

Setting achievable targets

All of these approaches have something to offer, but clearly none is perfect. In assessing which combination might offer the best option, it is important to remind ourselves *why* we care about full employment.

It is not simply a vanity project, but rather it has the potential to deliver clear benefits both in terms of the living standards of those brought into the workforce and in terms of the extra power it provides to existing workers. Tight labour markets, in which employers must chase employees, have obvious advantages in terms of pay and worker rights. Indeed, recent research suggests that the relationship between *unemployment* and pay growth in the UK has changed over the last decade or so, such that we must now drive unemployment below its pre-crisis level (and

[15] Estimate based on regression modelling and involves raising participation rates among 18-29 year-olds, 50-64 year-olds, those with the lowest qualifications, single parents, disabled people and those with long-term illnesses, and black and minority ethnic people. Having increased participation, we then assume an unemployment rate of 3.5 per cent among those added to the economic active population.

therefore secure correspondingly higher levels of employment) in order to restore wage growth to its historic trend.^[16]

With this in mind, any target that stretches our employment ambition can play an important role. However, the fourth approach set out above offers some specific advantages. That's because it focuses on raising participation and employment rates among those sub-groups of workers with most room for expansion. It therefore has a much clearer read-through to policy – offering not just a macro-level target for employment, but clues as to which levers we might pull in order to reach that goal.

Adding 900,000 workers by raising labour force participation among the groups we identify to the levels recorded in the highest employment parts of the country would raise the UK's 16-64 employment rate above 75 per cent. Including gains associated with removing 'near slack'^[17] might boost employment by a total of around 1.5 million (equivalent to an employment rate of roughly 76 per cent). Such gains would mean that the UK's internationally comparable 15-64 rate would surpass Germany's existing level and would be approaching Sweden's.^[18]

This is a static estimate. As well as rising alongside population growth, the figure is likely to move upwards over time because even our high employment areas are unlikely to represent 'full' employment for these 'lower participation' groups. That is, the benchmark against which progress is measured is likely to prove to be a moving target. Even so eliminating these regional gaps in labour force participation is extremely challenging.

Achieving these gains would more than match the ambition outlined by the Chancellor in the Summer Budget. He specified the goal of creating 2 million new jobs by the end of the parliament, representing 1 million more than the OBR's projection for employment which was based primarily on expectations of population growth.^[19]

Thinking about the issue from the perspective of raising participation and employment rates among specific groups has the advantage of providing a stretching target, while also describing where policy attention should be focused in order to approach this goal.

The employment, productivity and pay trade-off

Uncontroversial though the aim of raising employment is, it is important to note the potential trade-offs associated with concerted action in this area and the UK's headline productivity measure. Sensitivity to such trade-offs are likely to be heightened given how disappointingly productivity (and pay) has performed since the financial crisis.

Prior to the crash, the UK mixed a good record on jobs with strong improvements in productivity. But productivity growth has stalled since 2007. Figure 5 shows that in the market sector (i.e. excluding the public sector), output per worker fell by 3.4 per cent between the end of 2007 and the start of 2015; measured in terms of output per hour worked the drop was 3.6 per cent.^[20] Relative to the trend rates of market sector productivity growth recorded between 1992 and 2007 (2.2 per cent per worker; 2.3 per cent per hour), the post-crisis collapse has left the two measures

[16] P Gregg, S Machin and M Fernandez-Salgado "The Squeeze On Real Wages – And What It Might Take To End It", *National Institute Economic Review*, Vol 228 No 1: R3-16, May 2014

[17] Here we use the 'near slack' figure of 555,000 derived from returning to the historic UK benchmark of 4 per cent unemployment. The figure would be higher if using the international benchmark of 3 per cent unemployment or if using the 1.1 million figure implied by the unemployment/vacancy ratio.

[18] These calculations assume that all 900,000 extra workers are aged 64 or younger.

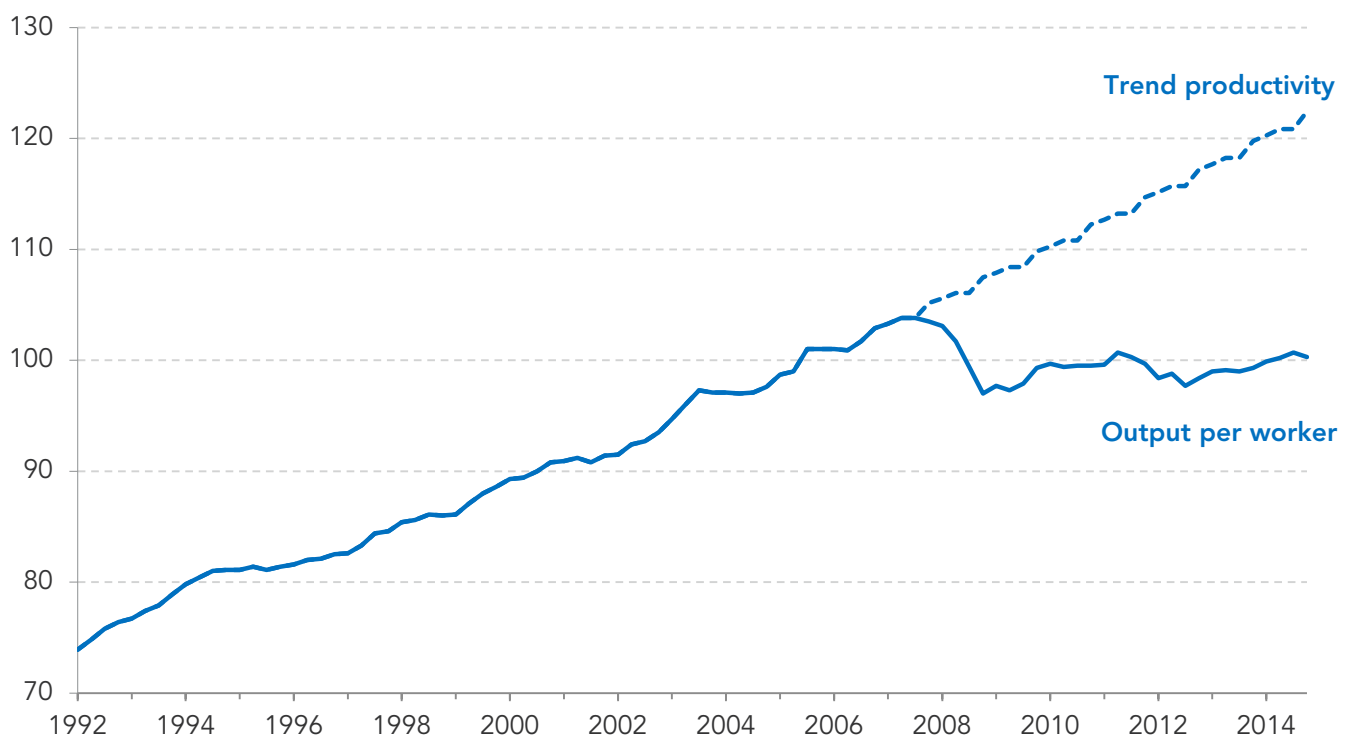
[19] "[Chancellor George Osborne's Summer 2015 speech](#)", HM Treasury, 8 July 2015

[20] ONS, [Productivity – Market sector productivity dataset](#)

some 18 per cent lower than they otherwise would have been. This has occurred despite huge increases in educational attainment in the workforce over the period. Britain is producing more, but with much lower levels of efficiency in the labour market.

Figure 5:
Productivity trends: UK 1992-2015

Index of output per worker: market sector (2011 = 100)



Source: ONS, Output per worker: GYY4

This has in turn been reflected in pay. After adjusting for inflation (CPI), median hourly pay fell by 8.3 per cent between 2008 and 2014. The drop was bigger still among men (10 per cent), those aged 22-29 (12.6 per cent) and those in caring and leisure occupations (10.8 per cent). The more timely 'average weekly earnings' measure has been growing above trend over the first half of 2015 (thanks in no small part to ultra-low inflation), but it remains around 6 per cent lower than it was in 2008 and is unlikely to return to the pre-crisis level much before the end of the decade.

So Britain's jobs success since the crisis has been the flipside of its productivity and wages failure. As such, there have been many questions raised over the quality of the jobs being created in recent years and the distribution of opportunities across different groups.^[21]

With wages now rising, we might expect firms to once more invest in ways to reduce their labour costs, meaning productivity growth should re-start. This may become more marked in reaction to the announcement in the Summer Budget of the introduction of a new 'National Living Wage' which will act as a minimum wage premium for those aged 25 and over from April 2016.

[21] C Giles, "The dark underbelly of Britain's jobs miracle", *Financial Times*, 11 March 2015

The Governor of the Bank of England has already indicated that he would expect a “modest” improvement in productivity as a result.^[22]

Crucial though such restoration of productivity growth will be for pay, it will of course limit the scope for further rapid employment gains (in the absence of an increase in the pace of economic growth). To some degree firms will be starting to meet demand by improvements in efficiency rather than new hires. Indeed, in relation to the new National Living Wage, the OBR has projected a direct reduction in employment of some 60,000 (and a total reduction in hours of 0.4 per cent, or almost 4 million a week) which will make progress against full employment goals that much harder.^[23] However, while there is a short run trade-off between jobs and productivity, having more people in work will mean the potential for economic growth in the longer-term will also be rising.

Just as rising productivity might slow employment growth, so we should recognise that rising employment might pull down on the headline measure of productivity. That would be the case if the productivity of those still to enter employment is lower on average than the productivity of the existing workforce. Consideration of differences in average pay between those who are in work and share the characteristics of those among whom we wish to boost employment rates (such as the young, the lower-qualified and those with health limitations) and the overall average imply that there might indeed be a difference in productivity.

By way of illustration, assume a focused drive on employment adds 900,000 new workers who each produce nine-tenths^[24] as much output as the existing workforce. **This would raise the UK’s economic output by around 3 per cent (or £44 billion of gross value added) but would reduce the headline productivity measure by 0.3 per cent.**

Yet this employment-productivity trade-off does not mean that we should give up on the idea of raising labour market efficiency. We should aim to boost individual-level productivity – both for existing workers and, over time, for new entrants. In interpreting economic data however, it will be important to recognise that such a trade-off might exist at least in the short-term.

Targeting full employment – pulling the right levers

Of course, the necessary pre-condition for moving towards full employment is economic growth. Pursuing ambitious employment targets requires, as a minimum, the development of policies designed to drive aggregate demand. While necessary however, favourable macroeconomic conditions alone are unlikely to be sufficient to secure full employment. Indeed, it’s noticeable that the UK’s impressive pace of employment growth has slowed – and even reversed slightly – in recent months, even as economic output continues to expand.

To the extent that rising employment and associated pay encourages labour force participation, so it can be self-perpetuating. However, engaging with groups who are typically further away from the labour market – the young, low-skilled, single parents, black and ethnic minorities and those with disabilities and long-term illness – is likely to require more proactive attention.

For clues as to what form such action might take, we can look at the policy successes of recent decades. Much of the UK’s labour market progress in this period has been driven by improvements in female participation and employment, with maternity policies (such as the right to return to work and the right to request flexible working), public services (such as childcare) and the incentives provided by the tax and benefit system (particularly tax credits and activation)

[22] [“‘National Living Wage’ will boost productivity – Mark Carney”](#), Politics Home, 14 July 2015

[23] OBR, [Economic and Fiscal Outlook](#), July 2015, Annex B

[24] We use this estimate to reflect the fact that average pay among workers who *don’t* match the characteristics of the ‘high-participation’ group is roughly 90 per cent of the overall average (based on estimates using *Labour Force Survey*), which we can take as a loose proxy for their relative productivity.

welfare policies) all appearing to have played a part. These policies seem not just to have boosted initial labour market engagement, but also to have helped maintain attachment during periods out of work, such as motherhood or ill health.

Importantly, this maternity agenda was successful because it drew attention to the costs of lower female employment: not just to women and their families but also to firms and society in terms of the huge waste of productive potential it represented. A similar case must now be made in relation to other groups. While the challenges of raising employment among those with disabilities or low levels of qualifications, for example, will be very different, the potentially radical policy responses required will no doubt meet with similar levels of resistance in some quarters – such as among some within the business community – as was once the case in relation to women.

And the pursuit of higher employment rates must remain sensitive to the *quality* of work – as measured both by pay and by job satisfaction. The extent to which insecurity in work has grown in recent years may have been overdone, but there are specific issues related to underemployment, self-employment and the rise of zero-hours contracts which mean that it would be a mistake to adopt too narrow a focus on ‘employment at all costs’.^[25]

But, if done right, using combinations of financial incentives, employment legislation, practical support and public services to make progress towards an ambitious full employment target has the potential to deliver substantial gains for the country as whole.

Our project

Full employment and the policy reform required to improve opportunities for groups who typically have lower levels of participation in the labour market are likely to be easy goals to support – who doesn’t want more people in work? But the practical steps required are far from clear. That’s why we’re launching a major new project focusing on these questions. We’ll seek to understand just what barriers are faced by different groups and the extent to which we might expect employment to follow economic growth and the extent to which it needs a more interventionist impetus.

We’ll present some of our early findings at the project launch event on 20 July, looking in particular at trends in job security, stability and productivity. By the end of the year, we hope to have built a clearer idea of what we mean by ‘full employment’ and delivered practical proposals for securing such an outcome.

[25] See L Gardiner & P Gregg, *A steady job? The UK’s record on labour market security and stability since the millennium*, Resolution Foundation, forthcoming

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