

UK: Employment growth at the expense of pay and job security

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A study by the think tank Resolution Foundation (RF) has issued a sober corrective to the frequent and glowing accounts in the bourgeois media of Britain's "booming" jobs market and "record" employment rates.

According to the report, titled "Setting the Record Straight," while employment rates have been steadily rising since the 2008 global financial crash, this increase has gone hand in glove with growing levels of job insecurity and stagnant pay.

A decade on from the 2008 crisis, while the employment rate is 2.8 percentage points higher than pre-crash levels, and 2.7 million more people in the UK are in work, 1.9 million of them (two-thirds) are insecurely employed.

The rise in insecure, or "atypical," employment—defined in the study as self-employment, part-time work, temporary work, agency work and zero-hours contracts—has been particularly severe among young people between the ages of 18 and 29 years. For this demographic, the growth of these insecure forms of employment has been 50 percent faster than for the rest of the population.

The study found that atypical forms of work saw a rapid expansion in the immediate aftermath of the 2008 crash and were particularly concentrated in some sectors of the economy, such as hospitality, health and social work. In recent times, the hospitality sector has virtually become a byword for insecure and highly exploitative forms of work, with many workers in this sector on minimum wage and zero-hour contracts with next to no working rights.

As well as young people, the rise in insecure employment has hit other population groups particularly hard, including single parents, people with disabilities and workers with low-level qualifications.

According to RF's research, 56 percent of single parents were in atypical employment in 2018 as well as 48 percent of those with disabilities and 45 percent of people out of the third of workers with the lowest level qualifications. Women, ethnic minorities and those born outside the UK also had above-average rates of atypical work.

While over the last year, all jobs growth has occurred in full-time positions, there are still 780,000 people on zero-hour contracts in Britain, 950,000 agency workers and one in seven workers are now self-employed. All these figures are significantly above those of the pre-crisis period.

This sharp increase in atypical work is not just a result of the 2008 crisis, the RF research found, but forms part of a pattern of attacks on and casualisation of employment dating back to at least 2001. Self-employment has risen from 11.9 percent of all employment in 2001 to 14.7 percent in 2018. More than half (1.7 percent) of this 2.8 percentage point increase occurred after 2008.

While self-employment is often celebrated by the ruling elite as a result of a desire among workers to "be their own boss," the reality is much different. The rise in self-employment is not driven by an "entrepreneurial spirit" but rather its opposite: the lack of full-time employment offering adequate income and pensions.

Businesses often classify workers who are, to all intents and purposes, full or part-time employees as self-employed so they can avoid paying sick pay, holiday pay and pensions. Self-employed workers also have far fewer employment rights than employees. In fact, as numerous studies have shown, many "self-employed" workers earn less than a full-time employee on the living wage and poverty rates have been steadily rising within this group.

Low rates of pay are not made up for by pensions, savings or investments, with 64 percent of low-paid self-employed workers having none compared to 36 percent of low-paid employees. Figures from HM Revenue and Customs showed that 80 percent of the UK's self-employed workforce was living in poverty in the year 2012-2013.

In line with the rise in atypical employment, full-time work saw a fall from 65.2 percent of total employment in 2001 to 63.2 percent today. Yet while rates of full-time, "typical" employment have fallen, the average number of hours worked by employees has actually risen.

Since the early 19th century, there has been a steady decline in average hours worked outside of wartime, with average hours declining by roughly 12 minutes a year between World War II and the 2008 financial crisis. Yet in the decade since the crash, this trend has been reversed, with average hours actually rising by an average of two extra minutes a week for the first time in nearly two centuries.

The RF research explains that many people are having to work longer hours to compensate for a loss of earnings power and a decrease in other sources of income. Since the financial crash, it notes, real earnings have stagnated or declined, while at the same time working-age welfare spending has seen a significant reduction.

In fact, despite the growth in employment and hours worked, the brutal attacks on workers' pay in the last decade have led to a situation where real average earnings are still £470 lower than they were before the crisis, according to RF.

The increased rates of insecure working and poor pay have meant that the rise in employment has coincided with a large growth of in-work poverty. After factoring in housing costs, the proportion of households in poverty has remained roughly steady over the last 10 years, at an already shockingly high 22 percent of the population. However, the past decade has seen a massive increase in the proportion of these households where someone is in work. While before the 2008 crash, out-of-work poverty was far more common than in-work poverty, today the "working poor" make up roughly half of all households in poverty.

Low pay is particularly common amongst those in atypical, insecure work. Average pay is far lower

among atypical workers, with the average atypical worker in 2018 earning £9.20 an hour, compared to £12.80 for full-time employees. Even after accounting for personal and job characteristics such as occupation, industry, education level and age, atypical workers still face a "pay penalty." For temporary workers, this penalty is 66 pence per hour (a 6 percent reduction), with zero-hour workers and part-time workers also facing pay penalties of 45 pence (-5 percent) and 29 pence per hour (-3 percent) respectively.

The report also lays out the geographic and demographic spread of the new employment, noting that many of the new jobs have gone to those in the lowest income brackets and that employment rate increases had happened across the country, not just in London and the South East as in commonly thought. The largest improvement in employment rates was seen in two de-industrialised and poverty-stricken areas of the country. In South Yorkshire, there was a 6.5 percentage point increase in the 18- to 69-year-old employment rate, with the second largest being Merseyside (6.4 percentage points).

Commenting on the report, Stephen Clarke, senior economic analyst at the Resolution Foundation, said, "While the jobs surge has not been as dominated by London or low paid work as some claim, new challenges have developed—particularly for younger workers and with a big rise in insecure work.

"And while more people are working," he explained, "as a country we are still earning less each week for doing so than we were 10 years ago."

The collapse in living standards, pay and job security is the conscious product of a social counterrevolution being implemented by the UK and global ruling class, which has been rolled out by governments of every political stripe. Wages and working conditions have been slashed in order to ensure that the capitalist class continues to rake in massive profits at the expense of the working class.



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