

Recession and unemployment

Leon Goberman

The recession has caused unemployment to rise in all constituencies, but this increase has not been distributed equally.

From the second quarter of 2008, the UK economy shrank at a speed not seen since the 1930s. This caused unemployment to quickly increase in every Welsh constituency. Some constituencies with initially low levels have seen unemployment double. At the same time, some constituencies with relatively high levels of unemployment prior to the recession have seen large additional increases.

Recent history tells us that the impact of recessions on unemployment in Wales tends to be long-lasting. After the recession of 1979–81, claimant count unemployment did not return to 1979 levels before the next downturn in 1990. After the recession of 1990–91, it took more than six years for the count to drop below 1990 levels.

Measuring unemployment

The claimant count records people in receipt of Jobseekers Allowance (JSA). These are the most timely and detailed figures available at a constituency level.

The official International Labour Organisation (ILO) measure of unemployment is broadly based on the number of people who do not have a job, but are looking for one. This gives a more rounded picture of unemployment levels than the claimant count, as many unemployed people do not receive JSA.

However, ILO unemployment is not available in the same detail as claimant count.

What impact has the recession had on claimant count in Wales?

In May 2008, 40,936 people were claiming JSA. However, by January 2010, the claimant count had more than doubled to reach 83,174 people. This rapid rate of increase was broadly similar to that of the United Kingdom as a whole.

The count has since fluctuated. In March 2011, it stood at 74,850 people.

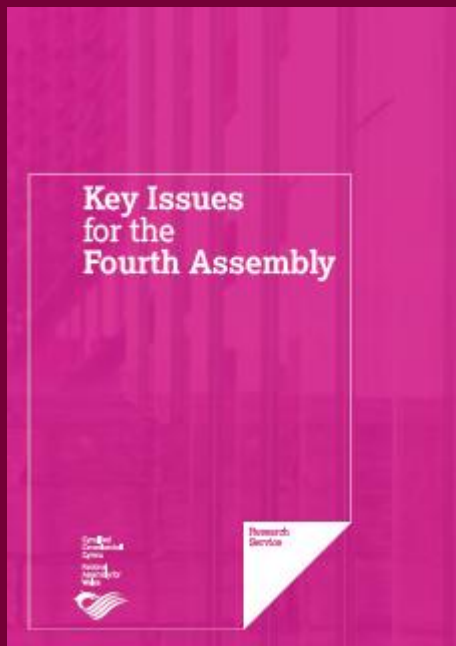
Which constituencies have been the most affected?

In March 2011, the constituencies with the highest rates of claimant count were Blaenau Gwent (6.7 per cent of the resident population aged between 16 and 64), Merthyr Tydfil and Rhymney (6.1 per cent) and Cardiff South and Penarth (5.6 per cent).

However, the greatest percentage point increases in claimant count rates since May 2008 have been in Cardiff South and Penarth (2.9 percentage points), Cardiff West (2.6 percentage points) and Cynon Valley (2.5 percentage points). The claimant count rate has doubled, or more than doubled, in twelve constituencies. All other constituencies have seen increases of at least 45 per cent.

The absolute increase in claimant count since May 2008 has been unevenly distributed throughout Wales. The most affected constituencies on this basis have been Cardiff South and Penarth (+ 1,894 people), Cardiff West (+ 1,444 people) and Newport West (+ 1,301 people).

Article taken from Research Service publication



Key Issues for the Fourth Assembly

This document has been specially prepared for Assembly Members by the Research Service. It sets out some of the key issues likely to matter to Members during the Fourth Assembly.

[Key Issues for the Fourth Assembly](#)

For more publications from the Research Service, see **our pages on the Assembly website:**
www.assemblywales.org/bus-assembly-publications-research.htm

Research Service
National Assembly for Wales
Cardiff Bay
CF99 1NA

Email: **Research.Service@wales.gov.uk**

Twitter: **[@NAWResearch](https://twitter.com/NAWResearch)**