

The costs of unemployment: a TUC briefing to mark the European Year for Combating Poverty and Social Exclusion

The European Year

2010 is the European Year for Combating Poverty and Social Exclusion, when the European Union is encouraging everyone to participate in the fight against poverty and social exclusion. The UK has a National Programme for 2010, which takes seriously the part unions can play in developing and delivering an answer to poverty and social exclusion. The TUC fully supports the European Year and the UK's National Programme; this briefing is designed to help achieve one of the Programme's aims: raising awareness of the causes and consequences of poverty and social exclusion. Unemployment is a major cause of poverty, it is a perennial trade union concern and the current global recession makes it a particularly relevant subject for a TUC briefing.

Introduction

In June 2009, Christelle Pardo, pregnant and with her five-month-old baby in her arms, jumped to her death from the balcony of her sister's flat in Hackney. Her Jobseeker's Allowance had been stopped because of her pregnancy and this meant that she also lost her Housing Benefit: the local authority was demanding that she return £200 in overpaid HB. She had been turned down for other benefits – her appeals had been turned down twice; her last call to the DWP was made just the day before her suicide. Ms Pardo died almost immediately, her son later that day.¹

In November, a survey for the homelessness charity St. Mungo's found that 29 per cent of employed and self-employed adults were 'very' or 'fairly' concerned about becoming unemployed in the next 12 months.² In workplaces across the country, employees who complain about their jobs are berated with the reminder that two and a half million people could take their jobs.

There are costs to unemployment. Some are paid by individuals like Christelle Pardo, some by workers facing a working life that is more insecure and stressful because of unemployment. Employees in every industry pay the cost as their pay and terms and conditions are undermined by the threat of unemployment. The whole of society eventually pays for higher levels of poverty and inequality, health, strained family life and increases in social problems. This briefing takes a detailed look at these costs.

Poverty

Unemployment is a major risk factor for poverty. Working-age people in workless households are more than twice as likely to be poor³ as those in households where some of the adults are in work. They in turn are more than three times as likely to be poor as those in households where all the adults are in work.⁴

Proportion of working-age adults who are poor, by economic status of household,	⁵ UK, 2007 -8
Number in that type of household (millions)	Proportion who are poor (%)

All adults in work	22.3	6
At least one adult in work, but not all	9.3	21
Workless households	4.4	55
Total/average	35.9	15

Now, there are different reasons for worklessness: in addition to being unemployed, people can be out of the labour force because they are caring for someone or have a disability, for instance. Unemployed people face a high risk of poverty even when compared with other workless people. If we look at the economic status of families, we can see that adults in workless families have a greater risk of poverty than those in any other families and that those in families where one or more people are unemployed have a greater risk of poverty than those in other workless families:

Proportion of working age adults who are poor, by economic status of family, UK, 2007	Number in that type of family (millions)	Proportion who are poor (%)
One or more full-time self-employed	3.9	18
Single/couple all in full-time work	12.6	2
Couple, one full-time, one part-time work	5.3	3
Couple, one full-time work, one not working	4.4	14
No full-time, one or more in part-time work	3.4	27
Workless, one or more aged 60 or over	0.9	37
Workless, one or more unemployed	1.2	64
Workless, other inactive	4.1	43
Total/average	35.9	15

64% of the working age adults in families where one or more of the adults are unemployed are poor. This is a very high proportion, as we can see if we compare it with other groups with high risks of poverty:

- Pakistani and Bangladeshi families – 50%
- Children of lone parents (all types of economic status) – 36%
- People with no qualifications – 32%
- One or more disabled adult, plus one or more disabled child – 30%

Unemployment has implications for the Government's objective of ending child poverty, as children in workless families are far more likely to be poor:

Proportion of children who are poor, by economic status and family type, UK, 2007	Number in that type of family (millions)	Proportion who are poor (%)
Lone parents:	3.1	36
<i>In full-time work</i>	0.7	10
<i>In part-time work</i>	0.9	22
<i>Not working</i>	1.6	55
Couples with children:	9.8	18

<i>Self-employed</i>	1.6	23
<i>Bothinfull -timework</i>	1.7	2
<i>Oneinfull -timework, oneinpart -timework</i>	2.9	4
<i>Oneinfull -timework,onenotworking</i>	2.3	18
<i>Oneormoreinpart -timework</i>	0.6	54
<i>Bothnotinwork</i>	0.8	68
Total/average	12.8	23

In measuring child poverty, the government also uses a measure of "low income and material deprivation",⁸ and again unemployed people's children are more likely to be deprived than any other group:

Proportion of children who live in families facing low income and material deprivation, by economic status and family type, UK, 07 -08

	Proportion that is deprived (%)
Lone parents:	37
<i>Infull -timework</i>	7
<i>Inpart -timework</i>	21
<i>Notworking</i>	58
Couples with children:	11
<i>Self-employed</i>	7
<i>Bothinfull -timework</i>	1
<i>Oneinfull -timework, oneinpart -timework</i>	2
<i>Oneinfull -timework, onenotworking</i>	13
<i>Oneormoreinpart -timework</i>	31
<i>Bothnotinwork</i>	51
Average	23

It is too early to say what the impact of long-term unemployment has been in the current recession, but previous research strongly suggests that unemployment grinds away at a family's resources. Case study research⁹ into unemployed families during the 1980s recession found that nearly all the families had had a lower standard of living in unemployment than when they had been employed and many "described what they saw as a continuing decline, at least for the first two or three years of unemployment, until they hit 'rock bottom.'" Debt was a major problem for families in long-term unemployment, and more and more important as resources were used up: savings, loans, sale of goods, help from family and friends. The Office of Population Censuses and Surveys carried out a major study of *Living Standards During Unemployment (OPCS)*,¹⁰ also during the 80s recession in the UK. Based on interviews with 3000 families, OPCS looked at their position when they entered unemployment and compared this with the position of those who were still unemployed 15 months later. They found that most unemployed families saw their living standards deteriorate rapidly:

- The proportion of houses in good repair dropped from 54% to 44%;
- Families ate a third less meat and 40% ate less fruit;
- 60% of families ate out less often; and
- Families substantially reduced their stocks of clothing.

A survey of long-term unemployment in 1980-1 carried out by the Policy Studies Institute found that long-term unemployed people incur debt to pay for necessities:

Those borrowing money during unemployment

	Men	Women
Topay heating/fuel bills	30%	22%
Own/spouse's clothes/shoes	22%	42%
Food	21%	19%

29% of those with children borrowed money to pay for their children's clothes or shoes compared with 13% who did not pay for their own clothes or shoes.¹¹

Homelessness, evictions and repossessions

There are patches of good news in the data about the impact of the current recession. There has, for instance, been very little evidence so far of an increase in homelessness due to the current recession. In fact, the local authority statistics show a long-term trend for a substantial reduction in both the number of households accepted as homeless and in the proportion of households thus being accepted:

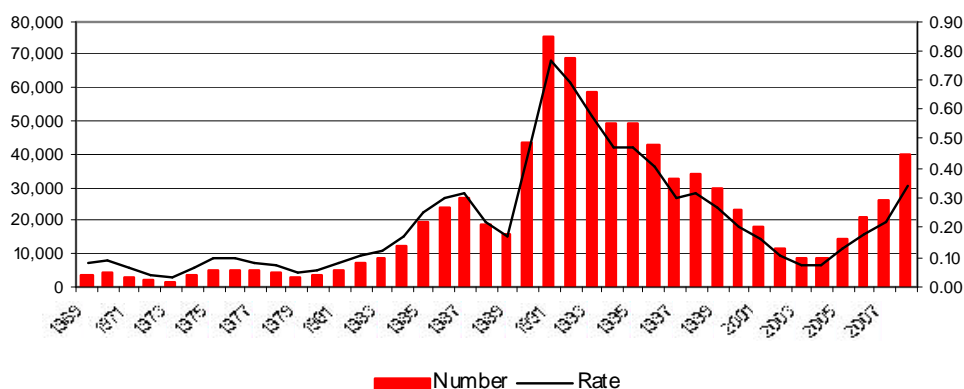
Number of households accepted as homeless by local authorities and acceptance rate per 1,000 households, England, 2000/1 – 2008/9 12

	Number	Rate
2000/01	114,670	5.7
2001/02	116,660	5.7
2002/03	128,540	6.2
2003/04	135,430	6.5
2004/05	120,860	5.7
2005/06	93,980	4.5
2006/07	73,360	3.5
2007/08	63,170	3.0
2008/09	53,430	2.5

These statistics may reflect the impact of local authority targets to reduce the numbers of people formally accepted as homeless. Alternatively, they may be failing to pick up some instances of homelessness; in October, the Association of Directors of Adult Social Services reported that nearly 40% of their members had reported higher levels of homelessness and use of temporary accommodation in the year to September, with 85% indicating that levels had increased in the previous 6 months.¹³

In 2008, there was a substantial increase in the number of repossessions, rising to 40,000 from 26,200 in 2007; as a proportion of all mortgages, this was an increase from 0.22% to 0.34%.¹⁴ To what extent is this linked to rising unemployment? On the one hand, there has been a strong association between repossessions and previous recessions; on the other, the latest figures continue a trend that began in 2004, well before the current recession began:

Propertiestakenintopossession,1969 - 2008



Although the number of repossessions and other mortgage problems has increased it is also true that these problems have not yet reached the levels seen in the 1990s recession. The Department for Communities and Local Government has pointed out that, in 1991, repossessions accounted for 0.77% of all mortgages – compared with 0.43% in 2009. In addition: ¹⁵

- In 1992, there were 352,000 households with arrears of more than 6 months.
 - In the second quarter of 2009, this figure was 154,000.
- In 1993, 16% of mortgage holders – between 1.5 and 1.7 million – were in negative equity.
 - In the first quarter of 2009, 8% of mortgage holders – between 0.7 and 1.1 million – were in negative equity.
- In the first quarter of 1992, there were 37,000 new cases of statutory homelessness.
 - In the first quarter of 2009, there were 11,000.
- In 1991, 12% of homelessness acceptances were due to mortgage arrears.
 - In 2008 the figure was 4% and in the first quarter of 2009, 3%.

The Government believes that the extra help and advice it has put in place has made a great deal of difference; the fact that the UK entered the current recession with much lower interest rates than in the early 1990s has also helped.

Family Life

A large survey carried out in 1981 – by the London School of Hygiene and Tropical Medicine for the DHSS found that, by the age of 2, the children of long-term unemployed parents were up to an inch shorter than the children of other parents. ¹⁶ A later study, which controlled for birth weight, father's social class and family size found a similar effect, though the reduction was smaller: 1.2cm. ¹⁷

A study covering England and Wales during periods of four years around the 1981, 1991, and 2001 censuses found that the death rate for children of parents classified as never having worked or long-term unemployed was 13 times that for children whose parents worked in higher managerial or professional occupations. For deaths as pedestrians, this ratio was 20.6:1, for deaths as cyclists 27.5:1, for deaths due to fires 37.7:1 and for deaths of undetermined intent 32.6:1. ¹⁸

Primary school children whose fathers are unemployed, economically inactive or absent miss more time from school than other children.¹⁹ Almost half of young people living with an unemployed head of household are not in employment, education or training, compared with a third where the head is economically inactive, one sixth where they are sick or disabled and one fourth where they are in full time work.²⁰

The main source of data on educational attainment, the Youth Cohort Study, provides information about parents' occupations. Unfortunately, it does not include unemployment as a category, but the 'other/not classified' category includes a high proportion of unemployed people. If we look at 18 year olds' highest level of qualification in 2008, this category had the lowest proportion achieving level 3 and the highest proportion below level 2:

Highest qualification achieved by 18, by parental occupation, England, 2008²¹

	Level 3 (%)	Level 2 (%)	Below Level 2 (%)
Higher professional	69	21	9
Lower professional	62	26	12
Intermediate	47	33	20
Lower supervisory	33	35	31
Routine	28	36	35
Other/not classified	26	32	41
All	47	30	23

ADSS study of 30 unemployed families during the 1980s recession reported how unemployment left the men feeling irritable, strained or depressed by the loss of their role as the breadwinner, while their wives were burdened by the stresses of impossible budgeting. Unemployment brought some couples closer together, but more felt that it had caused problems. Partly this was a matter of getting "on top of each other" (where partners were not working) partly argument over budgeting third of the couples said they had had arguments or strains in their relationships related to the shortage of money. The study interviewed the couples in 1983 and 1988; by 1988, three couples had separated and another three had serious problems; "none of these couples felt that unemployment was the root cause of the problem, but all of them felt it had contributed."²²

A study looking at three and a half thousand marriages and cohabitations in 15 waves of the British Household Panel Survey found that "any form of unemployment predicts partnership dissolution. The effect is similar when unemployment hits either a man or a woman." Traditional views of family roles seem to play a part in this story: male unemployment lowers their partners' financial satisfaction and this accounts for 55% of the increased risk of partnership dissolution; on the other hand, financial dissatisfaction does not help explain why female unemployment is linked to relationship ending.²³

According to Relate, the relationship charity, 25% of families say they are arguing more because of the recession and 22% of couples say they are arguing more because of money worries. Two thirds of Relate Centres say that demand for their services has risen during the recession.²⁴ In April 2009, the RSPCA reported that the number of abandoned pets had grown by 57% in the previous year as families struggled to cope with "the economics about owning a pet."²⁵

Crime

Sociologists, economists and epidemiologists have theorised about the causes of crime without any achieving general acceptance. One of the many controversies is whether there is a link between unemployment and levels of crime and, if there is, how strong it is. In the 1980s and 90s this was politically controversial, with the Government denying there was any link.

Using the Home Office's 'Police Recorded Crime' statistics and data from the Labour Force Survey, researchers at the Cabinet Office have shown that burglary and theft grew during the recessions of the 1970s, 80s and 90s²⁶ and noted similar findings from the Police Federation. The Federation's research uses a model in which changes in consumption, the population of young men and property theft crime rate for the previous year and projects a property crime increase of 10.9% in 2009⁻¹⁰ and 14.1% in 2010⁻¹¹.²⁷

One link between crime and unemployment is undeniable: unemployed people are more likely than other people to be the victims of crime. Unemployed people are more than twice as likely to be the victims of violent crime as employed people; only students are more at risk – which reflects the fact that young men are the group most likely to be victims:

Proportion(%)whowerevictimsofviolentcrimeonceormorein2008/9byemployment status²⁸

	All violence	Wounding	Assault with minor injury
In employment	3.4	0.7	0.9
Unemployed	7.6	2.6	2.2
Economically inactive	2.5	0.7	0.6
Student	8.7	1.7	2.9
Looking after home/family	2.6	1.0	0.6
Long-term/temporarily sick/ill	5.4	2.5	0.6
Retired	0.4	0.0	0.1
Other inactive	5.6	0.1	1.3

	Assault without injury	Robbery
In employment	1.5	0.6
Unemployed	2.8	1.1
Economically inactive	0.9	0.4
Student	3.3	1.3
Looking after home/family	0.8	0.3
Long-term/temporarily sick/ill	1.8	1.1
Retired	0.2	0.1
Other inactive	0.9	1.7

Unemployed people are also more at risk of burglary:

Proportion(%)whowerevictimsofburglaryin2008/9byemployment status²⁹

	Burglary	Burglary with entry	Attempted burglary
In employment	2.5	1.5	1.1
Unemployed	5.7	4.3	1.7
Economically inactive	2.2	1.5	0.8
Student	6.3	4.7	1.7
Looking after home/family	5.8	3.5	2.4

Long-term/temporarily sick/ill	4.6	2.8	1.8
Retired	1.2	0.8	0.4
Other inactive	3.6	3.1	1.4

And of the theft from the person:

Proportion(%) who were victims of the theft from the person in 2008/9 by employment status	30
In employment	1.4
Unemployed	2.7
Economically inactive	1.5
Student	3.0
Looking after home/family	2.0
Long-term/temporarily sick/ill	2.1
Retired	1.0
Other inactive	1.1

Unemployed people are also at greater risk of vandalism and vehicle theft.

Proportion(%) who were victims of vehicle-related theft in 2008/9 by employment status	31			
	Vehicle-related theft	Theft of vehicle	Theft from vehicle	Attempted theft
In employment	7.5	0.8	5.4	1.6
Unemployed	7.4	2.5	4.4	1.1
Economically inactive	3.7	0.4	2.6	0.8
Student	10.1	1.7	7.2	2.1
Looking after home/family	7.2	0.9	5.8	0.6
Long-term/temporarily sick/ill	7.4	1.0	5.2	1.5
Retired	2.5	0.3	1.7	0.6
Other inactive	8.9	1.3	5.9	2.2

Research using the 2004/5 British Crime Survey found that unemployed women are significantly more likely to be victims of "intimate violence" (family or partner violence, sexual assault and stalking):³²

- 12.1% of unemployed women aged 16 – 59 were victims, compared with
- 7.2% of economically inactive women, and
- 4.9% of those in employment.

The study also found that:

- Unemployed women were 70% more likely than employed women to have experienced non-sexual partner abuse in the previous year;³³
- Unemployed men were 90% more likely than employed women to have experienced non-sexual partner abuse in the previous year.³⁴

Of course, 'correlation is not causation' and these figures do not show that today's increase in unemployment will necessarily lead to a rise in crime, but they do add to our understanding of the experience of unemployment.

Alcohol

An important Cabinet Office survey ³⁵ noted that, overall, alcohol consumption tends to fall in a recession (people have less money to spend on drink) but that those who become unemployed are more likely to have alcohol-related problems. The authors looked at international evidence showing that unemployment is associated with the greater risk of harmful drinking:

- A Swedish study showed that the risk of hospitalisation due to an alcohol-related condition rose for people who lost their jobs – by 22% for men and more than 44% for women.
- An American study showed that increases in the overall unemployment rate led to a higher level of binge drinking by people who had lost their jobs – and, to a lesser extent, those still in employment.
- A British study found that being unemployed for three years or more as a young adult was a significant predictor of heavy and more frequent drinking when aged 27–35.

Another British study, ³⁶ using data from the National Child Development Study, found that “unemployment may play a significant part in establishing life-long patterns of hazardous behaviour in young men”. Men who had been unemployed in the year before they were interviewed were significantly more likely to smoke, drink heavily and to have a drinking problem.

Drugs

A literature review ³⁷ for the Department of Health reported on the clustering of “problematic forms of drug use” in disadvantaged areas, with “a strong association between drug misuse and unemployment.” Among the research results it reported were:

- A study using the 1998 BCS found that 40% of unemployed 16 to 29 year-olds reported using drugs in the previous year, compared with a quarter of those in employment.
- A study using the 1994 and 1996 Surveys found that 44% of unemployed men had ever used a recreational drug, 27% had done so recently; among employed men, 33% had ever used a recreational drug, 11% recently. 10% of unemployed men had ever used a dependency drug, 4% recently; 4% of employed men had ever used a dependency drug, 1% recently.
- A BMA report in 1997 noted that around three-quarters of drug users seeking help were unemployed.

There are particular worries about the link between drug use and unemployment among young people. A study using the 2000 British Crime Survey found that, among young people, drug use is higher for those who are unemployed:

Percentage of respondents aged 16–29 using various drugs in the previous year by employment status, 2000 ³⁸

	Cocaine	Heroin	Any drug	Class A
Employed	5	-	25	8
Unemployed	4	3	33	12
Economically inactive	4	1	22	8

The study noted that, as unemployment had fallen, the connection between unemployment and drug use had weakened; as it rises, we may see this story being wound backwards. The Prince's Trust's 2010 *Youth Index* found that 11% of unemployed young people responding to their online surveys said that they had "turned to drugs/alcohol."³⁹

As with other forms of crime, the direction of causation is not proved by a correlation and it is not surprising that problem drug users and addicts tend to be unemployed. The DoH report lists ⁴⁰ a number of factors that might lead us to expect the relationship to run in the other direction as well:

- We know that there are strong links between unemployment and mental ill-health (see last month's Recession Report). We also know that mental health problems are associated with drug use and misuse.
- People with "valued life commitments" – such as a job – have a reason to avoid experimenting with drugs if addiction would threaten them.
- Drug use (and especially drug-dealing) may provide an alternative way to achieve respect among one's peers.
- Drug dealing can provide an income; crimes originally committed to pay for drugs may also open up the possibility of an alternative career.
- Unemployment de-structures people's lives, making time 'hang heavily.' This is especially true in communities where most people do not have jobs. The need to structure one's life around obtaining the money for drugs, buying them and consuming them re-creates a daily timetable.

Health⁴¹

A developing story

The links between unemployment and health have been studied for a long time. In 1937, a correlation between unemployment and maternal and infant mortality was identified⁴² and in 1940, a link was established between unemployment and deaths from rheumatic heart disease.⁴³

By the 1980s, a considerable body of evidence had emerged. A literature review carried out for the World Health Organisation concluded that "it is almost certain that unemployment damages mental health and probable that it damages physical health."⁴⁴

In March 1991, Richard Smith, the then executive editor of the *British Medical Journal*, greeted that decade's recession with a famous editorial: "Unemployment: here we go again." He claimed the "the evidence that unemployment kills – particularly the middle-aged – now verges on the irrefutable." He pointed to a study of a redundancy in a Wiltshire meat products factory that found that redundancy increased consultancy rates by 20 percent and outpatient hospital visits by 60 percent. In a follow-up study, "the unemployed men consulted general practitioners 57% more about 13% more illnesses, were referred to hospital outpatient departments 63% more often and visited hospital twice as often."⁴⁵

In March 2009, the British Medical Journal continued the tradition of hard-hitting editorials on this subject. Prof Danny Dorling asked what would be the probable impact of rising unemployment on health. The editorial noted research showing the links between suicide and unemployment (looked at in more detail below) and that unemployment “increases rates of depression, particularly in the young”. Dorling quoted research looking at men who had been continuously employed for at least five years in the late 1970s that found mortality had doubled in the five years after redundancy for those aged 40–59 in 1980.⁴⁶

A 2009 article in *The Lancet* reported a study of changes in mortality and employment in 26 EU countries between 1970 and 2007. Overall, the study found that every one percent increase in unemployment was associated with:⁴⁷

- A 0.79 percent increase in suicides among those under 65;
- A 0.79 percent increase in homicides
- Every US\$10 per person spent on active labour market policies reduced the effect of unemployment on suicides by 0.038 percent.

Journalists and politicians discussing social security often claim it is ‘suspect’ that the numbers claiming sickness benefits rises when unemployment goes up. But there is a link between unemployment and ‘limiting illness’.⁴⁸ A study using the British Household Panel Survey (BHPS) found that “unemployment was associated with over twice the hazard of limiting illness in the following year compared with those in employment.” Unemployment was also associated with a lower likelihood of recovering from limiting illness for men but not for women.⁴⁹

The Marmot Review

Fair Society, Healthy Lives, the report of the Marmot Review of health inequalities made creating “fair employment and good work for all” one of the six policy objectives it recommended, with particular emphasis on the need to “reduce long-term unemployment across the social gradient.”⁵⁰ The review noted that

“Unemployed people incur a multiplicity of elevated health risks. They have increased rates of limiting long-term illness, mental illness and cardiovascular disease. The experience of unemployment has also been consistently associated with an increase in overall mortality, and in particular with suicide. The unemployed have much higher use of medication and much worse prognosis and recovery rates.”⁵¹

The report points to three ways in which unemployment affects mortality⁵² and morbidity⁵³ -

- Financial problems cause lower living standards which can “in turn reduce social integration and lower self-esteem.”
- Through distress, anxiety and depression. These can affect families as well as unemployed people themselves. The report recognises “the loss of a role which is linked with one’s sense of identity, as well as the loss of rewards, social participation and support.”

- And “unemployment impacts on health behaviours, being associated with increased smoking and alcohol consumption and decreased physical exercise.”⁵⁴

Unemployment and physical health

A Canadian literature review⁵⁵ of 46 studies in the 1980s and 90s found positive associations between unemployment and death due to heart disease in studies in Australia, Canada, Denmark, Finland, England and Wales, France, Germany, Scotland, Sweden and the USA that continued after controlling for consumption of alcohol, tobacco and dietary fat. Some studies had found that cardiovascular conditions that may contribute to ischaemic disease, such as high blood pressure and elevated cholesterol and triglycerides were also associated with unemployment. The study also suggested possible mechanisms for these associations:

- Unemployment disrupts community and personal social relationships,
- Leads to greater risk behaviour (such as alcohol consumption or poor diet),
- Causes stress, and
- Precipitates a bereavement reaction.

An Australian literature review came to similar conclusions and highlighted the importance of a number of studies of factory closures, which were able to compare the health of the workers before and after redundancy, and which pointed to increased levels of cardiovascular disease and cardiovascular disease risk factors such as high blood pressure and cholesterol levels. The author concluded that, “despite occasional studies finding no association between unemployment and ill health, the balance of evidence suggests that unemployment, at least among adult men, has an association with physical health, and in particular with cardiovascular disease.”⁵⁶

A large American survey, used to study of self-reported hypertension (high blood pressure) pressure revealed that “people who reported having been unemployed for a year or more had a higher estimated risk of hypertension than those who reported having been unemployed less than a year. Unemployed men with less than a high school education had the highest risk of hypertension... but men who had graduated from high school and been unemployed for a year or more still had an increased risk... Women who had been unemployed for a year or more and had less than a high school education had an increased risk of hypertension.”⁵⁷

Another American survey, the Alameda County Study, was used to look at people who had been free of hypertension in 1974 but in 1994 reported having used anti-hypertensive medication. Both the threat and the reality of unemployment “increase the likelihood of developing hypertension, especially among men”. For men, unemployment more than doubled the risk of developing high blood pressure, but for women being in low status work, psychological distress and social alienation were more important.⁵⁸

Happiness

In conventional economics, unemployment is treated as ‘leisure’ and it is assumed that unemployed people will always prefer it to work. Unemployment benefits have to

beheld down because, it is assumed, benefits that offer anything other than grinding poverty will lead unemployed people down the primrose path to perdition.

In some versions of this argument, unemployed people are making a rational choice of the mixture of income and leisure that will maximise their utility. Andrew Oswald has pointed out that, if this were the case, we should expect unemployed people to be no less happy than anyone else. The evidence is that first, generally, unemployed people are less likely to be happy than unemployed people and secondly, that unemployment is a major cause of unhappiness.

Using European surveys from the 1970s and 80s, Prof Oswald has shown that:

- 18.6% of people generally were “not too happy”, compared with
- 33.0% of unemployed people.

In the USA, the contrast was similar, with 29.6% of unemployed people saying they were not too happy, compared with 11.5% of all individuals.⁵⁹ In another study,⁶⁰

Blanchflower and Oswald calculated that a man who was unemployed would have to have a rise in income of about \$60,000 a year to make up for the loss of happiness due to being unemployed. More recently, Oswald, Di Tella and MacCulloch used the same data to show that the famous ‘misery index’ (the inflation rate + the unemployment rate) does reflect how people feel – happiness scores are lower when either inflation or unemployment is high – but understates the relative importance of unemployment. They found that people would trade a 1 percentage point increase in the unemployment rate for a 1.7 percentage point increase in the inflation rate.⁶¹

The newspapers often report stories of unemployed people having a good time on benefits. Studies of how unemployed people actually spend their lives tell a different story. A survey by the Prince’s Trust recorded⁶² how young people’s lives are affected by unemployment:

- 41% said they found it hard to get out of bed;
- 29% said they found it hard to leave the house;
- 28% said they exercised less;
- 25% said it caused arguments with their parents or other family;
- 22% said they lost the confidence to go to job interviews;
- 21% said they found it more difficult to speak to new people.

The survey put a number of questions about emotional well-being to 130 ‘NEETs’ – young people not in employment, education or training – and found they had worse scores than young people generally:⁶³

- 39% of NEETs said they felt happy “all” or “most” of the time,
 - Compared with 64% of young people generally;
- 15% of NEETs said they felt happy “rarely” or “never”,
 - Compared with 6% of all young people;
- 53% of NEETs said they felt loved “all” or “most” of the time,
 - Compared with 62% of young people generally;

- 15% said they felt loved “rarely” or “never”,
 - Compared with 10% of young people generally.

Youth unemployment is particularly harmful because its impacts may continue over the rest of a person’s life. Bell and Blanchflower used the National Child Development Study to look ⁶⁴ at the impact of youth unemployment on adult outcomes *two decades* later. They found that people who had been unemployed in their youth had lower average life satisfaction scores, were less likely to say that they were healthy, had lower average scores for satisfaction in their current jobs and had lower wages.

The happiness of workers who still have their jobs is also affected by unemployment. A study ⁶⁵ using the German Socio-Economic Panel for 1984 to 2005 found “overwhelming evidence” that “the prospect of being unemployed in the future is highly detrimental to current life satisfaction. Low job security for the employed and unfavourable re-employment chances of the unemployed are harmful to subjective well-being”.

Unemployment and psychological health

It is hard to tell where being unhappy stops and depression begins, so it is no surprise that unemployment is closely linked to depression. Research ⁶⁶ for the Social Exclusion Task Force has shown that people who lost their job were twice as likely to have short-term depression as those who remained in work; this was true for 1991, 2001 and 2008:

Job loss and short-term depression

	Proportions suffering short-term depression	
	Those who lost their job	Those who remained in work
1991	37%	16%
2001	36%	18%
2008	39%	18%

People who become unemployed are more likely to experience outcomes which are very stressful and which may make mental ill-health more likely, such as debt or problems with relationships. Unemployment can also trigger problems with alcohol and other substances that may make matters worse. The Social Exclusion Task Force evidence includes research that shows problems in all these areas: ⁶⁷

- Unemployment increases the risk of marital dissolution by 70%.
- Relate has carried out research that found that 25% of families report more arguments due to money problems caused by the recession.
- The Nat Cen research for the Social Exclusion Task Force found that people who lost their jobs in 1991 and late 2008 were 4 to 6 times more likely to find it ‘quite’ or ‘very’ difficult to manage financially than those who remained in employment. ⁶⁸
- In the 3 months to the end of June 2009, Citizens’ Advice Bureaux were dealing with 9,300 new debt enquiries every day.
- Studies in a number of countries have shown that losing one’s job can trigger problem drinking for 1 in 5 men and 2 in 5 women.

The strongest evidence of a link between poor mental health and unemployment concerns suicide. In an important 1985 survey of the literature, Stephen Platt showed that unemployment was correlated with an increased risk of successful suicide.⁶⁹ The following year he showed that the same relationship exists for attempted suicide.⁷⁰ A more recent study, carried out in New Zealand, found that unemployed people are two to three times as likely to commit suicide as people in employment, though about half the correlation may be explained by mental illness. 71

According to the British Psychological Society's Working Group on Psychological Health and Well-Being, prolonged unemployment "is linked to worsening mental and physical health, including an increased risk of suicide and premature death."⁷² The Samaritans have described emotional health issues as the "hidden face" of the recession and at the end of 2008 warned that "the deepening financial and economic crises could lead to an increase in suicide rates nationwide as people face unemployment, mounting debt and housing insecurity."⁷³ The Samaritans' *YouGov Worries 2009* survey showed that 48 percent of UK adults had worried about money/debt and 24 percent about job security or redundancy. 74

Evidence has also been building up about the impact of unemployment on the health of family members other than the unemployed person. A 2001 study of more than 10,000 Scandinavian children found that children in families with no parent employed in the previous 6 months had a higher prevalence of ill health and lower well-being than other children. 75

The evidence of a link between unemployment and suicide is particularly strong and this section looks at it in some detail, but that is not the only harmful psychological impact of unemployment.

A study using data from the BHPSS showed that unemployed people had higher rates of minor psychiatric morbidity than employed and economically inactive people. For those who were unemployed, there was a 'reverse' gradient, with the impact of unemployment on minor psychiatric morbidity being higher for those who had previously had a higher social position. 76 A similar relationship exists for frequent mental distress (having 14 or more 'mentally unhealthy days' in the previous 30) -an American study using data for 98,000 men and women aged 25–64 found that those who were unemployed were twice as likely as other people to experience frequent mental distress. 77

Some lessons for the future

The most important lesson to take from all this evidence is the importance of unemployment as a national crisis. Cutting support for unemployed people would be criminal, given the individual misery and social harm it causes.

There are lessons for the design of employment programmes. A study of active labour market programmes, carried out for the Marmot review 78 found that well-designed programmes can have a positive impact on participants' health. Indeed, the effectiveness of some programmes in employment terms may be the result of the fact that they have reduced the severity of participants' psychological ill-health and reduced the number of people with such problems.

As the author concludes, “The evidence demonstrates that if ALMPs are based upon enhancing personal development (the self-efficacy model) rather than focusing entirely upon increasing occupational skills, ‘supply-side’ factors and ‘getting individuals into any job as quickly as possible’, then positive health impacts may occur.... The evaluations of the programme have demonstrated how participants have developed higher levels of self-efficacy, reduced depression and improved overall psychological health.” Workfare schemes like the ‘Work for your Benefits’ programme being piloted by the Government and a similar but larger scheme proposed by the Opposition can actually harm psychological good health.

¹Source: “Pregnant mother leaps to her death with five-month-old son in her arms after losing benefits”, *Daily Mail* 4 December 2009 available on the web, at <http://www.dailymail.co.uk/news/article-1232911/Mother-leaps-death-baby-arms-benefits-stopped.html>

² *Attitudes to Unemployment*, Ipsos MORI for St Mungo’s, Nov 2009, p10 available at <http://www.ipsos-mori.com/Assets/Docs/Polls/st-mungos-attitudes-towards-unemployment-report-november-2009.pdf> A survey of 832 employed and self-employed adults.

³ Using the Government’s definition of poverty – living in a household with an income below 60% of the equivalised median, before housing costs (rent, mortgage payments, water rates and charges, structural insurance premiums and ground rent) are taken into account. The median is the point in the income distribution where half the population has a higher income and half has a lower.

⁴ *Households Below Average Income (HBAI) 1994/95 – 2007/08*, DWP, 2009, table 5.7, downloaded from <http://research.dwp.gov.uk/asd/hbai/hbai2008/chapters.aspx> on 24/01/2010 12:49. The Households Below Average Income reports are based on data from the Family Resources Survey, which interviews 25,000 UK households. The data used in this section include people who are self-employed; it would be more misleading *not* to include them, but there are problems with including this group because of under-reporting of income – quite a large group of self-employed people report that they have no income whatsoever, for instance.

⁵ A household is “a single person or group of people living at the same address as their only or main residence, who either share one meal a day together or share the living accommodation (i.e. living room).” *Ibid*, p. 178.

⁶ The HBAI reports define a family as a single adult or a couple living as married or as civil partners and any dependent children. *Ibid*, p. 176.

⁷ *Ibid*, table 4.5.

⁸ Respondents to the survey are asked about a list of 21 child, adult and household items, weighted to give more weight to those items most families have, if they say they do not have the item they are asked if this is because they do not need it or want it and if it is because they cannot afford it. Those who have the item or do not want/need it are given a score of 0 for that item; the total score that results ranges from 0 to 100. Respondents who have a material deprivation score of 25 or more *anda* household income below 70 percent of contemporary median income before housing costs are categorized as in low income and material deprivation (pp. 66 & 185).

⁹ *Thirty Families: their living standards in unemployment*, J Ritchie, SCPR for DSS, Department of Social Security Research Report no. 1, 1990.

¹⁰ *Living standards during unemployment: a report of a survey of families headed by unemployed people – carried out by Social Survey Division of OPCS on behalf of the Department of Social Security*, P Heady and M Smyth, OPCS for DSS, 1989, quoted in *Against Unemployment*, M White, PSI, 1991, passim.

¹¹ *Ibid*, p. 33.

¹² Statutory homelessness: Households accepted by local authorities as owed a main homelessness duty, 1991/92 – 2008/09, DCLG “Live tables on homelessness”, Table 621, downloaded from <http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/homelessnessstatistics/livatables/> on 24/01/2010 14:39.

¹³ “Directors report extrademands being placed on adult social services”, ADASS press release, 20 October 2009, downloaded from http://www.adass.org.uk/index.php?option=com_content&view=article&id=513&Itemid=361 on 25/01/2010 02:33.

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- ²³*Unemployment and Partnership Dissolution*, Morten Blekasaune, I SER Working Paper 2008 -21, 2008, downloaded from http://www.iser.essex.ac.uk/files/iser_working_papers/2008-21.pdf on 25/01/2010 00:45.
- ²⁴Relate Press Release, September 2009, downloaded from <http://www.relate.org.uk/press/7/index.html> on 24/01/2010 18:20.
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- ²⁹Ibid, table 4.01. Figures are for the employment status of the 'household reference person' – "the member of the household in whose name the accommodation is owned or rented, or is otherwise responsible for the accommodation. Where this responsibility is joint with the household, the HRP is the person with the highest income. If incomes are equal, then the oldest person is the HRP." (Volume 2, pp39 –40.)
- ³⁰Ibid, table 3.02.
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- ³²*Domestic violence, sexual assault and stalking: findings from the 2004/05 British Crime Survey*, Andrea Finney, Home Office Online Report 12/06, 2006, table A9, downloaded from <http://www.homeoffice.gov.uk/rds/pdfs/06/rdsolr1206.pdf> on 22/01/2010 14:32. The table includes a breakdown for the different categories of violence and for men, but the figures are not statistically significant; the pattern of unemployed people being more likely to suffer this form of violence holds true, however.
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- ³⁴Ibid, table A11.
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- ³⁹ Opcit, fig 4, downloaded from http://www.princes-trust.org.uk/pdf/Youth_Index_2010.pdf on 22/01/2010 15:50.
- ⁴⁰ Opcit, s. 3.2.1.
- ⁴¹ Unless otherwise indicated, the source for data in this half of the report is an excellent new "evidence pack" from the Cabinet Office's Social Exclusion Task Force. *Learning from the Past: Working together to tackle the social consequences of the recession* is available on the web, at <http://www.cabinetoffice.gov.uk/media/319296/lftp-evidence-pack.pdf>. Around the world there is a great deal of academic research into the health effects of the current recession; a very good place to start looking at it is the program on Economic Crises and Health in Historical Perspective being run by the Centre for History and Economics at King's College, Cambridge, their website [<http://www-histecon.kings.cam.ac.uk/crises-health/index.html>] includes a very good international bibliography.
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- ⁵² The number of deaths in a population in a specific period of time.
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- ⁵⁵ "The Impact of Unemployment on Health: A Review of the Evidence", R Jin, C Shah & T Svaboda, *Journal of the Canadian Medical Association*, 153:5:529-540, 1995.
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