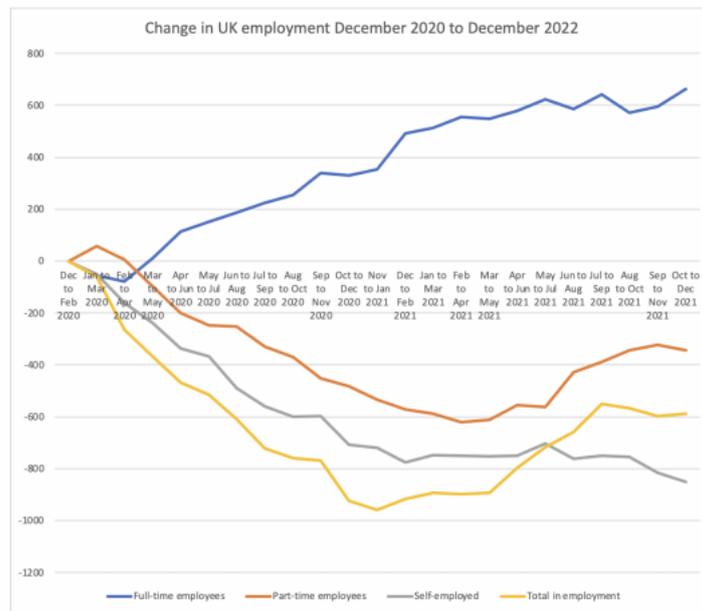


Funding the Future

If we are having such a great recovery why is the UK em...

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I have looked at the [new employment data published by the Office for National Statistics this morning](#). This chart is based on that data, although I redrew it as I did not like the one that the ONS supplied:



The trends are worth noting.

The number of people in full-time employment has, without a doubt, risen. How many of these jobs actually relate to the pandemic is an interesting point to speculate upon. Whether they will survive the downturn in government spending that now appears to be going on is also unknown, but that there will be a significant increase in unemployment as a result of the reduction in Covid testing and vaccination seems to be certain.

As notable is the fact that part-time employment and, most especially self-employment, have declined.

According to the Office for National Statistics those in self-employment have opted for full-time employment where it has become available, which does imply that what Danny Blanchflower and I have always said, which is that a great deal of self-employment represents effective under or non-employment in practice with only marginal profits being earned is likely to be true. The decline in part-time employment is, however, at least as significant. It seems very likely that many older people have simply left the workforce.

Overall what is apparent is that at least 600,000 fewer people are engaged in economic activity now than was the case in December 2020. This is despite the fact that the government claims that UK GDP increased by 7.5% last year and is continually suggesting that we have the fastest recovery in the G-7. If so, then this is a decidedly skewed recovery that is benefiting everyone but those in work, where a significant number of people are now unemployed who might previously have sought to work for a living.

In that case, there is one obvious conclusion to be drawn from any growth that has occurred, which is that it is decidedly biased in its impact. Some have done well, but a significant number have not. What is more, with this rise in effective unemployment the likelihood that there will be any significant sustained pressure to deliver wage growth is limited. There are obvious skills shortages in some areas, but overall there is very likely to be a surplus of people looking for work meaning that most will not benefit from significant pay rises, as is suggested by recent data which shows them running at well below inflation.

The government likes to claim that it is overseeing economic success. If that is true it is only for a few, and not for the many.