

Economic Inactivity

This note is a response to Christine Gwyther's letter of 12th December 2003, inviting submissions in relation to issues around economic inactivity being considered by the Economic Development and Transport Committee.

The focus on economic inactivity is a welcome one given its scale and consequences. While Bridgend is slightly below the Welsh figure for inactivity (23.4% against an all-Wales figure of 23.6%), with nearly 12,000 people on Incapacity Benefit and a total of approximately 20,000 working age people classed as economically inactive, it is still a significant issue. These figures compare with only 1,688 (December 2003) registered unemployed using the claimant count method.

The excellent paper reported to the Economic Development and Transport Committee ("Raising Economic Activity Rates : Background Analysis") brings out the complex situation behind the headline figures and should warn against simplistic remedies.

Perhaps the primary point to make is that the explanations behind high economic inactivity rates are not well understood. It follows that further research would help such understanding. A survey of a good sample of economically inactive people could assist in illuminating the individual circumstances behind the figures. Key findings could include the following:

- What proportion of economically inactive are not looking for paid work and how many would take paid work if a suitable position was available?
- Of those who would take paid work, what are the obstacles to them actually doing so? For example are the obstacles economic (insufficient financial benefit to justify working), lack of appropriate skills, limitations caused by health problems, etc.

This level of information is likely to assist in moving on to appropriate remedies.

Without prejudging the outcome of such research it is felt that approaches to the problem are likely to be generic ones affecting individuals rather than geographically based solutions. Even though percentages of economically inactive vary greatly throughout Wales, in absolute terms the issue is universal. The Vale of Glamorgan and Powys, for example, while having economic inactivity rates much lower than Blaenau Gwent or Merthyr Tydfil, actually have more people classed as economically inactive, viz:

	<u>Number economically inactive</u>
Vale of Glamorgan	16,000
Powys	15,000
Blaenau Gwent	13,000
Merthyr Tydfil	11,000