The older unemployed
7 The older unemployed

The definition of an older worker (or older unemployed person) in policy discussion tends to move in relation to two factors: the age of retirement and the level of unemployment. The age of retirement is determined principally by the availability of retirement income, and in particular, State benefits. Pension age, that is, the year State pensions become available, is an important watershed in the social security system. Differing rules may apply to those above and below pension age. This age changes infrequently and has been stable since 1940. It has, since that time, come to set the age beyond which it is more normal to be out of the labour force than to be within it. It also influences attitudes to those who are within a few years of retirement age, should they become unemployed. As the age of retirement has fallen since the beginning of the century, so the definition of being near retirement has fallen and since the age of retirement now differs between men and women, this affects women at an earlier age than men.

The level of unemployment, on the other hand, is a much less predictable factor and it produces a variety of policy responses. In long periods of low unemployment, a high value is placed on all age groups in the labour force, including those over pension age. Prolonged high unemployment, on the other hand, may suggest the need to reduce the size of the labour force or the need to set priorities for action to assist certain categories of the unemployed. At such a time, the older worker has a lower priority for special assistance to return to employment than younger married men with children, or younger adults generally. The older age group may be viewed as dispensable, if the labour force is to shrink. Early retirement under various guises may be seen as one ‘solution’ to unemployment. It may
be informally encouraged, but not necessarily to the extent of altering State pension provision.

Governments are reluctant to make a formal change in the pension age. In times of full employment, when there is a labour shortage, proposals to raise the retirement age will be rejected, partly because this would be politically unpopular, and partly because a proportion of the age group concerned will no longer be physically fit for work or will not be needed in the labour market. These would have to be catered for through other forms of social security. In times of high unemployment, proposals to lower the retirement age will equally be rejected. A proportion of older workers will still be needed. Others are in a position to take voluntary early retirement because they have occupational pensions and there is no need to incur the substantial cost of providing State pensions for this group. Moreover, it may be that unemployment will subsequently fall and a pension age once lowered cannot easily be raised, at least in political terms. Better, therefore, to maintain an unemployed group pending developments in the labour market.

Typically no clear policy is developed by governments for the older unemployed. They are identified as a problem group but no action is taken unless it suits the government of the day to do so.

The depression years
Prior to 1908, the only resort for an unemployed person without income was the Poor Law. The introduction of means tested old age pensions in 1908 was designed, in part, to permit workers over 70 years of age to retire with dignity. A few years later, the 1911 Unemployment Insurance Act provided entitlement to benefit regardless of age for all those in insurable employment who had paid the requisite contributions. The boundary between old age pensions and Unemployment Insurance was fluid and while the latter lasted, it could be chosen in preference to retirement.

The onset of high unemployment in the 1920s, focused attention on the older worker. The definition was a stringent one and distinguished between the ‘older’ worker, defined as over 45 years for men and over 35 years for women and the ‘elderly’ worker, defined as at or near pensionable age. The first group, it was found in 1926, were less likely than younger workers to become unemployed, but once out of work they had greater difficulty in getting a job and consequently spent longer on benefits. 1 This was treated as a fact of
life which an insurance scheme had to deal with and where eligible, older workers could qualify for extended benefit without too much difficulty2 (see Chapter 1).

Elderly unemployed workers, on the other hand, were seen as an insurance problem. In areas of high unemployment where their chances of securing a job were low, they might be refused Unemployment Insurance on the grounds that, at their age, they were unlikely to be employed again.3 The TUC, giving evidence to the Blanesburgh Committee, wanted to see elderly workers removed from the labour market to make room for younger workers. It argued, therefore, for a more generous old age pension to enable them ‘to leave the world of labour with an assured pension’.4

This proposal was only partly met by the introduction of contributory old age pensions in 1925, payable from the age of 65 years. Unlike the earlier means tested pensions (which remained for those of 70 years and over) they were payable whether or not the recipient worked. At the same time the right to Unemployment Insurance after the age of 65 years was withdrawn. Since the pension was lower than Unemployment Insurance this was a loss to the unemployed, though a gain for those who could work.

The Blanesburgh Report made no specific proposals for older workers, but its recommendation that, after initial qualification, continued benefit be made dependent on the payment of at least 30 contributions in the previous two years,5 was bound to affect adversely the older unemployed more than the younger, because of the greater difficulty they had in finding work.

The proposals of the Royal Commission on Unemployment Insurance and the legislation which established the reformed insurance scheme and the Unemployment Assistance Board (UAB) also presented difficulties for older workers. Under the new provisions the insurance scheme was designed to deal with short term unemployment (around 6 months) and the means tested assistance scheme with longer term and chronic unemployment. The provision that a worker with a good contribution record could get extended Unemployment Insurance was likely to assist older workers with good employment records. On the other hand, the difficulties older workers experienced in getting back into work once unemployed was likely to result in their accumulation in the UAB scheme.

This proved to be the case. By 1937 some 48 per cent of men receiving UAB were over 45 years of age (and 40 per cent of women).
Among those men unemployed for 3 years or more, the proportion was 62 per cent (39 per cent for women). Others were rejected by the UAB as unlikely to work again and these had to turn to Public Assistance for support. These numbers on UAB moreover, did not prompt a programme directed to their re-employment in what was, by then, an improved labour market. Instead, in 1938, the Board examined means by which the long term unemployed under 30 years of age could be assisted. It did acknowledge that ‘the view that at 45 or 50 a man is, by reason of age, past work is ... one that cannot be held with complacency’. The problem was one of ‘importance and urgency’ – but for practical reasons attention was first to be given in cases of younger applicants.

With the onset of World War II in 1939, the bulk of unemployment was soaked up within a few years including that affecting older workers. Indeed, by the end of the war, 750,000 old age pensioners were in work and nearly 300,000 had returned to the labour force after having retired.

**Older workers and the post war reforms**

This practical proof that it was not necessary to ‘write off’ the older long term unemployed and the adoption of the goal of maintaining full employment in the post war years, was perhaps reason enough for the attitude taken by Beveridge to this age group. No reference was made to the older worker as a problem of unemployment. Instead Beveridge, in his pension proposals, was aiming to raise the average age of retirement to save pension costs. This was because in future a higher proportion of the population was expected to be over retirement age and means had to be found ‘to lighten the burden that will otherwise fall on the British economy’. He made it clear that ‘early retirement of men on pension is not wanted or useful as a cure for unemployment’. While it was not considered feasible to raise the pension age – because the individual capacity to work varied so much – incentives could be offered for those over pension age to stay in the labour force as long as work was available to them. The retirement pension would be paid only to those who had retired from work. Those who worked on could pay National Insurance contributions and could earn a higher pension in this way. If they became unemployed, they could claim unemployment benefit, but unlike the proposals for the
rest of the unemployed, only for a limited period. The reason for these provisions was given as follows:

... to make the age of retirement flexible is one way of adjusting the supply of labour to fluctuations in demand. In time of good trade the older men will find it easier to keep their work and postpone retirement. In times of bad trade they will tend to retire earlier and reduce the supply of labour; it is an essential part of the proposal that the period for which unemployment (and disability) benefit can be drawn after the minimum age of retirement should be restricted.10

The government, in any case, rejected an indefinite unemployment benefit, substituting a 6 months benefit for all, followed by means tested National Assistance, but the view that the older worker was an asset, not a problem, was maintained in the adoption of the other Beveridge proposals. Indeed, in the 1944 White Paper there was a declaration of confidence in the elderly worker, who was to be encouraged to work because of the growth in the proportion of the elderly in the population:

it may well become a matter of vital importance to keep up the national income by encouraging the continuance of productive work by those who have reached pensionable age. In the war elderly people have turned to and served the country well, in many capacities, paid and voluntary. In peace, there may be a similar call upon their readiness and ability to play a constructive part in the national effort.11

As seen in Chapter 3, the UK rate of unemployment remained low in the 1950s and 1960s, except in Northern Ireland where it ranged from 5 to 10 per cent. Some older workers did experience problems of unemployment and they commonly formed a large proportion of those out of work. In surveys undertaken by the Ministry of Labour in 1961 and 1964, in Great Britain over half the unemployed men and a lower proportion of the women were over 45 years. Those who were within five years of retirement age were the most likely to be classified as difficult to place in employment. In Northern Ireland, in 1964, age was identified as a problem in 12.7 per cent of men and a very small percentage of women.12

Age, then, was regarded as one of the obstacles facing the older unemployed, but mostly from 55-60 years onwards. Even so, the absolute numbers involved (in a period of low general unemployment) did not suggest a need for a policy change in benefit provision. For
those aged under 65 years for men and 60 years for women, there would be an entitlement, under the same conditions as for younger men and women, to Unemployment Benefit. When this expired, National Assistance would be available to the men and single women on a means tested basis, and at the same rates as paid to other recipients, though married women (as seen in Chapter 6) would be less well covered.

The Redundancy Payments Act 1965
From 1965 onwards unemployment rose and with periodic fluctuations reached just short of 1 million in 1975 and remained in excess of 1 million for the remainder of the 1970s. This in itself could be expected to prejudice the position of the older worker, but their situation was worsened by what was probably an unexpected side effect of the Redundancy Payments Act of 1965.

The main provisions of the Act have been described in Chapter 3. On the face of it, they favoured the older worker. It was true that those over retirement age (65/60) were excluded, since they were seen as having the option of a retirement income. It was also the case that the use of the scheme by employers or employees as a form of early retirement was discouraged. The employee’s entitlement was reduced by one twelfth for each month his age exceeded 64 years or her age exceeded 59 years, i.e. just short of pensionable age in each case. But in most other respects the intention of the Act was to favour those over 40 years. Whereas half a week’s pay was payable for years worked between 18 and 21 years and 1 week’s pay for the years 21-40, from 41 years the time worked counted for 1.5 week’s pay. Moreover, an older worker who had been employed for many years with one company might be able to accumulate the maximum 20 years service entitlement set by the Act. An OPCS report in 1971 (on a survey undertaken in 1969) said:

The case for introducing the age factor in the compulsory national scheme, by providing special weighting for the older worker, was felt to be a strong one, since redundancy could often be a particularly serious blow for him in several ways. For the older worker, redundancy can bring with it a particularly severe period of anxiety prior to dismissal, greater difficulty in the search for alternative employment, and greater problems in the re-adjustment to the change of environment.
In addition to this weighting of the payments, employers could reclaim a higher percentage of redundancy pay (seven-ninths instead of two-thirds) from the Redundancy Fund for those over 40 years. The intention was to encourage employers to hire older workers because they would attract a larger refund if it was later necessary to make them redundant. However, it also had another effect. Given two workers with equal length of service, it could cost the employer no more to make the older than the younger worker redundant, even though the rate of redundancy pay for the older worker was higher.  

The OPCS survey endeavoured to find out if there had been any change in the criteria used to select workers for redundancy, following the Act. Prior to the Act the most common rule was that known as ‘last in, first out’, followed by efficiency at work and skill level. Older workers with good employment records would not be first in line under such rules. Age as a criterion ranked fourth and well below the other three in proportional terms. Last in, first out as a criterion was mentioned by 62 per cent of employers, whereas age was given by only 19 per cent. By 1969, the use of age as a criterion had risen to 38 per cent of the employers surveyed.

Further studies in the 1970s confirmed this trend. An examination of redundancy practices in the period 1974-7 by Daniel and Stilgoe found that, in cases of enforced redundancy, last in, first out, remained the top criterion (at 53 per cent of firms) but 28 per cent selected those over retirement age and 21 per cent those near retirement age. The study also noted a trend which had also been identified by OPCS, in the use of voluntary redundancies. Here it was found that schemes were designed to attract certain categories of worker. Some 37 per cent of schemes were intended to appeal to older workers.

A British Institute of Management study of 350 companies, published in 1974, identified a third form of payment in the shape of special redundancy provisions within the occupational pension scheme. These enabled the payment of a more generous pension than would otherwise be available and were, again, directed to older workers.

In 1977, the government made some effort to counter this tendency to over emphasise on age as a criterion by reducing the rebate from the Redundancy Fund for older workers and setting a new, uniform level. By this time, the trend was probably too well established to be affected.
It was noted earlier that older workers were less likely to become unemployed than younger men and women, but once out of work, they took longer to find employment. The Redundancy Payments Act made the first half of this proposition less valid, but the second half remained true. The OCPS study found that of those who had received statutory redundancy pay (during the 18 months preceding the survey), 18 per cent of those aged 50-59 years and 53 per cent of those aged 60-64 years had not found another job. Of those who did find employment, the average time spent acquiring another job was 4 weeks for 20-29 year olds, but 15 weeks for 60-64 year olds.19

The increase in the number of older unemployed in the 1970s was not, of course solely due to the effects of the Redundancy Payments Act. The general growth of unemployment to around 1.4 million in 1979 inevitably affected older workers considerably. Of particular concern was the high proportion of older workers unemployed for more than twelve months. Table 7.1 shows the figures for men.

Table 7.1  Proportion of men unemployed for more than 52 weeks, 1973, 1976 and 1978. Great Britain

<table>
<thead>
<tr>
<th></th>
<th>1973</th>
<th>1976</th>
<th>1978</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>14.8</td>
<td>19.6</td>
<td>25.4</td>
</tr>
<tr>
<td>45-49</td>
<td>36.5</td>
<td>27.8</td>
<td>37.0</td>
</tr>
<tr>
<td>50-54</td>
<td>39.6</td>
<td>31.6</td>
<td>41.4</td>
</tr>
<tr>
<td>55-59</td>
<td>45.9</td>
<td>34.5</td>
<td>43.9</td>
</tr>
<tr>
<td>60-64</td>
<td>49.0</td>
<td>39.2</td>
<td>45.9</td>
</tr>
<tr>
<td>65 and over</td>
<td>33.2</td>
<td>42.4</td>
<td>50.4</td>
</tr>
</tbody>
</table>

Source: Department of Employment Gazette, August 1973, August 1976 and August 1978

The position of women was a little better but the figures would be distorted by their lower registration as unemployed. Data by age on the much longer duration of unemployment in Northern Ireland did not become available until 1980, but it can be expected that the same adverse patterns were evident in the 1970s.
The benefit provision in the 1970s
As Chapter 3 showed, these comprised four elements – Redundancy Pay, Unemployment Benefit, Earnings Related Supplement (ERS) and Supplementary Benefit, either as supplementation or as the main income. The older unemployed were well placed to receive redundancy payments, though if they had been unemployed more than once in a period of two years, the second period would not qualify. A PSI study of the unemployed in 1979 found that around 73 per cent of men over 45 years had received redundancy pay, some of quite small sums (less than £200) but the mean figure was in the region of £1,000 to £1,600. Data by age for the payment of ERS was not published, but the rules did not disadvantage older workers who had a good record of employment.

Apart from these, Unemployment Benefit (UB) after 1966 was potentially available for 52 weeks, with or without SB supplementation, and Supplementary Benefit could be paid to those without UB entitlement or whose rights had expired. The older unemployed men who usually had fewer dependents than young people, were not heavily represented among those receiving supplementation of Unemployment Benefit. The real call on SB came from those without NI entitlement and here the pattern of long term unemployment among the older men showed up.

Table 7.2 Receipt of Unemployment Benefit (UB), Earnings Related Supplement (ERS) and Supplementary Benefit (SB) by unemployed men aged 55-64, 1972, 1976, 1979. Great Britain

<table>
<thead>
<tr>
<th></th>
<th>1972</th>
<th>1976</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>UB only</td>
<td>34</td>
<td>41</td>
<td>31</td>
</tr>
<tr>
<td>UB + ERS</td>
<td>34</td>
<td>46</td>
<td>55</td>
</tr>
<tr>
<td>UB/ERS + SB</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>UB + SB</td>
<td>9</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>SB only</td>
<td>54</td>
<td>48</td>
<td>67</td>
</tr>
<tr>
<td>None</td>
<td>51</td>
<td>54</td>
<td>58</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>183</td>
<td>196</td>
<td>198</td>
</tr>
</tbody>
</table>

Source: Social Security Statistics
Table 7.2 shows the source of social security income for 55-64 year old unemployed men in 1972 (the first year when age related statistics were published), 1976 and 1979. The figures for women were much smaller – in 1979 for example there were 24,000 in all, including 12,000 on SB either as a supplement or on its own. These lower figures are in part due to the fact that once any UB rights have expired, married women are treated as financially dependent on their husbands, and in part because for women they cover only the years 55-59. At 60 years they would usually be classified as retired.

For the long term older unemployed, the key figure is that for SB only – 67,000 men and 11,000 women in 1979. In the 1960s being on SB as an unemployed person was little different from the same situation after pensionable age. However, as Chapter 4 showed, the introduction in 1973 of the long term rate for pensioners served to improve their position as against those on the short term rate. Most other SB recipients proceeded in time (after 2 years) to the higher long term rate, but no matter how long the unemployment, the unemployed were never permitted to do so.

Concern about the older long term unemployed was tempered by evidence that a large number of them were receiving occupational pensions. Thus it could be suggested that many were not suffering particular hardship and/or were not truly unemployed. The occupational pensions sector had enjoyed substantial growth in the 1950s and 1960s, and a proportion of the pension schemes, particularly in the public sector, set a retirement age for men at 60 years. A group who had ceased their normal employment under these provisions began to emerge in the unemployment statistics in the late 1960s, and were reinforced by those whose redundancy provisions included payment of an earlier occupational pension than would otherwise have been available.

By the early 1970s, a significant proportion of the 60-64 year old men shown in the unemployment statistics were occupational pensioners who were registering as unemployed, because work was desired or needed for financial reasons, or in order to obtain Unemployment Benefit and/or credits for the National Insurance Retirement Pension. The 1973 survey21 of the unemployed found 50,000 male occupational pensioners including 46 per cent of unemployed men aged 60-64 years and a smaller proportion of those aged 55-59 years. In a 1976 survey, 75,000 occupational pensioners were identified among unemployed men aged 55-64 years. This
included 49 per cent of those men aged 60-64 years. Only 2,000 of the women under 60 years had such pensions.

The income available to those men in 1976, would have depended on the size of the occupational pension and the length of time unemployed. In 1976, average male wages were £71.80 and Unemployment Benefit for a married couple was £18 pw plus a maximum of £9.37 for six months in Earnings Related Supplement (ERS). In the same year, more than half of the male occupational pensioners aged 55-64 years in the survey received less than £20 pw in pension and nearly 16 per cent received less than £5 pw. Without Unemployment Benefit and ERS, many would have had to apply for Supplementary Benefit. With the NI benefits, while they lasted, their position was more satisfactory although still far below average earnings. Those with pensions over £20 pw, plus the NI benefits were not too badly off. Once the NI benefits ran out, then their income could be supplemented by Supplementary Benefit, provided they fell below the minimum income prescribed, after a disregard of £1 of their occupational pension. At a time when the SB rate for a married couple was £17.65 pw plus housing costs, those who had a low pension would be little better off than an unemployed couple with no occupational pension rights.

Although a closer examination of the data on the occupational pension group did not suggest that there was any grounds for complacency about their financial position, the bald figures nevertheless reinforced the tendency to neglect the older unemployed. The policy of maintaining low benefits to give a financial inducement to return to work was applied to this older group even though their chances of obtaining work were considered to be very low. The 1976 unemployment survey, for example, rated only 19 per cent of men aged 55 years and over as having a good, fair or reasonable chance of employment. Moreover, little attempt was made to assist them to find work through a submission for a job vacancy by the Employment Service. The same survey found that 83 per cent of men aged 55 and over had not been put forward for any job during the time they had been unemployed, including 80 per cent of those out of work for more than 12 months.

In effect, whether nor not the older unemployed were ‘really retired’, because they had an ample occupational pension, or were in financial need, requiring Supplementary Benefit, they were beginning to be virtually written off for purposes of re-employment. The 1970s
saw the introduction of a series of schemes to provide temporary work for the unemployed. They were principally designed for those under 25 years. There were also two training schemes – the Youth Opportunities Programme introduced in 1978 and the Training Opportunities Scheme in 1972. The latter was theoretically available to all those over 19 years, but in 1980 less than 3 per cent of the trainees were over 50 years of age. The only scheme directed specifically to older workers was one designed to encourage them to give up their jobs in favour of someone younger.

**The Job Release Scheme**

In 1977 a new scheme was introduced which emphasised the view of the older worker as dispensable, to be moved out of the labour force when demand for labour was low. The Job Release Scheme offered workers within a prescribed number of years of retirement, a tax free allowance if they agreed to withdraw from the labour market and the employer agreed to recruit someone from the unemployment register to replace them – though not necessarily in the same job. Originally the scheme was restricted to Assisted Areas – that is those entitled to special aid because of high unemployment – but later it was extended to the whole country. For the first six months of the scheme both unemployed and employed could apply, but then the unemployed were excluded, since they did not have a job to vacate.

The scheme was described in the *Department of Employment Gazette* as a means of reducing the level of unemployment:

> The objectives of the scheme is to allow older workers to leave the labour force and be replaced by those otherwise unemployed in time of recession. It reduces the labour supply temporarily ...

Its other advantages were said to be that it was voluntary, that it could be used selectively, by age or area, and that it could run for a limited period without altering existing arrangements for retirement or seriously disrupting other employment practices.

Its flexibility was demonstrated by frequent alterations of the age of eligibility. At first this was set at 64 years for men and 59 years for women. Later in 1977 it was extended to men over 62 years and registered disabled men over 60 years. By February 1979, 48,000 persons in Great Britain and a smaller number in Northern Ireland had retired under the scheme.
That the scheme was not more popular was attributed to the low level of the allowance offered. In late 1977, at £23 per week, it was slightly lower than the rate for a married man with a dependent wife on Unemployment Benefit (then £23.80) though higher than the single rate (£14.70). From July 1978 the rate was increased to £35 for a married man and £26.50 for single men, still a very modest offering when the average manual wage for men was £78.60 pw. However, it could be attractive to those who had the possibility of a small occupational pension, not enough in itself to retire on, but acceptable if combined with a JRS allowance. A survey in 1979 found that over half of JRS applicants had an occupational pension averaging £19 p.w.

**The impact of high unemployment 1980-5**

**Table 7.3 Duration of unemployment of older men and women.**

*United Kingdom, October 9, 1980.*

<table>
<thead>
<tr>
<th>Duration of unemployment in weeks</th>
<th>Males</th>
<th></th>
<th></th>
<th>Females</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>55-59</td>
<td>60-64</td>
<td>65+</td>
<td>55-59</td>
<td>60-64</td>
<td></td>
</tr>
<tr>
<td><strong>MALE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One or less</td>
<td>2,979</td>
<td>3,528</td>
<td>40</td>
<td>840</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Over 1 and up to</td>
<td>3,919</td>
<td>4,799</td>
<td>58</td>
<td>1,134</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>5,394</td>
<td>6,095</td>
<td>76</td>
<td>1,653</td>
<td>85</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>6,230</td>
<td>7,468</td>
<td>79</td>
<td>1,899</td>
<td>85</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>4,109</td>
<td>4,598</td>
<td>56</td>
<td>1,172</td>
<td>53</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>9,125</td>
<td>11,705</td>
<td>136</td>
<td>2,671</td>
<td>130</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>15,759</td>
<td>22,823</td>
<td>286</td>
<td>5,089</td>
<td>252</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>10,194</td>
<td>15,655</td>
<td>245</td>
<td>3,533</td>
<td>201</td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>6,592</td>
<td>11,878</td>
<td>201</td>
<td>2,438</td>
<td>132</td>
<td></td>
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<tr>
<td>52</td>
<td>5,087</td>
<td>10,695</td>
<td>191</td>
<td>1,921</td>
<td>119</td>
<td></td>
</tr>
<tr>
<td>65</td>
<td>3,641</td>
<td>6,619</td>
<td>140</td>
<td>1,287</td>
<td>82</td>
<td></td>
</tr>
<tr>
<td>78</td>
<td>5,037</td>
<td>9,439</td>
<td>254</td>
<td>1,988</td>
<td>136</td>
<td></td>
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<tr>
<td>104</td>
<td>7,151</td>
<td>15,180</td>
<td>426</td>
<td>2,872</td>
<td>224</td>
<td></td>
</tr>
<tr>
<td>156</td>
<td>17,741</td>
<td>26,133</td>
<td>1,135</td>
<td>5,792</td>
<td>368</td>
<td></td>
</tr>
<tr>
<td><strong>All</strong></td>
<td>102,958</td>
<td>156,615</td>
<td>3,323</td>
<td>34,289</td>
<td>1,956</td>
<td></td>
</tr>
</tbody>
</table>

Source: *Employment Gazette*, November 1980
Table 7.3 gives the numbers of older unemployed on October 3, 1980. This shows the length of time they had been out of work when the count was taken. Some of these may have been able to return to employment. A DHSS study of the unemployed, which interviewed men in 1978 and again in 1979, found that by the second interview, 22 per cent of those aged 50-59 years and 7 per cent of those over 60 years had full time jobs, while 3 per cent and 5 per cent respectively had part time jobs. But 61 per cent of those aged 50-59 years and 79 per cent of those over 60 years had been continuously unemployed throughout the period. The proportion of 55-59 year old men within the 50-59 year old group, who did not find a job could reasonably be expected to be higher than the overall figures show.

As Table 7.3 shows, by late 1980, 26,000 men aged 60-64 had been unemployed for 3 years or more and 17,700 aged 55-59 years. In Northern Ireland, it was found necessary to extend the figures presented to cover those unemployed for 5 years or more in 1980, though given the relatively small size of the Province’s labour force, the actual numbers were small. The level of UK unemployment by mid-1980 had passed the 2 million mark and was still climbing, reaching 3 million in 1982 and remaining above that level until 1987. Thus it could be expected that the chances of the older unemployed finding work would be further diminished.

As seen in Chapter 5, the government’s first response to the higher level of unemployment was to reduce benefits to increase work incentives, first by the abolition of ERS and then by uprating the benefits by 5 per cent less than the rate of inflation, pending bringing the benefits into tax. Moreover, it was resisting pressure to give the long term unemployed access to the long term rate of Supplementary Benefit.

In November 1981, it modified its views somewhat, but only in relation to men over 60 years. Where such men were on SB and had been unemployed for more than one year, they could move onto the long term SB rate, provided they ceased to register for employment. In 1983, this was extended to all men in this age group on SB, and this time, like those of pension age, they could receive the long term rate as soon as they claimed benefit, again provided they did not register for work. The policy helped to contain the size of the unemployment register, but it also served to recognise the reality of the position of these older unemployed and to pay benefit accordingly. For a time the Northern Ireland unemployed were expected to continue to serve...
52 weeks on the short term rate before becoming entitled to the higher rate. The reason for this was not evident.

No such recognition was given to the equally parlous position of men and women aged 55-59 years, whose chances of re-employment were low. These must serve out their time on the short term rate, until they reached 60 years, when the women would qualify for the Retirement Pension and the men for the long term rate of SB. By mid-1985 over 210,000 men of this age group were unemployed and over 68,000 women. Of these, 132,000 and 43,000 respectively had been unemployed for more than a year, and 22,000 men and 6,000 women for more than 5 years.

The older unemployed in 1985

If the position of an unemployed man or woman over 55 years was compared with that of an employed man or woman of the same age, and in a stable job, a range of disadvantages became evident. Few of these individuals would have young children dependent on them, though they might have older sons or daughters in extended education. In the case of the employed aged 55-64 years, both parties to the marriage might be free to work and the reasonable income which resulted could be used to build up the material resources of the home, pay off any mortgage and other credit commitments, and to accumulate some savings. It is true that if the jobs were low paid, this facility would be limited but nevertheless it could be expected to be a decade of modest affluence. At the same time, those in occupational pension schemes were accumulating pensionable years which would enhance their income in retirement and other employees, after 1978, would be paying contributions to the State Earnings Related Pension Scheme (SERPS) which, on retirement, would also give them an addition to their National Insurance Retirement Pension.

Unemployed men or women aged 55-64 resembled this group only in their lack of young dependants. At 55-59 years, they would have suffered a sharp fall in their income. Not many of this group could expect to receive an immediate occupational pension, unless it was negotiated as part of a redundancy agreement. They would usually have an entitlement to 52 weeks of Unemployment Benefit and possibly had redundancy money when they left work. Once out of work for more than 52 weeks, the income of the men and single women would be derived principally from Supplementary Benefit, and for
married women, the wife’s dependency addition to that benefit, where relevant. These benefits would be paid at the short term rate.

While this period of unemployment persisted, then far from being able to build up material resources and savings for retirement, their resources would be gradually drained away. Moreover, although the provision of credits for the NI Retirement Pension preserved their entitlement to the basic pension, they could no longer contribute to an occupational scheme or to SERPS, thus affecting their ultimate retirement income.

Once over 60 years, the position improved somewhat. The women would be regarded as retired and the NI pension would be paid. Any SERPS entitlements would also be paid and in the case of occupational scheme members, there might be a right to a preserved pension left behind when the job was lost.

A larger group of the 60-64 year of men than the younger group would have an occupational pension. In 1980, however, the government introduced new rules for this group. If the pension exceeded £35 pw, Unemployment Benefit would be reduced £ for £ for any amount in excess. In addition the £1 disregard of the occupational pension for SB claimants was withdrawn. Occupational pensioners who had been in schemes with a pensionable age of 60 years and whose full term pension was fairly ample, could still be reasonably comfortable. They would retain a right to credits for the NI pension which would become payable at 65 years.

For those without an occupational pension or a rather low pension, there would be an entitlement to full Unemployment Benefit for 52 weeks. Thereafter they might have to turn to Supplementary Benefit. This would be payable at the long term rate. However, though better than the short term rate, the income would still be low and leave little room for savings. Indeed if they had had savings in excess of £3,000 it would be necessary to live on the surplus for a period, since SB would not be available to them.

Finally, there would be a group who had retired under the Job Release Scheme. The qualifying age for this was raised again to 64 years for men in 1984, though it stayed at 59 years for women and 60 years for disabled men. However, men of 62 and 63 years who had qualified before 1984 might still be receiving the allowance. By 1985, 293,000 people had retired under the scheme and of these 57,000 were still receiving the allowance in August 1985, all but 5,000 of whom were men.35 The allowances payable were a little higher than the long

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term rate of Supplementary Benefit and preserved the right to the NI pension. They might also be supplemented by a small occupational pension, but other recipients had to drop out of SERPS or their occupational pension scheme.

The payment of the higher rate of SB to men after 60 years and the limited Job Release Scheme, could not be described as a well developed policy for the long term older unemployed. The government continued to resist the formal lowering of the pensionable age, but it placed no impediment in the way of what had become a drift to earlier retirement. This had occurred through the provision of occupational pensions, either in schemes with a retirement age of 60 for men, or for individuals whose pensions were high enough to permit taking early retirement on a reduced pension, or where redundancy had included an occupational pension deal. In so far as the government participated in the downward drift of retirement age, it was by requiring the 60s and over on long term SB or Job Release to withdraw from the unemployment register as a condition of benefits.

No policy had been developed which fully protected the future retirement income of those who become unemployed late in working life. The current pension system is designed to produce an adequate income in retirement through a second pension built upon the basic NI pension. For the unemployed the NI pension is protected, but the lost years of contribution to the second pension, are lost forever. Finally, no policy at all was developed for the 55-59 year olds. If in 1985 the prognosis for the future was a fall in unemployment to pre-1979 levels, such a passive policy stance might have been understandable. Given the gloomy prospects for continued high unemployment, it appeared rather an evasion of responsibility.

References
2. Ibid., pp.52-3.
4. Ibid.
5. The Blanesburgh Report, op.cit., p.32.
8. House of Commons Hansard, 6 February 1946, 1749.
10. Ibid.
15. Effects of the Redundancy Payments Act, op.cit., p.49.
17. Ibid., p.18.
20. David J. Smith, Unemployment and Racial Minorities, PSI, London, 1981, p.90. The lower figure of the two was the mean for ethnic minority workers.
25. Ibid., p.656.
28. Ibid.
29. Ibid.