

The millions of people not looking for work in the UK may be prioritizing education, health and freedom

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Around <u>one in five</u> British people of working age (16-64) are now outside the labor market. Neither in work nor looking for work, they are officially labeled as "economically inactive."

Some of those 9.2 million people are in education, with many students not active in the labor market because they are studying <u>full-time</u>. Others are <u>older workers</u> who have chosen to take early retirement.

But that still leaves a large number who are not part of the labor market because they are unable to work. And one key driver of economic inactivity in recent years has been <u>illness</u>.

This increase in economic inactivity—which has grown since before the pandemic—is not just harming the economy, but also indicative of a deeper health crisis.

For those suffering ill health, there are real constraints on access to work. People with health-limiting conditions cannot just slot into jobs that are available. They need help to address the illnesses they have and to re-engage with work through organizations offering supportive and healthy work environments.

And for other groups, such as stay-at-home parents, businesses need to offer flexible work arrangements and subsidized childcare to support the transition from economic inactivity into work.

The government has a role to play too. Most obviously, it could increase investment in the NHS. Rising levels of poor health are linked to years of <u>under-investment in the health sector</u> and economic inactivity will not be tackled without more funding.



Carrots and sticks

For the time being though, the UK government appears to prefer an approach which mixes carrots and sticks. In the March 2024 budget, for example, the chancellor cut national insurance by 2p as a way of "making work pay."

But it is unclear whether small tax changes like this will have any effect on attracting the economically inactive back into work.

Jeremy Hunt also extended free childcare. But again, questions remain over whether this is sufficient to remove barriers to work for those with parental responsibilities. The <u>high cost and lack of availability</u> of childcare remain key weaknesses in the UK economy.

The benefit system meanwhile has been designed to <u>push people into</u> <u>work</u>. Benefits in the UK remain relatively <u>ungenerous and hard to</u> <u>access</u> compared with other rich countries. But labor shortages won't be solved by simply forcing the economically inactive into work, because not all of them are ready or able to comply.

It is also worth noting that work itself may be a cause of bad health. The notion of "bad work"—work that does not pay enough and is unrewarding in other ways—can lead to economic inactivity.

There is also evidence that as work has <u>become more intensive</u> over recent decades, for some people, work itself has become a health risk.

The <u>pandemic showed</u> us how certain groups of workers (including so-called "essential workers") suffered more ill health due to their greater exposure to COVID. But there are broader trends towards lower quality work that predate the pandemic, and these trends suggest <u>improving job quality</u> is an important step towards tackling the underlying causes of



economic inactivity.

Freedom

Another big section of the economically active population who cannot be ignored are those who have retired early and deliberately left the labor market behind. These are people who want and value—and crucially, can afford—a life without work.

Here, the effects of the pandemic can be seen again. During those years of lockdowns, furlough and remote working, many of us reassessed our relationship with our jobs. Changed <u>attitudes towards work</u> among some (mostly older) workers can explain why they are no longer in the labor market and why they may be unresponsive to job offers of any kind.

And maybe it is from this viewpoint that we should ultimately be looking at economic inactivity—that it is actually a sign of progress. That it represents a move towards freedom from the drudgery of work and the ability of some people to live as they wish.

There are utopian visions of the future, for example, which suggest that individual and collective freedom could be dramatically increased by paying people a <u>universal basic income</u>.

In the meantime, for plenty of working age people, economic inactivity is a direct result of ill health and sickness. So it may be that the levels of economic inactivity right now merely show how far we are from being a society which actually <u>supports its citizens' well-being</u>.

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