



# ZERO or HERO?

**Unemployment was the great evil when I was studying for my economics A-level.**

In the early 1990s, one in ten people were out of work and unemployment had been the biggest problem in the British economy for a decade. Within a couple of years, however, it began to fade as an issue.

For most of the Blair era it hovered at around five per cent. The Great Recession caused it to jump to eight per cent for several years but it fell sharply again after 2012.

By the end of 2018, the rate of unemployment dropped to just four per cent, lower than at any time since the spring of 1974. With 32.53 million people in work, the employment rate was 75.8 per cent, the highest since records began in 1971.

Some say that Britain's employment miracle is more of a mirage, with full-time jobs being replaced by insecure zero-hours contracts and 'chronic underemployment'.

The implication is the employment figures have been massaged by including people on zero-hours contracts.

Office for National Statistics (ONS) figures show that there has been a large rise in the number of people who say that they are on zero-hours contracts, from 252,000 in 2011 to 903,000 by 2016.

Most of this increase took place in a single year (between 2012 and 2013) when the term 'zero-hours contract' began to be used by the media for the first time, so the extent to which the rise was real is debatable.

The ONS concludes that it was 'due mainly to increased recognition and awareness of "zero-hours contracts"'.

Although there is not enough evidence to conclude that there has been a big increase in the number of people on zero-hours contracts, ONS figures suggest that 901,000 people – 2.8 per cent of the total workforce – are on them.

Are they 'chronically underemployed'? It seems not. The average person on a zero-hours contract works 25.2 hours a week. This is 31 per cent less than the average full-time worker, but that is

hardly surprising given that two-thirds of people on zero-hours contracts work part-time and nearly a fifth are in full-time education. It is 55 per cent more than the average part-time worker.

Only a quarter of people on zero-hours contracts say that they would like more hours, down from a third in 2014. This is a significant minority, but it is not unusual for workers who do not work full-time to want more hours.

## CHRISTOPHER SNOWDON ON ZERO-HOURS CONTRACTS

In the UK, 15 per cent of part-time workers would prefer to be working full-time and the ONS notes that zero-hour contract workers are more likely to want more hours than the average employee but acknowledges that this 'could be linked to a higher proportion of "zero-hours contract" jobs being part-time'.

The average person on a zero-hours contract works longer hours than a part-time employee and although some would like more hours, a growing majority do not.

Even if you take the dimmest view of zero-hours contracts, the number of people involved is simply not big enough to make a significant impact on the employment statistics.

If every zero-hours contract worker who wants more hours was issued to be effectively unemployed – a ludicrous assumption – it would still only take the employment figures back to where they were last September.

Employment would still be at a record high and unemployment would still be at its lowest level since 1975●

**Christopher Snowden**  
Head of Lifestyle Economics  
Institute of Economic Affairs  
[csnowdon@iea.org.uk](mailto:csnowdon@iea.org.uk)