

Bank of England

The policy implications of Labour Market Transition

Jackson Hole Symposium

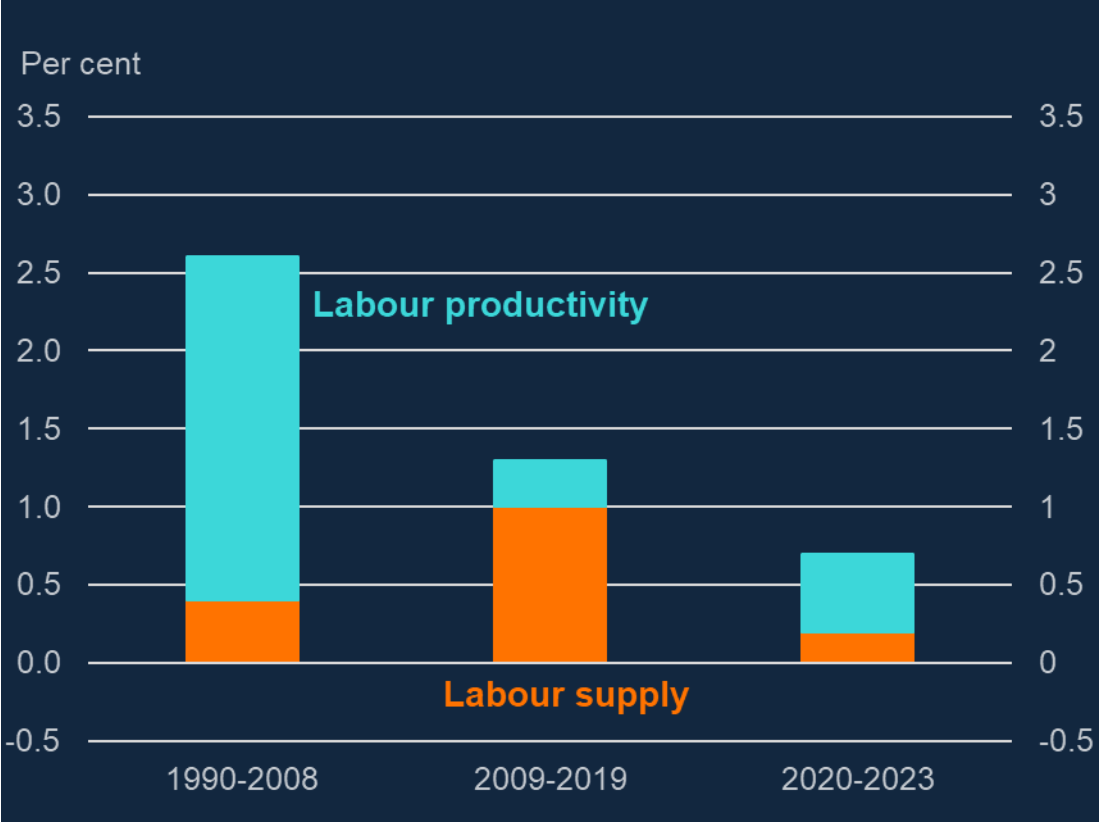
August 2025

Andrew Bailey



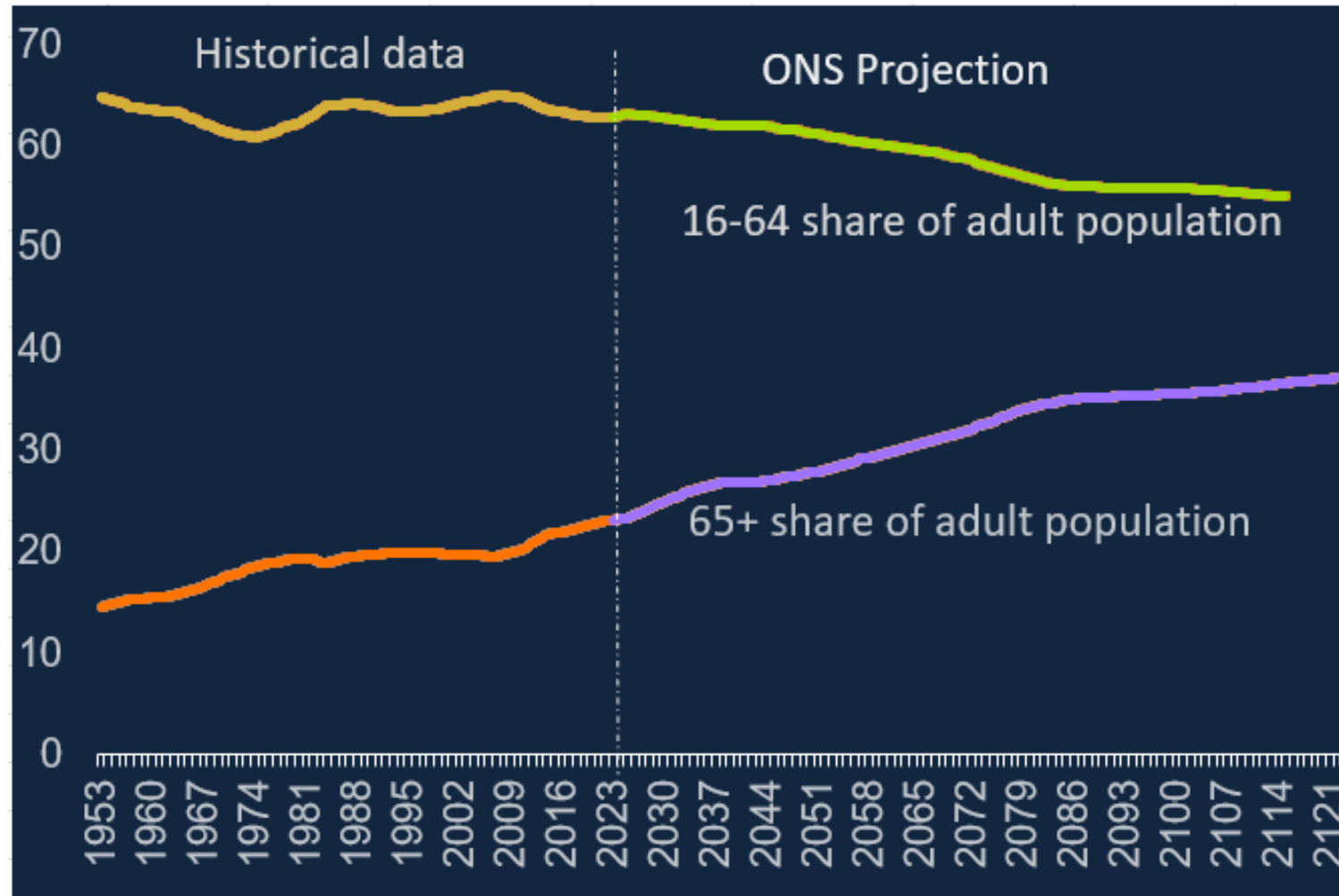
UK potential supply growth has fallen with weaker productivity

Estimated contributions to potential supply growth

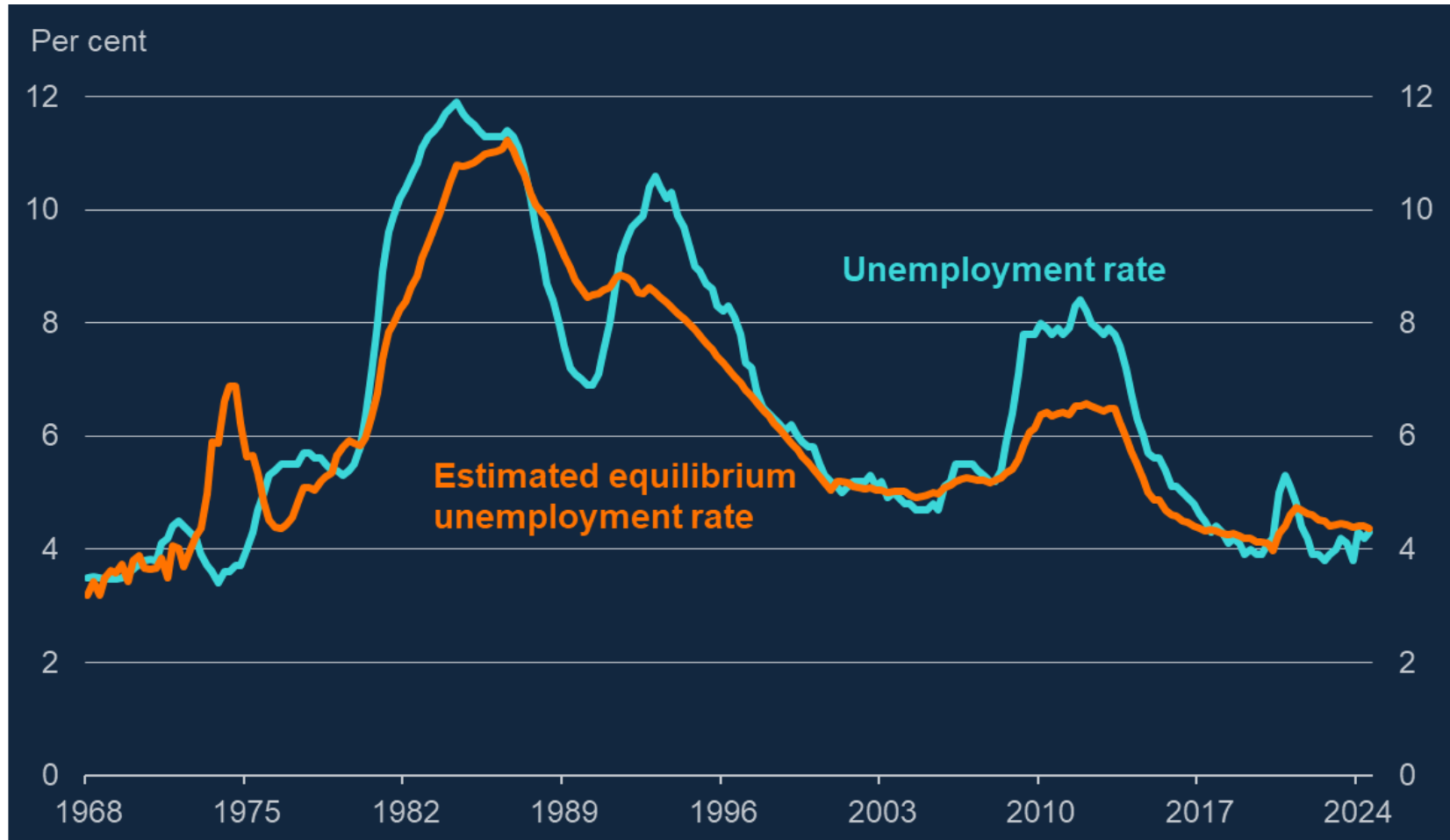


Averages (in %)	Annual potential supply growth	...of which potential productivity	...of which potential labour supply
1990-2008	2.6	2.2	0.4
2009-2019	1.3	0.3	1.0
2020-2023	0.7	0.5	0.2

Ageing population – ONS projections



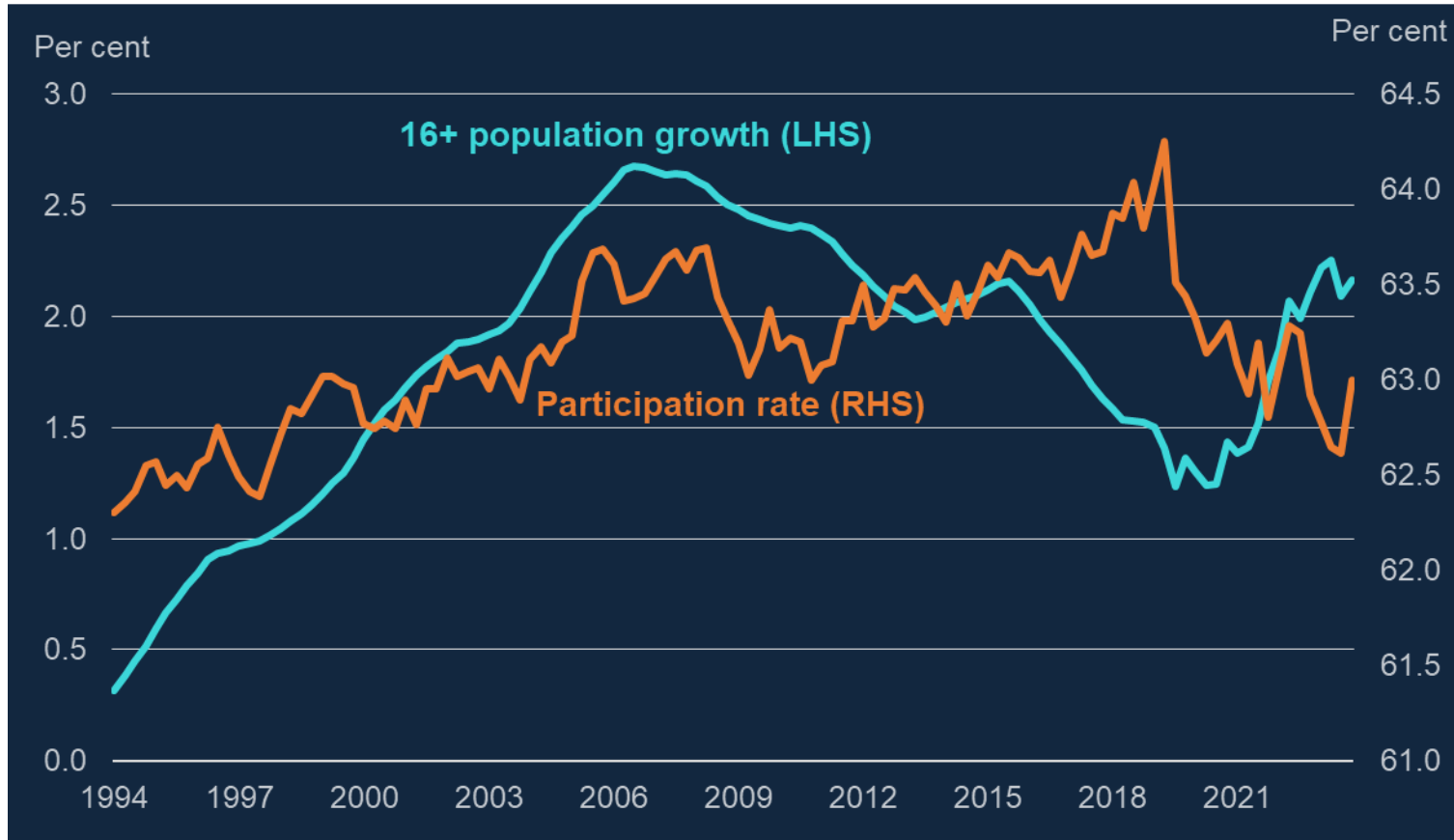
UK unemployment and equilibrium unemployment rates



Sources: ONS and Bank calculations

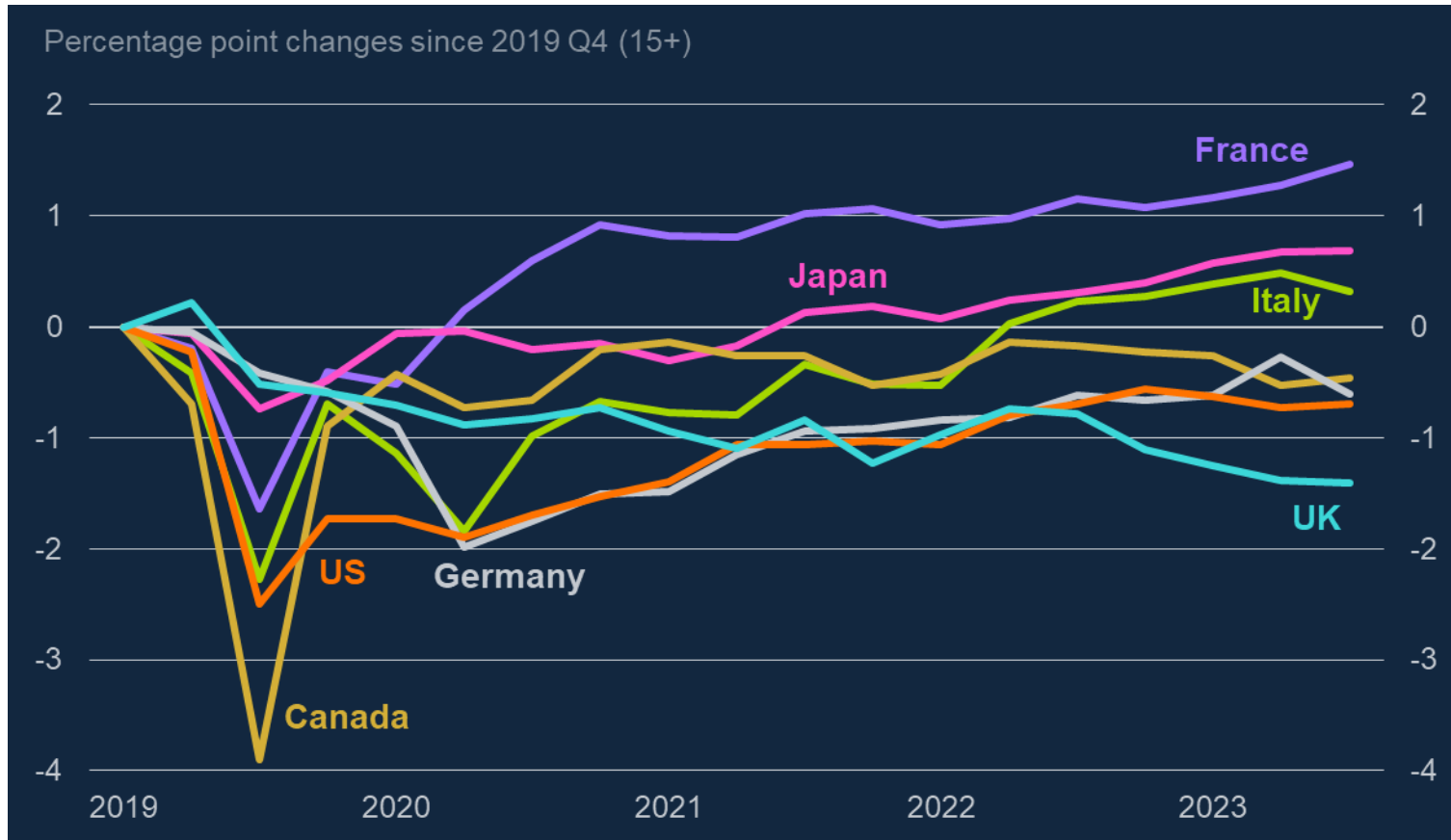
Population growth and labour force participation

Population and participation both for ages 16+



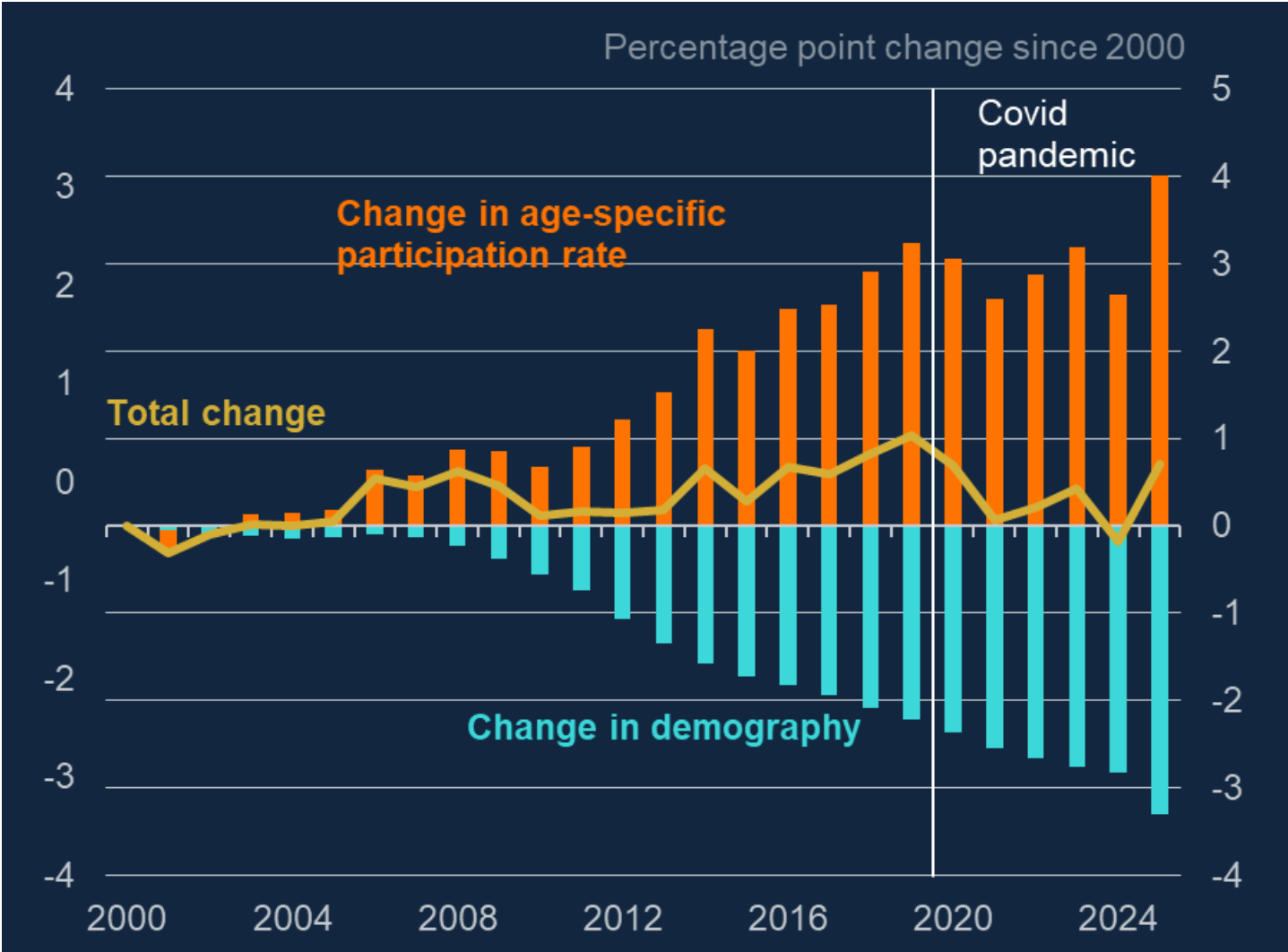
Labour force participation does not seem to have recovered in the UK

Labour force participation in the UK compared to other OECD countries



Sources: OECD, ONS and Bank calculations

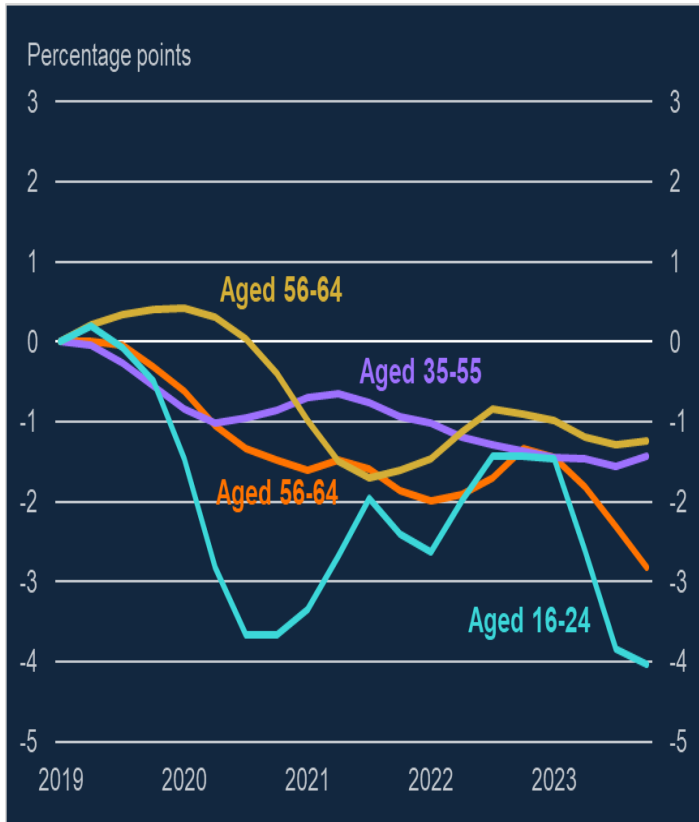
Decomposition of changes in participation rate since 2000



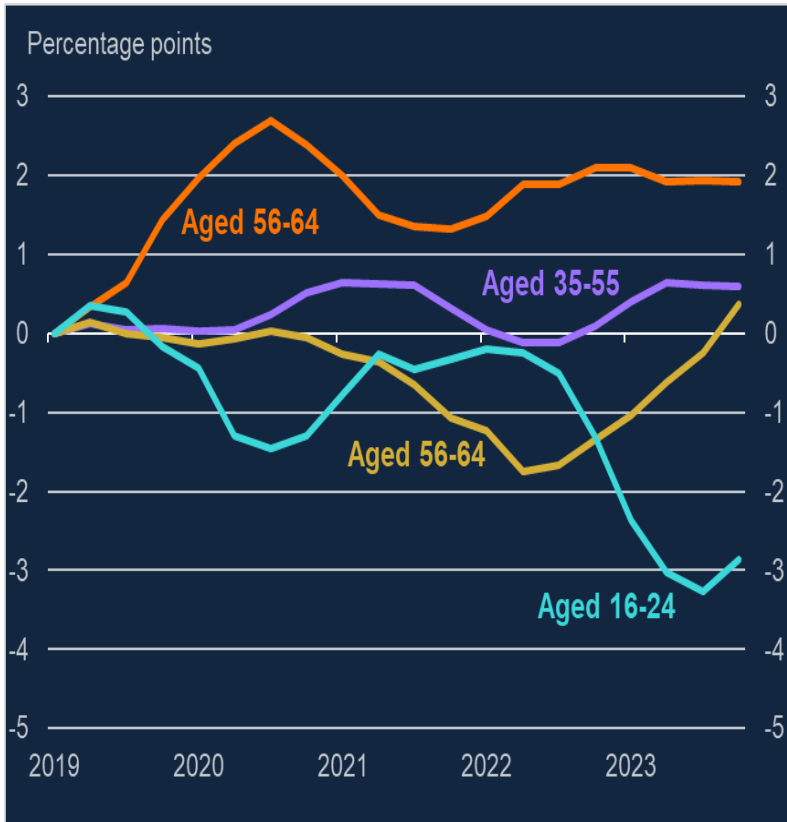
Labour force participation rates for men and women

Participation rates relative to 2019 Q4

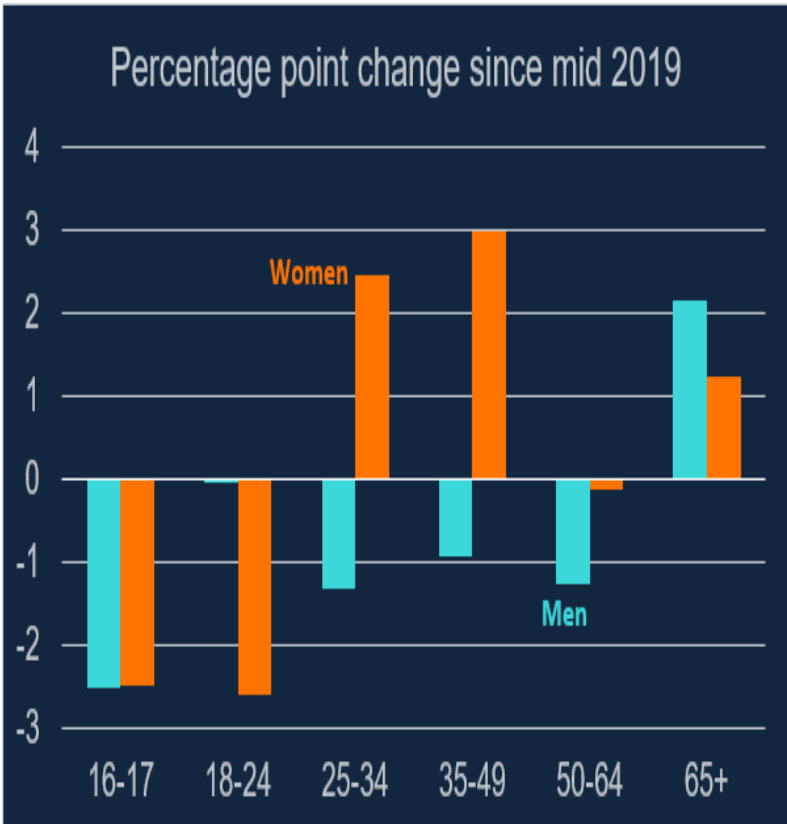
Labour force participation for men



Labour force participation for women



Changes in age-specific participation rates since mid-2019

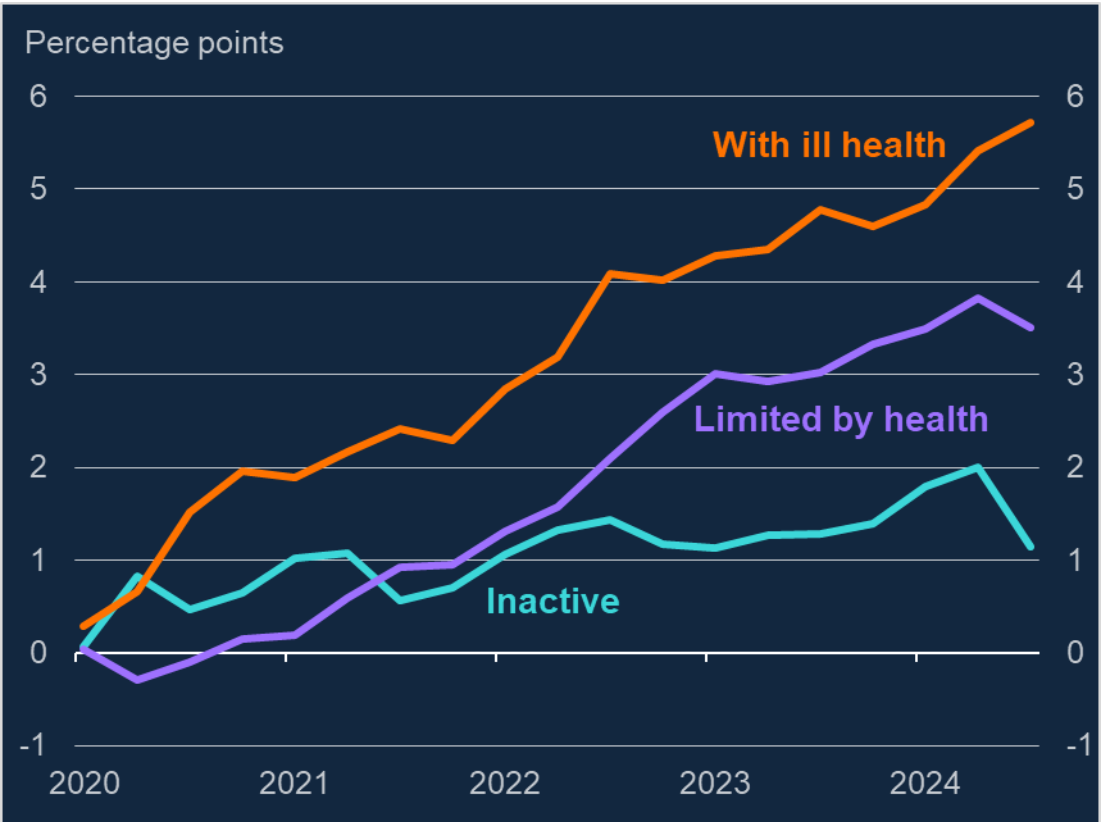


Sources: ONS and Bank calculations

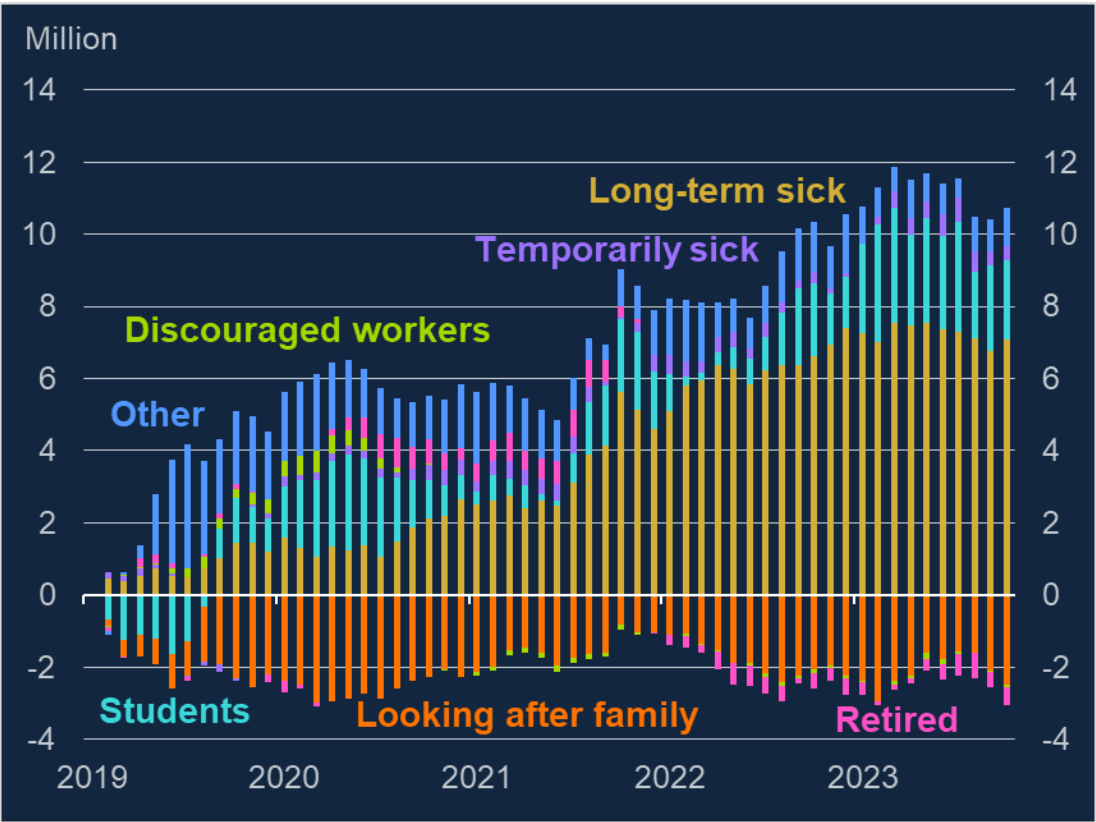
Poor health is one of the main drivers of declining participation

Changes in inactivity by reason for 16+ population

Changes in inactivity (2019Q4 = 0)

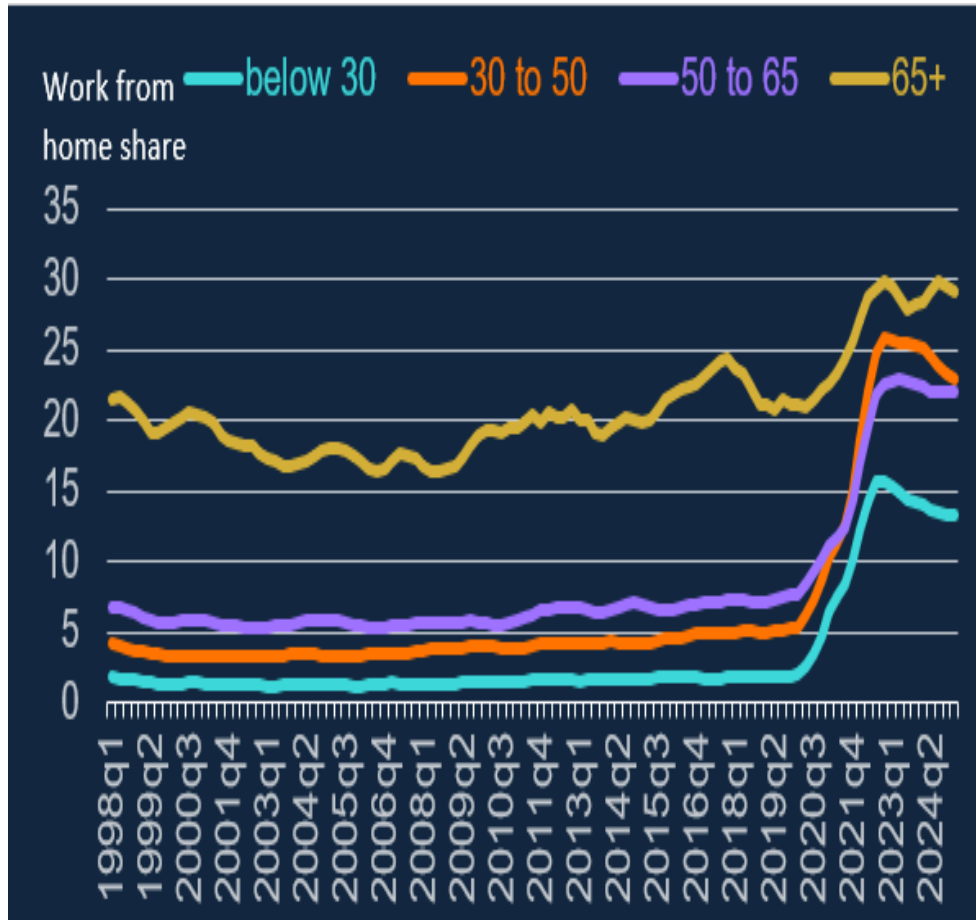


Changes in inactivity by reason (2019Q4 = 0)



Sources: ONS and Bank calculations

...which may relate to increased ability to work from home



Remote working may have increased participation over the past but WFH rates are now starting to decline

