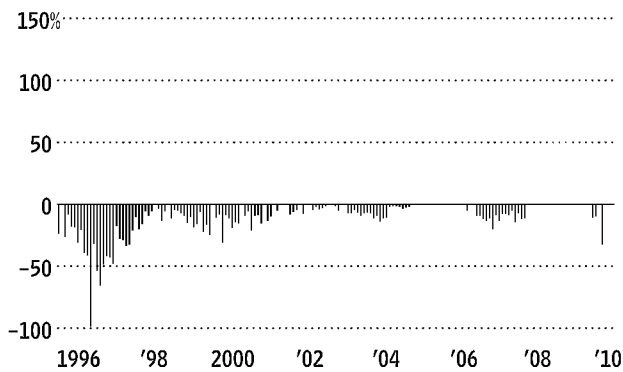


U.K. unemployment declines

Mixed signals

U.K. unemployment fell at its fastest pace since 1997, but the number employed also fell to its lowest level since 1996

Change in jobless claimant count, in thousands, monthly figures, seasonally adjusted



Employment rate, quarterly figures

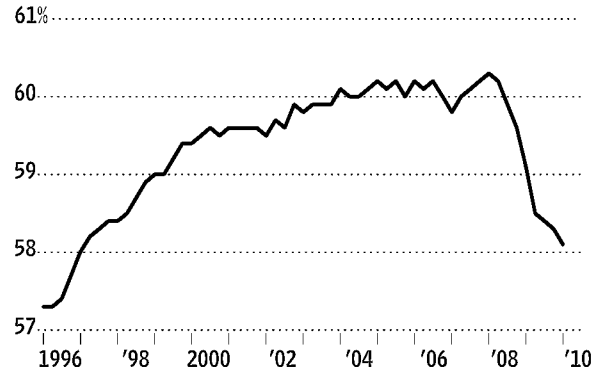


Photo: Associated Press Source: U.K. Office for National Statistics

By JOE PARKINSON
AND NATASHA BRERETON

LONDON—British unemployment fell unexpectedly in February at its fastest monthly pace in more than 12 years, offering a boost for Prime Minister Gordon Brown ahead of national elections that must be held before June.

But political gains for the governing Labour Party may not reflect the real state of the U.K. economy, as Wednesday's data also revealed signs of persistent weakness that could hobble the recovery.

The Office for National Statistics said Wednesday that the widely watched claimant-count measure of unemployment dropped by 32,300 in February, the largest monthly decrease since November 1997. That decrease, which compared with a downwardly revised gain of 5,300 in January, lowered the jobless rate to 4.9% from 5% the previous month.

The better-than-expected news

was seized on by government ministers, who cautioned that opposition Conservative Party plans to cut public spending immediately could undermine the economic recovery. "The fall in unemployment for the third month in a row is very welcome," Work and Pensions Secretary Yvette Cooper told BBC television. "We shouldn't have big public-sector spending cuts right now," she added. "That would be very bad for jobs."

Economists, who had forecast a modest rise in the claimant count, cautioned that the figures masked structural weakness in the U.K. labor market: The number of people in work fell to its lowest level since 1996, while the number of people who are inactive soared to a record high.

"We still think that the labor market will be a significant constraint on the wider economic recovery," said Vicky Redwood, an economist at Capital Economics.

