

**‘Hard Labour’:**

**Young people moving into work in difficult times**

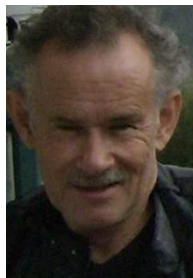
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Dr Martin Allen has published widely and written extensively about young people, education and employment. More recently he has been researching the reintroduction of apprenticeships in the UK. More information on this and other material is available at [www.radicalbks.com](http://www.radicalbks.com)

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## **‘Hard Labour’: Young people moving into work in difficult times**

Though youth unemployment has continued to fall, at 16%<sup>1</sup> it remains three times the adult rate – but many more young people still can’t get the jobs that they want. Young people have been encouraged to continue to higher education, yet qualifications buy less and less and thousands remain ‘underemployed’. This study provides both an overview and a context to the difficulties facing young people seeking to enter the labour market. It examines the debate about skills and the changing nature of work that have made the transition from full-time education to employment more difficult, more precarious, more prolonged.

It was not supposed to have turned out like this. Instead, the changes to the labour market were meant to have been positive. The new jobs being created in the 21<sup>st</sup> century were supposed to be high skilled, requiring much greater levels of education than previously. ‘Fordist’ production, where workers performed repetitive and mundane tasks to strict time schedules was, it is said, being superseded by ‘Post-Fordism’ requiring workers to use a much wider variety of skills and ingenuity. Employees of the future would also, it was claimed be ‘knowledge workers’. But in practice this is not the case. The first section of the study provides an historical overview of these arguments.

Drawing on a variety of statistical data, written reports and research from a wide range of agencies, the second and more substantive section describes the realities of the labour market and the emergence of new inequalities in the workplace and within the occupational structure. It argues that it is young people moving into the labour market who have suffered most, but it also argues that while they may have been intensified by the recent downturn and particular susceptibilities of the UK, many of these new inequalities are longer term ‘structural’ developments and will therefore affect future generations.

The third and final section, written as a new government came to office with a promise of 3 million more apprenticeships for young people, offers some alternative policy blue-prints. Updating my earlier research findings (Allen & Ainley, 2014) it provides a critique of the weaknesses of apprenticeships and examines current debates about the importance or otherwise of vocational education in schools. While recognising the importance of educational reforms it concludes that major changes to the economy and the labour market are necessary if young people’s chances are to be significantly improved. Though a detailed discussion of alternative economic policies are outside the remit of this study, a range of alternative policy initiatives are summarised and new employment challenges and opportunities highlighted.

The research has focussed on the UK, but even if national differences remain significant, notably in relation to the impact of apprenticeships or the number of ‘underemployed’ graduates, there is clear evidence of many similar trends and developments elsewhere. While academically rigorous it is also designed to be read by an audience beyond the seminar room, hence its polemical nature. As an e-book the intention is to regularly update and revise. Comments can be registered at [www.radicaledbks.com](http://www.radicaledbks.com)

Martin Allen September 2015

Note:

Details of government reports, academic reports and policy reviews are included as footnotes rather than as textual references. All website links are correct at the time of publication.

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<sup>1</sup> Official measurements of unemployment include full-time students looking for work. Excluding this group still leaves a figure of almost 15%. The ‘NEETs’ category is considered later.

## **What happened to the jobs young people used to do?**

Youth's insecurity in the labour market is a relatively recent problem. For nearly 30 years after 1945, a period when the UK economy enjoying a 'long boom,' rates of youth joblessness broadly reflected the unemployment rate as a whole and this rarely rose above 2%. During this period of 'full employment' output increased, wages rose and spending on the new welfare state increased accordingly. Even though secondary education expanded, became less selective and more comprehensive, seen as something that would benefit working class students – until the mid-1970s the majority of young people left school with few if any qualifications. As Dan Finn noted (1987, 43), it was not that the jobs available were particularly good – most were likely to be 'unskilled' or 'semi-skilled', but that in a buoyant labour market and with a growing working-class affluence, leaving school for work was a rational choice for many. It also involved a relatively straight forward transition to the labour market without any of the 'vocational preparation' now considered necessary. The economy and the occupational structure, was very different then.

According to Finn (46) in the not untypical year of 1964, out of 608 000 school leavers, 425 000 were fifteen years of age. Half of all school leavers went into jobs where formal training did not exist, or there was no need for it. The Raising of the School Leaving Age (ROSLA) in 1972/3 though considered a positive development by education reformers, was opposed by many working-class parents and resulted in 'reluctant learners' having to delay the transition to work, even though they were ready to join the workforce.

The sociologist Paul Willis provided an alternative understanding of the relationship between working-class boys in a 1970s secondary modern school and shop floor work, arguing not only that the school taught them very little (if anything) about work, that they didn't know already from relatives and friends, but was seen by them as an obstruction to the transition to adulthood. There were also 'classic' sociological studies describing the process through which young men followed their fathers or other relatives into local industries like mining (e.g. Dennis et al 1957) even if, at the time of these studies, many of these industries were already in terminal decline. There continued to be examples of towns being dominated by particular employers and where 'informal' recruitment continued to be as important as school performance. In these 'collective transitions' school friends invariably became workmates.

This type of transition to the workplace generally constituted the first stage of the wider transition from dependent child to independent adult. It was followed by transition from parental home to marital home and then to being a parent, even if for some young people this was far from straight forward and sometimes involved intermediate stays with relatives until suitable housing became available, it was much more 'condensed' (Jones 1995) more straightforward and more predictable than it is today. In other words it involved a much shorter 'post-adolescent' period before 'settling down' and 'taking on responsibilities.'

The transition from youth to adulthood and from school to work also reflected gender and class divisions. For working class girls, employment was seen as a temporary activity, allowing a brief period before marriage and then motherhood (with the birth of a first child in the early 20s compared with 30+ now). Middle-class youth generally stayed in education

longer and if they progressed to university meant they left home temporarily. Passing examinations allowed some young working class young people to 'move up' as the number of white collar, managerial and professional jobs expanded, while a network of new 'campus' universities and polytechnics also provided more opportunities to enter higher education.

Yet rather than there being an improvement in the 'relative' chances of working class youth compared to their middle class counterparts the social mobility of the post-war years was largely 'absolute' the result of a change in the occupational structure. As sociologist Ken Roberts describes:

'during the twentieth century the middle class was growing in size, which in itself increased the likelihood of those born into the middle class remaining in this class... Up to 1920 around three-quarters of sons born into the working class remained in that class. Amongst those born after 1950 it was just 50 per cent: the other 50 per cent had risen, at least into the intermediate class.' (Roberts 2011, 186)

It was also debatable whether all of those who Lockwood (1958) referred to as *The Black Coated Worker* had really moved up to the 'middle-class'. It would therefore be an exaggeration to say that the occupational order became less of a pyramid and more of a 'diamond' shape in the way that some post-war sociologists argued. Many made up an intermediate army of office clerks working in the sales and administration departments of the new large corporations that emerged in this period; or even a new 'white-collar' proletariat who, while being 'better qualified' than manual workers, had only limited career and promotion prospects. In any case, even by 1979, manual workers still made up over 50% of all employees with only 16% in the office as opposed to the plant (Callinicos & Harman 1987 14).

As an alternative to entering what became known as 'blind alley' employment –work without prospects and where it was often jokingly said, you could 'be out of one job on Friday and in another on Monday,' those that could would start apprenticeships. In 1950, 33% of boys and 8% of girl school leavers entered apprenticeships (Finn 1987 55). Apprenticeships continued to provide employment opportunities throughout the 1960s, when up to a quarter of a million were on offer annually for 25% of school leavers. Apprenticeships provided an entrance ticket to an established trade. As much a 'time serving' exercise, as they were technical training, they still included day-release FE.

### **The rise of youth unemployment**

The end of the long boom and the economic downturn of the 1970s led to rising unemployment, particularly for young people, as the first response of firms was to stop recruiting. It soon became clear also, that the new Youth Opportunities Programme and the first one-year and then two-year compulsory Youth Training Scheme, run by the Manpower Services Commission were really no more than *Training Without Jobs* (Finn 1987). As a result many young people began voting with their feet and remained in full-time education. 'Vocational' courses began to grow in school sixth forms as well as in FE colleges, but more young people also took academic qualifications. By the 1980s, more than half of 16 year olds stayed on in full-time education for the first time, to reach 72.6% by 1993 when the number of 17 year olds still at school or in college rose over a third to 57.5% (Allen 2004). As will be argued later, Tony Blair's 'education, education, education' was to become symmetrical with what was seen to be a changing labour market and employment structure.

But it has been the decline of existing opportunities in labour market, as much as the growth of new, more challenging ones, that have been a driving force behind increased staying on at school – young people being ‘pushed’, rather than ‘pulled’ (Wolf 2011). Whatever their teachers might think, or however much they may like it to be different, rather than representing a ‘love of learning’, education will always be predominantly an instrumental activity for large numbers of working class students. It is primarily an individual activity with an ‘exchange value’ and it is now increasingly promoted by governments as a future personal investment

Despite being masked by increased participation in full-time education, (the proportion of 16-24 year olds in full-time education has increased from 25% at the start of the 1990s to 45%) youth unemployment has persisted at a much higher level than the overall jobless rate. In 1961 for example, out of a total unemployment figure of 330,000, only 10,000 were under the age of 19. In comparison, during the period between 1972 and 1977, when unemployment as a whole increased by 45%, the rate for those under 20 increased by 120%. Though accentuated by economic downturns, the decline in ‘youth jobs’ has been part of a longer term structural problem. As can be seen from the data below, at the height of the ‘Blair Boom’, for example, half a million (10%) of 18-24 year olds were unemployed compared with a 5% rate for the workforce as a whole:

Unemployment rate	18-24 unemployment rate	18-24 as % overall
1993	10.4	17.5
1994	9.5	16.3
1995	8.6	15.0
1996	8.1	14.3
1997	6.9	12.9
1998	6.3	12.0
1999	6.0	11.2
2000	5.4	10.6
2001	5.1	10.4

(Source: Bell and Blanchflower 2009) <sup>2</sup>

Between October and November 2014, when overall unemployment had fallen to 1.97 million and to just over 6% of the economically active population – the largest annual fall in unemployment since records began, it still remained at 16% for those in the 16-24 age group – nearly three times the adult rate. Even calculated on the number of 18-24 year olds ‘not in full-time education’ (the previous totals include full-time students looking for work), youth unemployment was still 12%, double the general rate.<sup>3</sup>

Separate Office for National Statistics figures for those characterised as NEET (see below) showed over 13% (almost 1 in 7) of all 16-24 year olds and over 15% of those 18-24 are in this category. The high ratio of youth unemployment to adult unemployment as a whole is a feature of most developed economies, but it has been particularly significant in the UK – During the economic downturn, European countries like Greece and Spain, have had much higher levels of youth joblessness, approaching 50%, but also much higher rates of general unemployment. To reiterate, youth joblessness constitutes what economists refer to as

<sup>2</sup> David Bell and David Blanchflower Dartmouth Paper *What should be done about rising unemployment in the UK?* <http://www.dartmouth.edu/~blnchflr/papers/speech379paper.pdf>

<sup>3</sup> *Youth unemployment statistics* House of Commons Library 18/02/2015

‘structural unemployment’ –as much the result of longer term changes in the labour market, as it is ‘cyclical’ changes.

### **Out goes the factory production line**

To begin with, rising youth unemployment has coincided with the decline of manufacturing. As noted earlier, the importance of manufacturing in providing work for young people, including through the industrial apprenticeship system, cannot be overestimated. Once the ‘workshop of the world’, UK manufacturing employed over a third of all workers as early as 1841. Although it has continued to experience a long term decline, even in 1979 the manufacturing sector still made up 28% of total output and employed 26% of the total workforce. In 1964 for example, 37% of boys and 35% of girls entered manufacturing (Finn 1987, 46). By the new millennium however, manufacturing employed just 12.1% of the entire workforce and by 2014 this figure had fallen further, down to 7.8%.

Manufacturing declined most substantially in times of economic downturn – during Mrs. Thatcher’s first term of office, for example, when the economy crashed, almost one in four manufacturing jobs disappeared. But the Thatcher years accelerated the process of a long term structural decline. In the years between 1991 and 2001, when the City boomed and the housing market bubbled, a further two million more manufacturing jobs were lost, whilst between 1997 and 2007 manufacturing output as a *proportion* of the economy declined from 18.7% to 11%. UK manufacturing jobs continued to head overseas, especially to the emerging economies – first to China and then to its neighbouring countries where labour costs are lower still,

‘Fordism,’ described the production method where workers performed repetitive and often monotonous tasks under strict supervision, – but the term was also associated with particular social practices. Though there were ‘layoffs’ and the shutting down of plant and machinery, particularly in areas like the motor industry, employment was generally secure and contracts were generally permanent. Pay and conditions of service were invariably the product of trade union negotiations. Trade unions also played a significant role in maintaining differentials between different types of ‘skilled’, ‘semi-skilled’ and ‘unskilled work’ –in many cases this also led to male workers being paid more than women. Manufacturing industry was also the back-bone of the apprenticeship system referred to earlier but also regularly provided the ‘youth jobs’ referred to earlier. Between 1975 and 1993 for example, the numbers entering apprenticeships fell from 290,000 to only 45,000. This period saw a marked decline in manufacturing

### **In comes the ‘knowledge worker’?**

By comparison, the new manufacturing sectors are said to be organised around ‘Post-Fordist’ principles and have required the multi-skilled and flexible workforce to be able to work in teams, taking more responsibility for making decisions. Soon this gave way to theories about the rise of ‘knowledge workers’ *Living on Thin Air* (Leadbeater 2000). According to US management guru Peter Drucker (1993) knowledge workers will be employed in the ‘thinking’ occupations of the 21st century, their jobs centring around ‘problem solving’. Accordingly, factory workers now become technicians wearing white coats and carrying clip-boards, not simply recording production data from an increasingly automated plant but

also anticipating future bottle-necks, dealing with potential faults and increasingly involved in discussions about quality control.

As the *Financial Times* (25/11/12) reported, the changes in the occupational structure have meant that employment in professional occupations – which include lawyers, accountants and management consultants has grown more than 230,000, or 4.4 per cent, since early 2010. The *FT* noted there had been a significant rise in associate professional and technical occupations, which range from engineering technicians and IT support staff to financial advisers. This has been at the expense of a 160,000, 4.8% fall in administrative and secretarial staff, while process, plant and machine operators are also fewer, as are skilled trades, which include electricians and machine fitters. In 2012 UKCES<sup>4</sup> predicted a continued increase in the number of ‘managers, directors and senior officials’ – for example, there would have been an 18% increase between 1992 and 2020, but also in the number of ‘professionals,’ where there would have been a 19% increase. There would be a 14% increase in the ‘associate professional and technical’ group, where employment had grown most rapidly for associate professionals engaged in culture, media and sports occupations alongside health and social care (UKCES 83).

Finally, the changing nature of production has, as Brynjolfsson & McAfee (2014) describe, resulted in a *Second Machine Age* and ‘the digitization of just about everything’ (Brynjolfsson & McAfee 57) creating the potential for huge increases in productivity. Digital technologies provide an infinite increase in output without incurring a counteracting increase in costs necessary to produce more tangible products. E-books and digital photographs, are clear examples of new ‘weightless’ commodities the supply of which can be expanded infinitely ‘Thanks to technology, we are creating a more abundant world –one where we get more and more output from fewer inputs like raw materials, capital and labour’ (Brynjolfsson and McAfee 165). Paul Mason (2015) has also described how digital technology has the potential to revolutionise economics, eliminating the traditional economic problem of ‘scarcity’.

### **Education, education, education**

So if there is a fast moving knowledge economy it is argued that there is also a need for continued reskilling as well as high levels of labour mobility and flexibility across the workforce. As a result governments continue to call for increases in the quality of human capital. In the UK, New Labour argued for ‘education, education, education’ as a way of ensuring ‘employability’ and it has been argued that education became the new economic policy (Ainley & Allen 2010). It substituted for employment policy, as ‘supply-side’ economics now replaced the Keynesian demand-management. But this new ‘education state’ increasingly coincided with the demise of the ‘welfare state’. Rather than taking collective responsibility, providing a safety-net and most of all, ensuring Keynesian full employment, the state was re-theorised by New Labour as a body that would now concentrate on empowering its citizens by, to quote its White Paper (1997) creating ‘excellence for everybody, rather than just a few.’ Education would allow individuals to rise to the challenges posed by the global economy and equip themselves to ensure ‘employability’ –the late Stuart Hall, referred to this as Labour’s *Double Shuffle*.<sup>5</sup>

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<sup>4</sup> UK Commission for Employment and Skills (2012) *Working Futures Labour Market Trends 2012 -2022* [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/298510/working-futures-2012-2022-main-report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/298510/working-futures-2012-2022-main-report.pdf)

<sup>5</sup> *Guardian* 06/08/03. For an extended version in *Soundings* No 24 Summer 2003



Throughout the New Labour years, policy statements and speeches continued to be almost evangelical about the potential of education to transform lives. After ten years of New Labour, in his first ‘education’ speech as Prime Minister (01/11/ 2007), Gordon Brown reaffirmed the links between increased participation in education and success in the labour market, arguing that ‘there is virtually unlimited global demand for new talent’ and that low skilled jobs were disappearing (quoted in Ainley & Allen 2010 30)

In doing so he was repeating the claims of the 2006 Leitch Report which warned that the UK was in danger of falling behind its competitors in terms of the skills of its workforce while the 2007 *Staying in Education and Training* Green Paper proclaimed that a 25% decline in the amount of unskilled work since the mid-1980s meant ‘it is no longer a sensible option for a young person to leave education for good at 16’. In the Forward to the 2009 White Paper, *New Opportunities, Fair Chances for the Future*, Brown proclaimed that, despite the financial crash, the world economy would double in size with a billion new jobs for skilled workers being created. The second section will examine and critique the arguments about employment trends in more detail, but as the table below illustrates, the importance of educational qualifications in improving employability cannot be disputed.

Unemployment rates by highest qualification	
Higher degree	2.7%
First degree	3.8%
GCE A level or equivalent	7.3%
GCSE grades A-C or equivalent	9.6%
Other qualifications	10.7%
No qualifications	14.4%

(Source: Bell and Blanchflower 2009)

In its early years in office, as part of its ‘standards not structures’ approach, Labour had constructed a gigantic ‘Education PLC’, running a highly centralised system. It imposed targets on just about everybody and everything and used Ofsted to threaten under-performing schools with closure or forced conversion to an ‘Academy’. Academies were ‘failing schools’ generally in a deprived area, that would be given a new name and management structure directly funded by the Department for Education and Skills, but with a business sponsor. After being elected for a second term and to the disappointment of some of its supporters (Benn & Millar 2006) Labour increasingly adopted a Conservative ‘choice and diversity’ agenda, encouraging schools to differentiate and ‘brand’ themselves as competing products – and facilitating an ‘internal market’ in school education.

Since the Labour Manifesto of 1997, which envisaged 50% of 18-30 year in HE, young people have been encouraged to see education as an investment that would provide future benefits. Despite the rising cost of this investment (£1000, £ 3000, £9000 under the Coalition) there has been a movement from minority to mass participation in Higher Education. Of necessity this investment was not in the form of an upfront payment, but through a protracted loan repayment scheme linked to future income.

The push for more graduates was accompanied by arguments that there was now an ‘hour-glass’ occupational structure where there has been a ‘hollowing out’ of many middle, especially traditional clerical and skilled manual occupations but, as the University Alliance’s 2012 *The Way We’ll Work*<sup>6</sup> emphasises an increased demand for graduates as

‘professional, associate professional and technical occupations accounted for three quarters of employment growth between 2000 and 2010 ..... at the other end of the spectrum more than half of the jobs that declined the fastest during this period were in occupations where the majority of people are qualified to level 2 (GCSE A\*-C and equivalent)’ (University Alliance p4).

According to the *Financial Times* (19/01/15) ‘the long term pattern of jobs growth in the UK, as in most other European countries, has resembled an hourglass’. It quoted Oxford research which showed that for every 10 middle-skilled jobs that disappeared in the UK between 1996 and 2008, about 4.5 of the replacement jobs were high-skilled and 5.5 low-skilled. .

Despite the above emphasis on high-skilled graduate employment described above, apprenticeships were reinvented as ‘Modern Apprenticeships’ by John Major’s government. More recently, the Coalition’s Business Secretary Vince Cable, justified apprentices in the following context:

‘Investing in skills is central to our drive to boost business and productivity and make the UK more competitive... by radically expanding the number of degree level apprenticeships for young people, we will put practical learning on a level footing with academic study. This is an essential step that will help rebalance our economy and build a society in which opportunity and reward are fairly and productively distributed.’  
(*Department for Business Innovation and Skills*, press release 08/12/11)

Apprenticeships now exist at Intermediate (Level 2), Advanced (Level 3) and Higher Level. To start one, an individual must be employed for 30 hours a week and an employer must follow one of the 200 established frameworks. New employers are eligible to receive up to the £1500 for 10 apprentices between 16-24, all training costs for those under 19 are reclaimable, up to 50% for others. .The final section of this study will provide a more detailed analysis of apprenticeship development under the Coalition and now the new Conservative government.

### **Dealing with the ‘NEET’ problem.**

If education has been used as a carrot –promoted as the most likely way to access new opportunities, then neither have governments been afraid to use the ‘stick’ by taking more direct measures, particularly in relation to those young people who continued to leave education with few qualifications. During the New Labour years the term NEET (‘Not in Employment, Education or Training’) became part of new educational language, with Labour also setting a timetable for the raising of the ‘participation age’ to 18 by 2015. Under the Coalition, a number of more coercive measures were introduced, for example, the £1bn *Youth Contract* part of the government’s *Work Programme* which, like Labour’s previous *Future Jobs Fund*, involved subsidised work placements, however sub-contracted this task to

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<sup>6</sup> University Alliance (2012)*The way we’ll work. Labour market trends and preparing for the hour-glass*  
<http://www.unialliance.ac.uk/wp-content/uploads/2012/03/The-way-well-work-final-for-web.pdf>

eighteen private-sector providers on a payment by results system<sup>7</sup>, although according to *The Guardian* (27/11/2012) in the 14 months to July 2012 none of them had been able to meet their target of placing 5% of those referred to them in employment for more than 6 months.

The Coalition also announced that 250 000 young people would be provided with unpaid work experience placements lasting for up to 8 weeks. A refusal to participate after being recommended by a job centre, or to complete the placement resulted in the loss of benefits, while anybody on a work placement would no longer be counted as unemployed, even though they were still receiving benefits. As a result of allegations of ‘slave labour’ and a successful and high profile attempt to seek a judicial review against the scheme, by a Birmingham University geology graduate who had been required to stack shelves, without pay in budget store *Poundland*. Many well-known high street companies distanced themselves from the scheme. But coercive solutions have continued to remain on the agenda with the new Conservative government announcing ‘boot camps’ for making unemployed young people ‘work ready’<sup>8</sup>.

## Conclusion

This opening section has described changes in the relationship between young people and the labour market, particularly the changing importance of qualifications in securing work. Because of the increased importance of full-time education in lives of young people –as well as the soaring cost of alternative accommodation –many more 20 to 24-year-olds have continued to live with their parents<sup>9</sup> and sociologists have devoted considerable time to research how this longer period of transition is ‘experienced’ compared to the ‘condensed’ period described earlier.

Making use of a range of data sources, the next section argues that many of the changes described in this section have been over exaggerated and that rather than moving to a high skilled ‘knowledge economy’ new types of inequalities have emerged. Youth joblessness may be falling, but this has not meant that young people have got the work that they want. The expansion of educational opportunities has meant that school (and university) pass rates are now higher than ever before. They have also far exceeded the number of employment openings for ‘qualified’ labour. A generation of graduates, for example, now risk being ‘overqualified and underemployed’ (Allen and Ainley 2013). –but graduates entering non-graduate jobs has had the effect of ‘bumping down’ those who have traditionally done these.

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<sup>7</sup> For an overview see Allen & Ainley (2013) *The Great Reversal*. Downloadable [www.radicaldbks.com](http://www.radicaldbks.com)

<sup>8</sup> *Financial Times* 17/08/15 <http://www.ft.com/cms/s/0/584bc9a6-4434-11e5-af2f-4d6e0e5eda22.html#axzz3l2HbCrOP>

<sup>9</sup> ONS - *Young adults living with parents, 2013* Released: 21 January 2014

## Young people, new inequalities and difficult times

The first section provided an overview of perceived changes in the nature of work and of the increased importance of educational qualifications in placing young people in more highly skilled employment. For many young people however, including many of those who are indeed highly educated, the reality of 21<sup>st</sup> century employment is rather different. According to the influential Chartered Institute of Personnel development (CIPD)<sup>10</sup> for example, more than a fifth (22%) of British work roles require only primary level education to do them, while stories of graduates being unable to secure graduate jobs continue to proliferate. In addition, rather than major skills shortages, employer surveys, including those from UKCES report large numbers of workers not being able to, or not needing to use their skills<sup>11</sup>.

To begin with, there is more than enough evidence to suggest that the Fordism of the manufacturing age has been re-establishing itself in the service sector. In his top selling *Chavs* Owen Jones (2011) describes the dismal experience of call-centre workers who, sitting in rows ‘read through the same script again and again’ while ‘computers dictate the time and duration of breaks’ (Jones 147) and where employees are required to raise their hand for permission to use the toilet. If call centres in the UK now employ around one million people, the similarities between working on Henry Ford’s early twentieth century assembly lines and labouring in the new service sector are also made apparent in Eric Schlosser’s *Fast Food Nation* (2002). Now a global phenomenon, fast food chains feed billions at rock bottom prices, but also employ thousands of ‘operatives’ mostly young people –often from the most disadvantaged sectors of society – on part-time contracts, in kitchens that have been turned into factories. Employees are subject to a division of labour in order to provide standardised hamburgers and ‘french fries exactly 0.28 inches thick’ (Schlosser, 69) while conveyor belts determine cooking times. Nevertheless, this has not stopped fast-food workers in 100 US cities occupying restaurants to demand an hourly rate of \$15 (£9.50).

In many ways, the global army of fast-food operatives are worse off than the generation of car workers who preceded them. These through relatively strong union organisation, were able to enjoy greater security of tenure and benefit from collective agreements about working hours, holiday entitlements, bonus payments and overtime. Post-war car workers for example, even if they were frequently subjected to the temporary shut downs, as plants over-produced and vehicles stockpiled, did not have to suffer the imposition of ‘zero hours’ contracts, which, are now a regular feature of 21st century labour. Zero-hours workers are not guaranteed minimum hours and must be available if and when required. As a result their contracts prevent them working for anybody else. Zero-hours contracts, which did not exist even ten years ago, also allow employers to avoid having to provide holiday pay or other benefits.

One hundred and fifty years after Karl Marx referred to a ‘reserve army’ of labour, a surplus labour force whose employment depended on fluctuations in the production cycle, the Office for National Statistics estimated that nearly 700 000 people are on ‘zero-hours’ (Press release

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<sup>10</sup> Chartered Institute of Personal Directors (2014) *Industrial strategy and the future of skills*.

<sup>11</sup> See UKCES (2014) *Employer Skills Survey* (<https://www.gov.uk/government/collections/ukces-employer-skills-survey-2013>)

25/02/15). The TUC which claimed there were far more,<sup>12</sup> also found that the average hourly wage for a worker on a zero-hours contract was £8.83 a third less than the average for staff on permanent contracts (£13.39). *The Guardian* (6/7/13) reported 90% of McDonald's workers were employed on zero hours, while the retailer Sports Direct disclosed that 20,000 of its staff were employed this way. Buckingham Palace the National Trust and Boots all admitted to using them. Pub group JD Weatherspoon had 24,000 zero-hours contracts (80% of its workforce) and the practice is also increasingly common in health and in education where 35% of employers said they used them. Young workers and those over-50 are the groups more likely to be on them.

Meanwhile the physically exhausting nature of the production line work reported by workers in Huw Beynon's 1975 *Working for Ford* Fordism continues to be a feature in new workplaces like Amazon's distribution centres for example. A BBC *Panorama* investigation<sup>13</sup> showed Amazon's 'pickers' covered up to 11 miles of walking during 10 hour night shifts during which they were expected to collect orders every 33 seconds or face possible disciplinary action. Guided by scanners that beeped if they made a mistake, the programme claimed that workers were increasingly in danger of suffering mental illness. Amazon issued penalty points to workers – for talking to colleagues, taking sick leave, or even spending too long in the bathroom and gave workers just 30 minutes for lunch – 20 minutes of which were spent walking to and from the canteen.

### **More 'Lousy Jobs' than 'Lovely Jobs'? Employment in the post-crash economy**

The arguments about the increased significance of 'knowledge work' –growing professional and managerial employment have been summarised in section one, yet according to Goos and Manning (2003) some new 'lovely' jobs have also been accompanied by the huge growth in 'lousy jobs' at the bottom of the service sector. In terms of occupational growth between 1979-1999, Goos and Manning produced the following list (Goos & Manning 34):

- Care assistants
- Software engineers
- Management consultants and business analysts
- Computer analysts and programmers
- Educational assistants
- Hospital ward assistants
- Actors, entertainers, stage managers and producers
- Treasurers and company financial managers

The biggest growth in absolute numbers has been in care assistants and attendants but there has also been a strong percentage increase in teaching assistants and hospital ward auxiliaries. Moreover, just outside the top ten on the list, Goos and Manning found large increases in the number of nursery nurses, hotel porters, merchandisers, window dressers and travel and flight attendants, among other low-paid service occupations.

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<sup>12</sup> The TUC (press release (25/02/15) cited another study by ONS, based on a survey of 5000 households and suggesting there were 1.8 million workers on zero-hours. According to the Financial Times 02/04/15, 700 000 is probably an under-estimate, the 1.8 million an overestimate.

<sup>13</sup> *Panorama: The Truth Behind The Click*, BBC One (25/11/13)

The IPPR<sup>14</sup> has also commentated that the notion that future job opportunities will be concentrated in high-skilled graduate positions, as the University Alliance claims, has been ‘overplayed’. IPPR forecast that between 2012 and 2022 only just over one-third of all jobs will be created in high-skilled occupations, with the remainder in medium and low-skilled occupations. For example, while the number of health professionals is expected to grow by 1.6 million by 2022, there will be an increase of almost 3 million care workers.

### **The decline of ‘middling’ jobs**

According to Goos and Manning it is ‘middling’ jobs – those that have typically required routine manual and cognitive skills’(Goos & Manning 4) that have continued to suffer most from automation, resulting in those who have held them, more likely being forced into the ‘lousy’ jobs at the bottom, rather than enjoying social mobility into professional and managerial work. In many ways this is a continuation of a trend previously identified by Harry Braverman (1974) who described the effects of what should now be recognised as the first wave of technological change occasioned by computing; particularly affecting those jobs associated with data-processing. Braverman described how these developments led to the deskilling of established clerical occupations like book-keeping, which, he argued was now becoming a ‘mechanical operation’ (Braverman 338). Now in the Second Machine Age, the deskilling of clerical and administrative work has turned into widespread job destruction.

Nowhere is the destruction of jobs more apparent than in the financial services sector, as banks close hundreds of branches and make thousands of post-holders redundant. This is in response to a new age of personalised banking now based on laptops and mobile phones, rather than customers spending lunchtimes queuing for a counter clerk to perform a relatively routine transaction on their behalf. As a result, Barclays envisage requiring 40,000 fewer staff – a reduction of some 27% (*The Guardian* 22/10/14). The Lloyds Banking Group also announced similar staff cuts. More generally, accountancy is going the same way with computer packages allowing individuals to file their own tax returns while keeping their own records.

According to Oxford researchers Carl Frey and Michael Osborne<sup>15</sup> 47% of current US employment is under threat ‘perhaps over the next decade or two’ and that ‘sophisticated algorithms could substitute for approximately 140 million full-time knowledge workers worldwide’. They conclude that 35% of UK jobs are at high risk of disappearing in 10 to 20 years because of automation, although initially it will be relatively low-skilled routine employment in office and administration work that will decline fastest. Frey and Osborne go further and argue that technology will replace middling jobs that we consider ‘non routine’.

‘non-routine tasks involve everything from legal writing, truck driving and medical diagnoses, to persuading and selling ..... will soon be automated (Frey & Osborne 4)

According to former Coalition Universities minister David Willetts, accountants, teachers and other middle-class professionals will see their jobs increasingly taken over by robots and IT

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<sup>14</sup> IPPR (2014) *Winning the Global Race. Jobs, Skills and the Importance of Vocational Education*. [http://www.ippr.org/files/publications/pdf/winning-global-race\\_June2014.pdf?noredirect=1](http://www.ippr.org/files/publications/pdf/winning-global-race_June2014.pdf?noredirect=1)

<sup>15</sup> Carl Frey and Michael Osborne (2013) *The Future of Employment: How susceptible are jobs to computerisation?* [http://www.oxfordmartin.ox.ac.uk/downloads/academic/The\\_Future\\_of\\_Employment.pdf](http://www.oxfordmartin.ox.ac.uk/downloads/academic/The_Future_of_Employment.pdf)

advances will mean that professions that appear to be ‘really rather sophisticated’ are actually easier to replicate. (*The Telegraph* 08/07/14). The debate about what computers and robots can and cannot do (the ‘digitalisation of just about everything’ page 6 above) will intensify. For Brynjolfsson & McAfee also, large sections of professional and managerial work are under threat as the machine races ahead. Of course, decisions about the introduction of new technology are also social and political decisions. Historically, the replacement of labour by machines has been resisted –in particular by workers’ opposition. The unanswerable question is whether the professional workers in the 21<sup>st</sup> century will be more successful in resisting the march of digital technology, than the skilled craft (‘luddite’) workers of the 18th century in resisting the new factory machinery.

### **Employment after the crash**

The polarisation of employment and income has intensified since the economic downturn. By 2013, according to the TUC, almost 80% of new jobs created since June 2010 have been low-skilled, low-paid and often part-time, insecure jobs in sectors such as retailing, waitressing and residential care with an average hourly wage of £7.95 or lower (Press release 12/07/13). As TUC General Secretary, Francis O’Grady, told *The Guardian* (5/9/2014), ‘The economy is very good at creating low-paid jobs but not the well-paid ones that workers really need. Worryingly, the growth of low paid jobs is as much a feature of the recovery as it was the recession.’ The TUC evidence showed that only 1 in 40 post-recession jobs has been full-time, with full-time employment now representing only 62% of total employment, down from 64% in 2008, despite 1.3 million part-time workers preferring but unable to gain full-time work – double that before the recession.

Between December 2010 and December 2012 the number of temporary workers increased by 89,000 to reach 1,650,000 – nearly half (46%) of the total jobs increase. The number of people doing involuntary temporary work - people doing temporary jobs because they couldn’t find permanent work – has been growing sharply for a number of years. In 2005, the number of involuntary temporary workers (263,298) was broadly similar to the number of ‘voluntary’ temp workers who didn’t want a permanent job (243,703). However, by the end of 2012 the number of involuntary temporary workers had more than doubled to 655,000<sup>16</sup>.

The growth of jobs in low paid, low skilled, labour intensive, low productive services is also reflected in ONS figures. According to its August 2014 Labour Bulletin, of the 1.1 million increase in jobs in the year to March 2014, only 189,000 have been in the ‘professional, scientific and technical’ high wage and high productivity category. Thus, it is the low-paid sectors of the economy where employment has really continued to expand. In a separate analysis<sup>17</sup> the TUC estimated that between 2008 and 2013 325 000 jobs in manufacturing had been lost, emphasising that the period since the downturn was continuing to reshape the British economy. For example, ‘accommodation and food services’ has generated 128,000 extra jobs, likewise ‘human health and social work’ (also one of the lowest paid) has produced another 89,000. By contrast, the ONS reported only 44,000 new manufacturing jobs in a sector in which any productivity increases are always the most noticeable but do not necessarily result in increases in employment.

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<sup>16</sup> *Daily Mirror* 12/08/2013 <http://www.mirror.co.uk/money/city-news/unemployment-nearly-half-new-jobs-2152408>

<sup>17</sup> TUC’s Touchstoneblog.org.uk 28/ 01/2014.

## The myth of the ‘self-employed’ society

As well as being said to require ‘high trust’ and ‘high discretion’ (Brown and Lauder 1992 4), Post-Fordist knowledge employment is associated with increased autonomy over work. In this respect, does the enormous growth in self-employment represent new and positive changes? After all, many professions have always existed in this way, including GPs and architects in their private practices –and many others have continued to dream about ‘being your own boss’. Self-employment has always been strong in the skilled trades and as the ONS records these still represent a quarter of the total with 167,000 building workers, 166,000 taxi drivers and 144,000 carpenters and joiners.

According to the IPPR (Press Release 14/8/14), the UK is becoming Europe’s ‘self-employment capital’. Its analysis showed that over the previous year growth in self-employment in the UK was fastest of all EU countries, with the proportion of self-employed workers rising by almost a whole percentage point. IPPR said that, whilst the UK previously had internationally low levels of self-employment for many years, it has now caught up with the EU average.

Self-employment has proven to be a key driver of overall job creation as the working-age employment rate has reached historically high levels. The ONS 2014 *Self Employment in the UK*<sup>18</sup> recorded a total of 4.6 million self-employed workers, around 15% of the workforce, with an additional 356,000 people who were self-employed as a second job. This figure can be compared with 1975 when only 8.7% (representing 1.9 million) of the workforce were self-employed. According to the ONS, in the five years to 2014 the number of self-employed managers, directors and senior officials more than doubled to almost 240,000. The Association of Independent Professionals and the Self-Employed (ISPE) acts as a lobbying body arguing that ‘flexibility in the labour market is crucial to Britain’s economic success’.

But it has been in the more peripheral, badly paid and insecure parts of the labour market where self-employment has grown most rapidly most recently. The average median income from self-employment was only £207 per week and has fallen by 22% since 2008/09, suggesting self-employment is a way of supplementing meagre income from elsewhere. In general, part-time workers earn a third less than other employees on a full-time equivalent basis.

There has been a 732,000 increase in the total number of self-employed workers since the first quarter of 2008 and the TUC has calculated that 44% of the new employment since 2010 has been in this category.<sup>19</sup> Earnings from self-employment ( self-employed pay is usually 40% less than employed) fell by a fifth between 2006 and 2010. In fact, the ONS data shows that 886,000 (equal to 23% of people who were self-employed in 2009) had moved out of this category by 2014, illustrating the transient nature of this type of work – however, the proportion moving back to full-time paid employment is falling. Indeed, the Channel 4 *Dispatches* programme (19/1/15) claimed that, having to meet targets for reducing unemployment, job centres were encouraging claimants to set up their own businesses to employ themselves. The TUC also records that the number of self-employed people setting up a company has fallen, so – rather than a new generation of entrepreneurs – ‘selling goods

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<sup>18</sup> <http://www.ons.gov.uk/ons/rel/lmac/self-employed-workers-in-the-uk/2014/rep-self-employed-workers-in-the-uk-2014.html>

<sup>19</sup> *More than two in five new jobs created since mid-2010 have been self-employed* (TUC Press release 14/04/14)



on line’ or ‘odd-jobbing’ is now more likely to be the norm. There has also been a fall in the number of people paid by employment agencies.

The TUC has been criticised by ISPE CEO Chris Bryce as ‘backward looking’:

‘The rise in self-employment is a long term phenomenon that has continued steadily over a number of years through both positive and negative economic periods. It is a structural change in the way we approach the concept of work, not a cyclical occurrence based on an unhealthy jobs market, as the TUC claim.’ (*ISPE Press Release* 14/04/14)

Yet, the concerns of the TUC were vindicated when the parcel delivery firm City Link went into receivership on Christmas Day 2014. More than 2,300 workers were told that their jobs had gone and more than 1,000 self-employed van drivers and agency workers found they were not eligible for redundancy payments. Not officially on the pay roll, they worked as ‘service delivery partners’ – many still owed money from the company for work that they had carried out but could not now be paid for (*Guardian* 2/1/14).

So the division between those in ‘lovely’ and ‘lousy’ types of self-employment is as prominent in the self-employed sector as it is elsewhere in the economy, if not more so. To quote the IPPR report referred to earlier, the self-employed come in ‘all shapes and sizes.’ One feature common across the growing self-employed population however, is that it is an increasingly ageing one. The ONS reports the average age of the self-employed as 47, seven years older than the average worker, with almost two million self-employed workers over 50 whilst self-employment among those aged 65-plus has doubled from 241,000 in 2009 to 428,000 in 2014. This must be seen in the context of lack of adequate pensions as well as the raising of the entitlement age

### **Working all the hours you can get**

Part-time working is a common activity in twenty-first century labour market. Just under 8.5 million people work part-time. It is certainly the case that for many, working less than a ‘full’ week fits around other activities –it’s still the case that almost three quarters (6.14 million) of part-time workers are women –though in many professional occupations it is also a way of ‘downsizing.’ Not only do part-time workers earn less on a pro-rata basis than full-time colleagues, according to the ONS Labour Market Bulletin (June 2015) 1.3 million part-time workers reported they would rather have a full-time job.

Across the workforce as a whole however, ONS<sup>20</sup> estimated that almost 1 in 10 (around 3 million) would work more hours, or be prepared to do a second job, if these were available. *The Guardian* (20/04/12) reported there were 1,1 million people with more than one job, the highest level since 2002. The desire for more hours increases as we move down the occupational scale – with 21% of those in ‘elementary occupations’ wanting more hours, a 7% increase since 2008. 28% of bar staff and waiters/waitresses fall in this category. This shows that there is another significant type of ‘underemployment’. Yet according to the June 2015 ONS Bulletin, UK full-time employees still worked, on average, 37.4 hours per week in their main job, compared to 35 hours in Germany –where there were on average 24 holiday days.

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<sup>20</sup>ONS *Underemployment and Overemployment in the UK, 2014* (Released 25 Nov 2014).

## **Much of the new professional work is not really professional at all**

Questions also need to be asked about much of the increase in new ‘professional and managerial’ employment, particularly the increase in the number of what UKCES has described as ‘Associate Professionals’. Arguably, much of this could instead be described as ‘para-professional’(Allen & Ainley 2013) and in many cases, this has been the consequence of professional work becoming ‘bite sized’ –broken down into smaller, more specialist but also more repetitive tasks.

There is evidence of this in the education sector where even though the number of teachers has continued to increase, there has been a far greater increase in the number of teaching assistants. Between spring 2000 and November 2012 the numbers of full-time equivalent teachers in service grew by 36,300 from 405,800 to 442,000. This represents an increase of 8.9 per cent, but the numbers of FTE teaching assistants has increased threefold from 79,000 in spring 2000 to 232,300 in November 2012<sup>21</sup>. Of course, new qualifications, notably two-year foundation degrees, have been developed to ‘professionalise’ this occupation and these may act as a ladder towards full qualification as a teacher –though this does involve more expense.

The trade union UNISON has carried out a survey of its members working as teaching and classroom assistants (TAs) in autumn 2013.<sup>22</sup> Two-thirds of respondents complained about the excessive amount of ‘cover’ they did for absent teachers. Others commented that extensive time spent dealing with pupil ‘behavioural issues’ was limiting opportunities to assist children with their learning and that they were not being included in staff training to deal with these sorts of issues. 83% expressed concern about working unpaid hours, with nearly a third being ‘very concerned’ about this issue. Over 56% of respondents said they regularly worked unpaid hours, with more than a third of these working four or more hours extra per week unpaid. 12% of respondents worked more than six hours of unpaid overtime every week. Many also said they had to undertake training in their own time.

So it is difficult to assess the true nature of much para-professional work. 95% of teaching assistants expressed concern about low pay. Where they are employed by local authorities and paid according to the local government pay spine, the minimum starting salary for a teaching assistant is £12,145 and the maximum starting salary £17,802. Nearly 87% of respondents to UNISON’s survey were on term-time contracts however, meaning most are earning significantly less than the equivalent full-time salary. In comparison, the average gross salary for all full-time qualified teachers working in publicly funded schools was £37,600.

The new ‘creative industries’ a broad occupational grouping which straddle media and advertising, software and web design, are also cited as examples of the expanding knowledge economy. Creative industries accounted for 1.71m jobs in 2013, 5.6 per cent of total UK jobs; and a 1.4 per cent increase on 2012, with ‘IT, software and computer services’ now

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<sup>21</sup> Quoted from the Department for Education SFR 15/2013 SCHOOL WORKFORCE IN ENGLAND: NOVEMBER 2012

<sup>22</sup> UNISON Teaching Assistants a Class Act [www.unison.org.uk/documents/2857](http://www.unison.org.uk/documents/2857)

employing 825,000<sup>23</sup> Yet within these industries, differences in both pay and security of tenure differ considerably. Visual artists have precarious careers, with typical earnings well below the UK national median wage of £21,320. In 2009/10, the typical photographer earned £15,000 (median), the typical illustrator earned £15,723 (median) while the typical fine artist earned only £10,000 While the top 7% of visual creators earn about 40% of the group's total income (earning at least £50 000 with £120 000 being the norm) 35% need a second 'formal' job.<sup>24</sup>

### **The class structure goes pear shaped?**

The proliferation of low-skilled, low-paid jobs rather than opportunities for professional and managerial work, leads to the conclusion that the 'hour-glass' the occupational structure is going 'pear-shaped' and that there has been a general 'pushing down' rather than a 'pulling up', or a clear division between the upper, middle and lower sections of the jobs market as the hour-glass model would imply.

This has significant implications for those entering the labour market as well as for social mobility within it. It means that most people will have less rewarding jobs than their parents had and that social mobility will mostly be downwards. Arguments about general 'pushing down' of the working population are not new ones. A hundred a fifty years ago, Marx wrote about the increasing proletarianisation of the workforce, while, as noted, Braverman described how post-war white collar workers were being deskilled. But for Marx, writing about the factory system, proletarianisation was also resulting in increased polarisation and rising class consciousness. As will have been clear from above, low-paid employment today is increasingly fragmented and disparate, with the low-paid and casually employed unlikely to be represented by trade unions.

### **Overqualified and underemployed –what price a graduate?**

The limited growth of high skilled (high knowledge) jobs has been far exceeded by the number of university graduates now seeking them. If this has been the case internationally, it has been particularly significant in the UK, where higher education has recently expanded rapidly. As already argued (Allen & Ainley 2013), this has resulted in a generation of graduates who are 'overqualified and underemployed'. The ONS report *Graduates in the Labour Market*,<sup>25</sup> showed 47% of new graduates unable to find a 'graduate role'. According to ONS, examples of graduates in non-graduate jobs are listed as receptionists, sales assistants and many types of factory workers, care workers and home carers.

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<sup>23</sup> *Creative Industries Economic Estimates January 2015 Statistical Release* Department for Culture, Media and Sport 13/01/2015

<sup>24</sup> *2011 Copyright contracts and earnings of visual creators: A survey of 5,800 British designers, fine artists, illustrators and photographers.* Kretschmer, M, Singh, S, Bently, C. Cooper, E University of Bournemouth (2012)  
Downloadable from <http://eprints.bournemouth.ac.uk/19521/2/DACS-Report-Final.pdf>

<sup>25</sup> ONS (2013) *Graduates in the Labour Market 2013* [http://www.ons.gov.uk/ons/dcp171776\\_337841.pdf](http://www.ons.gov.uk/ons/dcp171776_337841.pdf)

More recent data from CIPD<sup>26</sup> shows a shocking 59% of UK graduates in non-graduate employment –exceeded only Greece and Estonia. Like the ONS data, the CIPD report highlights the continued expansion of graduate employment in administrative and lower level technical employment –for example a 34% increase in the proportion of IT technicians with a degree, a 14% increase in those working in education administration.

But of course this does not mean that, as a Lancaster University study found,<sup>27</sup> graduates continue to earn considerably more than the non-graduates because they displace them and therefore non-graduate wages also fall. Neither does it allow for vastly different returns to different sorts of degrees from different sorts of universities. Other DBIS<sup>28</sup> research reports graduates now being £1000 worse-off than a year previously. Neither of these studies make allowances for differences in graduate earnings by degree subject or institution or take into account that as a result of the 2015 summer budget decision to freeze the level that students start paying back loans (rather than build in changes in inflation) the cost of obtaining a degree in England will rise by £6 000 (*Independent* 21/07/15).

The devaluation of qualifications and the continued ‘bumping down’ the ‘jobs queue’ of those who hold them, has contributed to a situation where, rather than employers reporting any serious ‘skills shortage’, significant numbers of employees are not fully using their skills and knowledge in their current work roles. According to CIPD, the UK labour market exhibits high levels of qualifications mismatch and underutilisation of skills, performing second worst (only Japan being higher) of the OCED countries with around 30% of workers considering themselves over-qualified.<sup>29</sup> As already noted, CIPD has argued that over 1 in 5 jobs (22%) in the UK only require a primary school level of education, with only Spain having a higher proportion.

These figures may still be an under-estimation however as more jobs become graduatised so that a degree is needed to ‘get’ the job but not to carry out its duties. In otherwords the job’s role and duties too often, do not match the job’s official characterisation and this helps to explain while many jobs continue to earn middle wages despite higher status job titles. It is in the context of new employer expectations about recruitment, that according to the BBC<sup>30</sup> the number of jobs in the UK requiring a degree has overtaken the total of posts not needing any qualifications,

### **Young people have suffered most as a result of labour market changes**

According to CIPD<sup>31</sup> young people are amongst the most disadvantaged groups in the labour market with employers considering young people an ‘investment risk’ and preferring experienced candidates who can ‘hit the ground running’.

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<sup>26</sup> CIPD (2015) Over-qualification and skills-mismatch in the graduate labour market

<http://www.cipd.co.uk/publicpolicy/policy-reports/overqualification-skills-mismatch-graduate-labour-market.aspx>

<sup>27</sup> According to *The Impact of University Degrees on the Life Cycle of Earning* a Department for Business Innovation and Skills commission study (2013) male graduates will earn 28% more during their working life compared with non-graduates. For women the gap equated to 52%.

<sup>28</sup> DBIS *Graduate Labour Market Statistics*: July-September Q3 2014

<sup>29</sup> CIPD (2015) above

<sup>30</sup> *BBC News* 24/04/2013 <http://www.bbc.co.uk/news/education-22268809>

<sup>31</sup> CIPD (2013) *Learning to Work. Today’s young people, tomorrow’s workforce.*

As a result, 1 in 4 employers did not recruit a young worker in 2012. As the ONS report<sup>32</sup> young people who are in work, regardless of whether they are in full-time education or not, are most likely to be working in the lowest skilled occupation group known as ‘elementary occupations’. This group contains jobs such as kitchen/ catering assistants and waiters/ waitresses. The second most common occupational group young people work in is sales and customer service occupations. By comparison, for people aged 25 to 64, the largest occupational group was professional occupations, in which 22% work, followed by the associate professional occupations described earlier.

ONS Labour Bulletin figures for April to June 2015, showed the unemployment rate for 16-24 at 16 % compared with just 5.6% for the population as a whole. If full-time students seeking work are excluded the rate still stands at just below 14%. Both of these rates are higher than the period immediately before the economic downturn. Other data<sup>33</sup> shows a fall in the proportion of NEETS. At 12.7% of all 12.3% 16-24 year olds, (15.1% of those 18-24 there are 922 000 young people being in this category). According to the Institute for Fiscal Studies (Press release 14/06/13) the income of those in their 20s fell by about 12% in real terms between 2007–08 and 2011–12. This was a larger fall than that experienced by any other age group. This comes on the back of a pre-recession period in which young adults had already started to fall behind. The income of those in their 20s did not grow at all between 2001–02 and 2007–08, while a study by the New Policy Institute (*The Independent* 24/11/14) found that poverty levels in the 16-25 year old age group had risen from 25% in 2003 to 31.5% a decade later, driven by low wages and unemployment.

Finally the Resolution Foundation<sup>34</sup> has released data showing that even though continued economic growth has led to a (small) increase in the proportion of those of working age in ‘privileged’ employment – full-time, stable employment of well-established self-employment, for those in the 18-29 age group, the opposite has been the case. Though there has been decline in youth unemployment, 50% remain (up from 40% in 1994) in ‘insecure work’ – part-time temporary, without proper employment rights and on low pay. Resolution argues that only 26% of 18-29 year olds enjoy ‘privileged’ status (down from 32 % in 1994). Even though the *Financial Times* (10/08/15) feels able to announce that ‘job prospects are brightening for Britain’s young people as the labour market tightens and enters a new phase, it is young people that have suffered most from the cyclical effects of the downturn, but also from the longer term structural changes this study has outlined.

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<sup>32</sup> ONS (2014) *Young People in the Labour Market* <http://www.ons.gov.uk/ons/rel/lmac/young-people-in-the-labour-market/2014/rpt-young-people.html>

<sup>33</sup> ONS *Young People not in Education, Employment or Training (NEET), August 2015* <http://www.ons.gov.uk/ons/rel/lms/young-people-not-in-education--employment-or-training--neets-/august-2015/index.html>

<sup>34</sup> Resolution Foundation *A steady job? The UK’s record on labour market security and stability since the millennium* <http://www.resolutionfoundation.org/publications/a-steady-job-the-uks-record-on-labour-market-security-and-stability-since-the-millennium/>

## What Strategies are Needed?

### Can education be made more relevant to the needs of the workplace?

The previous section described how staying longer in full-time education has left many young people ‘over qualified and under employed’. This represents an inversion of ‘human capital theory’ refuting the arguments that the global economy provides increased opportunities for those who have invested in education and skills. Yet could it be the case however, that by changing what is taught in schools, colleges and universities and bringing the curriculum more in line with ‘what employers want,’ more young people could be recruited into better jobs with better prospects?

Despite the current generation being the most highly educated ever, employers’ representatives have continued to complain about young people being poorly equipped to enter the labour market. Sometimes the concerns focus on low standards of numeracy and literacy - with the CBI’s latest skills survey<sup>35</sup> complaining that a third of 16 year olds do not pass GCSEs in either English or maths and that UK students perform poorly in international PISA tests compared with those from most high performing economies. The Coalition’s education White Paper, *The Importance of Teaching* also argued that the UK should import the teaching methods of high performing countries – particularly those in East Asia and that there should be an emphasis on ‘core knowledge’ and on restoring traditional academic subjects with end of course examinations being reintroduced.

CBI chief John Cridland has been one of the most recent employer critics of current education policy. Cridland complained to *The Times* 20/11/13 that many schools produced pupils who were ‘exam robots’. He said that business leaders wanted more focus from schools on creativity, curiosity, tenacity, self-confidence and good manners, as well as high academic standards. Cridland called for the abolition of GCSEs within 5 years, his claim that ‘high-stakes exams at 16 are from a bygone era’<sup>36</sup> and demand for the status of vocational learning to be upgraded receiving support in a *Financial Times* leader (22/06/15). The CBI survey reported that 85% of employers regarded character and attitude as among the most important factors when recruiting school or college leavers compared to 24% who prioritised exam performance.

Awards like the General National Vocational Qualification (GNVQ) continued to emphasise the ‘generic’ and ‘soft skills’ associated with the new workplace, as well as a ‘learning by doing’ philosophy. But in Labour’s *Curriculum 2000* GNVQs were rebranded as Vocational (then Applied) A-levels and redesigned to be more ‘academic’. Things were to move on still further in 2008, with the introduction of vocational Specialist Diplomas for 14 year olds (Allen & Ainley 2008). Designed in conjunction with the respective Sector Skills Councils and aiming to ‘put employers in the driving seat’ (Allen & Ainley 2008). Despite all this, the Specialist Diplomas struggled to establish themselves and the extra funding they received was quickly scrapped by the Coalition.

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<sup>35</sup> *Inspiring Growth* CBI/Pearson Education and Skills Survey 2015 <http://news.cbi.org.uk/reports/education-and-skills-survey-2015/education-and-skills-survey-2015-infographic/>

<sup>36</sup> Festival of Education Speech 19/06/15 <http://news.cbi.org.uk/news/john-cridland-festival-of-education-speech/>

Instead, insisting that all education needed to be ‘rigorous’, Michael Gove severely reduced the number and the type of vocational qualifications that could be included in school performance tables. Gove’s enthusiasm for extending academic ‘grammar school’ education to all was not shared by all Tories though as Lord (Kenneth) Baker, education minister under Mrs Thatcher and the creator of the National Curriculum, has continued to promote University Technical Colleges (UTCs) offering vocational specialisms from age 14 alongside GCSEs (Baker, 2013). Baker argues that the failure to introduce proper technical education in the UK is a contributory reason for the country’s economic decline. But Professor Alison Wolf’s review of vocational qualifications (Wolf, 2011) found that classroom based full-time vocational qualifications, particularly those at a lower level, had short-changed young people and were largely ‘worthless’ in the labour market. She recommended that vocational courses should make up no more than 20% of a young person’s learning at Key Stage 4 (14-16 year olds).

### **Education, the labour market and the economy reconsidered.**

The exact link between education and economic performance continues to be disputed. At best, education can be seen as just one of many variables of economic success –with successful education systems as likely to be a consequence of high performing economies as much as they are the cause of them. This is not to say that education should not be reformed. It has been argued elsewhere (Ainley & Allen 2010; Allen & Ainley (2013) that a *General Diploma* should be established with an extended ‘core’ while enabling academic and vocational specialisation.

For individual students though, education remains an important consumer or ‘positional good’ – primarily having a ‘value in exchange,’ facilitating social mobility, (even if this is increasingly illusionary) and pushing them further up the ‘labour queue’ (Allen & Ainley 2012). This is surely the reason for the continued increase in university attendance (409, 000 places had been confirmed at the end of the day that the 2015 A-level results had been published) as well as the 5% growth in the number of 18 year olds entering HE. Thus it has also been argued (Allen & Ainley 2013) that the Coalition proposals, now re endorsed by the Conservatives, are as much about reducing success rates, reducing expectations and preventing ‘overqualification’ –being part of a *Great Reversal* of education policy, a response to a situation where the education system has become like trying to move up a downwards escalator; where you have to move faster and faster simply to stand still.

Despite its criticism of the readiness of young people, the CBI’s skill survey also accepts that well over 90% of employees report skills levels are at least satisfactory and that worries about skill shortages are largely restricted to ‘critical sectors’ –construction, engineering, technology (*Guardian* 13/07/15). It is also the case that skills shortages may be the result of particular problems internal to specific industrial sectors, for example, issues of labour mobility, or as in the case of the construction sector, significant upturn in the demand for labour, after large layoffs during the downturn. While we should continue to improve and reform education as well as continuing to urge young people to take advantage of increased opportunities, other policies are required.

## **Apprenticeships. New opportunities for young people or Another Great Training Robbery?**

Nevertheless, the reinvention of apprenticeships has received unanimous backing across the political spectrum and a promise to create three million new apprenticeships for young people became a key policy commitment in David Cameron's election campaign. The term 'reinvention' is an appropriate description because the new schemes are very different to the traditional 'time-serving' apprenticeship that proved an important avenue in the transition from school to work for young working class people – particularly males – but which were in serious decline by the end of the 1960s.

Apprenticeships have been reinvented as a response to high youth unemployment, but also as an alternative to higher education amidst concerns that 40% of student debt may never be repaid. As has already been argued though (Allen & Ainley 2014) the majority of the two million plus apprenticeships created while the Coalition was in office did not provide real alternatives for young people. Firstly, there continues to be a shortage of opportunities – on average there has been up to 12 applicants per post, with 'elite' apprenticeships, like those with British Gas for example, generating much higher demand. The highest number of apprenticeships is in business, followed by social care and retail – a reason for there being as many female apprentices as male. The construction and manufacturing sectors, areas where skill shortage are often cited, have performed poorly.

Secondly, at least until very recently, the majority of apprenticeships have been for existing employees 'converted' into apprentices (Fuller & Unwin 2012) This has allowed the National Apprenticeship Service (NAS), charged with the development of the new apprenticeships, to meet its targets, but it has also enabled private sector training providers to continue to access state funding. Alison Wolf,<sup>37</sup> in a scathing attack on the way in which apprenticeship training has been organised argued that training companies, have sought to maximise these returns by offering

'large numbers of short, easy ones.... The less progress that is demanded of a learner, the more confident 'providers' can be of receiving full outcomes-based payment' (Wolf 5).

As a result, Wolf argues that expenditure per apprentice is extremely low,

'especially compared to higher education, where universities receive around £9000 a year over three years for their government-supported home undergraduates....An Intermediate (Level 2) Business Administration apprentice attracts £3692 in funding from government; and an Intermediate Management (Level 2 ) brings in £3255' (Wolf 10).

An investigation for BBC's *Panorama* exposed the supermarket chain Morrison's, finding up to 40% of its entire workforce had been reclassified as 'trainees.' *The Telegraph* (28/10/11) also reported an ASDA scheme, accounting for 25,000 posts, but only for staff already employed at the supermarket.

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<sup>37</sup> Alison Wolf (2015) *Fixing a Broken Training System* Social Market Foundation pamphlet <http://www.smf.co.uk/publication-author/alison-wolf/>



A 2014 DBIS survey<sup>38</sup> showed 82% in hospitality and catering, 63% of hairdressers and over half of those in construction and business related apprenticeships were already existing employees. DBIS data<sup>39</sup> shows that between August 2014 and April 2015 there was a small increase in the proportion of apprenticeship starts by those under 19 (now over 1 in 4) but this is the result in a fall in the number of adults and as a result a tailing off in the overall number of people beginning apprenticeships.

### **Apprenticeships have been low-skilled and dead end**

Two-thirds of new starts continue to be at Intermediate (GCSE) Level, only lasting a year, with no guarantee of employment after completion, or of progression to Advanced level and beyond. The fact that 70% of 16 year-olds already gain 5 A\*-C pass grades at GCSE means that most current apprenticeships do not upgrade skills, only replicate them. In other words apprenticeships have been low-skilled and dead end. The number of Advanced Level apprenticeship starts has been particularly low compared to the 800 000 entries for GCE A-levels. In 2013/14 there were only 35,600 Advanced level starts by under-19s – less than a third of the 145,000 total. Meanwhile at Higher Level, comparable to the early years of HE, there were just under 3,000 starts by those under 24 – one third of total starts, but only 700 by those under 19. By way of comparison, 40% of all young people now start some form of higher education.

Although all apprenticeships are supposed to provide technical knowledge and some general education, narrow competence-based National Vocational Qualifications have formed the basis of apprenticeship training. The style and educational content of NVQs were subject to serious criticism when introduced as the main industrial training standard in the late 1980s, but have continued to be a benchmark qualification. NVQs are mostly workplace based and rather than any educational assessment, involve ‘verifiers’ visiting workplaces to observe the carrying out of tasks, or collect witness statements by employers to supplement observations. In another DBIS survey,<sup>40</sup> only half of respondents reported they had any ‘off the job’ training, while those apprentices who did, averaged under 5 hours a week – compared with 11 hours ‘on-the job’.

### **Apprenticeships after the General Election**

The 2012 Richard Review<sup>41</sup> commissioned by the Coalition and carried out by *Dragon’s Den* Doug Richard called for apprenticeships to be for new workers in new roles and that as the ‘real consumers’ of training, employers should have more control over what sort of training apprentices should have and how government funding was used. In October 2013 the Government published *The Future of Apprenticeships in England: Implementation Plan*.<sup>42</sup>

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<sup>38</sup> DBIS Apprenticeship Pay Survey 2014 <https://www.gov.uk/government/publications/apprenticeship-pay-survey-2014>

<sup>39</sup> Statistical first Release June 15  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/438131/SFR\\_commentary\\_June\\_2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/438131/SFR_commentary_June_2015.pdf)

<sup>40</sup> DBIS Apprenticeship Pay Survey 2013 <https://www.gov.uk/.../bis-13-p137-apprenticeship-pay-survey-2012-res..>

<sup>41</sup> <https://www.gov.uk/government/news/the-richard-review-of-apprenticeships>

<sup>42</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/253073/bis-13-1175-future-of-apprenticeships-in-england-implementation-plan.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/253073/bis-13-1175-future-of-apprenticeships-in-england-implementation-plan.pdf)

This announced that apprenticeship specifications would be redesigned by leading employers in each sector and that new forms of funding delegation would be financed which would put ‘employers in the driving seat’.

Both Labour and the Conservatives backed Richard’s proposals and pledged more and better apprenticeships in the next Parliament. In the run up to the election, ‘apprenticeship’ became a buzz-word as the Conservatives promised another 3 million and to ‘roll out Degree Apprenticeships’ – by this we assume they meant more Higher Level schemes. David Cameron, taking advantage of pre-election media attention, launched a new Whitbread’s scheme, announcing he wanted apprenticeships to be level-pegging with a university degree, giving millions more people the dignity of work and a regular pay packet (BBC Election 2015, 09/04/15). But the new apprenticeships were at the subsidiary *Costa Coffee*, where an intermediate programme, as well as teaching how to make hot drinks, will also include customer service, communication and team-building skills (!) With the election days away, Cameron also promised that £227 million raised from Deutsche Bank Libor fines would be used to create 40,000 apprenticeships for 22-24 year olds who had been out of work for six months – failure to accept an apprenticeship would result in loss of benefits.

In response to further concerns by government adviser Professor Wolf (above) that there would not be enough money to fund the high quality schemes she considered the economy needed, Chancellor Osborne announced an apprenticeship levy on large firms (July 2015 Budget). At the time of writing there are no further details, or how it will affect current proposals for government to provide £2 for every £1 invested by the employer, although Wolf suggested a 0.5% contribution on employer payrolls would raise £2 billion. Osborne also announced that rather than employers being given money directly, a new ‘digital voucher’ exchangeable for government funding can be passed to a chosen provider. This would certainly reduce paper work, but as argued previously (Allen & Ainley 2014) a potential problem with the Richard proposals for delegating funding to employers will be that smaller employers in particular, neither have the time or the experience to run an apprenticeship scheme and have relied on the training agencies to recruit, organise and provide apprentice training.

In the construction industry for example – which government sees as a crucial area of growth and development, the Industry Training Board’s Steve Radley told a Parliamentary Sub-Committee for Education and Training (10/12/14) that 7 out of 10 providers in the sector had less than 49 employees and questioned their ability to be able to negotiate with individual providers. Unsurprisingly, because they have been one of the main financial benefactors, training agencies have been some of the most critical of the new proposals, claiming they could result in an 80% drop in numbers, with HIT Training’s John Hyde telling *The Guardian* (07/01/14), the proposed changes were ‘well-intentioned but ultimately misguided. It risks derailing vocational skills training for our young people’.

### **Why can’t we do it like the Germans?**

UK apprenticeships remain far removed from those of Germany – admired by many and cited as a reason for the lowest rate of youth unemployment in Western Europe. But the German system has involved a ‘social partnership’ between employers, government and trade unions, where an apprenticeship provides a future ‘licence to practice’ an occupation, rather than representing just a ‘job’. 25% of employers provide apprenticeships, those with more

than 500 employees are required to. In other words, apprenticeships in Germany form the backbone of transition to employment strategy with a much smaller proportion of young people going on to university.

In Germany – subject to the same global economic pressures that have ravaged the UK, apprenticeships continue to be started by around 1 in 6 of young people, with 90% of these progressing to proper employment, 90% of apprenticeship starts in Germany are at Level 3 or above, with apprenticeship content discussed by employer and trade union committees. Apprentices participate in a ‘dual system’, spending part of the week in work-based training and part (up to two days) completing the *Berufsschule* – classroom-based study of the more theoretical aspects of their vocation. There is also a much greater continuity between apprenticeship training and technical and vocational education in German schools. The UK has no such link, with vocational education mostly an entirely classroom based activity and higher-level vocational courses as likely to be used as ‘proxy’ qualifications to enter university rather than leading to direct employment.

The German ‘social partnership’ approach to apprenticeships has been part of a more general interventionist approach to the economy. In Germany, despite the Neo-liberal orientation of its current leaders, ‘social partnership’ also has a strong social and cultural context. This embodies a commitment to conflict resolution and a greater commitment from workers towards the companies they work for but also a greater emphasis on social welfare and the clearly defined responsibilities of government towards its citizens. There has never been anything like this in the UK. ‘Doing it like the Germans’ would – if it were to be remotely possible – not just involve major changes to the content of vocational education and training, but, more significantly, major cultural and institutional changes to *The State We’re In* (Hutton 1995). Yet as Richard concludes ‘I cannot recommend we adopt a system built, over generations, upon a very different economy, labour market and social partnership’ (Richard 16).

In contrast, even though participation rates in UK education have increased, the British ‘market state’ has followed an American model where education and labour market advancement is considered an individual matter, where educational qualifications are sought to improve ‘employability’ – traded in the jobs market, rather than providing any automatic rite (and right) of passage or any occupational identity. In this respect, increasing the supply of educational credentials has substituted for the sort of ‘industrial strategy’ that exists in other European countries. Indeed, ever since the dissolution of the Department of Employment into the Department of Education in 1995, education has substituted for an economic strategy.

In other words, the problem is as much about the general relationship between education and training, the labour market and the economy as much as the specific style, level and content of qualifications. Commissioning reviews, even the wholesale redesign of vocational qualifications and apprenticeships, without major changes to the economy and the labour market is comparable to putting the cart before the horse. Constant revision and updating of ‘standards’ may create employment for consultants, government and university education departments, but in itself will not produce more good jobs for young people.

## A jobs not a skills problem

The UK is an investment starved economy, in which the increasingly high levels of education among its workforce have not been exploited. As a consequence, productivity has remained low, with the average workers producing less than they did in 2007. Instead increases in output have been achieved by adding to the size of the workforce –which had risen to 31.5 million (the highest ever) by the middle of 2015 (an increase of 1.7 million since 2008). Expanding temporary and zero hours employment, as well as exploiting overseas labour has been integral to this. At the same time, the proportion of income going to labour has continued to decline having fallen from 65% in the 1970s to 55% by 2010, with corporate profits up from 13% to 21%.<sup>43</sup> Most significant however, is that UK firms have been reinvesting a declining proportion of their profits. This has now become acute.<sup>44</sup> By 2000 for example investment as a proportion of profits had fallen to a little over half and by 2012, the investment ratio had dipped to just 43%.

The more productive economies in both Europe, (Germany has already been given as an example) and particularly in East Asia<sup>45</sup> have continued to have a much greater degrees of national regulation, planning and coordination of not just investment but also research and development. The UK, for example, is the only one of the G7 economies without a publically owned investment agency and the need for a state owned National Investment Bank, long supported by Labour and the TUC, has been reemphasised by the IPPR<sup>46</sup>. Creating such an institution, would represent a small but important step away from the ‘austerity economics’ which continues to be practiced in its crudest form in countries like the UK.

More comprehensive programmes for challenging austerity and reducing inequalities have been proposed by Meacher (2013) Fisher (2014) and now Corbyn (2015)<sup>47</sup> There is not the space to consider these various proposals in detail, but all of them include the rebuilding of welfare services, greater levels of minimum wage, the expansion of public ownership and a more progressive tax system. These policies are of course labelled as ‘old-fashioned’ ‘socialist’ or just inappropriate for global economies, by the media and public opinion formers, yet they are crucial if the employment tendencies outlined in this study are to be seriously challenged, even moderated.

### Rebuilding youth employment by rebuilding manufacturing? Providing alternatives

These alternative programmes highlight the importance of rebuilding the manufacturing sector. Manufacturing continues to contribute a declining share of national output –just 10% in 2013 and employing 2.6 million people just 8% of those in employment<sup>48</sup> In 1997, investment in manufacturing was worth £26.2 billion, 23% of total investment by businesses, but by 2009, it had fallen to £17.6 billion, 13% of the total. It has since risen and was worth £27.3 billion in 2014, but this still represents only 15% of the total. A National Investment

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<sup>43</sup> Quoted by Fisher, 2014, 39

<sup>44</sup> See figures provided by Burke (2013)

<sup>45</sup> See the TUC's (2014) *The Way of the Dragon* <https://www.tuc.org.uk/industrial-issues/manufacturing/way-dragon-%E2%80%93there-much-uk-could-learn-china-says-tuc>

<sup>46</sup> IPPR press release 19/09/2012 <http://www.ippr.org/news-and-media/press-releases/britain-needs-a-fully-fledged-british-investment-bank>

<sup>47</sup> *The Economy in 2020* [http://www.jeremyforlabour.com/investment\\_growth\\_and\\_tax\\_justice](http://www.jeremyforlabour.com/investment_growth_and_tax_justice)

<sup>48</sup> House of Commons Library (Aug 2015) *Manufacturing: statistics and policy* <http://researchbriefings.files.parliament.uk/documents/SN01942/SN01942.pdf>

Bank and a new role for government agencies in planning economic development would certainly allow the UK to secure a better future in new ‘cutting-edge’ industries like pharmaceuticals, aviation and digital technology.

Within manufacturing however, despite its relative demise, overall output has continued to increase and the sector, because of its nature, has benefitted from advancements in technology in a way that other sectors, particularly the service sectors, have not. 2014 for example, saw manufacturing productivity grow once again by 3.4%, compared to growth of 0.2% in the economy as a whole. These figures are significant because although as previously noted, manufacturing jobs have been lost as a result of the changing world division of labour and outsourcing strategies of multi-national companies, employment has also fallen as a result of the move to more capital intensive forms of production.

While the precise implications of increased digitalisation on employment opportunities continue to be debated<sup>49</sup> robotic technology continues to advance and ‘virtual’ production increasingly fuses with the more traditional and tangible. As a result, no matter how much manufacturing capacity improves, compared with the post-war period, manufacturing will not provide the amount of opportunities for young people. But other sectors of the economy can. Compared with other countries the UK has not developed promoted or created anywhere the amount of new ‘green collar’ jobs<sup>50</sup> and as the population ages, rather than more ‘lousy jobs’ there is a huge need for a properly funded and professionally staffed national care system, linked to the NHS.

### **Youth employment is a public issue**

Green jobs in infrastructure, transport, housing and a new care service could be part of a revitalised public sector, yet austerity economics downgrades the importance of the public sector, seeing it as a hindrance to growth and prosperity. At 5.37 million<sup>51</sup> public sector employment is marginally above the total of self-employment.. As a consequence UK public sector investment has gone into reverse. According to the *Financial Times* (17/03/15) spending on infrastructure — including schools, hospitals, road and energy projects — has fallen by at least £15bn from its peak, following sharp cuts, since the Coalition came to office.

Public sector capital investment — which includes new projects as well as maintenance, shrunk by one-third in real terms from a high of £57bn in 2009-10 to £42bn in 2013-14. Declining public sector investment has been the result of a political strategy to shrink the size of the state (and develop the market state still further) to levels not seen since the 1930s. As a result, during the Coalition there had been a 7% reduction in public sector employment, with a further 100,000 job losses predicted by 2017/18 (*Financial Times* 18/05/15).

An extended, rather than a reduced public sector, particularly a revived local authority structure, but also one linked to local social enterprise and co-operatives could play an essential role in the creation of good quality apprenticeships. Ironically, though the Conservative government continues to reduce the public sector, at the same time it has

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<sup>49</sup> see for example Brynjolfsson & McAfee, 2014 ; Mason 2015

<sup>50</sup> See the New Green Deal published by the New Economic Foundation

<http://www.neweconomics.org/publications/entry/a-green-new-deal> and <http://www.climate-change-jobs.org/>

<sup>51</sup> Quoted from ONS *Labour Market Bulletin* Aug 2015

announced that public bodies like schools, hospitals, prisons and the police force, will be set targets to take on more apprenticeships!<sup>52</sup>

Within the public sector at least, it would be possible to instigate and police a mandatory quota to ensure that employers appoint minimum numbers of young workers. An expanded public sector could be a route to establishing a type of job guarantee scheme for young unemployed people –going way beyond New Labour’s *Future Jobs Fund* for example, which despite its limitations was based on the premise and on evidence<sup>53</sup> that it was practically as expensive to keep a young person out of work as it was to create an employment opportunity for them. Expanding the role of the public sector could enable decisions about the introduction of new technology to be based around collective wishes, rather than profit maximisation and even allow the gradual reduction of the working week in the way that economist Keynes considered technology would allow in ‘progressive countries’<sup>54</sup> –or at least more job sharing so we could really start to rebalance the economy, but also society and young people’s place in it.

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<sup>52</sup> DBIS *Press Release* 14/06/2015.

<sup>53</sup> See Paul Gregg & Richard Layard *Job guarantee: a new promise on long-term unemployment* Centrepiece Winter 2009/10 [www.cep.lse.ac.uk](http://www.cep.lse.ac.uk)

<sup>54</sup> See ‘Whatever happened to Keynes’ 15-hour week Larry Elliott, *The Guardian* 01/09/2008