

## **Young and old both suffer in a changing labour market**

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### **Introduction**

UK youth unemployment continues to be alarmingly high and one of the biggest issues facing government. Based on the April Office for National Statistics – figures which cover the period December 2011 to Feb 2012 – youth joblessness is well over a million, equals 22.2% while nearly half of young Black men are unemployed (ref). These figures include full-time students looking for work. Nevertheless, using those ‘not in full-time education and training’ as a basis for calculation, unemployment amongst 16-24 years still remains at 20.5%. In addition, approaching 700,000 young people in this category are classified as ‘economically inactive’ – many having ‘given up’ looking for a job.

As is well known, youth unemployment is not just a problem in the UK. Spain and Greece now have rates of over 40% with the EU average at around 23%; it is only Germany, Austria and the Netherlands where rates are below 1 in 10. Meanwhile, the International Labour Organisation has recently estimated that globally, at the end of 2010 over 75 million young people were out of work. Significantly, the ILO also reports large increases in unemployment in developed countries and that more young people than ever are now ‘hiding’ – temporarily dropping out of the labour market, hoping that prospects will improve in the future (Allen and Ainley, 2012).

Some recent commentaries explain young people’s predicament in terms of a generation war. Tory Minister David Willetts (Willetts 2010) argues that today’s youth are paying the price for the excesses of the baby boomer generation, while for Howker and Malik (2010) we have been left with a ‘jilted generation’. A crude analysis of young unemployment might also consider it the result of an increasingly ‘ageing’ workforce. Though this article agrees that young people’s declining opportunities are the result of changes in economy and society, it argues the need for new types of employment policies as a whole rather than simply emphasising generational redistribution.

Unemployment amongst young people has rocketed since the financial crisis of 2008; but the downturn has intensified longer term changes in the labour market from which young people have been the greatest victims. At the start of the prosperous 1960s for example, out of a total unemployment figure of 330,000, only 10,000 were under 19. In 2002 though, at the height of the New Labour consumer boom, 10% of 18-24 year olds were jobless compared with a general unemployment rate of 5%. Going into the recession, youth unemployment already stood at 14% compared with 6% for unemployment as a whole.

## **Young people - overqualified and underemployed**

Employer representatives continue, as they have always done, to complain about young people lacking necessary skills and ‘aptitudes’, yet the current cohort of young people are the most highly educated generation ever. Most have studied hard and played by the rules with repeated tests and assessments from an early age, cramming for exams while working part-time through sixth-form and college but still stacking up thousands of pounds worth of debt, only to discover that – even if they do find work – they are invariably ‘underemployed’ in jobs that have little relation to their level of qualification. Findings show that 1 in 3 recent graduates report this (Allen and Ainley, 2012) and graduates having to take ‘non-graduate’ employment simply bump other less well qualified young people further down the jobs queue.

This undermines the promise of ‘social mobility’ integral to education since the war. Michael Gove is desperately trying to resuscitate this by reintroducing grammar schooling. For Tony Blair and Gordon Brown also, the 21<sup>st</sup> century globalised economy allowed ‘more room at the top’ for those well educated. On the contrary, many of the current generation of young people, despite being much better qualified than their parents, will end up much worse-off. Education has become like trying to run up a down escalator, where you have to run faster and faster just to stand still (Allen and Ainley, 2012).

With ex-member of the Bank of England’s Monetary Policy Committee, David Blanchflower calling for 100,000 more university places to get young people ‘off the streets’, there is increasing awareness amongst mainstream economists that the expansion of education disguises the true extent of youth unemployment – producing a situation of ‘education without jobs’ (Ainley and Allen, 2010).

## **Whatever happened to ‘youth jobs’?**

During the post-war years, millions of young people made relatively straight -forward transitions from school to work. Manufacturing employment drew in a third of all school leavers. In the mid-1960s up to a quarter of a million apprenticeships were available each year. There were also numerous examples of young people following their relatives into local industries or making ‘collective transitions’ from education to employment with school mates (Allen and Ainley, 2012).

While there are national and international explanations for the collapse of manufacturing in the UK – the sector now employs less than 12% of the population, the point that needs to be made is that the new ‘service economy’ has not created the specific ‘youth jobs’ associated with manufacturing. Neither has it produced the types of ‘high skill’ jobs that young people have been encouraged to believe will be available if they stay in full-time

education. This is not to deny that more professional and managerial opportunities are not being created but as significant has been the increasing number of low-paid and casualised jobs. In other words, rather than a new generation of 'knowledge workers' a new service sector proletariat has emerged, particularly the sorts of para-professional roles now filled by most HE graduates.

As important, the service sector has imposed different sorts of working patterns. The 9-5 society with regular working patterns, high levels of trade unionism and the continuation of traditional employment practices, has been replaced by more of a 'round the clock' transient, insecure and contracted out labour market, especially in sectors like retailing. Between 1984 and 1999 for example, over 1.5 million part-time jobs were created and part-time work as a proportion of all employment increased from 21% to nearly 25%. The figures for Dec 2011 - Feb 2012 show there are now 7.8 million part-timers out of a workforce of 29.17 million (= nearly 27%) – up by some 80,000 on the previous quarter.

It's certainly true that if you go into any supermarket these days you will find far fewer young people on the tills. As Will Hutton observes 'Talk to Sainsbury's or any other major retailer and they say that they like older workers. They are more reliable, their absenteeism is lower, customers like them' (quoted in Allen and Ainley, 2012). While part-time working suits many adults, particularly those who benefit from evening or weekend availability (three-quarters of part-time workers are women), surveys continue to show that it is also part-time work that is the worst paid.

There has also been an increase in the age composition of the workforce. During most of the 1990s, fewer than 8% of men over 65 and women over 60 were in work. By 2006, this reached nearly 10% of men and 12% of women of state pension age. Part-time working amongst older workers is particularly significant, especially amongst those who remain working as a result of their own free choice – hence the popularity of part-time employment amongst older workers. Three times as many over-60s work part-time as full-time and the number has more than doubled over the past 10 years.

Young people may find others in front of them in the labour queue because of more general changes in employment patterns but – more significantly – they find that many of the sorts of jobs that they used to be recruited into simply do not exist anymore as older workers invariably continue in the job they already have, rather than compete with younger workers for new ones. 83% of over-65 year-olds had been with their current employer for five years, including 41% who had been there for 20 years or more ([www.bbc.co.uk/02/03/11](http://www.bbc.co.uk/02/03/11)). Because of the changing nature of work and the use employers make of new technologies to automate and outsource, there can be no guarantee that these workers will automatically be replaced by younger workers once they do retire.

## **With all workers facing insecurity, new employment policies are needed**

All types of employees are facing growing precariousness at work. For example, the chances of being pushed out of the work force early are increasing: by 2007, a third of men aged 55-64 and women aged 55-59 were unemployed, inactive or retired. Older workers are finding it harder than any other age group to get back into work after being made redundant in the recession with ONS figures showing 170,000 job seekers over 50 out of work for at least six months.

This despite the trend towards working longer accelerating sharply in the past two recessionary years: the proportion of people over 55 planning to work beyond state pension age has jumped from 40 percent to 71 per cent. It also goes without saying that declines in the value of pensions and increases in those who simply don't have them only adds to this insecurity. Another important reason for continuing to work appears to be that many people over 50 still have responsibilities for others. An ageing population means that more 50-55 year olds are caring for other adults. Financial support for children is another important factor as children stay longer in full-time education.

There need to be specific policies for young people, for example, better apprenticeships that lead to jobs – as well as binding quotas for employers. Traditional approaches to reducing unemployment have been based on achieving growth through increasing public spending, but, as part of a general 'plan B' for the economy, there also needs to be new employment policies responsive to the needs of different groups of workers. A situation where there is not enough secure, well paid work to go round and when, whilst many are unemployed or underemployed, increasing number still 'overwork', can be replaced with one in which work can be more evenly distributed.

## **References**

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