

# Britain: Young people bear brunt of rising unemployment

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Unemployment in Britain rose last month to the highest level since November 1996. In the three months to April, the total number out of work rose by 232,000 to reach 2.26 million. The figures from the Office for National Statistics revealed that the official unemployment rate is now 7.2 percent. Unemployment in Britain has now risen for five consecutive quarters.

The number of people claiming Job Seekers Allowance stood at 1.51 million in April, up by 57,100 in a month. In the last year an additional 710,700 people have been added to the unemployment rolls.

Many of the jobless have been unemployed for more than 12 months, classed as long-term unemployment. In the last quarter the long-term jobless numbers grew by 54,000 to a 10-year high of 515,000—nearly a quarter of the total number of the unemployed.

The figures also showed that in the three months to April, the number of people in employment fell by 271,000 to 29.11 million. This represented the biggest quarterly drop since records began in 1971.

The number of available vacancies fell from 659,000 in May 2008 to 424,000 in May this year—a drop of 35.6 percent. The number of vacancies available in the nationwide Jobcentre Plus offices has collapsed by 45 percent since October 2008.

In the three months to April, 19 people were seeking each job in all lower-skilled occupations. More than 171,000 people were looking for work as sales or retail assistants, with just over 7,000 jobs advertised.

Among skilled workers the figures are substantially worse, with nearly 400 workers applying for each job in some trades. In April 395 metal workers, 300 aircraft pilots and flight engineers, 150 bricklayers, 127 plasterers, 122 journalists and 96 carpenters applied for every vacancy in their field of employment advertised in Job Centres.

A thousand people were applying for just 2,440 office assistants' vacancies, while 25,000 people were seeking work as fork-lift truck drivers when only 484 vacancies existed.

Government spokesmen have sought to gloss over the crisis. Their main claim was that as the increase in unemployment in May rose at a slower rate than in the previous month, pointing to an economy now in recovery. The *Investors Chronicle*

dismissed such claims, writing, "It says something for the low expectations for the economy that a rise of 39,300 in the claimant count measure of unemployment in May is regarded as a nice surprise: economists were anticipating a rise of 60,000. But let's not be fooled, today's figures are bad".

The magazine added, "Only 73.3 percent of working age people are now in jobs, the lowest proportion since 1998".

The article also pointed out that actual unemployment is higher than the official figures, stating that "the numbers of people who are economically inactive—neither in work nor looking for it—have risen, by 142,000 in the three months to April compared to the previous three. This includes a rise of 83,000 in the number of students. Hidden unemployment, then, is rising".

Alan Tomlinson, a partner at UK insolvency practitioners Tomlinsons, said, "From where I'm standing things are as bad now as they were a few months ago. The small and medium-sized companies that we deal with each day are still being decimated by sharp drops in turnover, growing debts and, critically, the ongoing failure of the banks to lend".

In all sectors unemployment grows apace. In manufacturing and construction nearly 120,000 jobs have been lost, with 78,000 jobs lost and 37,000 jobs lost respectively.

Job losses announced in the last month include:

- Nearly all 850 workers at bankrupt van maker LDV in Birmingham.
- 1,660 jobs as the Lloyds Banking Group is to close all 164 branches of its Cheltenham & Gloucester group.
- Lloyds Banking Group is also cutting 530 jobs and closing one site in Kent.
- 150 jobs at offshore services company Oceanteam Power and Umbilical in Aberdeen and Dundee in Scotland due to the firm closing.
- 70 workers at Meteor, Ireland's largest independent electrical wholesalers, which has closed after 25 years.
- 75 jobs at James Likely, in County Donegal in Northern Ireland. One of Northern Ireland's largest construction firms has gone into liquidation.
- 2,000 at the retailer Clinton Cards, with its 223 Birthdays stores subsidiary going into administration.
- 560 jobs at insurance firm Legal & General.

- 560 jobs at the insurance group Axa.
- 349 employees at Northern Foods, which plans to close its Hull factory.
- 50 jobs at by Birmingham International Airport.
- 150 workers at the Schott Industrial Glass Ltd factory in County Durham due to closure.
- 302 jobs at the Indesit washing machine plant in Bodelwyddan, Wales, which is to close in July.
- 700 manufacturing jobs at Hewlett-Packard's plant in Erskine near Glasgow, Scotland. The firm plans to relocate in the Czech Republic.

Those areas which have traditionally been most reliant on manufacturing have faced the brunt of the rise in unemployment. The highest increase in unemployment was in the West Midlands, which saw the jobless rate rise by 2.8 percent to 9.3 percent in the three months to April. In Yorkshire and the Humber, the rate increased by 2.6 percent to 8 percent. In Wales the rate rose by 2.4 percent to 7.6 percent.

The official jobless rate in the capital, London, is now 214,167 people. This represents 4.2 percent of the working population and is almost two-thirds more than a year ago. In Hackney South and Shoreditch, 10.1 percent of men and 7.4 percent of the local population are claiming Jobseeker's Allowance.

## Youth and graduate unemployment

The recession is hitting the younger generation particularly hard, with nearly one in five young people out of work. In the last quarter youth unemployment increased by 74,000 to 695,000—the highest level since 1994. Of the long-term unemployed, nearly 100,000 are under 24.

The unemployment rate among 18-24-year-olds rose to 18.3 percent in the three months to April. Unemployment among this age group is now at its highest in 15 years. Employment levels are down by 4.8 percent from the same period a year earlier.

Among school leavers the prospect of immediate unemployment is commonplace. Up to April just 462,000 people aged 16 and 17 were in employment, 16.5 percent less than in the same period in 2008.

A number of economists have predicted that by September a million young people will be without jobs in Britain. Stephen Gifford, chief economist at Grant Thornton, said that the economic crisis was creating a “dispossessed generation who could be permanently marked by the recession”.

The youth unemployment figures followed the release of a report this month into the dire employment prospects for university graduates. The Higher Education Careers Service Unit found that, based on trends, 40,000—one in ten of this

year's graduates—will still be struggling to find work in six months' time. The number is almost double that of 2008.

Both the Labour government and the Conservative Party opposition have pledged to implement spending cuts of up to 10 percent in the public sector. Such cuts will necessitate huge job losses and the slashing of basic public services such as health and education provision.

A recent report by the Chartered Institute of Personnel and Development (CIPD) estimated that the public sector will be hit by 350,000 job cuts in the next five years. The institutes' chief economist, John Philpott, said, “The public sector has yet to feel the full impact of the recession, and the resultant bloodbath in the public finances”.

David Blanchflower, a former member of the Bank of England's Monetary Policy Committee, has consistently argued that unemployment will continue to escalate to well over three million. On Monday he said, “People, I think, are going to be shocked for several months to come about the scale of the increases in unemployment that are in train, and there's nothing much really we can do about it”.

He warned, “My view is that [whereas] we've seen increases in unemployment of about 40,000 a month, now we're going to see numbers in the hundred thousands a month. Unemployment is going to go up, well over three million, and it's going to interact in places with negative housing equity—these are really tough times ahead”.

Commenting on the plight facing young people he added, “Unemployment is going to rise a lot, and it's going to hit the young [hardest]. My worry is that we're going to see a million young people under the age of 25 unemployed by September. It's a national tragedy and it's the number one issue we're going to face for the next year”.



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