

# UK faces most severe youth unemployment crisis in decades

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UK youth unemployment now stands at 21 percent, or nearly 1 million people.

More than 650,000 young people are classified as NEETs (not in education, employment, or training), or 9 percent of the total. The number of under-25s in work has fallen rapidly since 2008, reaching 49.9 percent in recent months, the lowest figure since records began in 1992.

Long-term unemployment is also rising. The number of workers aged 18 to 24 and unemployed for over two years trebled since the start of the recession to 115,000—the highest figure since July 1994, according to government figures. A third of those unemployed, a quarter-million youth, have been jobless for more than a year. The Princes' Trust youth charity said the number of long-term unemployed youth seeking their help has risen by at least a third since 2010.

The jobs situation is more difficult for youth than older workers. The unemployment rate for under-25s is 3.7 times higher than for adults and has increased over the past year, according to a study by the Institute for Public Policy Research.

Current levels of youth unemployment are predicted to cause widespread poverty in old age, as most youth can't afford retirement savings, according to a study by the Organisation for Economic Co-operation and Development.

They also attribute this to the undermining of state pensions. Successive governments have promoted private saving schemes with monthly contributions that are neglected during periods of unemployment, creating pension shortfalls. Some are linked to the stock market, placing pensions in further jeopardy.

This threatens youth with poverty. The report notes that “pension reforms made during the past two decades lowered the pension promise for workers who

enter the labour market today. Working longer may help to make up part of the reductions, but every year of contribution toward future pensions generally results in lower benefits than before the reforms.

“In 2010, the average poverty rate among the elderly was 12.8%. In many OECD countries, the risk of poverty is higher at younger ages.”

Long-term youth unemployment also raises the threat of life-long social scarring, with disadvantaged youth facing a future of insecure, low-wage work or NEET status.

Aside from poverty, homelessness and mental illness, there is a devastating impact on young people's physical health, as highlighted by a recent World Health Organisation study. Leading researcher Professor Michael Marmot warned that “persistent high levels of youth unemployment are a public health time bomb waiting to explode.”

Youth unemployment is pushing increasing numbers into further education or training, with the number of full-time students up 10 percent since the onset of recession. These youth must shoulder a huge student debt burden and face a stagnant job market upon graduation. The public sector, the biggest graduate employer, is shedding jobs at a record pace due to the austerity agenda of the Conservative-Liberal Democrat coalition government.

This means that most graduates cannot find work commensurate with their skills, with 47 percent of recent graduates in unskilled jobs, up from 39 percent in 2007 and 27 per cent in 2001, according to official figures.

Graduates are squeezing unqualified youth out of the labour market, with more than 50 graduates competing for each entry-level position, according to the Adzuna jobs site, an official UK government data source.

Britain's graduates are repeating the experience of Japan's, who have largely been trapped in precarious, unskilled jobs since that country's economic stagnation began in the early 1990s.

Although a degree retains a clear economic benefit, graduate earnings are falling. Current graduates are paid 12 percent less in real terms than their counterparts before the financial crash, according to the Student Loans Company. This is three times greater than the fall in average pay for all full-time workers since 2007. The figures exclude the 28 percent of recent graduates who earn below the loan repayment threshold or the 17 percent who are unemployed.

The student debt burden has increased 60 percent during the same period, as the tuition fee cap was almost tripled last year to £9,000. Universities now charge an average of £8,400 per year, in addition to living expenses.

The government has also announced plans to privatise the student loan book, selling it to investors at giveaway prices. Investors are now free to profit from student debt and ramp up interest repayments to commercial rates. These changes will be retrospective, also applying to past graduates.

These appalling social conditions and the bleak prospects facing youth in the UK are symptomatic of the protracted decay of British capitalism. Five years after the 2008 financial crash, the economy is stagnant. Despite some GDP growth, the number of unemployed is still at 2.5 million, according to official estimates.

All the major parties are fully committed to enacting devastating austerity measures. They aim to make the working class pay for the world economic crisis, while enriching themselves by gutting the welfare state through extensive privatisation. As part of this, the ruling class is stepping up its attacks on the existing, inadequate social provisions for young people.

The government's own advisors admit that its Youth Contract has failed. Launched last year, the government claimed the £1 billion scheme would provide more than 160,000 work placements and apprenticeships for those out of work for six months or more. In reality, it is a wage subsidy to businesses that has created only 4,700 placements over the past year, according to official figures. Only 2,070 payments were made to firms that employed youth for the full 26-week placement.

Workfare schemes, where the unemployed are forced

to work for free to receive benefits, are rapidly proliferating. Chancellor George Osborne used his Autumn Statement address to blame youth for their situation. He threatened that all long-term unemployed youth aged 18 to 21 would be forced into unpaid work schemes or lose their benefit payments.

Earlier, the Conservative Party conference heard Prime Minister David Cameron insisting on "tough love" for NEETs. In reality, his plans for the elimination of housing and unemployment benefit for under-25s will condemn hundreds of thousands to complete parental dependency or homelessness.



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