

Young people in UK hit hardest by austerity

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People under 34 in Britain currently face the worst life prospects in generations. “Is Britain Fairer?”—published this October by the Equality and Human Rights Commission (EHRC)—reports a continued worsening of their living conditions over the past five years.

The EHRC publishes the statutory report on equality and human rights progress in England, Scotland and Wales every five years. Key sections of the report show that during the recession and up to 2013, young people were hit by the steepest drops in pay and employment, had less access to decent housing and better-paid jobs, and experienced deepening levels of poverty.

The findings add to a mountain of evidence of an immense crisis facing millions of young people across the UK.

Wages have plummeted since the 2008 crisis. Between 2008 and 2013, those aged 16 to 24 lost 60 pence an hour on average, taking average pay for the bracket down to just £6.70. For those aged 25 to 34, the average fall in hourly pay was £1.40—down to £10.60 an hour.

The sharpest period of decline occurred throughout the years 2009-2011, during which pay for 22- to 29-year-olds declined 10.6 percent, according to a January report by the Institute of Fiscal Studies (IFS).

The effect on young people’s lives is devastating. People in their 20s are £1,800 worse off than they were in 2010. Last year, the Resolution Foundation found that almost one in three young people (29 percent) were classified as low-paid: 1.5 million people. The proportion has more than trebled from a 1975 figure of less than one in ten (8 percent). Low pay is defined as earning less than two thirds of the hourly median wage—an already low £11.56—meaning these 1.5 million young adults earn less than £7.71 an hour.

It is little wonder that poverty rates for those between the ages of 16 and 25 climbed from 25 percent in 2003

to 32 percent in 2013, as reported by the UK Wealth and Assets Survey. More broadly, the IFS reports that living standards for young people “remain well below their pre-crisis peak.”

Last year, a report by the National Institute of Economic & Social Research showed that Britain’s youngest workers have suffered an unprecedented fall in real wages since 2008, while the Organisation for Economic Co-operation and Development warned that millions more young people across Europe will struggle to fulfil their ambitions because of low pay.

Analysis by the House of Commons Library for the Labour Party, conducted this year, showed that young people in Britain now fare comparatively worse than at any point since 1992.

Besides crumbling wages, two driving forces behind the collapse of British youths’ fortunes are worsening conditions in the labour market and superheated housing costs (particularly in London, but across the UK as well).

At 14.4 percent for 16- to 24-year-olds, young people are nearly three times as likely to be unemployed than their older co-workers—the biggest gap in 20 years. Problems continue far beyond the numbers of officially unemployed. A Local Government Association study in March 2014 suggested 1.2 million young workers were either underemployed or overqualified. It calculated that this amounted to 2 billion potential hours of work wasted each year.

Between 2013 and 2014, the Office of National Statistics (ONS) reported an increase of 19 percent, from 624,000 to 744,000, in zero-hours contracts—and a substantial and consistent rise since the 2008 crash. The real number is likely to be much higher.

In addition to the insecurity and lack of employment this brings and the absence of benefits like sick leave and maternity pay that such contracts imply, research by the Trades Union Congress shows that a majority

pay less than the living wage. It is a sign of desperation that 47 percent of young people would be willing to accept a zero-hours contract, compared to 40 percent of adults and just 25 percent of those aged 55 or over.

More than half of unemployed young people are feeling anxious about everyday life, as reported by the Prince's Trust. A third of those unemployed surveyed agreed with the statement that they were "falling apart," and one in five among young people generally.

To make matters worse, their difficulties are compounded by an ongoing housing crisis. Just 3 percent of house buyers in June 2014 were aged between 18 and 30, according to the National Association of Estate Agents. Accountancy firm PwC predicts that by 2025 more than half of those under 40 will be living in rented accommodation. ONS figures show that since January 2011 rents across the UK have increased 10.2 percent—with the fastest rate of increase occurring between June 2014 and 2015. With the housing shortage set to continue, this trend shows no sign of reversing.

The government has published a budget widely considered one of the most penalising for young people (particularly the poor) in recent memory. Housing benefit is to be denied to 18- to 21-year-olds under the cynically titled "earn or learn obligation."

The compulsory living wage, which the Conservatives tried to pass off as a progressive measure, will not even apply to people under 25, and the minimum rate will remain at £6.50 for 21- to 25-year-olds. Added to this were the scrapping of maintenance grants, the possibility of tuition fee increases and a freezing of the level of income at which graduates must start repaying their debts (£21,000 a year), decoupling it from inflation adjustments.

There are already attempts being made to construe the situation as an intergenerational crisis, rather than one rooted in the profit system and the imposition of austerity. In fact, people of working age are those most likely to be wealthy, with two thirds of the richest 10 percent of households aged between 45 and 64. Only about a quarter of such households are aged 65 or above, and only 5 percent of this group pay the higher rate of income tax.

TUC general secretary Frances O'Grady responded to the EHRC report's finding with a plea to the government that "This report should be a wake-up call

to ministers." She continued, "Without better employment and training opportunities many young people will continue to be shut out of the recovery."

It will come as a surprise to many that any recovery at all is taking place for working people.



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