

Bagehot | Recessions and the young

Britain's most promising reforms may be derailed unless jobs return, soon



“WE are all in this together,” promises David Cameron’s government, as it tries to fix shattered public finances and set Britain on a path of sustainable growth.

It matters that voters should believe this. Not because the claim will soothe those suffering most from spending cuts or lost employment. Instead, a sense of fairness is vital to the broad mass of voters who keep their jobs in even nasty recessions, and whose households will survive this crisis. Fairness gives the majority permission to support policies needed to fix the mess, but which will impose real pain on some.

That is why it spelled danger for the government when new figures were released on November 16th, showing that youth unemployment had crossed the one million mark: its highest level in a generation. Several caveats surround that number. Youth unemployment has been rising in Britain since before the credit crunch. Within the headline total for jobless 16- to 24-year-olds, more than a quarter are students looking for part-time work. Exclude those in full-time education, and Britain’s youth unemployment rate is 21.9%—far below countries like Spain. The overall unemployment rate of 8.3% looks better because companies are hunkering down and retaining staff in the hope of a recovery. This happens when economies slump: adults are not hurt until they are fired, the young are hurt when they are not hired.

Yet caveats can only help a government so much. Ministers are alarmed, and rightly. The coalition has enjoyed unexpected success in making the case for deficit reduction. Not every voter likes every cut, but “they know we have a plan,” says a cabinet minister. Those same voters, he worries, are less sure that the Conservative-Liberal Democrat coalition has a plan for growth.

As the prospect of a recovery slips over the horizon, there is a widespread perception that Britain’s young are suffering most of all—hit as teenagers by the removal of some means-tested benefits, as students by soaring university tuition fees, as young adults by a lack of affordable homes and at every turn by a lack of jobs. Amid headlines about a “lost generation”, voter support for deficit reduction may be tested, suggests the minister. “People will make sacrifices for their kids and grandkids,” he says. If the young look like sacrificial victims, that is “socially corrosive”.

In fact, youth unemployment signals problems beyond the

realm of public opinion. The Conservatives came to office with a bold plan to reshape Britain’s labour market. First, they are trying to fix an education system that has long put quantity ahead of quality, churning out young Britons with debased qualifications that fail to impress employers. Second, they are radically simplifying the welfare system with the aim of making work pay—ending the scandal that saw millions moulder on out-of-work benefits even at the height of the last boom.

For work to pay, you need work

Coalition plans have much to recommend them. While ditching the worst of Labour rule—endless targets, micro-management and welfare rules so fiddly that even officials don’t understand them—ministers are keeping Labour’s best policies, including autonomous “academy” schools and payment-by-results for private providers who place the unemployed in work.

There is a new whiff of rigour in the air. For three decades, British ministers have hailed the marvels of Germanic apprenticeships, and stressed the need to value vocational skills as highly as university book-learning. They then did the opposite, turning jobs like nursing into graduate-only professions and slapping the apprenticeship label on low-level courses and on in-house training for adult workers. The government this week urged higher-quality apprenticeships, and announced new funding for them.

Yet talk to those on the ground, and deepening economic gloom has them worried about the viability of government reforms. Bagehot headed this week to Hampshire, a southern county that is home to gritty ports and ex-factory towns as well as leafy villages. A local MP admits that some voters blame Poles and other immigrants for taking jobs. In truth, he says, Poles are often more skilled. A growing headache is university students taking part-time jobs: employers prefer them to local teenagers.

Overall, things are still better than in the 1980s, says David Harris, a council officer from Havant. Then, there were “lines out the door” at the job centre. But employers are wary of school leavers. They complain about recruits who won’t listen or who fail to wake up for work. The worst include children of unfortunates who left school during the 1980s recession and have never worked since.

The Wheatsheaf Trust, a Hampshire charity, has coaxed 4,000 such hard cases into work over the past decade. This week, it celebrated the end of an employment course for ten single mothers. Tearfully they related how they had been shown they could make work fit around raising children. Three had landed jobs already.

Three years ago local employers were struggling to fill vacancies, says the charity’s boss, Jonathan Cheshire. Now, he frets, every client that Wheatsheaf places in work merely displaces other job-seekers, notably young ones. Mr Cheshire applauds the government’s goal to simplify welfare and make work pay, but worries that the policy was designed for the labour market of 2008. The whole approach rests on expanding the pool of employable labour, with intensive careers guidance paid for by welfare savings, he notes. “Without jobs growth, none of this works.”

Without growth, a lot of the coalition’s reforms will not work. That would be tragic: Britain can ill-afford another lost generation. Though the young may doubt it, they and the government are indeed in this together. ■

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