

## Current government measures for youth unemployment are inadequate

*The young are almost always the hardest hit in a recession – and in particular those who leave school with few formal qualifications. [Nye Cominetti](#) argues the government's unemployment initiatives are simply not big enough to address the immediate challenge of large scale job creation. Better equipping young people with the right skills and improving the transitions into further education or work for those not headed to university should be prioritised.*



Youth unemployment has been a problem for at least eight years, but now it is a crisis. It is both a long term and a short term problem, and as such we need both long term and short term solutions. The short term cause is clear: the country is in a double dip recession. Young people almost always do worst in a recession (*almost* always: youth unemployment in Germany has actually fallen during the recession) for several reasons. First employers are reluctant to hire new workers. Also, more experienced workers will compete for lower paid 'entry level' jobs and older workers will hold onto their jobs for longer than usual, if they can.

This effect has proved especially powerful in the current recession. Overall unemployment has been a lot less bad than was expected (it has fallen short of the 3 million mark) mainly because workers have been flexible. They have accepted fewer hours, or lower pay, or worse conditions, over redundancy. This flexibility among incumbents means fewer opportunities for new entrants to the labour market.

So, do we simply have to wait for the recession to end, at which point youth (and overall) unemployment will recede and we can turn our attention to the longer-term issues? Sadly not. If the current crisis is not addressed now it will feed back into the long-term problems: it will have long-lasting individual, social and economic impacts. Unemployment has worse effects on the individual the younger it happens and the longer it lasts – currently more than a quarter of a million young people have been out of work for more than a year. The economic impact is difficult to gauge exactly. It is a combination of present lost output, future lost productivity, and current state spending on welfare. A [recent ACEVO report](#) estimated the present value of the cost of youth unemployment to be £28bn.

So what is the Government doing in the short term to address the crisis? The Youth Contract is a collection of measures which include: wage subsidies for 18-24 year olds for young people; more apprenticeship places; an intensive support scheme for 16-17 year olds based on 'payment by results'; and more contact time with jobcentre job advisors.

Overall, the Youth Contract seems like a sensible collection of measures. But to address the present crisis young people simply need jobs, and as soon as possible, and current initiatives are simply not big enough to address the scale and immediacy of the challenge. There are also some specific gaps. For example, the 16-17 programme is targeted at those with no qualifications, at the exclusion of anyone with even a single GCSE grade C who are likely to experience very similar labour market problems. There is also a potential bigger gap in provision for those aged 18-24 as benefit take up rates amongst young people, particularly those who live at home, can be lower than average, which means these young people will be missed out entirely by mainstream support services such as JCP and Work Programme providers.

The inadequacy of current measures is all the more evident when cuts to other programmes directed at young people are taken into account. The Future Jobs Fund was terminated prematurely, Education Support Allowance has been stopped and general local authority spending has been reduced. This in turn caused many to cut spending on Connexions, as service which provided both careers advice alongside targeted employment and training support for young people who are NEET.

Solutions to the long term causes of youth unemployment are much less clear cut and will depend on which of many competing analyses of the problem is correct. The long-term rise has been blamed variously on: immigration, generous welfare, mis-prioritised support for job seekers (Labour switched its focus from young people to single parents and those on incapacity benefit), the education system, the attitude of young people, poor performance in maths and English at school, among others. Some of these are highly dubious. There is no evidence that the connection with immigration goes beyond correlation, young people do not receive generous unemployment benefits, and young people are certainly not all 'work shy'. However, it is likely that a combination of the other suggested causes have had some impact on what is a highly complex problem.

The Work Foundation's [Missing Million](#) research programme aims to untangle the problem. Our preliminary work suggests that two long-term factors are likely to be particularly important. Firstly, structural change in the economy has disadvantaged young people, particularly those who leave school with few formal qualifications. The growth in the knowledge economy, globalisation and technological change has led to a fall in the demand for low skilled workers. Those 'entry level' jobs that do exist are concentrated in service sector occupations, many of which require people to have 'soft skills' and be job-ready from day one, which many of the young people emerging from our education system are not. Secondly, although the education system provides clear 'pathways' for those individuals that are bound for university (and into the main professions once out of university), the pathways are much less clear for other young people. Better equipping young people with the right skills and [improving the transitions](#) into further education or work for those not headed to university should be prioritised.

*Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.*

### **About the author**

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