There has been a crisis for youth building in many European countries two for decades because of persistently high rates of youth unemployment, particularly in France and many southern European countries. But the recent surge in public concern over the situation for young people in the UK came with the 2007 financial crisis and ensuing recession and austerity. It is widely agreed that young people have been harder hit by the recession than other age groups, with unemployment rising further and pay declining more amongst this age group than any other.¹

OECD data show unemployment rates of British 16–24 year olds rising from an average of 13.5 percent in 2005–2007 to 18.9 percent in 2009. The ratio of unemployment rates of 16–24 year olds and 25–64 year olds increased from 3.8:1 in 2005–2007 to 3.9:1 in 2009.² Unemployment amongst young people continued to rise after 2010, and diverged further from the rates for adults as a whole. A similar pattern of post-2007 divergence between the young and older groups is apparent in wage levels. As Paul Gregg and his co-authors have shown, real wages in the UK for those between 16 and 34 fell between 2008 and 2014 by 12–15 percent.³ For those aged over 35 wages declined by only five to six percent.

Are these long-term structural changes or cyclical changes in the age-related gaps in unemployment and pay?

The trends in youth unemployment over the medium term—from the early 1980s—suggest a cyclical pattern, with unemployment rates for young people being more sensitive to the ups and downs of the economic cycle than those for other age groups.⁴ Youth unemployment for those
aged 16–24 rose to a high point during the austerity years of the early 1980s (19.7 percent on average between 1980 and 1984), then dropped down to 14.9 percent during the recovery of the last half of that decade, remaining at between 13.6 and 14.5 percent during the 1990s despite the dot.com bubble burst at the end of that period. Youth unemployment dropped further during the expansionary early years of the 2000s (to 11.1 percent between 2000 and 2004), before rising steadily after 2005 (to 14.1 percent in 2008 and to 18.9 percent in 2009 after the effects of the 2007/2008 crisis had taken hold).

The gap between unemployment rates of young people aged 16–24s and those aged 25 and over tends to be higher when overall unemployment is very high, as during the early 1980s and after 2007. However, another trend seems to have emerged since around 1990. The age gaps in unemployment rates seem to rise even during periods when youth unemployment is declining and overall unemployment is lower (at around 5 percent between 2000 and 2007). Youth unemployment rates declined on average during each of the five year periods from 1990 to 2005, yet the ratio of 15–24 youth unemployment to overall adult unemployment rose throughout, from 1.87:1 in 1990–1994 to 3.95:1 in 2009.5

There is also some evidence of a divergence in the pay of younger and older workers that goes back well before the 2007 financial crisis. According to the analysis of data from the Annual Survey of Hours and Earnings by the Intergenerational Foundation, between 1997 and 2013 median gross weekly earnings decreased by 19 percent in real terms for 18–21s and increased by only 2.1 percent for 22–29s. On the other hand, there were increases of 11 percent for 30–39s, 9.9 percent for 40–49s and 24.5 percent for those over 50. In 1997 workers over 50 earned 1.7 times as much as workers aged 18–21 and 1.1 times as much as workers aged 22–29. By 2013 the ratios had risen to 2.6 to one and 1.4 to one.6 Studies by both Howker and Malik and Willetts also find a growing pay gap between young workers and older workers going back to the 1970s. In 1974 50–59s earned four percent more than 25–29s. By 2008 they earned 35 percent more.7

Our own analysis using Labour Force Survey (LFS) data from 1984 to 2014 also shows youth unemployment following a cyclical pattern, with declines for both males and females aged 20–29 from the high point in 1984 until 2004, followed by a new spike after the recession and then a decline towards pre-recession levels. By 2014, unemployment rates for male 20–29 year-olds who had left full-time education had almost fallen back to their 2004 level (8.4 compared with 7.7 percent) but remained high for females (9.9 compared with 6.3 percent).
(See Table 3.1). 20-25 year olds had higher rates of unemployment than 25-29 year olds throughout the time period. At the peak in 1984 the unemployment rate was at 17.2 percent for those aged 20–25 (13.1 for 25–29s), before declining to 9.7 percent in 2004 (5.2 for 25–29s). The rate for 20–25s soared to 14.5 two years after the start of the last recession (8.2 percent for 25–29s) then dropped back to 11.6 percent by 2014 (7.8 percent for 25–29s) (See Table 3.3).

However, for some measures of precarious working we find evidence of longer term structural change, particularly among the 20–25 age group.

Part-time working has increased significantly amongst young employees since 1984, even if we remove students from the sample (See Table 3.1).
The proportion of employed 20–29 year old men (who had left full-time education) who were working less than 30 hours per week increased by 10.6 percentage points, from only 1.6 percent in 1984 to 12.2 percent in 2014. For young women the proportion increased by 12.2 percentage points, from 20.3 to 32.5 percent. The largest increases for both groups were in the last decade. In most of the years young men were more likely to work 20–29 hours per week than less than 20 hours per week, but for young women it was the other way round. Breaking it down to those aged 20–24 and those aged 25–29, it is clear that rises in part-time working overall have been considerably greater in the younger age group (See Table 3.3). Between 1984 and 2014, the proportion of employees working part-time rose from 6.7 to 27.3 percent amongst the younger age group (or, as shown in Table 3.2, to 34.7 percent per cent if we include

| Labour market status | 1984 | 1994 | 2004 | 2010 | 2014 |
|----------------------|------|------|------|------|------|
| Employed             | 67.1 | 68.3 | 62.1 | 72.8 | 65.3 | 78.4 | 60.9 | 76.1 | 61.9 | 76.8 |
| Unemployed           | 14.2 | 10.3 | 12.3 | 8.6  | 7.2  | 4.3  | 11.0 | 6.9  | 9.1  | 6.5  |
| Inactive             | 18.7 | 21.3 | 25.5 | 18.6 | 27.5 | 17.3 | 28.1 | 17.1 | 29.0 | 16.7 |

| Current employment |
|--------------------|
| Working hours      |
| Full-time (>30 hr) | 93.0 | 86.6 | 83.5 | 83.3 | 74.9 | 83.0 | 69.7 | 79.9 | 65.2 | 79.0 |
| Part-time (20–30 hr)| 3.3  | 5.4  | 5.7  | 6.4  | 9.0  | 8.6  | 10.2 | 9.1  | 13.8 | 10.6 |
| Part-time (<20 hr) | 3.7  | 8.0  | 10.8 | 10.4 | 16.1 | 8.3  | 20.1 | 11.  | 20.9 | 10.5 |
| Underemployment    |
| Temporary          | 7.1  | 5.9  | 10.7 | 5.9  | 10.5 | 5.7  | 13.8 | 6.1  | 11.2 | 6.4  |
| Zero hour contract | 0.2  | 0.1  | 1.2  | 0.5  | 7.3  | 2.0  |
| Precarious         | 13.7 | 7.5  | 20.8 | 9.6  | 25.9 | 12.2 |

| Unemployment       |
|--------------------|
| Unemployment rate  | 17.5 | 13.1 | 16.6 | 10.6 | 9.9  | 5.2  | 15.2 | 8.3  | 12.8 | 7.8  |
| Long-term          |
| unemployment rate  | 13.6 | 10.1 | 9.3  | 5.9  | 2.4  | 1.7  | 5.7  | 4.0  | 4.8  | 3.4  |

| In FT education    |
|--------------------|
| % in education     | 7.3  | 1.9  | 17.8 | 3.4  | 24.0 | 5.0  | 29.0 | 7.5  | 27.3 | 5.9  |
| % of students in   | 20.6 | 29.0 | 28.0 | 42.0 | 38.6 | 37.4 | 37.7 | 47.5 | 35.2 | 43.4 |

The proportion of employed 20–29 year old men (who had left full-time education) who were working less than 30 hours per week increased by 10.6 percentage points, from only 1.6 percent in 1984 to 12.2 percent in 2014. For young women the proportion increased by 12.2 percentage points, from 20.3 to 32.5 percent. The largest increases for both groups were in the last decade. In most of the years young men were more likely to work 20–29 hours per week than less than 20 hours per week, but for young women it was the other way round. Breaking it down to those aged 20–24 and those aged 25–29, it is clear that rises in part-time working overall have been considerably greater in the younger age group (See Table 3.3). Between 1984 and 2014, the proportion of employees working part-time rose from 6.7 to 27.3 percent amongst the younger age group (or, as shown in Table 3.2, to 34.7 percent per cent if we include
Table 3.3  Youth labour market outcomes for the adult population after graduating from full-time education, broken down by age (in %)

| Labour market status | 1984  | 1994  | 2004  | 2010  | 2014  |
|----------------------|-------|-------|-------|-------|-------|
| Employed             | 70.6  | 68.8  | 68.2  | 73.0  | 71.8  |
| Unemployed           | 14.6  | 10.3  | 13.3  | 8.6   | 7.7   |
| Inactive             | 14.8  | 20.8  | 18.5  | 18.3  | 20.5  |

| Current employment   |       |       |       |       |       |
|----------------------|-------|-------|-------|-------|-------|
| Working hours         |       |       |       |       |       |
| Full-time (>30 hr)    | 93.3  | 86.6  | 86.7  | 83.4  | 82.3  |
| Part-time (20–30 hr)  | 3.3   | 5.4   | 5.5   | 6.4   | 8.1   |
| Part-time (<20 hr)    | 3.4   | 8.0   | 7.9   | 10.3  | 9.5   |
| Underemployment      | 2.5   | 1.9   | 5.3   | 3.2   | 3.5   |

| Job type              |       |       |       |       |       |
|----------------------|-------|-------|-------|-------|-------|
| Temporary            | 6.5   | 5.8   | 9.2   | 5.8   | 8.8   |
| Zero hour contract   | 0.1   | 0.1   | 1.0   | 0.5   | 5.7   |
| Precarious           | 11.8  | 7.3   | 18.8  | 9.0   | 22.7  |

| Unemployment         |       |       |       |       |       |
|----------------------|-------|-------|-------|-------|-------|
| Unemployment rate    | 17.2  | 13.1  | 16.3  | 10.6  | 9.7   |
| Long-term unemploy-  | 13.6  | 10.1  | 9.8   | 6.0   | 2.6   |

students) and from 13.4 to 20.3 percent amongst the older group. The largest increases for both groups occurred between 2004 and 2014.

The proportion of young people in what might be considered as ‘precarious work’ more generally has also increased since 2004 (See Table 3.1). Using an indicator that combines non-student employees who are under-employed (working less than 30 hours per week involuntarily) and/or on temporary contracts, and/or on zero hours contracts, we can see that between 2004 and 2014 precarious working rose from 7.7 to 13.6 percent amongst 20–29 year old male employees and from 10.3 to 17 percent amongst female employees of the same age. The rates are higher again for the younger age group. Precarious working rose between 2004 and 2014 from 11.8 to 22.7 percent for employees between 20 and 24 and from 7.3 to 11.7 percent for employees of 25 and above (See Table 3.3).
Table 3.4 Prevalence of precarious working by level of education

| Highest level of education | 2004 | 2010 | 2014 |
|----------------------------|------|------|------|
| NQF level 4 and above      | 10.4 | 13.9 | 13.9 |
| NQF level 3                | 6.4  | 9.0  | 12.4 |
| Trade Apprenticeships      | 5.9  | 9.9  | 6.0  |
| NQF level 2                | 7.1  | 10.4 | 21.5 |
| Below NQF level 2          | 7.5  | 13.6 | 21.0 |
| Other qualifications       | 18.2 | 19.1 | 15.2 |
| No qualifications          | 12.4 | 9.7  | 28.0 |

If we include those working in short-term self-employed jobs, the proportion of young people in precarious work may be even higher. Using a slightly wider age base, including 18–29 year olds, Will Hutton estimates that 40 percent were working in part-time, temporary or short-term self-employed jobs in 2014, three quarters of a million more than were in the same position 20 years ago. The recent rises in precarious working are thus very substantial, although they have not perhaps reached the levels suggested by theorists of the rising ‘precariat’. Young people with no more than Level 2 qualifications are particularly likely to be in precarious jobs (See Table 3.4) at 42.5 percent in 2014.

A slight upward trend in precarious working applies across the adult population, but there is a more pronounced trend amongst young people, and particularly amongst young women and the less qualified. We found that the proportion of employees aged 20–29 (who had left full-time education) in part-time work increased between 1984 and 2014 by 10.6 percentage points for males, from 1.6 to 12.2 percent, and by 12.2 percentage points for females, from 20.3 to 32.5 percent. Using data from Skills and Employment Survey, also for those working under 30 hours per week, Warren and Lyonette found that between 1986 and 2012, the proportion of all adult employees working part time increased by seven percentage points for males, from two to nine percent, and by only two percentage points for females, from 40 to 42 percent. The shorter time period observed by Warren and Lyonette (26 compared with 30 years) may explain some of the difference in their results for all employees and ours for young employees. Nevertheless, there does appear to be a growing gap for men between young employees aged 20–29 and older employees in rates of part-time working. Older women are still more likely than younger women to be working part-time, because more will be looking after young children, but the difference is reducing.
The overall gap is most pronounced for the youngest employees aged 20–24. Taking young men and women together, the proportion of employees of this age (excluding students) working part-time rose 20.7 percentage points, from 6.7 percent in 1984 to 27.4 percent in 2014. This compares with a rise of around eight percentage points for men and women of all ages between 1986 and 2012 in the Warren and Lyonette analysis.

The proportion on temporary contracts has gone up slightly for both adult employees as a whole and for younger employees. But it probably doesn’t make sense to compare the rates for younger and older employees, since for the latter this includes a considerable number of highly paid executives and consultants who are likely to be on fixed term contracts, whereas in the case of younger employees temporary contractual status is unlikely to be compensated for by high remuneration. It should be noted that most of the growing number of agency workers are young. 65 percent of agency workers are under 35.12

The evidence on employment status and pay trends since the 1980s does seem to point towards a medium-term decline in employment opportunities for young people. For much of this period, at least from 1984 to 2004, unemployment rates for young people were declining from their previous peak in the early 1980s, and the lower levels reached by early 2000s may be again resumed after the large hike after 2007. However, the middle-term trend towards lower unemployment may have been replaced by a new trend towards greater under-employment, as Wolfgang Streeck has argued to be the case across OECD countries, with a continuous shift towards higher rates of involuntary part-time working.13 In 2014, amongst employees in their 20s who had graduated from full-time education, seven percent of males reported being under-employed, compared with only 1.2 percent in 1984, and 8.2 percent of females against 3.7 percent in 1984. Since at least 1997, pay for 18–21 years olds has been declining in real terms, while it has been stagnating for those between 22 and 29.

There is also evidence of a divergence in young and older worker pay and working conditions, going back to the 1970s in the case of pay, and to the 1980s in terms of under-employment. The recession from 2008 exacerbated both, but the origins of the divergence seem to go much further back. The baby boomer generation mostly entered the labour market before this divergence took off in the late 1970s, but the cohorts born after them seem to have faced an increasing disadvantage when they
entered the labour market compared with older people then and their own age group 30 years before.

These generational differences in working conditions also apply even before young people start earning. The process of finding a suitable job is much more demanding for young people today than it was in the 1960s or even in the 1970s and 1980s. It is not just that young people have to do more to present themselves as ‘competitive’ in applications and interviews, with ever more time spent honing and circulating impressive CVs which demonstrate distinctive achievements in both academic and extra-curricula areas. It is also because for entry to many jobs now—and particularly for professional jobs—it is necessary to show substantial relevant employment experience prior to applying for a paid job. In a 2013 survey 48 percent of employers said that relevant work experience was the most important factor when selecting graduate recruits. One of the easiest ways for employers to ascertain this is to recruit from amongst those who have already worked for the firm as an intern. The ‘Fair Access to Professional Careers’ report in 2012 estimated that over a third of graduate vacancies will soon be filled by applicants who have already worked for the employer as an undergraduate, many unpaid. The result is that more and more young people find it necessary to take undertake internships, often unpaid, and sometimes serially, in order to break into professional jobs. Research from the Sutton Trust shows that 31 percent of graduates report having worked in such apprenticeships without pay.

Undertaking short periods of work experience during study is not an entirely new phenomenon. Some undergraduates with connections and access to interesting opportunities have traditionally spent a vacation or two gaining such experience. The difference now is that the practice has become virtually mandatory for breaking into some of the professions and is more frequently quite extended and unpaid. Whereas work experience used to be just a few weeks to get a feel of working in a particular work environment, thus helping career decisions, the modern internship often lasts more than six months and can be quite intensive.

This is creating an increasing barrier to social mobility for young people who do not have parents supporting them and who cannot afford to work unpaid for long periods of time. The barriers are particularly high for those wishing to enter the creative and other professions based primarily in London where rents and living costs are so high. If your
parents have a house with a spare room in London and will provide for your keep, working as an unpaid intern for six months or even a year may not pose such a problem. But to others who have to pay their own way it can present formidable barriers, particularly when it turns out that a single internship is not enough and you need to take serial unpaid jobs before you finally land a paid job in your chosen profession. A recent YouGov poll, commissioned by the National Union of Students, found that some 100,000 young people were currently doing unpaid internships. Not surprisingly, some 43 percent of those polled reported that the normalisation of this practice represented a major barrier to finding employment.17

Young People’s Perceptions of Their Employment Opportunities and How They Compare with Those of Their Parents

For the current generation of school leavers a paradoxical situation arises where opportunities in education seem better than for older generations whereas opportunities for adult careers and lifestyles appear more limited.18 This is quite consistently reflected in the stories told by our interviewees.

Most young people perceive there to be more educational opportunities for them than their parents, although their views are sometimes qualified and ambiguous. Young people we spoke to typically believed that they benefitted from a wider range of study options than their parents and received more encouragement to continue in study after lower secondary school. Many felt that they were less subject than their parents to limiting normative expectations based on gender and social class. Most likely to see their opportunities as better than their parents were young women and young people whose parents emigrated from developing countries where educational opportunities were more limited. But the perception was widely held by other groups too.

Jessica, a white British nursing graduate, did a Child Care diploma in college and then took various agency jobs before following the academic route. Her parents had experienced careers in journalism and the police force but had left school after O levels. She felt that there were more educational opportunities and information available to her than to her
parents and that her generation received more encouragement to pursue education after 16:

I just think it’s more publicised so people know more about it. Whereas I think when my mum and dad were younger it was more like you had to be super brainy and only the rich kids went. … Whereas now I think it’s really encouraged like all the way through school and college, I think it’s well promoted, especially on the TV and media now there’s adverts for universities all the time, especially around this time.

Like many of our sample, Alison, a white British undergraduate studying nursing and social work, had taken quite a winding path through further education. She had first studied A levels at college and then switched after one year to a Health and Social Care course which provided her passport to university. She came from a modest background, but nevertheless felt that she had more opportunities to study after school than her mother and had received more encouragement than she had:

… she didn’t have any opportunities open to her, it was kind of you leave school and unless you had the money to go on to university there wasn’t kind of these student finance and loans and things like that, there was limited opportunities. She kind of went into more manual work and hairdressing, that kind of thing, which isn’t what she wanted to do. And then … she started a family and … she’s done the kind of education stuff after we’ve been born … I think then you kind of leave school at 16, whereas now you’ve got college and you’ve got university and they’re encouraging you to stay in longer. I don’t think there was anything like that, from my mum’s experiences anyway.

Athula, a 21-year-old graduate in Business Management, who had come to England from Sri Lanka aged 10, also saw the upside of her situation by comparison with her parents’ generation. She had poor experiences in secondary school but went to a good college where she took A levels and then progressed to university. Athula felt her opportunities had been better than those of her parents because she had not been so constrained by the limited expectations placed on her father, as one of a large and poor family, and on her mother as a girl:

To be honest they’re not really from this place, so back there … my dad … just completed the GCSEs and started working because of the family situation.
They were really poor, they had a lot of children and he was one of the eldest. Obviously back home it’s the men that work and the ladies sit at home and provide. So he started working at a young age … Yeah, it was totally different. So he worked as a clerical admin or something, and he did move up eventually, but then we came here afterwards because of the war back home. And mum, I think she did her A level and then she stopped because there, after a certain age, women don’t go to university. Now this has changed…

For many, though not all, migrants, emigration is all about social mobility. Aamuun, a 19-year-old Somali woman who emigrated to England at 16, was studying a Level 2 course in FE college, supported by an Education Maintenance Allowance. Needing to improve her English after arriving in England inevitably slowed her progress in further education, but Aamuun still believed she had many more opportunities in education than her parents had back in Somalia, where her mother had been constrained by traditional gender expectation and her father by poverty.

… my mum, she got married when she was young. She didn’t like me … have options, there’s so many options that I don’t need to get married even if I choose to. No, continuing my education. … My dad … he wanted to continue his education but he couldn’t, he had to help the family.

Polly, a white British woman, had done GCSE re-sits and then A levels in college, also supported by an Education Maintenance Allowance, before doing well in University and gaining a good Chemistry degree. Her parents, on the other hand, had left school early because that is what people in their position were expected to do. Attitudes, she says, were different then.

I know that why my dad just stopped his school is because it was totally expected of him to just go out and get a job and then that was it, like you’ve got a job and now that’s all you’re ever going to do. And when my mum was younger as well, she was in care, and she was in like 15 different foster homes by the time she was 18 and stuff and so she had like unsettled education. And I think she left school with like 2 Es, so she didn’t have that many opportunities. But she was just fed up with everything then and that’s why she went back to university when she was 33 and did her social work degree.

Young women and children of migrants were particularly likely to see intergenerational gains in opportunities, but most young people thought
the same. However, there were some who also noted where things were
tougher for young people today. Many talked about the problems of
higher education tuition fees and student debt and also the pressures
from having to work at part-time jobs while studying. Their parents’
generation had not had to pay fees for full-time higher education, (unless
from outside the European Union), and many had received grants to
study. But some non-traditional mature students had also worked their
way through further and higher education. Rita, a 22-year-old graduate
of English Studies, who had taken a traditional Sixth Form College path
to university, had parents in both camps and hesitated about whether her
generation had it better than her parents:

… well I think it was easier because there were no tuition fees or anything,
but I think my dad had to like work night shifts and be writing his thesis,
and sort of like funding himself through uni. So I think in that sense it was
harder. But for my mum, she trained to be a teacher for free I think prob-
ably, so it was easier in that sense.

This sense of increasing freedom and choice available in the context of
education is also relevant in the context of more generally individualized
biographies. However, the interviews highlight another side of this story:
whether young people felt that educational opportunities may have
increased they viewed their chances in the labour market as more limited.

Perceptions of Job Opportunities

Back in their day, if you went to university I think it was seen as like a big
thing, you know, like you had to be quite smart and everything. But nowa-
days I think everyone pretty much goes to university, and I think doing
your Masters is more like getting a degree back then, if you know what I
mean?

Here Jake, one of the young men we spoke to, makes a point about the
changing values of education and its decreasing potential for more secure
labour market outcomes. Although most of our young people thought
they had it better in education than their parents, they were also keenly
aware that this might well not lead them to better jobs and lifestyles.
Many of the young people we spoke to thought that their job prospects
were worse now, that there were fewer jobs available to the unqualified,
and that qualifications generally were worth less on the labour market. Whatever their level of education, our young people tended to think that jobs were harder to get now than had been the case their parents.

Many graduates we spoke to compared their prospects negatively with previous generations of graduates. Susan, a white British woman, was completing a masters in international law and contemplating a Ph.D. and academic career, but still considered her prospects worse than when her parents graduated. ‘It sounds like a degree was worth a lot more then,’ she says, ‘like if you finished university then you’d get a graduate job and it wouldn’t be a problem. Like my mum said, you know, she was offered various jobs.’ Now, Susan says: ‘it is very different.’ Ross, another white British graduate, with a masters in IT and also with well-educated parents, had a similar perspective:

Well with education it could have been a little bit harder, but in terms of work I’d say there was more work for them then because the economy was in an up period rather than a down period, as in now. So I would say it’s a bit easier in a way for them to find a job that they may have wanted.

Many of our interviews with graduates pointed at the decreasing value of ‘the degree’ in the current labour market, exemplifying the argument we made before about the inflation of qualifications. Humera, a 21 year old British born Pakistani, had a degree in Psychology but was currently working in a shop. In conversation with her father, a graduate engineer, both had agreed that his opportunities had been better.

I think as soon as he graduated he actually got married, but the thing is that he got a job in what he studied like literally straightaway. And he said to me himself, he goes “the amount of jobs that were there for graduates …” it was so many, you know, compared to right now …

The struggle that graduates have to face in the labour market affected the educational choices of some of our respondents. Tracy, a white British woman, got an HND in Childcare through her apprenticeship in a nursery, but she had decided not to go to university because in her view it was more difficult for graduates now:

I mean competition is a bit harder because most people are going to university now, and due to the recent economic climate there’s not as many
unskilled entry jobs available, so that’s sort of why there’s a lot of people unemployed.

Non-graduates we spoke to, including those with well regarded vocational qualifications, also tended to think their job prospects worse than for their parents’ generation. Stephen, a white British man from a working-class family, had gained a Level 3 City and Guilds qualification in Fabrication Engineering through an apprenticeship with a firm he still worked for. Reflecting on whether he had better opportunities than his father he said:

No I don’t think so, I think you could not do quite so well in school and still manage to come out with a job, whereas I think now it is quite critical because people do want to see your qualifications.

Tom, a white British 22 year old with few qualifications, is currently unemployed. He thinks his life is tougher for him than it was for his father.

Dad found getting jobs dead easy. He used to work when he was like 12 and stuff … So yeah, there were less regulations and stuff. Education wise I don’t think they had the same opportunities you get these days, but I think it was easier to get into industry back then and stuff like that.

A Temporary Dislocation or a Long-Term Trend?

Despite being better qualified than their parents, young people today in many ways face worse prospects in the labour market than did people of the same age 30 years ago. They are certainly more disadvantaged relative to their older contemporaries than was the case then. So how should we assess this in terms of generational change?

It is possible that this relative disadvantage for those in their 20s now represents merely a delayed transition to stable employment patterns. This cohort of young people may catch up with more normal patterns of career progression in time. If the subsequent cohort follow the same pattern, then age-related inequalities will have risen to a new higher norm, but there would have been no marked generational shifts in lifetime employment opportunities. On the other hand, if those now in their 20s carry their relative disadvantages through into middle age, we are seeing
more of a cohort effect, whereby a particular generation, coming of age under difficult economic circumstances, and hobbled with student debt and huge mortgages, suffers a lifetime reduction in employment and lifestyle opportunities compared with the generation which preceded them. Such a perspective is implied in the growing literature on the decline in graduate opportunities, whereby the current generation of graduates is less likely than their parents generation to reap the high rewards of professional employment, partly because the supply of graduate skills begins to outstrip demand, and partly because of the rise of the ‘high skills, low pay jobs’ caused by increased global competition amongst graduates and what Brown and his co-authors call ‘digital Taylorism’.

On this scenario, the Millennial generation would be the first since records began to do worse over its lifetime than previous generations. A recent report by the Resolution Foundation uses data from the UK Annual Survey of Hours and Earnings, adjusted to 2016 prices, to track the median pay of five generations as they moved through their working lives. Each generation fared substantially better than the previous one until the Millennial generation. The so-called ‘Greatest Generation’, born around the time of WW1 (1911–1925), came of age in the wake of the deep post-war spending cuts in the mid-1920s which were followed by the Great Recession of 1929–1934 when they were entering the labour market. They benefitted from the recovery in the second half of the 1930s but soon after found themselves fighting in WW2. Theirs was hardly a lucky generation, but they would undoubtedly have done better overall than the previous generation for which we don’t have earnings data. These were born at the end of the 19th Century, fought in WW1 during their youth and, if they survived the war and subsequent global flu epidemic, lived most of their adult lives during the recessionary inter-war years, only for many to be faced with another world war in their middle years.

The so-called ‘Silent Generation,’ born 1926–1945, did considerably better than the previous ‘Greatest’ generation. The early ones grew up during the war years and subsequent austerity but joined the labour force at the beginning of the economic expansion from the late 1940s. Like the later members of their generation, although to a lesser extent, they saw some of the benefits of the post-war expansion that so advantaged the baby boomers. Their real median salaries in their 50s were around 25 percent higher than those for the previous generation. Then came the baby boomers (born 1945–1965), who saw the largest generational increase in earnings which peaked in their late 40s at about 40 percent more than the
median earnings for the previous generation at the same age. Generation X (born 1966–1980) in turn earned considerably more than the previous baby boomer generation in their early careers but as they hit the recession saw their advantage over the boomers vanish by age 40. Lastly come the Millennials, for whom we only have earning data until their late 20s. As the Resolution Foundation analysis shows, at no point in their early life cycle do they do better than the preceding Generation X against whom they loose ground as they approach 30 years at the time of the financial crisis. According to the Foundation’s analysis the typical Millennial working through their 20s has earned £8000 less than a typical person in generation X.

So far this generation has been the first since the generation born at the end of the 19th century to start their working lives worse off than the previous generation. Whether they will catch up during their life course depends entirely on the economic conditions they face which we cannot predict with any certainty. However, the current trends look ominous. For the foreseeable future most economists predict as the most likely scenario a long period of slow economic growth in the UK. This results from the UK’s long-term problem of slow productivity growth, due to the low levels of company and state investment, and now from the uncertain trading conditions post-Brexit. All of this is in the context of a gradual eastward shift in the centre of gravity of the global economy.21 New technological break-throughs may change this picture in the longer term, but for the Millennials trying to make their way up the earnings ladder after a poor start, the picture looks relatively bleak. At the least it seems possible that in generational terms average Millennials earnings will continue to lag as they move into the early middle age, when catching up may prove very difficult in a likely context of widespread technologically-driven job loss.

An alterative reading would be that what we are seeing is not so much a generalised shift for an entire cohort, but more of a polarisation of opportunities. The most fortunate of this cohort, with high levels of education in the more elite universities and strong parental support, at least maintain, if not improve on, the real income levels that their parents enjoyed over the life course. But those with lower qualifications and less social capital have greatly reduced opportunities, and fare much less well than those with similar skills in the previous generation.

The account is lent support by what we know of the long-term changes in the labour market. In the most developed countries, demand for high-skilled employees is expanding, although not necessarily quite as fast as
the supply of graduates. At the top end of the high-skilled job market, remuneration rises continually, and for the best qualified amongst graduates, coming from elite universities and with degrees in the most sort after subjects, opportunities get better. Jobs requiring intermediate skills, particularly production and craft skills in the manufacturing sectors, are declining, thus hollowing out the occupational structure. And many of white collar jobs at intermediate skills levels are now taken by graduates unable to find work in graduate professions. At the low skills end of the labour market jobs are certainly not disappearing—although many of the more routine jobs are being automated—because many low skilled service jobs, like caring jobs, cannot easily be automated. But in the long term low skilled jobs are in relative decline, and job quality is diminishing. Since the remaining low skilled jobs not subject to automation can now be so easily outsourced to countries with cheaper labour costs, and because those that remain suffer declining protection from state regulation and trade unions, wages and conditions in low skilled sectors continue to deteriorate, particularly in countries with so-called flexible labour markets. So the opportunities for the best and least qualified continue to diverge.

This scenario does not necessarily suggest that the current generation as a whole will be worse off than their parents through the life course, although opportunities within and between age groups will have become more unequal. However, even if there is no intergenerational life course decline in average earnings, life styles may still deteriorate intergenerationally because other key costs are rising, not least in housing and welfare provision. In the next chapter we look at the intergenerational aspects of the housing crisis. In later chapters we consider the effects of intergenerational transfers in welfare and private pension costs.
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