Funding the Future

Milburn will fail NEETs

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Alan Milburn published his much-trailed report on managing the supposed problem of young people not in education, employment or training in the UK yesterday, and it was as intensely neoliberal as I expected.

At its core, there is a plan to remove or restructure a significant part of the social security support currently provided to young people to manage the problems that they face, including support for the most basic costs of living and to meet the additional costs that their disabilities impose. Many young people could lose support as a consequence.

Milburn then proposes providing substantial subsidies to employers, with, it would seem, remarkably few conditions attached beyond the eligibility of the young people recruited. That includes conditions relating to the number of genuinely new employment opportunities to be created, their value to young people, or their long-term consequences in providing opportunities after six-month government-funded work programmes have been completed. The asymmetry in the recommendations made is, then, staggering.

In essence, Milburn acknowledges that the private sector has failed to create employment opportunities for young people. However, he now believes, as a consequence of the standard approach to problem-solving adopted by neoliberal politicians almost everywhere, that they will do so if only some relatively minor changes are made to the incentives provided to them to recruit young people who have been out of work for extended periods.

Saying that, he does, however, fail to adequately address two things. One is that AI is currently threatening many of the jobs he wants young people to be offered. Although he acknowledges this problem, his proposed response does not appear sufficient to address it. The second is that there will, almost invariably, be many more young people available to employers who do not have any of the disadvantages of those previously unemployed. No convincing explanation as to how either difficulty is to be overcome appears in the report, as far as I can see.

As a result, and to be blunt, I do not think that Milburn's scheme is going to work. That is not least because, although employers can receive subsidies for recruiting young people who have been out of education, employment or training for six months, no young person will qualify for the proposed guaranteed six-month job until they have been in that situation for at least 12 months without success. Milburn proposes other forms of support before then, but these do not amount to a guarantee of employment. This remaining 12-month delay, no doubt retained to save costs, means this scheme cannot achieve its goals.

Twelve months is an extraordinarily long time in the life of a young person to be seeking employment without success. During that period, they might well have completed hundreds of job applications, leaving them totally alienated from work, and both deskilled and demotivated in ways that will make recovery very much harder.

But there is another deeply problematic assumption inside this whole plan, and that is that the jobs to be made available will depend overwhelmingly on the private sector. Milburn does propose some public sector employment measures, but these do not appear to be the central focus of his plan.

We know that the private sector is not creating these opportunities now and, despite all the screaming and shouting their spokespeople like to do, that is not because of regulation, increased National Insurance costs or the minimum wage. Instead, it is because demand within the UK economy is being deliberately suppressed by the actions of the Bank of England at present, which it is doing by keeping interest rates artificially high. This simultaneously maintains unnecessarily high levels of unemployment.

Milburn is, then, either failing to understand the causes of unemployment in the UK or is deliberately ignoring them. Either way, his proposals are fundamentally flawed. You cannot solve an unemployment problem without first acknowledging why it exists, and you cannot create effective employment policies whilst ignoring the economic conditions that have caused the problem in the first place. He is doing both. That is why his plan will fail.