





STAND OUT from the CROWD

Should you have a part-time job while studying?

You might rather spend time perfecting your online profile, playing with your Xbox or just hanging out with your friends.

But the evidence strongly suggests that a part-time job is a good investment for your future.

Working when young doesn't only give you some independent spending power. It also builds confidence, self-esteem, a sense of responsibility and other basic life skills.

It gives future employers some basis for taking you on

rather than somebody else, helping you to stand out from the crowd in a fiercely competitive jobs market.

Young people who combine work with full-time education are markedly less likely to be unemployed five years later, and earn 12-15% more on average, than those who do not.

Yet the numbers working while studying have dropped sharply.

Twenty years ago, well over 40% of all 16-17 year olds had a part-time job while at school or college. The figure is less than 20% today.

As for younger teenagers,

employers need to apply for a licence to employ those under 16, and the number of these child employment permits fell from 29,498 in 2012 to 23,071 in 2016.

Why has this happened? As with any change in employment patterns over time, a range of influences are involved.

Surveys and vox-pop interviews suggest that numbers have been falling as a result of increased parental affluence (meaning less financial pressure on young people to work) and the growing demands of school examinations. Exam pressure

is sometimes reinforced by the negative attitude of teachers to students' employment.

There has also been a decline in the availability of traditional "children's work", such as newspaper rounds. Compulsory work experience for schoolchildren, which often led to part-time jobs, was scrapped in 2012, and this has probably not helped.

Demographic change is another, less obvious factor.

Over a quarter of secondary school students now come from minority ethnic backgrounds, and data show that those of Indian, Pakistani and Bangladeshi heritage in particular are much less likely to have part-time jobs.

Discrimination may play a part in this, but it also reflects cultural attitudes and the unavailability of employment opportunities in some areas where there are high concentrations of minorities.

Economists argue that regulation also plays a part.

Minimum wage legislation has raised the cost of employing children and young people. Even though the minimum wage rates for young people have not risen as much as for adults, they have still increased significantly in real terms since the late 1990s.

More importantly, perhaps, the rules surrounding the employment of schoolchildren are complicated, vary considerably from area to area, and have been tightened in recent years.

For instance, milk deliveries,

once a staple of teenage employment, are now forbidden by many local authorities. There have been new restrictions on the weight of newspapers to be carried by youngsters. Rules on term-time working have been tightened for under-16s. Internships and unpaid work experience are now much more restricted.

As anybody working with young people now needs to be checked by the Disclosure and Barring Service, and

health and safety at work rules have been tightened, small businesses in particular may find it too much trouble to take youngsters on.

Regulation in other areas also impinges: tighter rules on selling alcohol, tobacco, knives and various other goods mean that under-18s can't do some retail jobs that they once could.

In his 2012 review of employment law for the Conservative-Liberal Democrat coalition, businessman Adrian Beecroft argued that the employment rules for children and young people could be greatly simplified and the permit system scrapped. Nothing came of this.

The pressures currently seem to be in the opposite direction, with UK politicians

seeking greater restrictions on some types of employment by young people. A recent case has been the demand to restrict modelling opportunities for under-18s.

Our politicians might do better to take inspiration from New Zealand where, by contrast with most developed countries, a much more permissive attitude has been taken to child employment, which is more widespread than in today's Britain.

A good deal of evidence

LEN SHACKLETON ON GETTING A HEAD START IN THE JOBS MARKET

has been accumulated that this has few negative consequences.

For example, a recent longitudinal study looked at the lasting effects (up to age 32) of schoolchildren's paid work on a wider range of factors than future employment.

These included psychological wellbeing, smoking, drug and alcohol use. Its lead author concluded that moderate levels of part-time work seemed to have no detrimental effects in New Zealand. It seems very likely that the same applies in the UK.

Nobody is suggesting that very long hours of work outside the classroom are necessary or desirable, and young people certainly need time to relax and socialise as well as study.

But paid work at the weekends or in school holidays could be a good use of some spare time ●

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Don't
FEAR
the
FUTURE!

Nearly every popular economic fallacy reflects fear of the future.

Although unjustified, such fear is understandable. We're familiar with, and have more or less adjusted to, what exists. But we don't know the future, so it frightens us.

Consider, for example, international trade.

When British people buy more imports, a typical and immediate effect is destruction of some existing UK jobs. Likewise for new labour-saving techniques.

In both cases, economic theory and history make clear that new and better jobs are

eventually created and living standards improve.

Economics and history also make clear that to prevent such trade- and technology-induced job churn is to stifle economic growth.

The more unrelenting and widespread are policies that prevent this job churn, the more surely almost everyone is condemned to a future of poverty.

(If you doubt me, consider that in 1860, about half of all jobs were in agriculture. Now ask how prosperous we would be today if our government back then had successfully protected agricultural jobs

from being destroyed by then-emerging technologies such as long-distance rail transport, refrigeration and chemical fertilisation.)

People who demand economic growth while decrying economic change and its disruptions are deeply inconsistent.

Fear of the future also explains much support for battling recessions with increased government spending – preferably via larger budget deficits.

Letting recessions run their course, so unprofitable investments are liquidated and those resources are redeployed

to more-productive uses, is not popular.

Surely one reason – in addition to mere impatience – is that no one amid any recession can say for certain just what those new and better productive uses are.

Yet another government policy fuelled, at least in part, by fear of the future is economic regulation.

We demand, for instance, that the European Medicines Agency (EMA) peer into the future of all new pharmaceutical products and medical devices before we can purchase them.

We want the EMA to permit us to buy only products that it determines are sufficiently safe and effective.

Yet, in fact, no pharmaceutical product – indeed, no product of any sort – is perfectly safe.

Demand for a future free of

risks of medical treatments' severe downsides is not only foolish, it's fruitless.

The only way to assure no such unhappy surprises is to prohibit any and all medical advances.

But, obviously, such a

draconian prohibition would mean worse, not better, medical care. We'd be stuck with older, less advanced drugs and devices.

And while the consequences of using these older products are more familiar than the consequences of using new products, those familiar consequences would also, on the whole, be worse.

The European Union's seizure of the role of

deciding for 500 million Europeans whether a pharmaceutical product is acceptable is justified as an attempt to protect us from a dreadful future.

But because the EMA discourages the development

of new drugs and devices, it actually fills our future with more pain and unnecessary death ●

DON BOUDREAUX SAYS PESSIMISM INHIBITS ECONOMIC PROGRESS

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This article first appeared in the Pittsburgh Tribune

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GIG ISSUE...

There are some questions or issues that are very revealing for the economist.

That is, they make manifest the degree to which many of the public have a way of thinking that is positively hostile to basic economic insight and principles.

One of the best examples is the resale of tickets to events, and the part played by people who acquire tickets with the aim of reselling them – ‘touts’ or ‘scalpers’.

The way this works is simple. Primary ticket originators (venues, organisations, artists) produce tickets that give a right of access to an event or performance, usually for a fee.

ways then look to sell them on at a higher price.

In addition, there are people who make a living by buying as many tickets as possible at the original price and then selling them on at a higher price. These are touts or scalpers.

The general public view is that this is an outrage that should be prohibited or at least severely restricted, for example, by allowing resale but only at the original price.

All of this is very strange for an economist. People can only resell at a profit if there are willing buyers prepared to pay the higher price.

Assuming economic

price and the price then rises as a result, then as soon as they release the held back commodity for sale the price will fall to its actual market clearing level.

This happens very rapidly, so the opportunity to make supernormal profits is effectively non-existent.

In fact, this is not what is going on anyway. People who buy large numbers of tickets in this way are anticipating that the price will rise because the initial price was too low. If they guess right, they make a profit; if wrong, they make a loss.

They are speculative middlemen performing their classic function of ensuring that scarce resources end up in the hands of those who value them most.

To deny this is to claim either that tickets are a different kind of product from any other (absurd) or to believe that people should never buy at a low price to sell at a higher price, and that the price of goods should not vary in response to supply and demand but should be fixed in some way.

This is to deny the very essence of economics ●

STEVE DAVIES TOUTS HIS VIEWS ON THE SECONDARY TICKET MARKET

They distribute these tickets in a number of ways: some are sold directly to end users who wish to attend the event, others are given out (often at a steep discount) to ‘insiders’ of one kind or another (this amounts to around 50% in most cases), while some are given over to agencies who then sell them directly to end users. In these cases, the tickets are made available at the original price.

Some of the people who get the tickets in one of these

rationality, this must be worthwhile for the buyers. Moreover, if tickets command a price higher than the face value, this must mean that the original price was below the market clearing price.

One response is that this is because the touts have caused a shortage by buying up tickets and they are now profiting from it.

This contradicts both economic theory and empirical fact: if people buy up any commodity at one

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