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**FORUM BACKGROUND NOTE: LIFE AFTER THE BABYBOOMERS**

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**■ GENERAL INTRODUCTION FOR SESSION**

The financial and economic crisis is having a significant impact on our lives. High levels of unemployment, deterioration of safety nets for social protection, erosion of savings and pension funds, and reductions in health and social spending are the most severe consequences. They result in increased vulnerability to poverty, social exclusion and ill-health among the young, the older generations and migrants. It is predicted that it may take as long as a generation to solve these issues. In the meantime it is vital that all stakeholders including governments act to generate mutual support and solidarity.

For many years, the baby boomers seemed to have it all: jobs for life, nice homes, and secure financial situations. Until the recent financial and economic crisis hit. Baby boomers are in late middle age, and were looking forward to soon enjoying a well-earned retirement. But now their homes have lost their value, and many have also lost their pensions and they are instead having to work longer than they expected, and many are also confronted with children who can't find jobs and are dependent on their financial support.

Current political decisions will determine whether the crisis leaves a long-term legacy of increased numbers of older people in poverty and isolation, or allows sustainable changes that strengthen social protection and healthcare and makes it easier for older people to participate in the labour market and their communities. OECD figures show that older workers are having success on the labour market, addressing preconceptions that older people do not contribute as productive members of society.

In fact it is the younger generation that has been hardest hit by the crisis. Today's youth are the most educated generation in history, yet about one in five aged between 15 to 24 in developed countries is unemployed. The crisis has also highlighted several longer-term issues. Young people who completed their education during the crisis find themselves competing not only with older, more experienced workers, but also people even younger than themselves with more up-to-date qualifications. Things will get better – but not for everybody. The young now will take any job, often far below their qualifications. That's what happens to many young people in recessions. And it means that they will never have the career or the kind of life they envisaged.

We also need to counter the perception that as people enter later life, they become an economic burden for society, one that is shouldered by the younger generation. In reality older people are offering a lot of time and money to help the younger generations get established, they are more givers than takers.

But it's not just about intergenerational solidarity. We need to counter the unfounded impression that immigration from other parts of the world is leading to job losses in our own countries. Immigrants are particularly vulnerable during prolonged economic downturns, and this crisis has seen immigrant workers lose their jobs at a higher rate than native-born workers. One reason is that immigrants tend to work in sectors (such as construction) which are particularly sensitive to the economic climate, so demand for workers rises sharply in good times and drops fast during bad.

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## ■ PANEL 1: HOW TO OVERCOME THE LONG-TERM EFFECTS OF THE CRISIS?

The crisis has destroyed an unprecedented number of jobs all over the world. There are 47 million unemployed people in the OECD area today. Despite signs of recovery in most countries, the risk remains that many people may lose touch permanently with the labour market.

Young people have suffered a disproportionate share of job losses. In the third quarter of 2010, the OECD-average youth unemployment rate represented 18,5% of the labour force aged under 24 with nearly 3.5 million having joined the ranks of the unemployed compared with the corresponding quarter of 2007. For young graduates, the transition from education to employment is long, marked with little stability, low income and tasks that rarely correspond to acquired knowledge and skills. Postgraduate internships are a typical example. Young people are competing for unpaid internships that can last several months in the hope of getting a foot on the job ladder. But for many young people this will be a sacrifice leading to nowhere, with no prospect of a permanent contract or being able to use this experience as a stepping-stone to a real job elsewhere.

Governments face a daunting challenge: help the unemployed or under-employed, create jobs and at the same time tackle public deficits. The only way to tackle high unemployment levels is with comprehensive policy strategies.

But the crisis has above all revealed a painful human cost as the talents of the world's best and brightest risk going to waste. Persistently high unemployment could eventually result in discouragement and permanent withdrawal from the labour force, especially among younger and less skilled workers. The longer individuals remain unemployed, the more difficult it becomes for them to find a job and the less they may try. In at least 10 OECD countries the share of long-term unemployment has already risen significantly during the crisis.

Entering the job market during a recession can affect young people's job and career prospects for life. For instance, white males who graduated from U.S. colleges around the early 1980s' recession, found themselves 15 years later with lower salaries and less prestigious jobs than people who had graduated in good times. People who had been young unemployed during that same recession were, 25 years later, still unhappier, less healthy, less satisfied in their jobs and on lower wages than comparison groups in better economic times<sup>1</sup>.

The global economic recovery is under way but it is unevenly distributed across countries and regions. Robust growth in the emerging-market economies contrasts with a more moderate pace of expansion in most advanced economies. While it's crucial to provide adequate support to the most vulnerable amongst the unemployed, notably young people and the long-term unemployed, the creation of sustainable jobs is a top priority for public policies.

### Questions for discussion:

1. *How to prevent a generation of young people losing touch with the labour market? How to ensure a smoother transition from education to employment?*
2. *Are younger and older workers in competition for the same jobs?*
3. *What policies are needed to ensure that older workers can stay in the labour force longer and that work-life balance can be preserved throughout a person's career?*

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<sup>1</sup> "Lessons from the class of '92", *Financial Times*, by Simon Kuper, 4 February 2011

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■ **PANEL 2: PROMOTING SOLIDARITY**

Despite the crisis current demographic trends illustrate an increase in life expectancy, population growth and diversity. These are all positive developments indicating that our lives are getting better. But there are stress points that we must start addressing now, to ensure we have the right policies in place for our future.

Population ageing could prove a particular stress point. The proportion of the population aged 80 or over in OECD countries is projected to increase from 4% in 2010 to nearly 10% by 2050. The fiscal pressure from ageing populations is large and growing: pensions, health and long-term care spending is forecast to grow faster than national income in a major part of OECD countries. Who should pay for pensions and ensuring long-term care? And who will be the carers?

Families are also under pressure, particularly those who still have children at school or university and elderly parents to take care of. As public spending cuts and a shift in the age balance begin to bite, can the “active” generation pay for its childrens’ education, secure a roof over their heads and save enough for an adequate retirement pension? How to share scarce resources fairly? Are crèches more important than supported living facilities for the elderly? And who decides? If intergenerational solidarity breaks down, then all will lose.

Can immigration be a part of the economic and demographic solution?

Immigration significantly increased in the period after the baby boomers, in size and in diversity. It was often in response to countries’ requests for young and qualified specialists. In certain countries 180 nationalities live today together.

Immigrants contribute significantly to the economy and social life – both to public finances and to fill in the gap of a missing young labor force. They participate fully in the production of overall well-being of societies and they should share as well the benefits, be helped to develop their skills and competencies. Immigrants should be treated equally, with respect and dignity.

But how do countries promote equal treatment of immigrants? What are the actual practices in new immigration countries such as Portugal and old immigration countries such as Sweden?

Is solidarity with immigrants a reality, and how do they feel?

**Questions for discussion:**

1. *How to guarantee equity in the system and that scarce resources are fairly shared between generations?*
2. *Will people in employment be increasingly reluctant to pay taxes and social contributions to support older people?*
3. *How to ensure that immigrants feel they are getting a fair return on their contribution to the economy and society, and not being asked to carry an unfair share of the financial burden in their adopted countries?*