

SESSION SUMMARY

■ **LIFE AFTER THE BABYBOOMERS**

- ◆ [Keynote speech](#)
- ◆ [Panel 1: How to Overcome the Long-Term Effects of the Crisis?](#)
- ◆ [Panel 2: Promoting Solidarity](#)

Tuesday 24 May 2011

◆ **Keynote speech**

Keynote speaker: **Phil Zarlengo**, Chair of the Board, AARP, United States

Moderator: **Alexandrine Bouilhet**, Head, International Economy Department, Le Figaro, France

Alexandrine Bouilhet opened the session by outlining the potential frictions between younger and older age groups as a result of high rates of unemployment and the fact that the baby-boom generation is now approaching retirement age. With the older generation of workers facing the prospect of having to work longer in order to rebuild retirement savings depleted by the financial crisis, there is the possibility that competition for available jobs between the generations will result in some worsening of social relations.

Delivering the keynote address, **Phil Zarlengo** explained some of the changes that his organisation has observed in the US and overseas, noting that global ageing is changing the policy debate. The poor state of public finances in many countries is pushing governments into “shifting moral responsibility onto individuals to ensure dignity in old age for themselves and their families,” leaving older workers facing the prospect of higher costs to build up retirement funds while also looking after their children for longer as the latter struggle to enter the labour market. The recession has hit the oldest and youngest members of the labour force hardest.

But Mr. Zarlengo noted that surveys carried out by the AARP indicate that these conflicts may be less significant than headline writers suggest, and that inter-generational relations and attitudes are actually quite positive. In fact, longer term there is more of a risk of labour shortages as the recovery continues and the baby-boomers retire. Hence there is a need to keep older people in the job market, both to prevent more significant declines in labour supply and to help maintain tax revenues. Employers need to make the most of both ends of the demographic spectrum, and some companies have managed this better than others. Good examples include businesses that use older workers as mentors of the young, while younger employees help their older colleagues by passing on their more up-to-date technical skills.

◆ **Panel 1: How to Overcome the Long-Term Effects of the Crisis?**

Moderator: **Alexandrine Bouilhet**, Head, International Economy Department, Le Figaro, France

Panelists: **John Hearn**, Vice-President (International), University of Sydney, Australia
Monika Kosinska, Secretary-General, European Public Health Alliance (EPHA)
Carlos Susías Rodado, President, European Anti-Poverty Network-España

Discussants: **Aleph Torres**, President, Fundación Proaccesso ECO, A.C., Mexico
Johannes De Geus, Director Learning & Development, Schouten Training

Across OECD countries, young people face challenges entering the labour market, but according to the panel, this has not led to widespread intergenerational conflict. In a wide-ranging discussion, the panellists touched on both specific issues such as the ongoing Puerta del Sol demonstrations in Spain and more general topics like pension reform.

Alexandrine Bouilhet began by asking how to prevent a whole generation of young people who are unemployed from losing touch with the labour market, and how to ensure a smoother transition from education to employment.

John Hearn began by stating that, although we have both a youth employment crisis and an ageing labour force, the key issue in the next five to ten years is a “mismatch between retirement and new jobs”. However, “inter-generational solidarity is doable with proper policy”, he said. Obviously, the global financial crisis has exacerbated the unemployment issue but, said Mr. Hearn, “this gives us a chance to re-address core values, such as progress towards the Millennium Developmental Goals and education reform”. The OECD can help this process by encouraging broader policies that stimulate employment growth.

In response to a question from Alexandrine Bouilhet regarding the future prospects of young people, particularly in Europe, **Monika Kosinska** stated that this is a complex issue, and that we should not continue to separate education, retirement and other policies into separate ‘silos’ that are dealt with in isolation. “If we don’t have a coherent education policy with a coherent employment policy ... then we’re not going to be able to talk about innovation, entrepreneurship, or opportunities because our left hand does not know what our right one is doing,” she said. We need more integrated policy approaches. Many of the baby-boomer generation have enjoyed fortunate circumstances during their working lives, from increasing availability of education, the absence of war, strengthening healthcare and pension systems, and a number of other examples. But these privileges have been concentrated among what she called “the elite class of policymakers.” As a result, “we can’t ask industrial male workers to continue working past retirement age”.

Alexandrine Bouilhet commented on the Puerta del Sol youth demonstrations in Spain, asking whether these bore a resemblance to the French riots in May 1968. **Carlos Susías Rodado** responded that the Spanish youth movement is angry because they believe strongly in democracy and want their politicians to keep their promises with regard to fairer electoral laws, tax reform and low-interest bank loans. However, he saw significant differences with the situation in France in 1968, in that the Puerta del Sol movement does not have a problem with the older generation as a whole, just with the political elite. He also emphasized the peaceful nature of the demonstrations was another contrast to the French student protests of 1968.

When asked whether the Puerta del Sol demonstrations could spread to other countries in a similar manner to the so-called “Arab Spring”, Ms. Kosinska said, “If other groups are able to see this is happening, there is a distinct possibility that it [could spread]”. If people feel that “the barrier and blockage is a political one of a particular class, those are the roots of a populist movement.”

The panellists agreed that there is no real competition for jobs between generations. Mr. Susías Rodado described such competition as “fallacious”. “We have to accept that the youth generation will not be independent for a while and that the older generation needs to help create new jobs.”

◆ **Panel 2: Promoting Solidarity**

Moderator: **Simon Kuper**, Columnist, Financial Times

Panelists: **Peter Matjašič**, President, European Youth Forum (YFJ)

Jan Niessen, Director, Migration Policy Group, Belgium

Sandra Polaski, Deputy Undersecretary for International Affairs, Department of Labor, United States

Stephen Pursey, Senior Adviser to the Director-General, International Labour Organization (ILO)

Discussant: **Edward Whitehouse**, Principal Administrator, Directorate for Employment, Labour and Social Affairs, OECD

This panel discussion on generational issues explored the ways in which governments and society as a whole could alleviate the problems created by ageing populations. Moderator **Simon Kuper** asked how the costs of ageing populations could be met, and whether “inter-generational solidarity will crack under the strain?” Although immigration could alleviate labour shortages and demographic issues, it would also raise other questions, such as the need to develop the skills of newly-arrived immigrants.

Concerning the United States, **Sandra Polaski** noted that how the demographic transition plays out in coming years is a “complex equation with numerous variables” that could shift appreciably over time. Participation rates in the older and younger generations are important variables that are not set in stone. Similarly, projected immigration rates and assumptions regarding productivity growth rates can alter the calculations significantly. Quoting a recent speech by US Federal Reserve Chairman Ben Bernanke, Ms. Polaski noted that at a productivity growth rate of 2.5% per year, GDP per capita could double within one generation, but with a slightly lower productivity growth rate of 1.5% this would take two generations. Moreover, all of these variables are subject to the influence of government policies.

Peter Matjašič said that “young people are not in a conflict with the older generation what they want is equal treatment.” He noted that the track record of policies to deal with unemployment at both ends of the age spectrum has varied widely between countries. In Europe, the southern countries have generally performed worse than those in the north, where there has been greater use of policies that invest in developing the skills of the unemployed. In addition, these countries have often adopted specifically youth-focused policies.

Turning to the issue of immigration, **Jan Niessen** noted that many immigrant groups have fared poorly in recent years, with new arrivals generally suffering the most. Experience has also varied widely from country to country. In analyses of those countries that deal best with immigration issues, Sweden and Canada always rank highly but, perhaps more surprisingly, Spain and Portugal also have fairly good records in this department. The main requirement, according to Mr. Niessen, is political will, which makes it easier to build a consensus around a positive message and effective immigration policies. When asked whether there is a willingness to integrate immigrants into society and whether solidarity exists, **Stephen**

Purse noted that the way in which inequality has moved before and during the crisis “is destroying the sense of trust in society, the sense of community. It’s going to be much harder to organize for these demographic shifts if we don’t rebuild that trust”.

Ms. Polaski added that, from a US perspective, immigration remains a divisive issue. The current government therefore has to emphasise the positive aspects of immigration, which in the past has added considerably to economic growth. Mr. Matjašič added that among the younger generation, those most susceptible to populist political rhetoric are those that feel the most excluded from the labour force. Governments need to find ways to increase the political voice of young people and to direct dissatisfaction into legal and democratic channels.

With the discussion having been thrown open to the floor, **Edward Whitehouse** agreed that inter-generational solidarity was actually quite strong, and felt that fears of friction in the labour market may prove to be as unfounded as earlier fears that increasing female access to the labour force would displace male workers. So how do governments change such false attitudes?

The panellists agreed that more positive attitudes need to be encouraged, and Jan Niessen suggested that bringing the leaders of immigrant groups more prominently into the political mainstream would help.

MS/RK, PC