

A generation of the post-boom years

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TWO weeks ago, Deputy Prime Minister Tharman Shanmugaratnam shared research findings suggesting that young adults working here will be able to retire comfortably. As a young adult I found this interesting and significant, and it called to mind a recent article with a provocative title: “Generation Screwed”, by American sociologist Dr Joel Kotkin, which appeared in the July 23-30 issue of Newsweek.

Dr Kotkin was referring to the “millennials” – those aged 18-35 – in the United States, and employed a suite of social indicators to show that they face increasing unemployment and indebtedness in spite of higher education; deterioration of family life; downward social mobility; and even perhaps the emergence of an underclass among young-age households.

Dr Kotkin’s sombre message was that American millennials might have to lower their expectations and accept “the new normal” of muted growth, high unemployment, and a future less bright than the boomers before them.

What about here in Singapore? How do our youths fare in comparison?

In a Better Position, for now

IN contrast to the US, Singapore does not have a large national debt to repay. The Government’s careful fiscal management has made that possible. Savings rates are high here in comparison to the US and Europe, even if some of it is forced savings in the form of CPF. At the individual level, however, debt among youths has been rising due to consumption habits and, some say, school loans. This is a trend to watch – we are on secure footing at the national level but must manage the situation at the level of the individual.

Jobs data released by the Ministry of Manpower indicates that the unemployment rate for youths aged 15-29 stands at approximately half the global average, and long-term unemployment for youths is similarly low.

At a time when many other developed countries are facing high youth unemployment, this statistic has attracted significant attention; the BBC even ran a feature in December 2011 using Singapore as a positive case study. Higher education here still correlates with increased salaries; job prospects for youths will continue to be bright, assuming that growth remains healthy in the context of a mature economy.

In terms of families, too, Singapore compares favourably with the US. Dr Kotkin used increased illegitimate births and lower marriage rates as indicators of the deterioration of family life. Here, divorce rates are rising and marriage rates falling, but this may not yet be a definitive sign that the family unit is crumbling. In fact, the National Family Council’s 2011 State of the Family Report found that over 9 in 10 Singaporeans still regarded family as the most important aspect of their lives. My sense is that many young Singaporeans still feel that

their families are stable, and have a strong desire to form their own and have children. They are simply arguing for more help to do so.

Future Pressures and Burdens

SINGAPOREAN youths may be doing well now, but what about the future?

It is worth noting that Mr Tharman's comments on a comfortable retirement were predicated on, in his words, "individual responsibility and good jobs". In this context, there is a great deal of pressure on youths to be gainfully employed and contribute to the economy when they graduate. There is no room for slack. With the increasingly competitive nature of the global economy and rising aspirations, this pressure is unlikely to abate. A discussion is needed on how we can find jobs and build businesses good enough to meet our higher aspirations.

Is it possible to emulate the baby-boomers' achievements, when we no longer possess the demographic bonus and excess productive capacity that was in abundance in the 1970s and 1980s?

As evidence of this diminished spare productive capacity, costs of living have risen. An ageing population also suggests that the younger generation will have to bear a greater financial burden both within their families and nationally, in the years to come.

Asset prices have been on a steady climb since the early 1990s, meaning that settling down has become more expensive for young couples. What fat will young people have to live off and support their parents on, 20 years from now? Will this deter them from having children?

Degree Inflation?

THE issue of jobs and aspirations is also related to education. Increasing rates of higher education attainment adds to the pressure to create good jobs.

Warning signs have appeared in the US and other East Asian countries that higher education does not always lead to better pay or job prospects – many graduates have reported difficulty in finding jobs after completing their education. Education will inflate aspirations without actually raising our standard of living, if degree inflation takes place here.

With the Prime Minister's announcement of the opening of the fifth and sixth local universities, having more people gain more knowledge can only be a good thing for our economy and society in the long run. However, it also means that the courses made available, as well as students' selection of courses, will have to be strategic, so that each offers unique and relevant skills and knowledge for the upcoming decades.

Adjusting Expectations

THE current situation of youths in Singapore is by no means dire or desperate, especially in comparison with the US. Still, there is great concern about the future.

Dr Kotkin's 'new normal' has partial resonance here: Singapore's millennials are unlikely to enjoy the same rates of economic growth that our parents did, and settling down and starting a family may become more difficult over the years if costs and housing prices continue to rise.

Like our American counterparts, we need to remember that the boom years are over, and adjust our expectations appropriately. At the same time, it is important to have in place a system of indicators tracking unemployment and wage levels among youth here; as well as barometers of general sense of well-being, that can capture the more intangible anxieties and concerns which lurk under the surface of hard data.

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