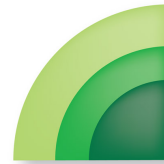




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Generation Y worry

Members of generation Y tell Rebecca Huntley how they feel about facing the first recession of their adult lives

IN early 2006, my book *The World According to Y: Inside the New Adult Generation* was published by Allen & Unwin. The book was released at a time when generation Y was beginning to attract media and public interest.

Following the book's release, I was regularly invited to speak to and consult with organisations of all kinds about this supposedly tricky generation. Why were they so in love with their iPods? Why didn't they join political parties? Why did they insist on promotions after only six months of work?

Sadly, the tone of the conversation about gen Y was generally negative, sometimes bordering on hostile. And not infrequently the comment would be made: "What these kids need is a good recession!"

There might be valid reasons for this kind of schadenfreude, but it is not pretty. Nor is it clear exactly what the effect of the financial crisis might be on a generation whose memories of the last recession are eclipsed by recollections of kiss-chasey at recess time.

A summary of the views of the young Australians I interviewed for this article would run as follows: "I was a kid during the recession we had to have. We've had a long stretch of economic prosperity that was destined to end. It's all part of the natural economic cycle. I am confident in my job security and that I will be employable, even in tough economic times. The whole global financial crisis is surreal and it won't feel real until it affects me personally. Who knows how bad it will get but I have a basic faith in the Australian economy. I haven't changed my plans for the future. And the upside to the downturn is that maybe I can afford the hitherto unattainable Australian dream of home ownership before I am 40."

One, Michael Chen, a 24-year-old finance sector worker, says he worries more about his parents. His father owns a restaurant and they are noticing the downturn at the till. "They are reaching that age where retirement should be something they are thinking about but they don't have the super to support it," he says.

Older family members have told him about

the 1990s recession: "I remember a building society that went under. The property market went bust.

"I remember that quote from Paul Keating, that it was 'the recession we had to have'."

Corporate affairs executive Lauren O'Neil, 25, says, "It does feel very big. There have been signs of this building for some time, but it seems like only recently has it become mainstream and 'a crisis'. It does feel a bit like climate change. All of a sudden everyone is talking about it, everyone knows something has to be done, but what?"

O'Neil feels secure at work but just before Christmas some of her peers were made redundant, a consequence of employers preparing for the worst in 2009. "That's a hard thing to happen to a 20-something who thought they were secure in where they were going," she says.

"It's going to be interesting to see how it plays out."

The mood among many members of gen Y seems to be one of cautious optimism. This optimism is fuelled in part by the knowledge that they are young enough to be confident they will see the other side of this crisis, presumably before they hit their 30s, the decade of kids and career consolidation.

The attitudes of these young adults on the changing economy are consistent with recent findings in research by Ipsos Mackay. In October 2008, we conducted a number of affinity groups with Australians in their early 20s which showed that many of them were only mildly concerned about the economy. Far away from retirement, with few investments, they were all confident about their chances of getting and keeping jobs.

As one young man put it: "[I'm] not really worrying about it. None of us have debts or mortgages."

One key concern was the drop in the exchange rate and the impact this might have on future travel plans or spending sprees on eBay. Among those working or intending to work in the finance sector, the talk was all about cuts to graduate intakes at the big banks and accountancy firms.

For those hoping for a recession-fuelled wake-up call for gen Y, there is more disappointing news from the experts.

It seems as if many young adults are well positioned to survive (and even thrive) in difficult economic times. Melbourne Institute of Applied Economic and Social Research deputy director Mark Wooden believes young Australians are "one of the least vulnerable" groups in the community.

"These are not people who have built up lots of wealth, having lost on the share market. They don't really own anything."

Indeed, the institute's HILDA survey, the



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national panel study measuring household income and labour dynamics, shows that those in their early 20s are more likely than older Australians to describe themselves as comfortable.

Furthermore, as house prices and interest rates drop, home ownership is becoming more accessible to gen Y.

“As long as you have a job, it’s good news as far as housing affordability is concerned,” Wooden says.

Of course this is the crucial caveat: you have to have a job. But even if the labour market loosens up, Wooden believes that younger workers, especially those with strong skills and some experience, will fare reasonably well.

“Younger workers are seen as more trainable than older workers. If an older worker loses their job in a sector on the decline, it’s harder to find a new one. Younger workers have time on their side.”

However, Wooden says the situation could be different for school and uni graduates just about to enter the full-time workforce.

“If the job market turns south — seriously south, like it did in the early ’90s — that will be bad news. People end up pretty seriously

scarred by missing out and if you happen to be entering the job market when there is a downturn, and you can’t secure a decent job that’s going to lead somewhere, then a couple of years later, when things improve, you might be overlooked in favour of a new cohort of fresh graduates.”

Another common accusation about gen Y members is that they lack resilience.

Like animals bred in a well-funded zoo, if released into the wild to fend for themselves, they will lack the skills to survive. Not so, says human resources consultant and generational expert Avril Henry. “Beware the baby boomer and gen X managers who believe that: ‘This global financial crisis is one of the best things ever to happen to gen Y; now they will get it and know their place.’”

Henry believes this is a naive and dangerous view, because young adults have already developed the capacity to be flexible when it comes to work.

“They are more likely than older generations to work more than one part-time or casual job rather than a full-time job, if it is not available. As someone who has studied gen Y for more than a decade, I believe they will weather the storm better than most.”



Cool confidence: Richard Francis, a 26-year-old lawyer, sees little cause for concern about his personal prospects but is worried about his parents

Picture: Lindsay Moller



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And for first-timers, welcome to the downturn

Rebecca Huntley

LAWYER Richard Francis, 26, was in primary school when the previous recession hit in 1991. "There are definitely recollections of talk among the parents. It affected them and there was concern," he says.

Francis's parents own a small printing business that has prospered during the past 15 years of economic good times. Now that times are changing, is he worried about his parents' financial status? "It's definitely a concern. Cash flow is a real consideration. When you are in small business, your house is always on the line."

Francis insists he is a good saver, is free of serious credit card debt and has recently bought a property off the plan.

The changing economy hasn't caused him to alter his attitudes to travel, his career aspirations or his spending habits, he says. That's because he feels secure that the work will keep flowing. "We have work coming through all the practice groups."

Francis blames the global financial crisis on the fact that "the price of risk was too low". "People got into a spend mentality, which is great in terms of developing the economy, but not so good when the core underlying value of assets isn't there."

He acknowledges that his age group has been unique in never experiencing economic bad times.

"We have been very much a 'living in the moment' generation. We've had a great run so far and habits have developed around that." He believes young Australians could learn a lot from the crisis and may develop new skills and behaviours.

His grandfather used to pick up discarded whitegoods and fix them himself.

"He lived through the Depression and then he'd see people throwing out stuff and the waste for him was too much."

Kristie Flannery, 22, a public service

policy officer, was in kindergarten when the recession struck in the early '90s.

"Both my parents were employed and had inherited a house a few years before, so it wasn't too bad for them," she says.

As a student of political economy, she knows that recessions happen. "I always used to wonder when it would happen in my lifetime," she says.

Her 20-year-old brother was recently made redundant halfway through an apprenticeship.

Flannery admits her first reaction to the alarming economic news was "probably a selfish one". "I am worried about the dollar, how many more months I will need to work before I can afford my next big trip overseas."

She is more concerned about her parents, both in their early 50s.

"What would happen to my parents if they lost their jobs? They're getting older, my dad's work is physically demanding. If he lost his job, would he get another one?"

Flannery feels she is in a better position than her parents. "I've never had a problem finding a job," she says. "With my skills I think I am employable and cheaper to employ than someone older."

Flannery's career plans — which remain unchanged by the bad economic news — include completing a PhD either here or in the US.

Her only uncertainty is whether to commit herself to buying a house while prices remain soft. "I do wonder whether my plans to travel mean passing up a great opportunity to enter the housing market."

She realises that her sunny optimism may be misplaced. "History has shown that the longer a period of growth is sustained, the deeper and longer is the crisis that follows it. So history would suggest we're in for a pretty devastating recession."



Mild uncertainty: Kristie Flannery's initial reaction was 'selfish'

Picture: Kym Smith