

Letter to a Millennial

Dear Millennial,

This month we have devoted our *Monthly Report* to your generation, to those of you born between 1981 and 1995 who are known as Millennials because you came of age at the turn of the millennium. The name does not really matter – pure marketing. What is important is the fact that you represent 20% of the European Union's population (a little less in Spain) and no generation has ever been so well qualified: 4 out of every 10 of you have a university degree. You are the lifeblood of our economy and our companies.

As I have mentioned, you are highly qualified but I am not sure you have all received the best possible training. Some of you (perhaps many) had been taught as and what I was taught. Times may have changed but not so much how and what is taught. I sincerely hope this improves with the generation coming after you. In any case, learning is for life and I hope that, apart from facts and figures, you have also been taught how to continue learning. And, above all, that they have instilled in you a curiosity to do so. An addiction to learning comes highly recommended.

Finding work has been tough over the past few years, especially for those of you looking for your first job at the peak of the crisis. Spain's unemployment rate for people aged 20 to 24 went above 50%; and 35% for those aged 25 to 29. The situation has improved but the unemployment rate for your generation, close to 25%, is still unacceptably high. Even if you have found a job, you are very likely to be on a low wage, perhaps lower than it would have been 10 years ago. But, patience. History has shown that the effects of the crisis on your career are likely to dissipate, at least partly.

But apart from asking you to be patient, you also deserve an explanation. The repercussions of the crisis on youth employment have been worse in Spain than in other countries. This is partly because our labour market is strongly divided between what economists call insiders and outsiders. The former enjoy a lot of protection, making it difficult to reduce their wages, while the latter are on temporary contracts or unemployed. When economic crisis forces companies to drastically cut their costs, outsiders are particularly affected by these adjustments, either by losing their job (temporary contracts are not renewed) or because any work they find is considerably less well paid. By definition, young people looking for their first job are outsiders. We will see what happens in the next crisis but I hope it takes several years to appear. I am still not convinced that Spain has entirely managed to sort out the problem of its two-tier labour market.

With the advent of the digital revolution, you will have also heard that robots might take over your job. That could happen; many professions have disappeared throughout history. But in the vast majority of cases technological innovation tends to revamp professions as some tasks become automated. Do not be tempted to resist technological change. When it comes down to it, technological progress is what has driven improvements in people's lives since the First Industrial Revolution. Quite the opposite – we need your talent in order to innovate. Young people are great inventors: of technologies, of new ways of doing things, of new approaches to business...

Without doubt, things will be much better for you if the economy goes well. But, above all, things will be much better for the economy if they go well for you. Paraphrasing the famous line by John F. Kennedy, «do not ask what the economy can do for you but what you can do for the economy».

My warmest regards and the very best of luck.

Enric Fernández
Chief Economist
31 March 2018