

# The screwed generation

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Young Israelis have become increasingly poor, squeezed by rising housing costs and higher taxes.



Photo by: Avi Katz

POST WORLD WAR II, EVERY GENERATION HAS had a name, defining its members in one way or another.

Those born between 1946 and 1965, the baby boomers, were the “me” generation. On their heels came Generation X – the baby busters – born from 1966 to 1981; they, in turn, were followed (unsurprisingly) by Generation Y, today’s young people, who came into this world in the ’80s and ’90s, and who are now between 13 and 30.

And how shall we define this generation? According to a recent Newsweek article by Joel Kotkin, they are “the screwed generation,” inheriting from their forebears a global recession, unemployment, reduced social benefits, public debt, costly education and a massive tax burden to support their parents’ retirement.

I raised this issue with Dr. Daniel Gottlieb, who heads the research and planning branch at Israel’s National Insurance Institute (NII). He wrote a chapter in the Institute’s forthcoming annual report that will, I fear, garner little attention. Gottlieb documents how in the past decade young Israelis have become increasingly poor, squeezed by rising housing costs, declining government services and higher taxes. In short, they have been screwed. The year-old social protest movement, led by young people, is entirely justified.

According to Gottlieb, the proportion of those under 35 who own their own house or apartment has fallen by 15 percent in the past decade, a decline prevalent not only among the poor, but across all income groups. In contrast, home ownership among those 55 and older has risen sharply. Meanwhile, monthly rents for young people rose by 25 percent in the same period. And for the under-35 poor, rents actually exceeded their average monthly income.

Between 2001 and 2010, monthly child allowances were cut by a third, and in the austerity program of 2001-2003, in the wake of the dot.com crisis of 2001, unemployment benefits were sharply reduced, mostly for the young, even though they suffer higher

unemployment rates than any other age group. Israel's youth unemployment rate in 2011 was 11.3 percent, nearly double the national average. Meanwhile, for those 55 and older, their proportion among the poor has shrunk during the past decade, while old-age benefits and wealth have grown.

For young people abroad, things are even worse. The rate of unemployment for the under-25s is 53 percent in Spain, 35 percent in Italy, 23 percent in France and 16 percent in the US.

I recently gave a series of speeches in Italy about Israeli entrepreneurship.

I urged young Italians to launch start-ups, like their Israeli counterparts. After one speech, a young Italian informed me sadly that in his country, old Italian moneybags tell the youth "to sit quietly, shut up and do what you're told." There is enormous wealth in Italy but none of it goes to help the young. This is true all over Europe.

In his Newsweek article, Kotkin claims that "'Boomer America' never had it so good. As a result, today's young Americans have never had it so bad. Today's youth, both here and abroad, have been screwed by their parents' fiscal profligacy and economic mismanagement."

Israel asks its youth to lay their lives on the line to defend their country. It is unjust, unwise, unfair and illogical to treat them so badly. A major objective of every political leader should be to build opportunities for the younger generation, to ensure the youth get a better deal, a better future, and greater opportunities than their parents. In practice, our leaders are doing just the opposite, and this has the potential to be disastrous.

In the current global economy, young people everywhere have a choice. If they have no opportunities at home, they can seek them abroad, just as thousands of young Greeks and Spaniards are now doing, and as millions of young Irish did for generations. A nation that ignores and mistreats its youth will lose its best and its brightest and with them, its future.

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