Letter n°161

Young people in an ageing world.

"Winter is coming," Kristalina Georgieva, Managing Director of the IMF.

Declining meritocracy, jobs that are underqualified relative to educational attainment, sluggish wage growth, difficulties in finding affordable housing, the legacy of climate and financial debt, concerns about pensions, apprehension over the impact of AI on employment, and the feeling of being neglected in ageing societies where 50% of voters are over 60… The list of legitimate grievances among young people is endless.

The relative weight of these factors varies from one country to another around the world, but no country is spared. To illustrate this, we will draw examples from countries as diverse as China, India, sub-Saharan Africa and France. We will focus on several aspects: underemployment, youth unemployment rates, which remain higher than those of the rest of the working population, the limitations of meritocracy, the cost of living and sluggish income growth. We will conclude with a few questions about the implications of AI.

- ***Underemployment***:

Paradoxically, even before the anticipated developments in AI, higher education no longer guarantees a skilled job. There are more and more graduates worldwide, yet an increasing number of young people are underemployed.

As ***Alexander De Croo, Administrator of the United Nations Development Programme*** (UNDP), has observed, there is a sense of an unfulfilled promise. Young people were told, "If you study, you will get a job," yet unfortunately, many are struggling to find employment, even as jobs are being created in healthcare, agriculture and industry. In the 20th century, studying and obtaining a degree made it possible to move up the social ladder. Today, with AI, even the most highly educated are finding themselves competing and growing increasingly concerned.

- ***Youth unemployment***:

According to ***World Bank President Ajay Banga***, over the next 10 to 15 years, 1.2 billion young people in developing countries, primarily in Africa and India, will enter the labour market, but no more than 400 million jobs are expected to be created. This is the number one challenge in countries where the median age is below 25, as it means that half of their populations will enter the labour market over the next 15 years. Already, 11 million young people enter the labour market in Africa every year, but struggle to find employment. This is a major source of concern. Unsurprisingly, the report recommends developing vocational training to narrow the gap between labour supply and demand, simplifying regulations to improve the business environment in these countries, and promoting the private sector. However, these measures will not be enough.

In ***China***, the proportion of students enrolled in higher education rose from 15% in 2002 to 61% in 2025, yet young people are finding it increasingly difficult to secure employment. The official unemployment rate for those under 25 stands at 19%, but the actual figure is considerably higher. Many can only find internships. According to a Chinese think tank (China New Employment Forms Research Center), 320 million jobs, representing more than 40% of urban employment, are not permanent positions. This figure has tended to increase in recent years, as 14 million workers left the construction sector between 2021 and 2025 (according to China's National Bureau of Statistics), while layoffs have become increasingly widespread in the industrial sector.

In ***India***, the unemployment rate among 15–24-year-olds is high, at 40%, with 12 million people entering the labour market each year. GDP growth of 7% per year, the trend in recent years, could lead to a doubling of GDP over the next 10 years, but this will not be sufficient to absorb the influx of young job seekers. This helps explain the large-scale demonstrations by the "cockroach" movement (young people from Generation Z) against Modi, which have also been fuelled by the removal of 130 million people from the electoral rolls.

In ***sub-Saharan Africa***, according to the World Bank's "21st Century Africa" report, 30% of young graduates are unemployed. Even rapidly growing economies such as Ghana and Kenya are facing this challenge.

- ***Meritocracy under threat***:

Intellectual capital is by far the most productive form of capital. It enables people to build wealth and adapt to a changing world, and it is also a form of capital that can be passed on tax-free.

As ***Sandel***, a Harvard professor and author of the excellent book ***The Tyranny of Merit***, points out, the ideal of meritocracy is not based on the principle of equality (there are, after all, wealthy people…), but on social mobility. Our fate is not determined by our birth, but by our hard work. That is the essence of meritocracy. The problem, he argues, is that meritocracy has now been distorted.

Meritocracy should be the foundation of society, yet the gap between social classes has never been harder to bridge, due to the soaring cost of higher education and the corresponding rise in student debt. At Harvard, students from the wealthiest 1% of families outnumber those from the bottom 50%.

The social contract established by the New Deal (with marginal tax rates reaching as high as 94%) began to unravel in the 1970s. In 1976, one year of university education cost the equivalent of 150 hours of work at the median wage; by 2016, this had risen to the equivalent of 500 hours. The overproduction of young graduates and the fierce competition to join the elite leave many behind, creating a group of disillusioned and radicalised outsiders whose sole desire is to dismantle the social order.

In France, as ***Guy Sorman*** notes in his book ***Mon dictionnaire du Bullshit***, before the abolition of the ENA (National School of Administration), an increasing number of its graduates were the children of former ENA graduates, even though the institution had been established in 1945 to democratise the elite of the senior civil service. Today, the republican aristocracy has re-established itself, meritocracy is no longer functioning as intended, and this is one of the sources of public discontent.

- ***The cost of living, sluggish economic growth and income growth***:

Contrary to the perception that GDP per capita has grown faster in the United States than in Europe, ***Turchin***, in his excellent book ***End Times***, demonstrates that lower-skilled workers have become poorer in real terms over the past 40 years. Looking at wage trends between 1976 and 2016, the median real hourly wage rose from $17.10 to $18.90, an increase of just 10%. At the lower end of the wage distribution, the wages of the bottom 10% of earners increased by only 6% over 40 years. The idealised picture of economic growth benefiting the majority of the American population is beginning to fade. During the 1990s, low-skilled workers were actually earning less than they had in the 1970s. Workers without any formal qualifications saw their hourly wages fall from $15.50 to $13.60. By contrast, Americans with a Master's degree or higher saw their hourly wages rise from $33 to $43.90. In other words, Americans without the equivalent of at least four years of higher education, representing 64% of the population, have experienced an absolute decline in their economic position. Their real wages fell between 1976 and 2016.

This raises the prospect that, for the first time since the 19th century, young people may be worse off than their parents. According to a study conducted across several European countries, 52% of young people aged 16 to 26 anticipate a bleaker future than that of their parents.

Since 2000, notes ***Fourquet*** in his latest book ***Homo Occidentalis***, property prices per square metre in London, New York and Paris have tripled or even increased three-and-a-half-fold, far outpacing wage growth. This explains the housing affordability problem facing young people.

Turchin shows that in the United States, purchasing a median-priced home required 40% more working time in 2016 than in 1976. Against this backdrop, the 10% increase in median real wages appears negligible. The

situation is even worse when considering the average salary of someone with a high school diploma, which declined over the same period.

This is one of the contributing factors to declining birth rates. However, while housing costs do have an impact on fertility, this needs to be put into perspective. In his book ***Démographie, la bombe tranquille, Thibault Prébay*** compares the city of Saint-Étienne with Paris. Both cities have the same demographic structure and unemployment rate. Housing costs are 9 to 10 times lower in Saint-Étienne, yet the birth rate is no different. It is futile to expect a recovery in birth rates. Many countries have tried to stimulate them, but without success. The solution to the imbalance between the working and non-working populations must instead be found in raising the retirement age.

A generational conflict is brewing. In France, for example, 40% of voters are over 60, and given their higher electoral participation rates, older people account for 50% of the actual electorate. In 1979, there were four contributors to the pension system for every inactive person; today, there are just 1.7. With an ageing population, annual pension expenditure has reached €427 billion, while the system collects only €330 billion. Baby boomers have received twice what they contributed, and young people have legitimate concerns about their own future retirement. At the same time, the education budget stands at €60 billion, one-third of which goes towards covering the pensions of education sector employees. A generational divide is beginning to emerge, as the standard of living of retirees is higher than the median income, and the proportion of those over 60 living below the poverty line remains modest, whereas more than a third of young people live below the poverty line.

- ***Questions and concerns surrounding the impact of AI***:

Given the rapid transformations taking place in the labour market, it is understandable that people feel anxious about the future. On the positive side, AI is improving productivity, research, medical diagnostics, public service efficiency and access to knowledge, while also creating new jobs. However, AI also brings job losses, increased surveillance by private actors, the risk of disinformation and environmental costs. AI is already beginning to eliminate jobs. A recent example is Microsoft, which is planning a voluntary departure programme for one in four employees, or 60,000 staff. Why pursue higher education if, in a few years, those qualifications may become obsolete in the face of competition from artificial intelligence?

Concerns about the impact of AI on employment are growing. In the United States, The New York Times cites the example of a woman with a Master's degree in communications who, last year, secured only 20 job interviews despite sending out 1,800 applications, and ultimately received no job offers!

If Trump's election in 2015 was partly attributable to the loss of 2 million jobs to China between 1999 and 2011, what will be the political consequences of white-collar job losses in the years ahead? Opposition to the construction of data centres is already emerging in many US states. There can be no question of slowing down AI development, but how can we mitigate its impact on employment? Should capital be taxed more heavily and labour less? Should AI companies, which stand to benefit from this transformation, face higher taxes?

Conclusion: ***"A job is not a statistic; it is dignity." Ajay Banga, President of the World Bank.***

- History shows, as ***Turchin*** argues in the previously mentioned book, that an overproduction of young graduates can be a catalyst for major social upheaval. Examples include the revolutions of 1848 in Europe and the Arab Spring of 2011.

- France is far from being the only country experiencing youth unrest. Before France, there were Indonesia, Morocco, Nepal, Serbia, Madagascar and many others. At the same time, similar movements have emerged in Italy, Spain and Belgium. Among the grievances driving youth protests, housing costs are the most frequently cited in Spain and Portugal. In France and Belgium, the main concerns relate to education conditions; in Italy, to the education budget; and in Serbia, to opposition to the government in power. Across these countries, the political orientation of the government seems to matter little. Spain is governed by the left, France by the centre-right, and Italy by the far right.

- The unrest in several European countries is likely to please Trump and Putin, who are keen to highlight the problems facing liberal democracies and would like to see the European Union dissolve. However, the situation should be put into perspective. In France, the country experiencing the most unrest, 550,000

demonstrators represent just 1% of the population aged over 16 and no more than 10% of students. It is worth remembering that France has 2.3 million secondary school students and 9 million young people aged between 18 and 29, including 3 million students (figures from ***Dominique Reynié***, professor at Sciences Po).

- To end on a more optimistic note, let us recall some of ***Michel Serres'*** observations in his book ***C'était mieux avant***. To illustrate the progress made in medicine, he reminds us that Maupassant (who died at 43), Schubert (31), Chopin (39), Mozart (35) and Nietzsche (56) all died relatively young from illnesses that can be treated today. Many of the characters in Dickens' and Balzac's novels had already inherited their fortunes by the age of 30. Behind these legitimate concerns, we should not lose sight of the continuous improvement in living standards, even if the pace of progress has slowed.

Geneva, 30 October 2026





Bruno Desgardins
CIO
Switzerland

SingAlliance Pte Ltd

16 Raffles Quay, #12-01 Hong Leong Building,
Singapore 048581
T: +65 6303 5050
E: info@singalliance.com

SingAlliance (Hong Kong) Ltd

Unit 904-907, 9/F Dah Sing Financial Centre,
248 Queen's Road East, Wanchai, Hong Kong
T: +852 2639 3659
E: info.hongkong@singalliance.com

SingAlliance (Switzerland) SA | Genève

Rue du Mont-de-Sion 6,
1206 Genève, Switzerland
T: +41 22 518 85 85
E: info.switzerland@singalliance.com

SingAlliance (Switzerland) SA | Zürich

Bahnhofstrasse 37,
8001 Zürich, Switzerland
T: +41 76 628 12 36
E: info.switzerland@singalliance.com

This document does not constitute an offer or a solicitation to purchase or subscribe financial instruments. Information contained in this document has been obtained from carefully selected public sources. Although every care has been taken to ensure that this information is accurate at the time of publication, no representation is made as to its accuracy, completeness, or truthfulness. Any opinion contained herein is subject to change at any time without notice. Past performance is not indicative of future results.