The Seattle Times

Sunday, March 2, 2008 - Page updated at 12:00 AM




Paul Schmid / The Seattle Times

# Young workers studying up on how to survive a recession

**By Beth Fitzgerald**
*Newhouse News Service*

Dana Bagwell arrives early each morning at her job as a recruiter at a staffing firm. "When I'm at my desk, I focus on work and I don't waste time," the 21-year-old says.

She figures her work ethic will come in handy as the economy edges closer to a recession. And she's more cautious with money: Bagwell just put off making plans for a vacation in Mexico.

"Now, when I go shopping, I ask myself: 'Do I really need that?' "

That's not idle musing from a 20-something. Bagwell and her generation have been on a technology-propelled canoe trip that could dump them into the first recession of their working lives.

Born between 1980 and 2000, they are the "millennials," so-called because they're the first generation to enter the labor force in the 21st century.

Many were in grade school during the last big downturn of 1989 to 1992. Most can scarcely remember the brief, mild recession of 2001, which was followed by an extraordinary six-year economic boom that coincided with their entry into the work force.

But lately, the numbers have turned grim: The loss of 17,000 U.S. jobs in January was the first payroll contraction in four years, and an alarmingly bearish outlook for the service industry last month kept stocks in a skid.

A recession has traditionally been defined as two consecutive quarters — six straight months — of decline in the gross domestic product, the nation's total output of goods and services.

But the National Bureau of Economic Research, the recognized recession-dating arbiter, uses a more complex formula that includes employment and income growth. By that measure, the last recession started in March 2001 and ended in November.

All this means anxious times ahead for young workers. Fresh out of school and working at their first adult job, many are trying to whittle down a mountain of student loans and credit-card debt, while also taking on auto loans and rent.

Laura Daly, 21, works with Bagwell at the Sparta, N.J., job placement firm Stascom Technologies. She lives with her parents but wants to move out on her own.

"If we have a recession — and I don't believe we will — I'll probably continue to live at home until it's over," she says.

"I don't do any useless spending on things like fancy purses, and I've got a few months of living expenses in the bank."

Now is indeed the time for millennials to pump cash into their checking accounts to stay afloat if their job disappears.

For starters, experts say, they should learn to cook, get a library card and, perhaps, a skateboard to fill the hours they used to spend at the mall.

But if the economy tanks and layoffs soar, millennials may have a psychological advantage.

Unlike their baby-boomer parents, whose lives were shattered by layoffs, the millennials have a short-term outlook on employment.

"They think about spending a year or two at a job and then moving on, and they are constantly looking around at other opportunities," says Richard White, director of career services at Rutgers University in New Brunswick, N.J.

"If they lose a job, they may travel, or move back with their parents. They have a much freer spirit about work," White said.

But what about young workers who really love their jobs and don't see a layoff as an "opportunity" to tour Europe?

Mary Crane, a consultant to Fortune 500 companies on generational diversity, said millennials who want to hang on to their jobs should mimic the workplace habits of their baby-boomer parents — the folks who rarely got home in time for dinner.

"Get your own projects done superlatively, then look around for extra work," Crane says. "Build a professional network that includes people in your own organization, and people in other organizations and even other industries. You never know where opportunities will pop up."

Rutgers economist James Hughes says "good behavior" can help young people hang on to their jobs if a recession hits.

"Prove that you are a valued employee and that if the company lost you, they would feel some pain," he says. "When there are layoffs, the company will try to keep the best employees, the ones they can't afford to lose."

Most millennials have known only good economic times, Hughes says. "A recession could be the signature negative event of this generation."

In more ways than one.

The downturn in the housing industry, for example, looks like a buying opportunity to Andrew Schiff, 22, who graduated from Rutgers in May.

He lives with his parents and works in supply-chain management at Johnson & Johnson.

"I don't want to waste my money renting," he says. "I've saved up for a down payment and I'm looking for a house."

Nat Brogadir, a financial analyst at PNC, says the current economic concerns are real.

"But I think this is a short-term correction, and hopefully toward the end of the year, we'll see good times again," he says.

He lives in Manhattan, where he shares a loft apartment with five roommates.

"I'm really enjoying being 23 and living in New York," he says.

**If a recession hits**

Here are some lifestyle changes for young employees to consider in case a recession occurs:

• Come to work early and stay late.

• Complete projects before the deadline.

• Never whine and complain around the water cooler.

• Make your boss think you can do the work of two people if the company has to downsize.

• Halt all frivolous spending — Starbucks, ski trips — and use your cash to pay down debt: student and car loans, credit cards.

• If your company has a 401(k) plan, max out your contributions. The market is down, so stocks are a bargain for someone retiring in 40 years.

• Take care of yourself. Your ability to work and earn money is your major asset, so make sure you have health insurance and if you get sick, get medical care.