

US Millennials face higher unemployment, lower income than parents' generation

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A report released by Young Invincibles last week outlines key areas in which so-called Millennials—Americans between the ages of 18 and 34—face unprecedented financial difficulties.

The brief, which compares the financial health of Millennials to that of Baby Boomers in the 1980s, demonstrates that wages and home ownership have declined significantly within a generation. The authors measured five factors of Millennials' financial health against that of young adults in the 1980s: income, assets, net wealth, home ownership and retirement planning.

The discrepancies in income alone are shocking; wages have declined by 20 percent from 1989 to the present, with Millennials earning about \$10,000 less than Baby Boomers did as young adults. In 1989, a high school graduate earned about the same income as a college graduate with a degree today. The report also notes that an astounding 1 million young adults experienced long-term unemployment during the Great Recession of 2008-09.

The report's authors maintain that, although income declined across all education levels for Millennials, a college degree remains a worthwhile investment. According to the Young Invincibles' analysis, "intergenerational declines in income were steepest for those with no degree." Nevertheless, years of deep cuts to state education budgets force today's college students to contend with ever-rising tuition costs and increasing amounts of student loan debt.

The Young Invincibles' report acknowledges that "student debt blunts some of education's benefits," which stands out as an impossibly sanguine understatement in light of the numbers they present. By their own analysis, median assets declined at a rate of 71 percent for college graduates with student debt, in

contrast to a decline of 45 percent for college graduates without student loans.

Student debt is at an all-time high, with 42 percent of all 18-29 year olds reporting that they bear student loan debt. In addition, the average debt burden for students has nearly doubled within a single generation, with Millennials owing an average of \$37,000 upon graduation.

In years past, a college degree was regarded as an important aspect of preparing for a career and gaining enough wealth to own a home and retire comfortably. The economic burdens of today's college graduates, however, demonstrate that the economic downturn has cut deeply throughout all educational levels for working and lower-middle class youth.

When Baby Boomers graduated college, those with outstanding student loans earned an average of \$68,000 annually. Student borrowers today, by contrast, can expect to earn an average of \$51,000—a 25 percent decrease.

Another cornerstone of financial security for Americans, home ownership, has declined by about eight percent between the Baby Boom and the Millennial generations. When separating out those without college degrees, however, the decline is a much steeper 22 percent. College graduates with student loan debt are also less likely to own their homes.

Only half of today's young adults own their own homes, according to Young Invincibles, and the authors point to studies that show an estimated 2.8 million 25- to 34-year-olds contend with severe rental burdens.

Housing accounts for over 60 percent of assets held by the middle class; it represents about 15 percent of gross domestic product. Given that fewer than half of today's young adults can attain home ownership, while many others cannot afford to rent, the implications for

the economy as a whole are sobering.

This is a particularly strong indicator of the depth of economic decline. Last year, a study by the Pew Research Center revealed that, for the first time since 1880, young adults between the ages of 18 and 34 were more likely to live with a parent than in any other living arrangement. Pew's researchers pointed to an anemic job market, where 5.7 percent of men between ages 25 and 34 are unemployed. On top of this, rental costs have risen disproportionately to wages since 2008.

Housing is not the only area in which Millennials lag behind Baby Boomers. Young adults in the 1980s owned twice the amount of assets as young adults in 2013. Research highlights the impact of student debt on this decline; non-borrowers amongst this cohort own over three times the assets of borrowers. In 1989 college graduates with student debt enjoyed a median net wealth of \$86,500; by 2014 the same cohort had a median net worth of only \$6,600.

On its face, retirement seems to be the one area in which Millennials are on stronger footing than Baby Boomers; retirement plan ownership increased by 150 percent between 1989 and today. However, beneath the surface of this seemingly hopeful number lies the virtual disappearance of pension plans, which decreased from 27.1 million in 1989 to 15.2 million in 2013.

The Young Invincibles' report was notably released amidst a storm of pageantry surrounding President Barack Obama's exit from the White House. The *New York Times*, which pumps out wholesale lies and half-truths on a daily basis, published an editorial in its Sunday edition praising Obama's "optimism."

The *Times* heralded Obama's ascension to the White House as a surprising victory over racism and greed and compares him to Abraham Lincoln, insinuating that he has made America a more equitable and prosperous country.

The *Times* also praised Obama's stimulus plan, which they assert staved off another Great Depression, and hailed the federal investment in General Motors and Chrysler. This move, they claim, preserved more than a million jobs. They casually ignore the fact that the investment was predicated upon stripping autoworkers of their hard-earned pensions and dramatically cutting wages. Autoworkers today are forced to work grueling hours and face hazardous

working conditions for poverty wages.

"Even now," the *Times*' chides, "...stubborn biases and beliefs... have blinded many Americans to their own good fortune, fortune that flowed from policies set in motion by this president." The startling numbers quoted by the Young Invincibles—declining home ownership, disappearing pensions, rent that outstrips earning, and crippling student debt—give the lie to this offensive statement.



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