

# MILLENNIALS IN THE UNITED STATES

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**A**s soon as a new generation is named, much fretting and hand-wringing about its fate inevitably sets in, only to quickly dissipate when the next generation comes of age. But for some generations, we just can't stop worrying. And so it is for millennials: The worry just keeps on coming, even as they approach middle age.

Why are we worrying so much? A plausible hypothesis: We're projecting onto millennials all of our escalating anxieties about the future of the U.S. economy. If the future seems unusually uncertain and perilous, we naturally worry about how the youngest generation will fare under that future. We thus worry about how millennials will deal with growing income inequality, declining prime-age employment, declining rates of absolute mobility, and much more. As Senator Bernie Sanders recently put it, millennials are facing “unprecedented economic challenges due to decades of policies to help corporations and the top 1 percent while leaving working people behind.”<sup>1</sup> In effect, millennials have become our canaries in the coal mine, and we worry about them not only because we care about them but also because they tell us just how toxic that coal mine is.

This sensibility suggests that a natural and useful starting place for any analysis of the millennial experience is to examine how millennials are dealing with the core social and economic problems of our time. It's entirely possible that, insofar as millennials are struggling, it's mainly because of problems—like rising inequality and declining mobility—that are the hallmark of our 21st-century economy. If these well-known problems are indeed important

determinants of the millennial experience, it might then be concluded that we don't need to fashion targeted millennial policy. The “millennial problem” may instead be taken on by addressing the key economic, educational, and labor market trends that have affected (and continue to affect) earlier generations as well.

It's also possible, however, that millennials are encountering a host of problems and challenges that are quite distinctive to their situation and that aren't simply the fallout of generic economic and labor market trends. This distinctiveness could be expressed in three ways: (a) the generation that happens to be entering the labor market when these trends reach maturity (i.e., millennials) could bear the brunt of the changes; (b) the particular historical moment at which millennials entered the labor market—the midst of the Great Recession—could have short-term or long-term scarring effects on their labor market outcomes; or (c) a new set of millennial problems, surfacing only very recently, may interact with long-standing economic problems to produce a distinctive millennial experience. These three types of distinctiveness, each of which we'll briefly discuss, might lead one to favor millennial-targeted policy that supplements our more generic (i.e., cross-cohort or cross-age) labor market policy.

In organizing our summary of the 2019 State of the Union, we will thus attempt to distinguish between these two accounts, the first emphasizing “generic trends” and the second emphasizing how those trends might be refracted through a more distinctively millennial experience. It should be obvious that both forces are in play

and that our objective, therefore, can only be that of understanding how they come together. And even that objective faces venerable methodological problems: The summary that follows is necessarily speculative given that it rests on descriptive analyses that can't address the intrinsic difficulties in sorting out age, period, and cohort effects.

### The underlying trends

It's useful, then, to begin by rehearsing some of the key social and economic trends that are shaping the 21st-century economy. If the results in this issue too often come off as "old news," it's in fact because, just as Sanders noted, much of what millennials are facing are the stock problems of the 21st-century economy. By examining how these problems are shaping the lives of millennials, we can understand the extent to which they're indeed playing the canary in the coal mine role, reacting to the generic toxins of our time. We learn, for example, that high-school graduates and dropouts are facing deteriorating economic prospects (see Torche and Johnson, pp. 21–24), that a long-term increase in the poverty rate has only been staved off by a growing reliance on tax-and-transfer programs (see Mattingly et al., pp. 37–39), that earnings inequality among men is rising across generations (see Percheski, pp. 25–28), and that rates of upward mobility have declined precipitously (see Hout, pp. 29–32). These developments are all driven by stock forces of history that have long been in play and that have affected not just millennials but also the generations preceding them.

This is obviously not to suggest that millennials are experiencing an across-the-board increase in all forms of inequality. As many of our contributors show, some types of disparities are in fact declining, although the declines mainly take the form of relatively minor and glacially slow reductions in large and long-standing disparities (see Johfre

and Saperstein, pp. 7–10; Western and Simes, pp. 18–20; Weeden, pp. 33–36; Small and Fekete, pp. 44–46; Duggan and Li, pp. 47–50).

There is nothing in these results suggesting some qualitative break in which millennials are suddenly occupying a world that's starkly different from that of preceding generations. As Florencia Torche and Amy Johnson note, "the high economic returns to education did not suddenly emerge with the millennial generation, nor did they result from a single economic shock, such as the Great Recession. To the contrary, Gen Xers experienced large returns to education too, suggesting a longer-term trend of widening disparities and growing economic vulnerability among those with low levels of schooling." This conclusion holds for each of the trends listed above: The trends have developed gradually and millennials are only distinctive by virtue of experiencing them when they've cumulated into an especially extreme form.

### Labor market entry

This is all to emphasize that the millennial world slowly and gradually took shape under the sway of well-known neoliberal forces. As important as these forces are, it is also likely that they're refracted in distinctive ways for millennials, a possibility to which we now turn.

The most obvious point in this regard is that, because millennials are relatively young, they might be especially affected by economic trends that affect early career development. The expansion of the low-wage service sector and the associated rise of the gig economy may, for example, make it difficult for millennials to enter the labor force with a full-time, high-paying, or high-amenity job. If there's a deterioration in the pay or quality of jobs available to millennials, it may induce them to decide against accepting any of the available jobs (as their "reservation wage" is not met), thus leading to a reduction in employment. If they *do* accept a job, it will instead register as a reduction in job quality.

Is there any evidence that millennials are experiencing either type of difficulty? There indeed is. As Harry Holzer shows (pp. 14–17), young millennial men are not participating in today's labor force to the extent that young men were in the past, a drop-off that, by contrast, isn't found to the same extent among older men (see also Torche and Johnson). It follows that, just as the stereotypes have it, millennials aren't transitioning

Generation	Birth years
<b>Greatest</b>	1927 and earlier
<b>Silent</b>	1928–1945
<b>Boomers</b>	1946–1964
<b>Gen X</b>	1965–1980
<b>Millennials</b>	1981–1996

Note: These definitions are used throughout the issue unless otherwise noted.

into the labor force as successfully as prior generations have.

But some millennials aren't exiting the labor force but instead are taking such jobs as are available. That is, rather than opting out when confronted with an unattractive labor market, they're lowering their reservation wage and taking a low-amenity job. In Michael Hout's chapter, we see a sharp reduction in the quality of jobs taken at age 30, a reduction that's evident for women and men alike.

This is a prime example, then, of a development that's disproportionately experienced by millennials. Although the gig economy and low-wage service sector began to grow before millennials entered the labor market, they are experiencing these less attractive "new economy" jobs more fully and completely than any other generation.

### A historical shock

These difficulties in early adulthood might be partly attributable to a historical shock—most obviously the Great Recession—rather than the rise of the gig economy, the expansion of the service sector, or related structural features of the contemporary economy. In principle, it's of course important to distinguish between cyclical change (i.e., recessions and expansions) and structural change (i.e., the rise of the 21st-century economy). But from the point of view of millennials, both types of change might hit them especially hard and thus generate a distinctively problematic entry into the labor force.

There is indeed strong evidence that millennials, perhaps more than any other generation, have been and continue to be profoundly affected by the Great Recession. The rise in student debt and defaults, for example, is in large part attributable to the Great Recession, as Susan Dynarski compellingly shows (pp. 11–13). Because the Great Recession reduced state subsidies to public education, cash-strapped administrators had no choice but to respond by either raising tuition or restricting enrollments, both of which led in the end to increased borrowing. The lucky students who were able to snag one of the remaining public college slots were then obliged to take on more debt to afford the higher tuition. The unlucky students who weren't able to secure a public college slot often turned to for-profit institutions that are famously expensive and thus required taking

on even more debt. In either case, students then entered a weak economy after finishing school, with the result that they often defaulted (and especially so when they attended for-profits with their historically low payoff). The Great Recession thus delivered a one-two punch: It induced more borrowing by raising the costs of attending college, and it reduced the capacity to pay off the new loans by weakening the demand for labor and redirecting students to low-payoff training.

This is but one example of how the Great Recession harmed millennials in distinctive ways. As Darrick Hamilton and Christopher Famighetti show (pp. 40–43), the young-adult homeownership rate is lower for millennials than any other generation, and the racial gap in young-adult homeownership is also larger for millennials. To be sure, the racial gap in homeownership has always been shockingly high, but now it's even higher than it was for generations that hadn't yet experienced civil rights-era housing and lending reforms that were designed to reduce racial disparities. We have now lost all the gains secured by these reforms. Although there are many forces behind this loss, it's at least partly due to recession-induced changes in mortgage eligibility standards and the recession-induced surge in student debt, both of which disproportionately hurt black millennials.

### Thresholds and combinations

We have so far discussed two ways in which the millennial experience is a distinctive refraction of generic social and economic trends. It's distinctive because (a) the new economy brought on entry problems that are disproportionately borne by millennials, and (b) the Great Recession exerted a very special scarring effect on millennials.

As our third and final example of millennial-specific problems, we next consider what it means to be a generation that's subjected to the cumulative effects of a half-century of rising inequality, declining prime-age employment, and related neoliberal developments. It arguably becomes a qualitatively different experience when neoliberalism is experienced at full and complete dosage. By this reading, millennials are indeed our canaries, the first generation to experience the full complement of neoliberal forces blended into the full package.

It is entirely possible that the groups that lose out under this full package will ultimately

be provoked to react. The ever-deteriorating employment prospects of high-school dropouts might, for example, ultimately trigger a sharp rise either in political activism (i.e., “voice”) or in hopelessness, despair, addiction, and suicide (i.e., “exit”). We find some evidence of both types of response: The growing interest in socialism among millennials is suggestive of the activist response, while the rise in deaths of despair among millennials is a literal form of “exit.”<sup>2</sup> As reported by Mark Duggan and Jackie Li, mortality rates among millennials are indeed substantially higher than among their same-age counterparts from Generation X, an increase that’s mainly due to rising suicides and drug overdoses. If millennials indeed are our canaries, then this matters not just because we care about them but also because it’s telling us something about our future.

### Conclusions

We have organized our summary around the question of whether millennials are securing

schooling, entering the labor market, and forging their identities and early careers in distinctive ways. Can they be understood as a generic generation experiencing the generic forces of our time? Or is there something more distinctive in play?

Although the results presented here suggest that it’s not enough to see millennials as a simple vessel of generic forces, it bears noting that much of this distinctiveness is still tightly connected to the neoliberal experiment. It’s a distinctiveness that arises because millennials experienced generic neoliberal forces when they were young and vulnerable, when the wrong part of the economic cycle (i.e., a recession) was in play, and when all the neoliberal bells and whistles were fully developed and had come together. It follows that, even if the millennial experience is very distinctive, it’s a type of distinctiveness that could be well addressed with a clever package of reforms targeted to the common economic, racial, and gender problems of our time (see Danziger, pp. 51–54).

### Notes

1. Bernie Sanders, May 15, 2019, <https://twitter.com/BernieSanders/status/1128768767553626112>.
2. Mohamed Younis. 2019. “Four in 10 Americans Embrace Some Form of Socialism.” Gallup.