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## Difficult times for America's young adults



By Mark Zandi  
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The economy has been tough for many Americans, but for young adults, the difficulties are multiplied many times over. The unemployment rate for those in their 20s is above 10 percent, and including those who have grown discouraged and stopped looking, one in seven in their 20s can't find work. Unless this is reversed soon, the negative economic fallout could last decades.

For many young people, today's struggle to find jobs likely means a lifetime of lower pay. Earnings over the course of a career depend critically on where a person begins. Historically, those unlucky enough to start out during recessions have not caught up financially with those who started in better times. That doesn't augur well for today's young workers.

Many who encountered a closed job market made a smart choice and went back to school. More education clearly leads to higher lifetime pay. When the last recession hit in 2007, enrollment soared at colleges and vocational schools.

Yet many of those students had to take on large loans to meet sky-high tuition bills. The resulting debt is a heavy financial weight that can be crushing for those who don't graduate or who can't turn their new degrees into well-paying jobs. Student-loan delinquencies have surged, and because most student debt is ultimately owed to the federal government, it must eventually be repaid.

Economic distress has delayed full adulthood for many: About 1.5 million more young people are living with their parents today than were before the recession. They account for households not formed, houses not built, and families that haven't begun having children of their own. As a result, the economy is smaller and fewer jobs are being created.

Eventually, the young will strike out on their own, but given their financial constraints, an unusually large number will rent rather than own their homes. When they do decide to buy houses, it will take longer for most to save the money needed for a down payment and to earn the credit score necessary to obtain a mortgage loan. Home ownership has historically been an important source of wealth creation.

Even more worrisome, unemployed young adults aren't getting the work experience necessary to successful entrepreneurship. Most businesses are started by people in their 30s, based on skills they acquired in their 20s. It takes a decade of concerted work to master a trade or profession and gain the confidence to strike out on your own.

It is hackneyed but true that entrepreneurship distinguishes America from the rest of the global economy. If today's young adults can't find work, they won't have the experience or moxie to start companies in coming decades. Our engine of economic growth will sputter.

Even more disconcerting is the prospect that the best and brightest may not stick around. If they cannot find rewarding work in the United States, they may look to other parts of the world. Europe's youth unemployment problem is worse than ours, but business is good in the emerging world. Wouldn't it be strange if, even as U.S. policymakers debate endlessly how to reform our immigration laws to attract more talented people here, our own young people begin to drift away?

The plight of these young adults will also exacerbate the growing disparity between haves and have-nots. Wealthier families will secure the necessary education and scarce job opportunities needed for their children's financial success. Less well-to-do families will be left farther and farther behind. The American dream is founded on the belief that hard work leads to a better life, but the dream can't begin unless you get your first job.

There is no easy fix to the problem of youth unemployment. Most obviously, we need to focus on raising educational attainment. The jobs of the future require a highly skilled workforce. That means lawmakers should not reduce funding to schools and universities during tough economic times. That is precisely when more young adults should be in school.

And let's make getting an education cheaper: Instead of using tax money to fund student loans, which only tends to boost tuition costs, hire more professors, build more labs, facilitate e-learning, and fund more internships. The federal government could provide matching grants or low-interest loans to the nation's community colleges, teaming them up with private firms willing to help educate their own future employees.

In exchange, businesses could have more input into college curricula, to ensure training meets a real need. The goal should be to increase the supply of higher education, making it more affordable so students in the future can attend without incurring so much debt.

The long shadow of the Great Recession still hangs ominously over young adults. Lifting that shadow requires us to devote more of the nation's resources to making them smarter and more skilled.

Mark Zandi is chief economist of Moody's Analytics

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