



## **Millennials and the GOP: The Need to Restore Lost Economic Opportunity to America's Young**

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Members of House Republican Policy Committee, thank you for the opportunity to give testimony on how to begin shaping the Republican agenda to fit the needs of millennials. Currently, I am a fellow at Economics21 at the Manhattan Institute for Policy Research. I am the coauthor, with Diana Furchtgott-Roth, of *Disinherited: How Washington Is Betraying America's Young* (Encounter Books, May 2015).

Young Americans realize that they are getting a raw deal. In our research for *Disinherited*, reported in the book, Diana and I spoke to many millennials. We found that their largest concern is getting jobs and building their careers. Unfortunately, many federal policies stand in their way.

The economic recovery has left young Americans behind. The unemployment rate for young people ages 20 to 24, 10 percent, is over twice as high as the rate for those over 25 years old, 4.5 percent. The teenage unemployment rate is 18 percent.<sup>1</sup> Early work experience is critical to future success, as it teaches the soft and hard skills that traditional high school and college educations cannot.

Unemployment rates only capture those who participate in the labor force, and among young people this percentage is dropping. Only 33 percent of 16- to 19-year-olds are participating in the labor force, defined as either employed or looking for work. This is down from 44 percent ten years ago, and down from 55 percent 20 years ago.<sup>2</sup> This decline is much larger than the small increase in the percentage of young people enrolled in school.<sup>3</sup>

It is not only that young Americans cannot find work, but they are also being asked to shoulder the fiscal burdens placed on them by prior generations. On top of America's growing national debt, the country's major entitlement systems are on an insolvent path. Millennials will have to pay to correct these shortfalls through reduced benefits or higher taxes. Federal student loan debt has surpassed \$1 trillion, and government labor market restrictions make it difficult to build a career after graduation.

This betrayal of America's young is leading to delayed life milestones. Such milestones include everything from marriage, to having children, to buying an automobile or a home. These are all challenging steps to take when college debt burdens are high and employment prospects are low. From the late 1960s until the financial crisis, the percentage of 18- to 31-year-olds living with their parents hovered around 32 percent.

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<sup>1</sup> "Current Population Survey," Bureau of Labor Statistics, June 5, 2015.

<sup>2</sup> *Ibid.*

<sup>3</sup> "School Enrollment, CPS October 2003 Through 2012—Detailed Tables," United States Census Bureau, 2013.

By 2012, that number had increased to 36 percent. Among young people 18 to 24 years old, 56 percent lived at home in 2012 – a historic high.<sup>4</sup>

To correct this mistreatment of millennials, leaders in Washington need to evaluate policies through the lens of how they affect new entrants to the workforce. The young proportionally do not vote, as their turnout rate for the 2012 election was 41 percent, compared to 72 percent for those 65 years and older. This presents an opportunity for candidates to provide a reason for them to show up on Election Day, and be politically engaged in the prior months.<sup>5</sup> Parents and grandparents also deeply care about restoring opportunities for young people.

Many millennials choose not to vote because they feel left behind by politicians in both parties. On a whole, they are socially liberal, but fiscally conservative. Many millennials worry about openly supporting free market policies. Doing so could also signal a conservative position on social issues and foreign policy, which millennials overwhelmingly disagree with.<sup>6</sup>

Millennials remain politically unaligned as a group, but they are growing tired of the lack of effective government solutions to their problems. Two-thirds of millennials perceive government to be inefficient and wasteful. The failed policies of the current administration have left their mark on millennials, as this percentage is up from 40 percent in 2009.<sup>7</sup>

Because of the promising rise of popular sharing economy services such as Uber and Airbnb, and the subsequent hostile response of some legislatures, only 18 percent of millennials believe regulators have the public's interest in mind. Young people realize that many regulations serve to protect special interests, not public safety. These so-called "Ubertarians" want companies to be held liable for harming consumers, but they do not support regulations that keep out new competition or dictate how entrepreneurs must meet their customers' needs. It is difficult, if not impossible, to find a millennial who wants federal bureaucrats to tell Apple how many iPhones it can produce.

Excessive regulation cuts off many opportunities for entrepreneurship, something highly valued by millennials. Steve Jobs is universal admired by millennials, and their

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<sup>4</sup> Richard Fry, "A Rising Share of Young Adults Live in Their Parents' Home," Pew Research Center, August 1, 2013

<sup>5</sup> Thom File, "Young-Adult Voting: An Analysis of Presidential Elections, 1964–2012," U.S. Census Bureau, April 2014

<sup>6</sup> A. Trevor Thrall and Erik Goepner, "Millennials and U.S. Foreign Policy," Cato Institute, June 2015. "Millennials in Adulthood," Pew Research Center, March 7, 2014.

<sup>7</sup> Emily Ekins, "Millennials: The Politically Unclaimed Generation," Reason-Rupe, July 10, 2014.

respect extends to small business owners and other innovative entrepreneurs. Millennials value a flexible work environment, as about 70 percent envision working independently at some point in their careers, and they desire labor policies that promote this type of work.<sup>8</sup>

The U.S. Code of Federal Regulations is more than 175,000 pages long and, absent restraint, federal agencies will seek to add to this total by bringing new business models under their purview.<sup>9</sup> But these thousands of pages of regulation are not simply legalese. Instead, there are over one million commandments from Washington in the form of restrictive words such as “must,” “cannot,” or “shall.”<sup>10</sup> Most of these restrictions have little to no connection to protecting public safety. Starting and running a business requires a lot of time and hard work. Attempting to comprehend which of these million restrictions apply to their businesses is a waste of entrepreneurs’ valuable time.

It is no coincidence that the Internet technology field offers the most opportunities for young Americans, and that it is the least regulated. If the innovative entrepreneurs behind some of today’s most popular Internet companies needed to gain government’s permission to innovate, or comply with as many regulations as the energy and manufacturing sectors, we would likely not have Twitter, Snapchat, Facebook, or even Apple. These are pioneering companies that young Americans use on a daily basis for everything from entertainment to news. Their skills are in such high demand in this field that they can command six-figure salaries.

There is no American Association of Young Persons to counter the influence of the American Association of Retired Persons, an organization that ranks in the top one percent of donors tracked by the Center for Responsive Politics.<sup>11</sup> Millennials want elected leaders without social agendas who will stand up to older, entrenched interests and fight to restore economic opportunity to their generation. The political party that can brand itself as the party of entrepreneurs and innovation is the party that will make headway towards claiming the millennial generation.

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<sup>8</sup> “The Deloitte Millennial Survey,” Deloitte, January 2014.

<sup>9</sup> “Code of Federal Regulations Page Breakdown—1975 through 2013,” Office of the Federal Register, 2014.

<sup>10</sup> “Regdata: Historical Regulation Data,” Mercatus Center at George Mason University, June 2015.

<sup>11</sup> “AARP Profile,” Open Secrets, Center for Responsive Politics, June 2015.