

Let's talk about the current opportunities and challenges that you'll face as you enter the labor market. My first question is, are these the best of times, or the worst of times to be looking for a job and starting your career? Well, let's take a look at some of the labor market realities that you face.

You all recall what we referred to as the Great Recession of 2007 and 2009? This chart shows just how many jobs we lost during that time period. Well, the good news is that, in fact, 2015-- finally-- was a great year for job growth in the US. We made a big dent in closing the jobs deficit, by creating nearly 2 and 1/2 million jobs. So now we only need another 3 million more to close the full job deficit.

Let's hope we keep making progress like we did last year. No guarantees, given the shaky world economy we're in. So we have to keep pressing government and business leaders to keep the job growth going strong. That's challenge number one.

But that's only the beginning of the challenge. Recall what the Occupy movement said, that 1% of the top earners are getting all of the income? Well, they were right. Over 50% of income growth in the last decade has come to the top 1%. And we have to go way back here, to 1928, to have a situation where we get that much unequal distribution of income. So we do have an income problem.

But it wasn't always this way. From the end of World War II-- down here about 1947, 1948-- all the way through till about 1980, we saw an economy where wages, and productivity, and profits moved together. Later on we're going to talk about this as the era of the post-World War II social contract.

But something happened here. Note, after 1980s, productivity continued to grow by over 80%, but wages and compensation flat-lined. The average worker in the United States economy has only seen about a 9% wage increase since 1980. And in fact, if you don't have a college degree your wages have gone down, relative to the cost of living during this time period.

So while in the early stage, we had what President Kennedy said, "a rising tide lifts all boats." Everybody worked hard and shared in the gains. We have seen something happen since 1980 that has changed that.

Let's now focus a little bit more carefully on just what happens if you are entering the labor market after finishing high school or college at this point in time. Many of you will start off as unpaid interns, or in part time jobs, or in jobs that don't use the full education that you've worked so hard to achieve. You'll be what we call underemployed.

And it's not surprising that given that, many of your cohort are experiencing very low levels of job satisfaction. In fact, the lowest levels that we have seen in many years. Back in the 1980s, this red line shows, that people under

the age of 25 were like others-- more than 50% were satisfied with their wages, their hours of work, and their opportunities to learn on the job. But now, these numbers have declined to a little over 35%. And so only about one third of young people are satisfied with their jobs.

How does this really affect you? Well, the economic evidence is very clear-- if you start off as many of you are experiencing now, in a low-income jobs that don't use your full skills that you've been educated for, or you start off as a paid or even an unpaid intern, or you start off in part-time work in hotels or restaurants, or other retail areas, you're going to experience about 10 years-- or even more-- of suppressed income and lack of opportunities for growth. Does it have to be this way? I don't believe that for a moment.

There is no iron law of economics that produce these results. It's the results of bad policies, of our institutions and the way in which we govern. We're failing to catch up with the changing workforce, and the changing nature of work. And we can do better.

And in fact, many firms are doing better. Some companies are way ahead in providing good jobs. A lot of innovation is happening at the local level in start-ups, in nonprofit organizations, in state and local governments.

We're going to look at some of those innovations in our next video, and ask how you can join this process so that we can improve the work life of everyone going forward.