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The Future of the Work Ethic - Claremont Review of Books

by Nicholas Eberstadt

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In the decades since the Soviet Union collapsed, America's wealth machine has been the wonder of the world, our political and military dominance of the globe unprecedented. But the social foundation for this prosperity and power has been beset by a growing crisis. Something has gone badly wrong in our domestic project. Yet our explainers and deciders, for the most part, are still at a loss to see just what this might be.

The dysfunction is vividly illustrated by overall trends for a particularly awful recent patch: the years 2000-12, a time that spans the Clinton, Dubya, and Obama presidencies.

Over that 12-year period, the country's population rose by roughly 30 million and private net worth soared by \$28 trillion (trillion with a "t": on average, this meant over \$300,000 in new wealth for every notional American family of four). Yet the number of people on means-tested benefits jumped by 33 million during those same years, and the increase in private sector jobs was just barely positive; the net addition of less than one million such paid positions works out to fewer than 80,000 a year. Our new American economic reality—the one currently impressed in the living memory of any man or woman under age 40 today—is a system generating more wealth for the wealth-holders, but less work (and more dependence) for workers. Thus was the stage set for a populist storm. The only wonder, in retrospect, was that it took until 2016 to break.

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Since 2016, dazed policy analysts from the better zip codes have been struggling to understand what has happened in the country they thought

they knew—and why. The learning curve has been arduous and problematic, not least because most of today's think-tankers and academics are almost completely out of sympathy with the populist wave that upended their preferred Blue and Red presidential candidates in that electoral cycle. To make matters even more confusing, thanks to the famous “bubble” Charles Murray details in his book *Coming Apart* (2012), these same analysts tend to be separated from direct contact with the mysterious creatures (also known as voters) who brought politics as usual to an end in 2016.

The best of this cadre, however, recognize that the grievances which brought a sort of populism to power in America were not imaginary, and have been asking the right questions: How (and why) has the U.S. socioeconomic system failed so many of its citizens? What might be done to repair it?

Two noteworthy books have advanced this effort: Isabel Sawhill's *The Forgotten Americans* and Oren Cass's *The Once and Future Worker*. Sawhill, onetime Clinton Administration official and current Brookings Institution scholar, is a center-left economist, highly regarded in Washington circles for almost half a century. Cass, a rising “reform conservative” star at the Manhattan Institute, served as domestic policy guru in Mitt Romney's 2012 presidential campaign.

Both Sawhill and Cass identify the collapse of work in modern America—especially for men, and, in particular, for men of prime working age without college degrees—as the epicenter of the present American socioeconomic crisis. Both offer detailed, carefully argued approaches for getting America back to work, and more broadly for revitalizing our society and economy.

Although the Sawhill and Cass assessments and prescriptions differ appreciably, what may surprise is the number of points upon which the authors agree, among them: 1) the current over-emphasis on GDP growth as an end in itself; 2) the failure of postwar trickle-down economics to lift all boats; 3) the need to subsidize wages for low-paying jobs; and 4) the importance of immigration control, including limits on the number of less skilled foreign workers entering the country.

At the same time, Sawhill and Cass overlook some of the central problems

inextricably linked to the collapse of work in modern America. Both their strengths and their weaknesses clarify the question of how, and whether, we can meet this challenge.

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At the outset of *The Forgotten Americans*, Sawhill explains that “my goal for this book is very simple—to catalyze a new discussion about how to create a jobs-based prosperity and a less-divided nation in the decades ahead.” She outlines what she says is a case for

returning to a system in which work is rewarded over welfare, hand-ups over handouts, wages over windfall profits. It is about improving the lives of those who are neither rich nor poor but somewhere in the middle. And it is about policies linked to mainstream values such as family, education and work.

For Sawhill, however, this appears to be a second-best agenda, reflecting her judgment that it is the most the political market will currently bear. Drawing on public opinion and survey data, she links the relative decline in U.S. working-class fortunes to an array of sociopolitical attitudes and economic views she regards as benighted or worse—most crucially, in her view, distrust of government and government programs. “As long as a majority of the population remains hostile to government,” she theorizes, “it will be difficult to move forward with a more enlightened set of policies”—by which she means more redistribution by a bigger government. Instead, she has organized an agenda “around three “values [that] might command broad support...family, education, and work.”

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Sawhill counts 63 million Americans in the white working class, which she defines as non-Hispanic white men and women aged 25-64, whose educations stopped short of a four-year college degree. Nowadays, fewer than three fifths of these working class whites are married, nearly ten percentage points fewer than for “elite” whites, as she calls those who have at least a bachelor’s degree. Counterintuitively, “working-class” whites’ labor force participation levels are 11 points below those of elite whites. And when working class whites are actually working, elite whites earn 77% more than they do because of what Sawhill calls “a precipitous decline in the relative wages of the less educated.” Pointing to the work of

Harvard University economist Raj Chetty, she warns that fewer and fewer young Americans are earning more than their parents did. Chetty's studies suggest 30-year-olds are now as likely to make less than their parents did at the same age (adjusted for inflation) as to make more, partly due to slower overall economic growth, but mainly to growing differences in earnings and incomes. But Sawhill emphasizes that she has tailored an economic agenda for all "forgotten Americans," not just disgruntled Anglos. By her broader definition, which includes non-college men and women of all ethnicities in families earning less than \$70,000 a year, forgotten Americans comprise 38% of the working age population.

To her credit, and unlike her Team Left colleagues who favor an unconditionally guaranteed Universal Basic Income, Sawhill squarely frames the road to recovery for today's forgotten Americans in terms of "moral agency" and "personal responsibility," a phrase she uses no fewer than nine times in this short volume. She extols what she calls "the success sequence":

If an individual does just three things—graduates from high school (at least), works full time, and marries before having children—that person's chance of being poor plummets from about 14% to about 2%, and the chance of being middle class [which she defines as a family income at least three times as high as the official U.S. poverty line] rises to 70%.... What the country needs are policies that give people a fair chance to succeed in their roles as students, as workers, and as parents in the twenty first century economy.

Consequently, most of the book is devoted to outlining Sawhill's schema for supporting family, education, and employment for the forgotten Americans.

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So far, so good: but the devil is always in the details, and as non-partisan readers examine the fine print in Sawhill's proposals they may find it more difficult than expected to make common cause with this self-professed "radical centrist."

Sawhill is at her most persuasive on education and training. She insists "we need to prepare people better for the jobs that exist" and rightly faults America's elementary and secondary schools for failing to impart more

knowledge and skills to more students. She advocates a big new government initiative she calls “a New G.I. Bill for America’s Workers” for upgrading educational opportunities, not only for college aspirants but also for what used to be called “vocational” trainees. The returns from such an effort, she indicates, could be high: one particularly attention-grabbing study suggests that simply matching Canadian levels of student test scores would hike U.S. paychecks by as much as 20%. The price tag for her plan is about 1% of GDP (meaning for now roughly \$200 billion a year), though much of this outlay would cover the Europe-style “active labor market policies” she admires—apprenticeship systems, job placement programs, etc.—rather than education and training *per se*.

Sawhill has other big-government ideas for boosting the availability of better paying jobs as well. One is “an independent investment bank...for funding investments in infrastructure and basic research.” Given the ways of Washington, however, such an organization is more likely to end up looking like Amtrak than RAND. She also wants to raise the minimum wage to \$12 an hour, expand tax credits for child care, and develop a new work credit to raise the take-home pay for men and women earning less than \$40,000 a year. She proposes funding some of the new spending envisioned here from an aggressive new round of estate taxes on the “One Percent.” Untaxed intergenerational wealth transfer is anathema to Sawhill, who decries America’s lax death tax policies in four of her book’s ten chapters.

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As conservatives rethink their approach to labor policies, Sawhill may find allies across the aisle who will concur with her concept of subsidizing low-wage work (including Oren Cass, though he disdains the existing Earned Income Tax Credit—the main tax credit for poorer workers—as byzantine and unfriendly for its supposed beneficiaries).

Sawhill’s approach to family policy, by contrast, is a consensus-killer. While eschewing the woke identity politics that has poisoned the progressive wing of her party, she seems unaware that her own position on the family is itself rigid, ideological, and polarizing.

The reveal comes early on, with her explication of why strong stable families are desirable: “having two earners is one way to boost family income.” The possibility that such families might be better off for other

reasons as well—or better off even if one spouse decided to stay home with the kids instead of dropping them at government-sponsored daycare on the commute to work each day—does not merit mention. The author is equally tone-deaf in extolling “responsible parenting and family formation,” which to her apparently involves large supplies of “long-acting forms of contraception.” She warns that without government cost coverage for “the most effective forms of contraception...we will have not just more poverty and less opportunity but also higher costs for Medicaid.” Population controllers wary of heedless breeders abroad sometimes used those same arguments for mobilizing foreign aid, although they have learned to be circumspect about this. It is even more disconcerting to hear the same dog-whistle trained domestically, on our own citizens. So much for a “less-divided nation.”

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The dirigiste utilitarianism in Sawhill’s approach to poor families, however, applies equally to families of the well-to-do. She wants American families to be strong—just not too strong. Otherwise, they might transmit unwarranted opportunities and benefits to their kin. Thus she gives a shout-out to her Brookings colleague Richard Reeves’s case for eliminating tax benefits for college savings plans, child care, etc., for upper-middle-class parents (who are denounced as “dream hoarders”). The author also inveighs repeatedly against intergenerational inheritance, a practice “inconsistent with basic American values.” To Sawhill’s bafflement and exasperation, voters from all income groups still want parents to be able to bequeath a fortune to their kids if they somehow manage to accumulate one.

In effect, her family policy seems to count on embedding in each American household an overbearing and somewhat out-of-touch relative, by the name of Uncle Sam. Uncle insists on the final say over many questions bearing directly on family wellbeing—but he is arbitrary and inconsistent, and he plays favorites. Is it really any wonder that many families, and a great many hard-pressed families, do not trust Uncle’s judgment?

Yes—we are back to that lack of trust thing again. Try as she will to comprehend their point of view, Sawhill concludes that America’s disaffected white working class is just plain illogical in its aversion to more

government. “There is little question in my mind the white working class is voting against their own self-interest,” she writes. She has learned from Berkeley’s Professor Arlie Hochschild, who studied Cajuns closely, that [their] conservative politics has no rational basis. It appears to be delusional and self-defeating...an *emotional and irrational* attachment to a set of conservative views, driven by Fox News...a comforting tribal imperative reinforced by friends, family and neighbors [emphasis in the original].

How could it be that, poorly educated as they admittedly are, these forgotten Americans cannot see that the value-added taxes, and carbon taxes, and all the rest of the redistributionist apparatus that Sawhill and her allies would like to impose on them today are actually in their best interest?

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Here we might want to reflect on the saga of “deaths of despair,” the opioid-abetted rise in mortality for less-educated, middle-aged Anglos, documented by Princeton economists Anne Case and Angus Deaton in a landmark 2015 study. Case and Deaton identified this grim trend as unfolding from 1999 to 2013: on Clinton’s, Dubya’s, and Obama’s watch. Subsequent data showed that death rates were higher in (overwhelmingly Anglo) rural America in 2013–2015 than in 1999–2001 for all age groups between 15 and 54.

And yet it took America over a decade and a half—until 2015!—to discover this public health tragedy. Do the thought experiment: part from rednecks, what other disadvantaged group in modern America could possibly suffer such a prolonged calamity without authorities even noticing, much less responding? The question answers itself. It likewise explains why this great swath of America feels unprotected by the government-industrial complex, and why they are reluctant to entrust more resources and power to a distant Washington cadre that thinks it has the answers to what really ails the hicks.

Where Sawhill approximates sympathy for the objects of her study, Oren Cass evinces genuine empathy. *The Once and Future Worker* is an admirable work in many respects—not least in Cass’s intellectual willingness to reexamine everything that libertarian-ish Republicans

thought they knew about the world before that *annus horribilis* 2016. All of the principles (or shibboleths) of modern Republican conservatism get a hard look in this book. Cass concludes that much is wanting in the Reaganite prescription for prosperity for all: laissez-faire, union-free workplaces, and more. It is a tribute to his open-mindedness, if not always to his persuasiveness, that Cass even questions the propriety of free trade. One can only wonder how candidate Romney would have fared in the 2012 election if he had relied on Cass's latest missive instead of Mitt's famous binders. *The Once and Future Worker* implicitly holds that the old thinking failed America, and failed to understand the needs of many Americans outside the Bubble.

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Cass considers himself a conservative, but the vision he lays out would have been regarded as heretical by many American conservatives in the not-too-distant past. His is a conservatism with much less confidence in the market's spontaneous order, and much more reliant on government-abetted social solidarity and "social capital" augmentation. The resulting rethink is a decidedly post-"leave us alone" agenda, resembling instead the outlook of Christian Democratic parties in Europe after World War II.

Cass posits what he terms "the *Working Hypothesis*: that a labor market in which workers can support strong families and communities is the central determinant of long-term prosperity and should be the central focus of public policy." This seemingly modest contention actually puts him in opposition to America's longstanding bipartisan consensus prioritizing economic growth and consumption (what Cass mocks as "economic piety," with the Right preferring the "supply side" variant and the Left preferring to raise consumption through government redistribution). Cass explains that while our "economic endowments of physical and intellectual capital" are "quite robust," America's "social endowments have proven themselves highly vulnerable to—among other things—consumption-oriented policies."

"Neither economic growth nor economic redistribution will rescue America from its current predicament," argues Cass; "building higher upon a crumbling foundation is a mistake." "If historically," he continues, "two-parent homes could support themselves with only one parent working outside the home, then something is wrong with 'growth' that imposes a de

facto need for two incomes.” “Rather than taxing low-wage work to cut other taxes and expand entitlements, we can do the reverse: we can provide a subsidy for low-wage work, funded with higher taxes and reduced transfer payments.” America needs “productive pluralism,” Cass maintains, meaning a work-first social contract in which “people of diverse abilities, priorities, and geographies, pursuing varied life paths, can form self-sufficient families and become contributors to their communities.”

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The Once and Future Worker outlines the path to that vision, policy by policy. Cass wants much more education and training targeted at the non-collegiate population; the reintroduction of tracking in high school; a clampdown on low-skill migration to America; a complete overhaul of social welfare policies to reaffirm the importance of working for all who can; and a managed trade policy to help revive the manufacturing sector, which he considers the wellspring of better-paying jobs for less-educated Americans.

Most significantly, he calls for subsidizing work—big time. Cass talks of a \$3-an-hour hike in wages for American workers, a bonus directly added to each weekly paycheck through a sort of negative payroll tax. Although he does not specify all its details, what he has in mind is clearly a pricey program. He puts the cost of this initiative at \$200 billion, but my back-of-the-envelope calculations suggest it could easily come in between two and four times that amount. In his vision, the new U.S. welfare state would be kinder and gentler, with more subsidiarity and less centrally administered dependence. But the government that Cass envisions would almost certainly be even bigger than the one we support today—and the unintended consequences of subsidizing cheap labor on a mass scale are worthy of a consideration which he does not provide.

Unlike many policy tomes, *The Once and Future Worker* is a pleasure to read. An extraordinary chapter castigates environmental policy that “justifies itself by assigning enormous economic value to clear air and water, while refusing to consider the effects of regulation on the level, quality, or trajectory of employment.” Cass argues compellingly that the prospect of massive labor displacement due to artificial intelligence and machine learning is seriously overblown, since “an abstract description rarely captures the full complexity of any job.” It is probably still too soon to

know whether this time really will be different, but if the next round of technologically induced disruptions in the labor market proves to be of historically familiar magnitudes, Oren Cass will have explained why in advance.

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Not all of his book, however, meets the exceptionally high standards of those two chapters. His discussion of labor unions and the future of work, for example, gets oddly dreamy. Cass is under no communitarian illusions about modern America's unions, which he considers "woefully incompatible with the demands and opportunities of the modern economy and actively harmful to both workers and firms." But then he imagines a post-Wagner Act (the New Deal legislation that authorizes our present system of collective bargaining with organized labor). In this business-labor Elysium, management and workers will cooperate together creatively in co-ops. Kind of like German *Mitbestimmung*, only better! Please. In our real existing America, the most likely place and time for such a high-minded workplace revolution are: nowhere, and never.

In fairness, Cass's enterprise co-op fantasy is essentially harmless, since it is so utterly unlikely ever to take root in the U.S. Not so his misguided notions about managing trade to revitalize employment, and, in particular, to stimulate a new wave of manufacturing jobs. These proposals could find political resonance in an increasingly populist America, and some day might even be embraced as policy. But the all-too-predictable impact of such protectionist ambitions would be a poorer America—and one with less demand for work thrown into the bargain too.

The populist fixation with manufacturing jobs isn't hard to understand. Typically, these have provided good pay and steady employment for Americans with less formal education. But manufacturing is a diminishing sector in the economy, and manufacturing jobs are a diminishing share of the labor market. Beginning with the work of 1971 Nobel laureate Simon Kuznets, three generations of economic researchers have traced the "structural transformation" that accompanies modern economic development. As societies the world over grow more prosperous, their shares of output and employment in agriculture dwindle to negligible proportions. Sooner or later, the same thing happens in the industrial sector. This is supply and demand: manufacturing productivity frees up

labor for other pursuits, while consumer choices limit the market for machinery. All affluent societies are service economies—there are no exceptions.

Consequently, the share of industry and industrial jobs continues to decline more or less everywhere. According to the Organisation for Economic Co-operation and Development (OECD), just under 10% of U.S. employment in 2017 was in manufacturing. The corresponding figure in Canada that year was 9%, and 8% in the Netherlands, Norway, and Australia. None of those societies suffers from obvious under-industrialization.

Rich countries with abnormally large manufacturing sectors have distorted economies—and pay for these distortions either by soaking their neighbors (as Germany does through the European Union) or by soaking their own population (as Japan has done with its generation of lost growth). Sawhill—unlike Cass, a skeptic of industrial policy and managed trade—insists “the idea that we can bring back manufacturing jobs in large numbers is misguided”—and that looks like the right call.

Cass plays the China card to justify a more interventionist trade policy—probably the strongest card in his hand. He bemoans the “China shock,” the surge of cheap manufactures that shuttered U.S. plants after Beijing’s accession to the World Trade Organization (WTO). MIT’s David Autor and others have estimated that the China shock resulted in the loss of two million or more blue-collar jobs in the early 2000s. Cass also points to China’s theft of international intellectual property, an ongoing crime spree costing the world hundreds of billions of dollars a year.

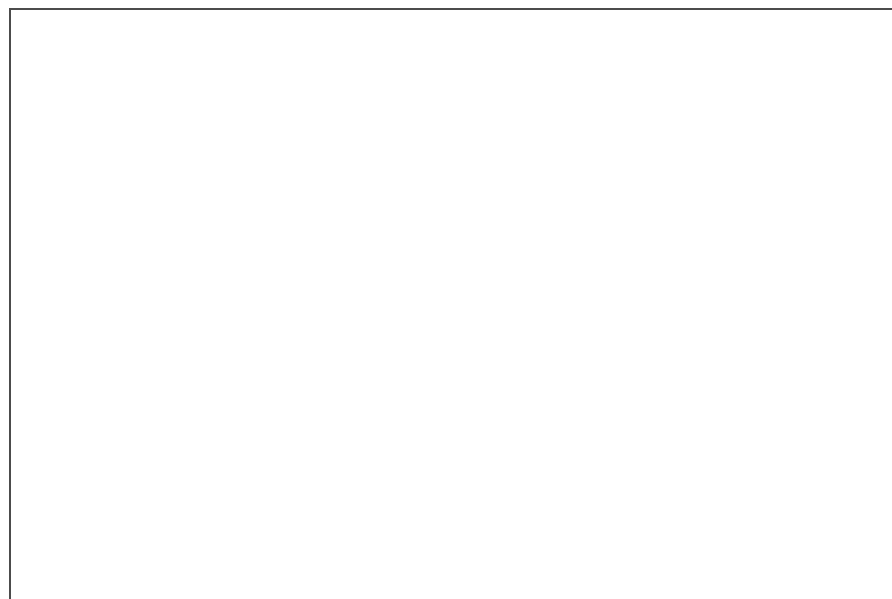
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But China’s industrial espionage is illegal right now—we don’t need a whole new managed trade policy to address it, just an elected government with the courage to confront Beijing about its criminal behavior. There may even be a case for systematically excluding China from our international supply chains, but this would be a one-off, special-case national security argument, not a precedent for Washington’s global micromanagement of trade and finance. As for the “China shock”: subsequent research by economists Robert Feenstra and Akira Sasahara suggests that the U.S. lost little if any *net* employment from the expansion of international trade between 1995 and 2011, including China’s accession to the WTO. Rather,

the disruption to manufacturing employment was more than offset by a surge in service, the sector now accounting for a third of all U.S. exports.

Why the fetish about manufacturing jobs? On a mean hourly basis, U.S. service sector jobs actually pay slightly better than manufacturing work. Some of Cass's trade policy proposals—such as increased scientific research—win on their own merits, and are only indirectly connected to trade. But other impulses sound confused: do we really want to restrict foreign investment in America, especially when companies like Nissan and Volkswagen create the manufacturing jobs of which Cass approves? It may help sell other components of Cass's overall vision if proponents can tell voters they are “tough on trade.” More generally, however, the very best state-directed trade policy for the U.S. economy and the American worker would be one that never gets off the drawing board.

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The Forgotten Americans and *The Once and Future Worker* each contain insights that might help Washington cope more effectively with today's employment crisis. (The work rate for American men between the ages of 20 and 64 is no higher today than it was in Depression-stricken 1939.) Unfortunately, and despite their differences, Sawhill, Cass, and most of their colleagues in think tanks and universities share certain blind spots about the continuing jobs crisis. But the flawed consensus about what is troubling the little people these days limits our national efforts to alleviate their woes.

The most critical blind spot is the presumption that our employment crisis is basically a demand-side problem—a failure of job creation and a shortage of work especially for those with lower educational attainments. To be sure, the failure to create more work is *part* of the problem, but neither the entirety nor the crux of it.

The trouble with the “demand-side theory” can be seen in the chart on this page. Since the end of the 2008-09 recession, America has witnessed an economic expansion now entering its eleventh year, and the ranks of the paid labor force are 20 million workers greater than at the post-recession nadir. Yet the number of men of “prime working age” (between 25 and 54) neither working nor looking for work has barely budged since 2011, hovering close to seven million—a total higher today than in 2009.

And this is not for lack of employment opportunities. To the contrary: the number of job openings in America has increased by *five million* since 2009. At the moment there are more unfilled positions in the U.S. economy than there are prime-age men who have dropped out of the labor force who might fill them. Not all of these unfilled jobs, by the way, are for computer coders and chemical engineers. Millions are in retail, restaurants, hotels, construction, and transport, and do not require applicants with college degrees.

America’s overall unemployment rate today is lower than at any time since the 1960s, and the official unemployment rate for prime-age men is just 3%. Yet for every prime-age man who is out of work and looking for a job, there are four more who are neither working nor looking. This is not a problem that can be solved by more Keynesian stimulus, a new industrial policy, or other so-called “demand-side tools.”

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Many American working-age men (and women) missing from the job market look to be lost in the disability-opioid archipelago, disconnected from family and community as well as the workplace. *Barely half* of native-born, prime-age American men with no high school degree are in the job market at all. By contrast, labor force participation rates for their foreign-born dropout counterparts are as robust as for native-born college graduates.

To boost jobs and wages for America’s distressed strata, Sawhill and Cass

both favor restricting the influx of immigrants with few skills and little education. Will keeping Mexicans out of the labor force really get our lost men back in it? At the margin, probably a little. But if our present employment crisis is in large part a supply-side problem—that is, not enough men being willing and motivated to take a job and show up at it, on time and sober—such restrictions might slow the economy without helping American citizens back into the workforce. A rich country can afford a measure of populist virtue signaling, but should have no illusions about the consequences that will and won't follow from restricting immigration.

The mystifying difficulty of drawing millions of lost men back into the workforce is also partially explained by another huge social problem hiding in plain sight: America's ex-con explosion. This is a second blind spot for Sawhill and Cass, and for that matter for almost all those who write about getting America back to work. Since the U.S. government inexplicably neglects to estimate the size of our sentenced population, even well-informed Americans are commonly unaware that the jailed and imprisoned population in our era of "mass incarceration" comprises a tiny fraction of all Americans with a felony conviction in their backgrounds—maybe only a tenth, or less.

The rest—by now likely well over 20 million adults, to build on the path-breaking demographic reconstructions of Sarah Shannon of the University of Georgia and her colleagues—are in society at large, i.e., back in the "civilian non-institutional population" that the Bureau of Labor Statistics references for all its job market statistics. These former convicts are overwhelmingly male: currently something like one in eight adult men in the general U.S. population is an ex-con. The proportion is very likely higher for those of prime working age—and on current trajectories, the share of male ex-cons of prime working age is set only to increase. While we, inexcusably, lack any official employment data on this large and growing contingent of Americans, we can be sure that the ex-cons are over-represented in the pool of labor force dropout, their employment prospects clouded by what economists call "institutional barriers." Until our government inquires about their plight, they will remain statistically invisible in a way that precludes evidence-based policy.

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Finally, there is America's strange and ominous long-term stagnation in educational attainment. Although Cass does flag this problem in passing, neither he, Sawhill, nor most others concerned with the employment crisis seem to appreciate just how dire it is, and how troublesome are its implications. Research on international educational attainment by Robert Barro of Harvard and Jong-Wha Lee of Korea University shows that Americans were the world's most highly educated population (in terms of years of schooling) from the 1870s until more or less yesterday. By their reckoning, however, America has achieved only marginal gains in educational attainment for its working age population since the 1970s. Indeed: according to U.S. Census Bureau data, mean years of schooling for Americans in their late twenties was barely three months higher in 2006 than for their parents 30 years earlier.

This is not because the United States reached some insurmountable asymptotic threshold in the 1960s. By Barro's and Lee's estimates, educational attainment for U.S. youth 15-24 years of age had dropped to seventh place by 2010—falling behind Hong Kong, Taiwan, South Korea, and Iceland. Furthermore, by 2010 such countries as Canada, Ireland, Japan, and Singapore likewise had overtaken America in the percentage of persons in their late twenties with college degrees. Particularly shocking is America's "male fail" in higher educational attainment. Census Bureau figures document an eerie stall and slump in matriculation levels for American men in their late twenties, whose college graduation rates in 1977 were higher than ten, 20, or even 30 years later. This dramatic, prolonged, and highly unnatural setback has occasioned remarkably little alarm, or even comment—and so far as I can tell, no one as yet has seriously tried to explain its causes.

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Of course, better elementary and secondary teaching is a pressing national need—as is ramping up vocational training. But there should be no doubt that America needs more—and better-trained—college graduates. America today is under-colleged: with more and better college and post-collegiate training our nation would be richer, our growth rates would be stronger, more people would be at work, and median worker incomes would be higher. It is quite possible that income inequality in our society would be less pronounced as well. Most of the measured income

gains since the 1970s have accrued to those with college degrees or better. A substantially greater supply of highly trained workers might have moderated those striking returns to higher education. Until, and unless, we understand the reasons for America's stagnation, and relative international decline, in educational attainment, and redress this abnormality, progress against our ongoing employment crisis and its allied afflictions will be correspondingly limited.

The men disconnected from the workforce; the vast and yet somehow invisible army of former convicts; the new normal of unfathomably slow advances in educational attainment—these are just some of the major problems hiding in plain sight. Though American power and plenty are at their zenith, we are a deeply wounded land. Material poverty has been more or less banished, but our country is awash with misery.

Our policy analysts and public servants have been slow to comprehend this paradox, even though it is fundamental. And though the misery in our wounded nation is by no means entirely economic in nature, there is a glaring financial component to it. America is mightier and richer than ever before, even as economic self-reliance is on the wane and dependence is on the upswing. The United States may be practically sloshing with money overall, but fewer and fewer Americans are managing to find their own personal path to prosperity.

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Figures from the Federal Reserve indicate that the real net worth of the least prosperous half of America is no higher today than it was 30 years ago—at the fall of the Berlin Wall. On a per household basis, this Fed reckoning suggests that the real net worth of America's poorer half is actually substantially lower today—perhaps as much as a third lower than it was in late 1989. America may have won the Cold War, yet that great victory has not been accompanied by anything like a social triumph for our people.

A workable formula for *prosperity for all* is sorely needed in America. Coming up with such a formula, one could argue, is the urgent and overarching task facing our country today. Getting America back to work would surely be an important step on a road to prosperity for all. But that is only the beginning of the journey.

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