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The Missing Fifth

By DAVID BROOKS

In 1910, Henry Van Dyke wrote a book called “The Spirit of America,” which opened with this sentence: “The Spirit of America is best known in Europe by one of its qualities — energy.”

This has always been true. Americans have always been known for their manic dynamism. Some condemned this ambition as a grubby scrambling after money. Others saw it in loftier terms. But energy has always been the country’s saving feature.

So Americans should be especially alert to signs that the country is becoming less vital and industrious. One of those signs comes to us from the labor market. As my colleague David Leonhardt [pointed out](#) recently, in 1954, about 96 percent of American men between the ages of 25 and 54 worked. Today that number is around 80 percent. One-fifth of all men in their prime working ages are not getting up and going to work.

According to figures from the Organization for Economic Cooperation and Development, the United States has a smaller share of prime age men in the work force than any other G-7 nation. The number of Americans on the permanent disability rolls, meanwhile, has steadily increased. Ten years ago, 5 million Americans collected a federal disability benefit. Now 8.2 million do. That costs taxpayers \$115 billion a year, or about \$1,500 per household. Government actuaries predict that the trust fund that pays for these benefits will run out of money within seven years.

Part of the problem has to do with human capital. More American men lack the emotional and professional skills they would need to contribute. According to data from the Bureau of Labor Statistics, 35 percent of those without a high school diploma are out of the labor force, compared with less than 10 percent of those with a college degree.

Part of the problem has to do with structural changes in the economy. Sectors like government, health care and leisure have been growing, generating jobs for college grads. Sectors like manufacturing, agriculture and energy have been getting more productive, but

they have not been generating more jobs. Instead, companies are using machines or foreign workers.

The result is this: There are probably more idle men now than at any time since the Great Depression, and this time the problem is mostly structural, not cyclical. These men will find it hard to attract spouses. Many will pick up habits that have a corrosive cultural influence on those around them. The country will not benefit from their potential abilities.

This is a big problem. It can't be addressed through the sort of short-term Keynesian stimulus some on the left are still fantasizing about. It can't be solved by simply reducing the size of government, as some on the right imagine.

It will probably require a broad menu of policies attacking the problem all at once: expanding community colleges and online learning; changing the corporate tax code and labor market rules to stimulate investment; adopting German-style labor market practices like apprenticeship programs, wage subsidies and programs that extend benefits to the unemployed for six months as they start small businesses.

Reinvigorating the missing fifth — bringing them back into the labor market and using their capabilities — will certainly require money. If this were a smart country, we'd be having a debate about how to shift money from programs that provide comfort and toward programs that spark reinvigoration.

But, of course, that's not what is happening. Discretionary spending, which might be used to instigate dynamism, is declining. Health care spending, which mostly provides comfort to those beyond working years, is expanding. Attempts to take money from health care to open it up for other uses are being crushed.

There are basically two ways to cut back on the government health care spending. From the top, a body of experts can be empowered to make rationing decisions. This is the approach favored by President Obama and in use in many countries around the world. Alternatively, at the bottom, costs can be shifted to beneficiaries with premium supports to help them handle the burden. Different versions of this approach are embodied in the Dutch system, the prescription drug benefit and Representative Paul Ryan's budget.

We'll probably need a mixture of these approaches to figure out what works. Instead, Republicans decry the technocratic rationing model as "death panels." Democrats have gone into demagogic overdrive calling premium support ideas "privatization" or "the end of Medicare."

Let's be clear about the effect of this mendacity: We're locking in the nation's wealth into the Medicare program and closing off any possibility that we might do something significant to reinvigorate the missing fifth. Next time you see a politician demagoguing Medicare, ask this: Should we be using our resources in the manner of a nation in decline or one still committed to stoking the energy of its people and continuing its rise?