

Joblessness: The Kids Are Not Alright

By DANIEL HENNINGER



Unemployment today doesn't look like any unemployment in the recent American experience. We have the astonishing and dispiriting new reality that the "long-term jobless"—people out of work more than six months (27 weeks)—was about 44% of all people unemployed in February. A year ago that number was 24.6%.

This is not normal joblessness. As *The Wall Street Journal* reported in January, even when the recovery comes, some jobs will never return.

But the aspect of this mess I find more disturbing is the numbers around what economists call "youth unemployment." The U.S. unemployment rate for workers under 25 years old is about 20%.

"Youth unemployment" isn't just a descriptor used by the Bureau of Labor Statistics. It's virtually an entire field of study in the economics profession. That's because in Europe, "youth unemployment" has become part of the permanent landscape, something that somehow never goes away.

Is the U.S. there yet?

No public figure has ever taken more flak for a comment than former Defense Secretary Donald Rumsfeld for "old Europe." These are the Western European nations that spent the post-war period free of Soviet domination. With that freedom they designed what came to be called the "social-market economy," a kind of Utopia where a job exists to be protected and the private sector exists mainly to pay for the state's welfare plans. Alas for Utopia it came to pass

that the marginal cost of adding employees increased so much around Europe that private-sector hiring of new workers slowed and "youth unemployment" rose. And stayed.

Eight years ago, a bittersweet movie about this tragedy of fallen expectations for Europe's young, "L'Auberge Espagnole," ends with a bright young Frenchman getting a "job" at a public ministry, where on the first day his co-workers explain the path to retirement. He runs from the building.

In the final month of 2009, these were European unemployment rates for people under 25: Belgium, 22.6; Spain, 44.5; France, 25.2; Italy, 26.2; the U.K., 19; Sweden, 26.9, Finland 23.5. Germany, at 10% uses an "apprentice" system to bring young people into the workforce, though that system has come under stress of late and for a most relevant reason: a shortage in Germany of private-sector jobs.

In the U.S., we've always assumed that we're not them, that America has this terrific, unstoppable job-creation machine. And that during a "cyclical downturn," all Congress or the states have to do is keep unemployment benefits flowing and retraining programs running until the American jobs machine kicks in and sops up the unemployed.

But what if this time the new-jobs machine doesn't start?

In the U.S., we've always thought of youth unemployment as mainly about minority status linked to poor education. Not in Europe. German TV recently broadcast a sad piece on Finland, which has the continent's most admired school system. It showed an alert, vivacious young

woman—she looked like someone out of an upper-middle-class U.S. high school—roaming Helsinki's streets begging waitress jobs, without success.

It was during the Reagan presidency's years of strong new-job growth, with an expansion that lasted 92 months between 1983 and 1990, that Europeans began to envy the employment prospects for American graduates. The envy continued through the dot.com boom of the Clinton years. The most ambitious young Europeans emigrated to the U.S.

Which brings us to the current American presidency. Last March, its admirers proclaimed that the Obama budget drove "a nail in the coffin of Reaganomics." And replaced it with what?

Mr. Obama's first year has been spent on saving the public economy (the stimulus's money mainly protected public-sector jobs) and designing a U.S. health care system led, if not run, by the public sector. The year's most significant U.S. fiscal policies have created an array of new taxes to finance the Congressionally designed health system, and raised federal spending to 25% of GDP. Another broad tax increase begins Jan. 1.

The only new-jobs idea the philosopher kings around Mr. Obama have had is the "green economy." Yes, it'll create some jobs. But an idea so dependent on subsidy economics is not going to deliver strong-form employment for the best, brightest or willing and able in the next American generation.

This is not the way forward to the next version of the American economy that once created Microsoft, Intel, MCI, Oracle, Google or even Twitter. The United



States needs tremendous economic forces to lift its huge workforce. The path we're on is toward a flatter, gentler U.S. economy. Since 1990, roughly 80 million Americans have been born. They can't all be organic farmers or write scripts for "30 Rock."

Many American parents somehow think jobs like their own are part of the natural order. They are not. They have already discovered that in Europe, and many there have accepted the new small-growth, small-jobs reality. Will we?

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