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Barack Obama and America's decline

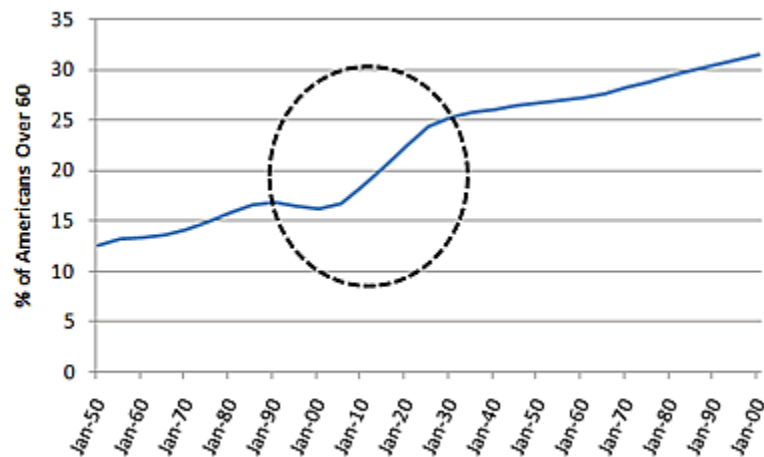
By Spengler
11/5/2012

America is in incipient decline, and this week's presidential election might be the last chance to reverse it. We are becoming a different sort of country, with a different people and different beliefs. Another four years of Barack Obama well might take us past the point of no return, although no-one, to be sure, knows quite where that lies. There is still time to change course. There might not be time by 2016.

Nearly a third of Americans now depend on food stamps, welfare, disability payments, or some other form of government support, compared with one out of five when George W Bush left office. This enormous shift has occurred before the detonation of a demographic time bomb that will explode towards the end of the present decade, and which will push America towards even greater dependency. This time bomb has four facets:

- ☐ The baby boomers will retire, and the percentage of Americans over 60 will jump from a sixth to a quarter of the total population in little more than a decade;
- ☐ The population that replaces the baby boomers will come to an increasing extent from families with the lowest level of educational attainment;
- ☐ A new underclass is in formation due to the jump in the rate of births out of wedlock, which comprised two-fifths of total births in 2011;
- ☐ Dependency on government support will rise sharply just as the federal government's capacity to finance the dependent population will fall.

Proportion of Americans over Age 60



Source: UN World Population Prospects, Constant Fertility Scenario

When I sent my book *How Civilizations Die* to the publisher in the summer of 2011, the prospect of America's decline still seemed remote: America had the highest fertility rate among industrial countries, the strongest technological base, the most advanced universities, and the most optimistic people. But the preponderance of new data makes the prospect of American decline a real possibility.

The numbers shed light on some of aspects of the presidential election campaign which are, or at least should be, astonishing.

Why, for example, did the Obama administration provoke the hierarchy of the Catholic Church by demanding that Catholic institutions pay for abortion pills through employee health insurance? The Catholic bishops supported Obamacare from the beginning, and the administration's decision to alienate an ally in order to placate a nearly uncontested voter bloc (young unmarried women) seems impolitic.

The answer lies in the Obama's campaign confidence that Hispanics will vote on federal handouts rather than faith. "Should I win a second term, a big reason I will win a second term is because the Republican nominee and the Republican Party have so alienated the fastest-growing demographic group in the country, the Latino community," Obama told the Des Moines Register in an October 23 interview that was originally off the record but was published with the president's permission. The Register proceeded to endorse Mitt Romney, the first Republican it had supported in two generations.

Hispanics account for 70% of the growth in the Catholic population since 1960, and will be a majority of American Catholics somewhere between 2025 and 2030, according to Church projections.

Hispanic Educational Attainment

	Number	Percent
Total	26,375	100.0
Less than 9th grade	5,599	21.2
9th to 12th grade (no diploma)	4,197	15.9
High school graduate	7,815	29.6
Some college or associate's degree	5,100	19.3
Bachelor's degree	2,652	10.1
Advanced degree	1,013	3.8

Source: Census Bureau, 2010

Hispanics are hard workers; the labor force participation rate for Hispanics in October 2012 was 66.3%, higher than the 64.8% for the total population. They also seem less dependent on food stamps than the general population (the Department of Agriculture reports that only 10% of food stamp recipients are Hispanics, who comprise about 17% of the overall population, although it cannot identify the ethnicity of a fifth of total users).

But the Hispanic unemployment rate was 10%, compared to 7.9% overall. Higher Hispanic unemployment is entirely due to lower levels of education; the unemployment rate for Americans with a high-school diploma or less stood at 12.2%.

That explains why two-thirds of Latinos (according to a November 1 Fox News poll) plan to vote for Obama. They have fared worse during the past four years than the general population, and they have taken less government help than the general population, but their prospects are far poorer than the general population in a job market that requires more education.

As the Baby Boomers leave the labor force, they will be replaced to an increasing extent by Hispanics, who comprise about 15% of the working-age population, but a quarter of American children.

Hispanic Population as a Percent of Total, by Age Group

Age Group	Percent of Total
Under 5 years	26%
5 to 9 years	24%
10 to 14 years	21%
15 to 19 years	19%
20 to 24 years	18%
25 to 29 years	20%
30 to 34 years	20%
35 to 44 years	17%
45 to 54 years	12%
55 to 64 years	9%
65 to 74 years	8%
75 to 84 years	7%
85 years and over	5%

Source: Census Bureau

The notion that Hispanics will inundate the American population through immigration and high birth rates is a xenophobic fantasy. Immigration from Mexico may have reversed during the past several years, the [Pew Hispanic Center](#) reported earlier this year, as construction and other jobs evaporated.

The Wall Street Journal reported on October 3, "The overall fertility rate for women in the US - defined as the number of newborns per 1,000 women aged 15 to 44 - was 63.2 last year, down from 64.1 in 2010 and the lowest rate since the government started collecting these statistics in 1920. And the sharpest decline was among young Hispanics: "Hispanic women between 20 and 24 saw their fertility rate drop to 115 last year from 165 in 2007."

The sudden drop in Hispanic fertility calls to mind the rapid decline in birth rates in Catholic regions during the 1960s and 1970s, notably Quebec, Spain, and Poland, which now have some of the world's lowest fertility rates. Mexico's fertility rate has fallen to barely above replacement. If American Hispanics are following the pattern in Catholic countries, it suggests that the next generation will be far less Catholic than their parents.

Hispanic Catholics are not the only segment of America's religious population whose faith appears to attenuate with generational change. Sarah Posner reported October 9 in the London-based [Guardian](#):

... the data shows [conservative Christians] are clearly losing the public. Another survey last week from the Public Religion Research Institute showed that while Mitt Romney has the support of 80% of younger white evangelical millennials (aged 18 to 25), this is a small and diminishing constituency: white evangelicals comprise only 12.3% of that age group. That's less than half their proportion of the 50 to 64 population. The Pew survey showed that while 32% of Americans aged 50 to 64 are white evangelicals, only 13% of those aged 18 to 29 are.

One can't blame President Obama for the apparent decline of religious faith among young Hispanics or evangelicals, but the contempt he shows the Catholic Church surely makes matters worse. It is harder to raise one's children in a religious community when the president disdains the largest religious denomination.

A generation less imbued with traditional values, and which weaker qualifications, is about to encounter a bleak future.

A great transition downwards in American educational levels is pre-programmed: as the most

successful generation in American economic history retires, they will be replaced to an increasing extent by children from families with very low educational levels and little cultural inclination to seek education for their children. By contrast, Asian-Americans comprise less than 12% of the total New York City school population but about three-quarters of the elite city high schools, where admission depends on entrance examinations. Income has nothing to do with the disparity; the new elite of New York City students come overwhelmingly from poor immigrant families.

No amount of government spending on education will fix the problem. Children learn how to learn, and acquire the motivation to learn, from their families. If families want to educate their children, nothing will stop them. New York's Asian-American children attend the same miserable public schools as everyone else, but their parents scrape together the tuition for cram school.

There is an obvious solution to the problem: encourage Asian immigration. It isn't enough to institute a points system like Canada's because there aren't enough Asians who already are educated to fill the gap. It is difficult to envisage how such a policy might be devised, let alone accepted. But there is nothing un-American in favoring immigrants with superior skills and education. America succeeded because it had a 90% literacy rate at the time of the Revolution, compared to less than 40% for France.

The American economy will be hard pressed to absorb labor force entrants with low skills. Construction provided opportunities to less-educated workers. It won't come back for a long time. As I wrote in a 2009 essay for [First Things](#):

America's population has risen from 200 million to 300 million since 1970, while the total number of two-parent families with children is the same today as it was when Richard Nixon took office, at 25 million. In 1973, the United States had 36 million housing units with three or more bedrooms, not many more than the number of two-parent families with children - which means that the supply of family homes was roughly in line with the number of families. By 2005, the number of housing units with three or more bedrooms had doubled to 72 million, though America had the same number of two-parent families with children.

The number of two-parent families with children, the kind of household that requires and can afford a large home, has remained essentially stagnant since 1963, according to the Census Bureau. Between 1963 and 2005, to be sure, the total number of what the Census Bureau categorizes as families grew from 47 million to 77 million. But most of the increase is due to families without children, including what are sometimes rather strangely called "one-person families."

Where will jobs come from for the unskilled?

The entrepreneurial start-up sector is dead in the water. As I reported in this space last week, "The average return on investment (ROI) for 3,181 traded US companies as of the second quarter was just 1.0%, versus 10.2% for the top 500 by market capitalization." Small companies can't cut in a globalized world where technology, manufacturing and marketing require global reach from inception. Facebook might have started in a Harvard dorm room, but the social networking giant

has pulled up the ladder behind it. Even in the freewheeling world of social media, the entry threshold is punishingly high.

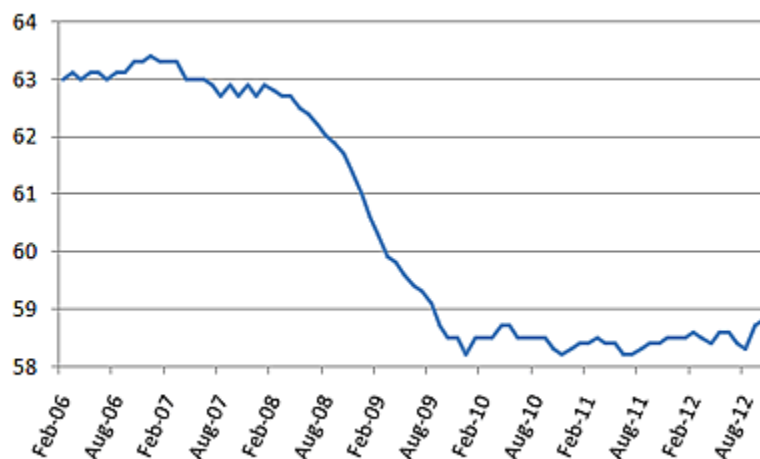
A perfect economic storm is in incubation. An American population with lower educational attainment, and with a huge continent of children raised in single-parent families, will meet a labor market dominated by corporate oligopolies that can source labor anywhere in the world.

That is the future. But the present is already cause for alarm. Nicholas Eberstadt of the American Enterprise Institute summarized his new book *A Nation of Takers: America's Entitlement Epidemic* in these bullet points:

- Entitlement outlays, after controlling for both inflation and population growth, grew by over 700% in 50 years. By 2010, the average per capita burden of entitlements for every man, woman and child was about \$7,200 apiece, or nearly \$29,000 for a notional family of four.
- In 1960, one dollar of every three taken in by the federal government was devoted to entitlements and two dollars were designated for governance. By 2010, this had reversed to one dollar for governance and two for entitlements.
- About half of Americans live in a household that receives one or more transfer payments.
- Almost half of American children are in households that receive one or more.
- About 18% of all personal income received in the United States is through government transfer payments.
- Almost 12 million working-age Americans in 2010 were receiving one or more disability entitlement payments through entitlement programs, which is one for every 11.3 people of the same age with a job.
- Around 35% of Americans in 2011 lived in households that got one or more means-tested benefits, which is about twice as high as the rate in the early 1980s.

That's why the budget deficit continues to run in excess of a trillion dollars a year. The American economy can't survive with just 58% of the working-age population employed (compared to 63% before the crisis).

Employment to Population Ratio

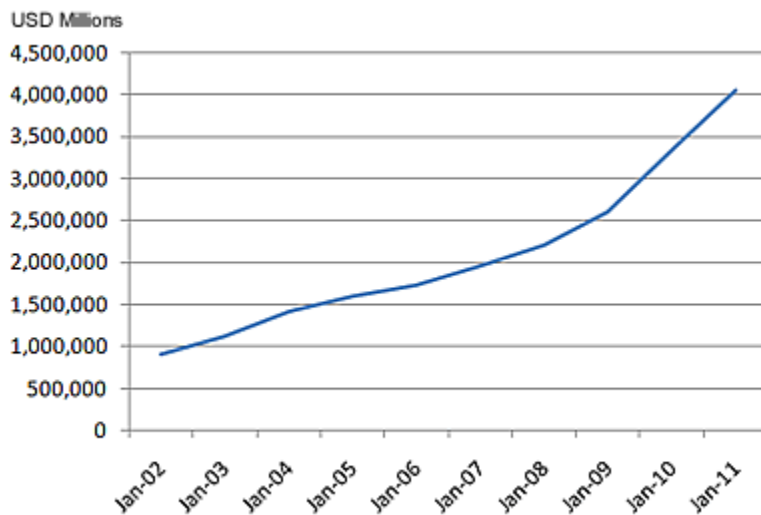


Source: Bureau of Labor Statistics

During the past year, the US Treasury borrowed \$1.2 trillion. Half of that amount was lent to America by foreigners. Mitt Romney asks whether it's worth borrowing money from China to fund each line item in the federal budget, but China was a net seller of \$165 billion of Treasury securities during the past 12 months. Japan was the largest buyer, at \$220 billion.

America cannot continue to fund an indigent population on the largesse of the rest of the world for very much longer. At some point foreigners will demand a risk premium for owning US Treasury securities. And every 1% increase in the interest rate on government debt will cost the Treasury \$160 billion a year. Obama well may turn out to be the James Callaghan of the United States, the Labor Party prime minister who brought Britain to its economic nadir during the pound sterling crisis of 1976.

Foreign Holdings of US Treasury Securities



A second term for Barack Obama promises more of the same: more dependency, more entitlement spending, more federal debt, and more dependency on foreign lenders - until the rest of the world wearies of American fecklessness and finds a better use for its money. Can America reverse the damage? Probably, if it acts now. More of the same is a prescription for a catastrophic spiral into national decline.