

## ISSUES IN PERSPECTIVE

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### *The American Demographic Cliff*

Over the last few years, we have been bombarded with apocalyptic phrases such as “fiscal cliff,” “sequestration,” “entitlement cliff,” and the persistent debt ceiling crisis. All of these are real issues and reflect the unwillingness of our governmental leaders to address the serious financial condition of America. But a recent article in the *Wall Street Journal* by Jonathan V. Last summarizes an even deeper crisis, one that captures one of the real causes of our nation’s financial crisis: A serious demographic cliff—the declining fertility rate in the United States. [The fertility rate is the number of children an average woman bears over the course of her life.] The fertility replacement rate is 2.1. Therefore, if the average woman has more children than that, the population grows; fewer children and it contracts. Today, according to the Centers for Disease Control and Prevention, the fertility rate in America is 1.93. In fact, the fertility rate in America has not been above the replacement rate since the early 1970s. The results of this demographic reality are obvious: There are more old people than young and, over time, as the older population dies, the population contracts. As Last argues, “This dual problem—a population that is disproportionately old and shrinking overall—has enormous economic, political and cultural consequences.”

Since the 1960s, we have been warned by some that we are facing dreadful dangers worldwide due to overpopulation. The prophets of this doom followed the frightening language of Thomas Malthus, an English minister of the 18<sup>th</sup> century, who predicted that food production could not keep up with population growth. The inevitable result, he argued, was calamity—starvation and malnutrition. But this conventional wisdom has proved to be wrong. (1) The global population is slowing and will actually shrink within 60 years. (2) Economist Esther Bosercups and Julian Simon have demonstrated that growing populations “lead to increased innovation and conservation. . . Since 1970, commodity prices have continued to fall and America’s environment has become much cleaner and more sustainable—even though our population has increased by more than 50%. Human ingenuity, it turns out, is the most precious resource.” As Last argues, low-fertility societies do not innovate because their incentives for consumption tilt overwhelmingly toward health care. Instead of investing aggressively in innovative projects, with the average age skewing higher, capital thereby shifts to preserving and extending life. Social Security programs are therefore in danger of insufficient funding because there are not enough workers to sustain the program. Therefore, civilizations facing this demographic shift begin spending less on defense and their position in the world begins to decline. Thus, as Last’s article demonstrates, if the fertility rate of America were 2.5 or even 2.2, many of our problems would be a lot more manageable.

But this demographic challenge of declining fertility rates is also a worldwide problem. In fact, 97% of the world’s population now lives in nations with declining fertility rates. Indeed, Japan is a powerful and compelling example of how serious the fertility rate decline can be. Its current

fertility rate is 1.3. You might recall that in the 1980s nearly everyone looked to Japan as the rising economic power of the world. It was buying significant parts of American real estate as well as other American assets. But that is not the situation today. Few see Japan as an aggressive economic powerhouse ready to take over the world. Because of its dismal fertility rate, Japan's population peaked in 2008 and has shrunk by a million since then. As Last shows, "Last year, for the first time, the Japanese bought more adult diapers than diapers for babies, and more than half the country was categorized as 'depopulated marginal land.' At the current fertility rate, by 2100 Japan's population will be less than half what it is now." For America, there is hope that we will not be another Japan. Our immigration rate is far higher than most nations and that has helped prevent the US from careening off the demographic cliff. The source of this immigration is of course Latin America, but the fertility rates of these nations are in decline at a rate even more extreme than the US. Last argues that "Many countries in South America are already below replacement level, and they send very few immigrants our way. And every other country in Central and South America is on a steep dive toward the replacement line." Mexico has been the source of hundreds of thousands of immigrants—both legal and illegal—into the US. But, for the last three years there has been a net immigration of zero. There are, of course, many reasons for this, but it does demonstrate how immigrant numbers can shift quickly.

What then are we to do as a nation? There are political, financial and social solutions. Changing tax policy is an important part of the solution, as well as fostering innovation through sensible deregulating policies. But these simple steps will not solve the real problem—the spiritual problem. Biblical Christianity fosters the importance of the family and the inestimable value of children as a gift from God. One of the key elements of human sexuality, according to Scripture, is procreation. The Bible affirms the blessing of a man and woman whose "quiver is full of children." But there is one sobering and provocative issue that at its core is both ethical and spiritual—abortion. American civilization has bought the lie that the rights of the woman are more central than the rights of the baby in that woman's womb. Since *Roe v. Wade* in 1973, the United States has sanctioned the murder of 53 million babies. What would our demographic situation be if those 53 million babies were now adults? Would our fertility rate be higher? Would there be more workers funding Social Security and Medicare? What inventions and creative, innovative solutions were not discovered or proposed because the persons who would have discovered those were killed as a baby? America's demographic crisis is exacerbating the debt crisis and the coming calamity of insufficient funding for both Social Security and Medicare. But only the naïve ignore the other cause of this crisis. The abortion holocaust has produced an unintended consequence for American civilization. When our civilization made the ethical choice to justify abortion (the killing of a human life), it made certain that there also would be a demographic crisis. Ethical choices such as abortion are never made in a vacuum. Such choices have rolling consequences through the culture. We are not only living with the shortsightedness of our leaders when it comes to the American financial condition; we are living with the consequences of placing the rights of the woman above the rights of her child. Now there are fewer children to care for and pay the taxes to support those same women in their retirement. Unwise and sinful ethical choices do indeed have profound consequences!

See Jonathan V. Last in the *Wall Street Journal* (2-3 February 2013).