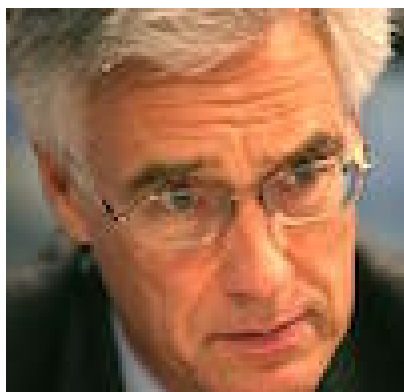

Two Cheers for Population Decline

By Adair Turner *Thu, Jan 31, 2019*

'Pension systems can be made affordable by increasing average retirement ages, which will create incentives for societies to enable healthy aging, with people enjoying good physical and mental health well into what used to be considered old age,' writes the author of 'Between Debt and the Devil.'



Since China abolished its one-child policy on January 1, 2016, annual births, after a temporary increase to 17.86 million that year, have actually fallen, from 16.55 million in 2015 to 15.23 million in 2018. The baby boom that wasn't should surprise no one.

No other successful East Asian economy has ever imposed a one-child policy, but all have fertility rates far below replacement level. Japan's fertility rate is 1.48 children per woman, South Korea's is 1.32 and Taiwan's 1.22. China's fertility rate will almost certainly remain well below replacement level, even if all restrictions on family size are now removed.

Population decline will inevitably follow. According to the United Nations' medium projection, East Asia's total population will fall from 1.64 billion today to 1.2 billion in 2100. Nor is this simply an East Asian phenomenon. Iran's fertility rate (1.62) is now well below replacement level, and Vietnam's 1.95 slightly so. Across most of the Americas, from Canada (1.56) to Chile (1.76), rates are already well below two, or falling fast toward it.

The clear pattern is that successful economies have lower fertility rates: Chile's rate is much lower than Argentina's (2.27), and wealthier Indian states, such as Maharashtra and Karnataka, already have fertility rates around 1.8. In the poorer states of Uttar Pradesh and Bihar, fertility rates over three are still observed.

We should always be cautious about inferring universal rules of human behavior, but, as Darrel Bricker and John Ibbitson suggest in their recent book *Empty Planet: The Shock of Global Population Decline*, it seems we can identify one. Since US and Western European fertility rates first fell below two in the 1970s, higher rates (for example, in the US, which averaged just over two between 1990-2010) occur only where first-generation immigrants from poorer countries bring those rates with them.

In all successful economies where women are well educated and free to choose, a below-replacement fertility rate is the average result of diverse individual behavior. Some women (typically around 15-20%) choose to have no children, many choose one or two, and some still more. All their choices should be respected; on average, they will probably tend to result in eventual gradual population decline.

Many people decry this demographic contraction, because it implies that fewer workers will have to support a growing cohort of elderly people. But while very rapid population decline, such as Japan may experience, would be difficult to manage, fertility rates moderately below replacement level (say, 1.8) would not only be manageable, but also beneficial for human welfare.

Pension systems can be made affordable by increasing average retirement ages, which will create incentives for societies to enable healthy aging, with people enjoying good physical and mental health well into what used to be considered old age. Slightly declining workforces, by making labor scarcer, will help offset the adverse impact of automation on real wages and inequality.

Meanwhile, at the global level, the lower the eventual global population, the less severe will be the competition over land use which results from rising demand for food, the need for some bioenergy in a zero-carbon economy, and the desirability of preserving biodiversity and natural beauty.

Eventual gradual population decline, provided it results from free choice, should be welcomed. By contrast, male chauvinist authoritarians such as Russian President Vladimir Putin, Turkish President Recep Tayyip Erdoğan, or Brazilian President Jair Bolsonaro, see population growth as a national imperative, and high fertility as a female duty. And even many non-chauvinist commentators assume that there is something unnatural or unsustainable about population decline, that aging societies must inevitably be less dynamic, and that large-scale immigration is the essential response to demographic decline.

But the exhortations of chauvinist authoritarians will be ineffective as long as women are free to choose. And those who propose immigration as the necessary solution to an overstated problem must face a simple reality: if all people on Earth enjoyed prosperity and free choice, immigration from other planets would not be a feasible response to the global population decline that would likely result.