

3 Takeaways Podcast Transcript
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Ep. 175: How Will Dramatically Declining Birth Rates Reshape Our World? A Population Expert Weighs In.

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INTRO male voice: Welcome to the 3 Takeaways podcast, which features short, memorable conversations with the world's best thinkers, business leaders, writers, politicians, scientists, and other newsmakers. Each episode ends with the three key takeaways that person has learned over their lives and their careers, and now your host and board member of schools at Harvard, Princeton and Columbia, Lynn Thoman.

Lynn Thoman: Hi everyone, it's Lynn Thoman. Welcome to another 3 Takeaways episode. We've been in world with a growing population, not because people have been breeding like flies, but because they've stopped dying like flies. The average lifespan used to be about 30 years, now it's about 70. As a result, world population has quadrupled over the last century, and we've gotten used to growing societies. But now populations are going to drastically shrink because of low birth rates. As former Secretary of the Treasury Larry Summers has asked, "Will a shrinking aging society be a much less happy place? A growing business is a happier place than a shrinking one, will it be the same for societies?" I'm excited to be joined today by American Enterprise Institutes demography and population expert Nick Eberstadt. I'm looking forward to finding out how declining birth rates are going to dramatically reshape our world. Welcome, Nick, and thanks so much for joining 3 Takeaways today.

Nick Eberstadt: Lynn thank you so much for inviting me. It's a pleasure to be here.

LT: It is a pleasure to be with you as well, Nick. Nick, birth rates in some places have fallen drastically below population rates, where birth are rates the lowest?

NE: All across the world, birth rates have been falling for the last generation and more. For the world as a whole, fertility, if you look at it in terms of babies per woman per lifetime is down by more than 50% since the 1960s, and there are places where it is radically, radically below the level that would be needed for long-term population stability, the replacement rate, absent immigration. Take for example, South Korea today. South Korea reported a rate last year, if continued indefinitely, which would result in less than 0.8 births per woman per lifetime, less than a single child per woman per lifetime. This is far below the level that would be needed for population stability. In Taiwan, it's also less than one birth per woman for lifetime at the moment. And these are relatively small places, but the Peoples of Republic of China is not a terribly small place, they're more than 1.4 billion persons there.

NE: And last year, according to official Chinese statistics, the tempo, if continued, would be 1.09 births per woman per lifetime. 2.1 is generally about the level needed for long-term population stability. In the case of China, where there is an imbalance between baby boys and baby girls, the net reproduction rate is even lower than you might have thought by that because there's a surfeit of boys. Populations are replaced by women, and if you do the calculations for China at the moment, if

continued indefinitely, which may not be, we're on a path where there'd be about 48 young women rising for each 100 women in the mother's generation, in the mother's child-bearing generation. So, if this were to continue, you would see China shrink by more than half in a generation ahead.

LT: That is just stunning. How about Japan and India?

NE: Japan's total numbers have been shrinking for more than a decade-and-a-half, its fertility is far below replacement, although not as eye-poppingly low as South Korea or Taiwan at the moment. Because Japan has a famous allergy to immigration, the demographic trajectory for the country is set pretty much by the battle between births and deaths. And last year, there were about twice as many deaths in Japan as births. India, we believe now, has surpassed China as the most populous country in the world, because China's population supposedly shrank a little bit last year, and it's become this deep depopulation that would accelerate. India's population is still growing. But when I first visited India in the 1970s, my colleagues at Harvard in the public health area, were all trying to figure out how they could be helpful in encouraging people in India to have fewer children. Well, as of now, the fertility level in India, on average for this nation as a whole, is below replacement, maybe 7%, maybe 10%, below replacement. Urban India has a fertility level that is more or less corresponding to the fertility level of the European Union.

NE: And if you look at the countryside in India, there are lots and lots and lots of rural areas where education is still very limited, income is still very limited, and yet birth levels appear to be on a below replacement trajectory. So, the young labor force in India, let's say the 15 to 39 year old people who will be the best educated, the most tech savvy, maybe the most entrepreneurial, that group is not going to grow over the next generation. That's not the part of India is going to grow. The number of children are not going to grow. It's going to be older people in India that increase in numbers.

LT: If I ask you to say a few words about the differing demographics on Israel and Palestine, what do you think?

NE: All of the Muslim community around the world has undergone a surprising decline in births over the last 40 years, some places much more than others. Palestinian population has had a dramatic drop in birth rates, and I think that turned out to be a surprise to many people, including me. Back in the late 70s early 80s I wrote an article saying, look at the demographic trends. Israel is going to become a minority Jewish place if Israel holds onto the territories. I was using demographic projections from those days. But a funny thing happened, going on into the future that we're living in now, which is that the birth levels for Gaza and the West Bank plunged and the birth rate for Israeli Jews boomed. Since the mid 1990s, the fertility levels for Israeli Jews have substantially increased to over three births per woman per lifetime, and it's not all Haredi (an Orthodox Jewish group), it's even more secular Jews whose birth rates have gone up. The days where Israel is out-babied, as Yasser Arafat imagined, looks like it may be never. That's not so if one includes Gaza and the West Bank but it is so if one looks at mainline Israel.

LT: And are there major surprises in Europe?

NE: I think that the biggest question in Europe has to do with immigration. There are many things that demographers can't do. One of the things they can't do is forecast with any accuracy future birth numbers, because you don't have a model for accurately figuring out what fertility levels will be,

because human beings have an agency and can kind of anticipate that. The other thing which demographers can't do very well is forecast immigration. Immigration has changed the face of Europe over the past generation and a half, and the EU as a whole, is now on average, almost as much of a land of immigrants as the United States of America. And we've got our own immigrant myth about being a nation of the immigrants. On the whole, there are a lot of success stories of immigrants in Europe, but there are also big flows of migration into Europe that have not assimilated terribly well.

LT: How about the US? How do you see the US now?

NE: Well, we've been the big exception, and if you go around the world as you have done, people will be quick to point out to you how peculiar Americans are. And we eat too much and we have too many people in jail, we have too many Bibles, and too many guns, and up until very recently, we also have too many babies for a country of our income level. From the 80s until the crash of 2008, the United States was a replacement society. It was about a little bit over 2.0 births per woman for lifetime. Our fertility has come down, especially during COVID. And so, our level is higher than the European average, but not that much higher anymore, maybe it's around 1.6, 1.7. So, 15, 20% below the replacement level.

NE: We have a long tradition of immigration but it is not an uninterrupted tradition of immigration. Back after World War I, the US put in some very restrictive laws about immigrants and didn't change those laws until the mid 1960s. I don't think that we can take continued immigration into the United States for granted as an immutable part of our future, if I were to design a policy which would create an anti-immigration backlash, I'm not sure I could do very much better than the horrible chaos that we're seeing on our southern border at the moment due to government indirection.

LT: Nick, what's happening in Africa?

NE: There's a big difference between Northern Africa and Sub-Saharan Africa. Northern Africa is all part of that Ummah (the Muslim world) significant fertility decline without the socio-economic modernization that we've seen in east Asia. It's happening because there seems to be a change in mentality in northern Africa. There also a sort of a flight from marriage by women postponing marriage age or forgoing it all together that you don't see in the rest of the Ummah. In Sub-Saharan Africa the child-bearing level at the moment is about 75% above what would be required for population stability, so most of the young population growth and an increasing share of overall working age population growth we're going to see in the next decade is going to come from the Sub Sahara.

LT: Different countries like Sweden and Japan have tried to increase their births. What have different countries tried and how has it worked out?

NE: There have been family bonuses, baby bonuses, housing bonuses, tax credits, all sorts of different attempts to incentivize the parents to have more children, and my interpretation is that prenatal policies generally have been very expensive for really modest demographic increments. And the reason, in my interpretation for this, goes back to what I said earlier about family size reflecting the desires of women, desires of parents, how many children they want to have. It's kind of hard to change that without mind control or a religious revolution or a change in political

viewpoint or something like that.

NE: So, what you usually see with pro-natal policies, especially expensive, ambitious ones, is a temporary bump followed by a slope with some parents grabbing the money and running. People who are kind of on the fence about when they're going to have their second baby or the third baby, decide now is a good time. And then that's that and they don't go on to have the fourth or the third or whatever is supposed to come out of the policy. We've seen that in Singapore, we've seen that in Russia, there is a slight exception in Viktor Orban's Hungary. He has a famous or some would say, a notorious pro-natal policy in effect in his country today, and it is conditioned upon marriage.

NE: Back in the East German days, the German Democratic Republic was happy to have East German babies, whether they had two parents or not. Orban's government has restricted benefits to married parents. This has not been terribly effective in raising birth rights, but it had a big impact, it seems, on changing the proportion of married parents in Hungary. The proportion of kids born outside of marriage has plunged since this policy began. So, some would say that's a kind of an interesting result. I guess we have to see, like with all of these other policies, what happens after a few more years, if this a temporary blip or does it stick.

LT: It sounds like the different policies then have affected the timing of babies, but not the number of them. Nick, if I asked you to summarize, what are the most important points about birth rates and world demography?

NE: We're going to see a peaking of the young labor force of the 20-somethings and 30-somethings in about a year, and that critical group all around the world is going to be shrinking for certainly the remainder of my lifetime, that's one thing. We're going to be seeing a tsunami of people my age and older senior citizens all around the world over the next generation, and figuring out how to unlock the value of healthy aging is going to become an increasingly important part of world economy. And third thing is, I don't think we should panic about population decline. Back 50 years ago when I was a young one and I was starting to learn about demographics, we were in the midst of a global demographic upheaval. There was the population explosion.

NE: And there were an awful lot of people who were quite alarmist about this. What I think was being missed was that this was an explosion being driven by health, and if you have to have a population problem, a health explosion is not such a bad one to have. The health explosion is still continuing, the education explosion is still continuing, the scientific and technological revolution are still continuing. These provide a lot of wind for our sails if we are deliberate about trying to figure out how to maintain and improve prosperity for aging and shrinking societies.

LT: Nick, what should I have asked you that I have not?

NE: You've been pretty comprehensive, Lynn. I can't think of anything off-hand.

LT: What are the 3 takeaways you'd like to leave the audience with today?

NE: Demography is not destiny for us, but it does alter the realm of the possible, that's the first one.

LT: If I can ask you a question, how is demography not destiny if a country's population is going to shrink by an enormous number like 50% in China or South Korea?

NE: Because it alters the realm of the possible. But within the realm of the possible, there's still human agency, and there are a lot of things that one can do, there's a lot of room for adjustment and optimization, even with a shrinking population or with a big growing population. What's missing from demography is destiny, what's missing from that wonderful aphorism is I think human agency. I tend to be a human agency boy, not a demography as destiny boy.

LT: And your other two takeaways?

NE: We're in the midst of an ongoing human resources revolution, a seemingly un-stopping improvement in health and skills, and that is going to stand us very well in the years ahead, no matter what the demographic profiles of countries are like. And the third takeaway is we can wreck it and let's not wreck it.

LT: How are you worried that we will wreck it?

NE: Through bad politics, through Luddite politics, through anti-technological politics, through totalitarian attempts to create earthly utopias with all of the horrific unintended consequences that come with those. Or even perhaps through things that I'm not thinking about. I can't really imagine terribly well, like anomie or lassitude, which somehow enervates people from doing the obvious things they need to improve options for the future.

LT: Nick, thank you. This has been fascinating.

NE: Lynn, it's a delight. Thank you so much for inviting me.

OUTRO male voice: If you enjoyed today's episode and would like to receive the show notes or get new fresh weekly episodes, be sure to sign up for our newsletter at <https://www.3takeaways.com/> or follow us on [Instagram](#), [Twitter](#), [LinkedIn](#) and [Facebook](#). Note that 3Takeaways.com is with the number 3, 3 is not spelled out. See you soon at 3Takeaways.com (<https://www.3takeaways.com/>)

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