

Baby Bust

Falling Fertility Rates Point to a Global Population Decline

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Two centuries ago, a minister named Thomas Malthus theorized that the world's population growth would far outpace growth in the food supply. The result, he predicted, would be perpetual overpopulation, famine and poverty.

Today, evidence points to the opposite happening: a global population decline. But the economic consequences may be just as significant.

"What we're seeing right now is a revolution in fertility," says Joseph Chamie, director of the United Nations population division. Just three years ago, the division had projected a mid-century fertility rate in major developing nations of 2.1 children per woman, the rate at which the population would replace itself, with 0% growth. Last year, the group revised that projection downward to 1.85.

That means the world's population, now six billion, could level off at about nine billion by midcentury, rather than the 12 billion that the U.N. was predicting a decade ago. After that, the move could be downward: A 2001 study by Austria's International Institute for Applied Systems Analysis predicts a decline of nearly 500 million in the world's population by the last quarter of the century.

Massive Assumptions

Of course, all of these projections are based on massive assumptions—that there won't be a nuclear world war, that China will continue to mandate population control. It's certain for now, however, that fertility rates are falling in virtually every country in the world. The U.S. and France are two of the few exceptions.

In developing countries, fertility rates are declining for a variety of interconnecting reasons. Among them: women are becoming more educated, leading to greater employment opportunities and more financial independence; increased urbanization, which makes it harder for people to sustain more than one or two children; and the increased availability of contraceptives.

"The factors that have long operated in Europe are now emerging in developing countries," says Mr. Chamie.

In some countries, families are responding to government initiatives to keep the number of children down. In Iran, a family-planning campaign has succeeded in reducing the birthrate from four children per woman in the 1980s to two today. Women in Iran are now given maternity leave for only three children. Family-planning clinics operate in all remote corners of the country, ed-

ucating young women about contraceptive options.

Sub-Saharan African nations are special cases. The AIDS epidemic has already had a devastating effect on the continent's population, and fertility rates have plunged (though AIDS is not the only reason). But demographers are unclear what the outcome will be. Some argue that African parents may choose to have more children to offset AIDS-related deaths; others say parents will have fewer children, because they don't want them to be orphaned.

In Japan, which has the world's longest life expectancy, the low birthrate means the population will start declining in 2006, and soon there won't be enough young people to support the growing number of elderly. Like other developed countries facing a rapidly aging population, Japan will have to find ways to improve productivity, or it will likely be forced to encourage immigration to compensate for a lack of workers.

Mexicans are finding a declining birthrate a mixed blessing. Fertility rates in Mexico have dropped sharply, from an average of seven births per family in the 1970s, to just over two births today. Consequently, Mexico now has the potential to have more people in the labor force than unemployed. "For the first time in our history we have the opportunity to create a middle class," says sociologist Agustin Escobar.

The downside: Mexico still has a huge population of teens today and needs to create almost a million new jobs a year to keep pace with those entering the work force, something it has failed to do for the past three years.

Demographic Bonus

In the short term, a declining birthrate can produce what is known as a demographic bonus: reduced social costs as a greater proportion of the population works, and a boost for the national economy from the larger number of the people who can spend and invest. Mr. Chamie estimates that between 15% and 40% of the growth in per capita income in East Asia over the past several decades can be attributed to a temporary bulge in the work force as fertility declined swiftly.

Thailand has benefited from a demographic bonus over the last 25 years. China, where the current fertility rate of 1.8 is below the replacement level, partly because of stringent family-planning policies, is in the middle of a demographic bonus now. India will likely see the same as its fertility rate falls, says the U.N.'s Mr. Chamie.

The size of India's population—now over one billion—tends to obscure some significant progress in curbing birthrates, especially in the country's southern states. There, educated women are increasingly putting off marriage to develop their careers in

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the country's booming information-technology industry. Their experience demonstrates how increasing prosperity, high literacy rates and women's empowerment can directly affect fertility.

Some countries concerned about their shrinking work force are trying to encourage people to have children. But such measures have proved ineffective. Singapore has had state-supported dating services for years, organizing tea parties and outings as a way to introduce men to women. In April it also launched a "baby bonus" package that pays parents to have more than one child; they get about \$275 a year for the second child, and \$550 a year for the third. Still, the tiny country's birthrate last year hit

a historic low of 1.4.

The exception among developed countries is the U.S., whose birthrate of two children per woman is close to the replacement rate of 2.1. And the U.S. population is growing, thanks in large part to a relatively open immigration policy. In the next 50 years, the U.S. population is projected to rise to 400 million from 280 million if the current growth rate continues. About 80% of that rise would represent new immigrants or descendants of immigrants.

*Should national governments play a role in encouraging or discouraging fertility?
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