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## DECLINING BIRTHRATES, EXPANDED BUREAUCRACY: IS U.S. GOING EUROPEAN?

by [Joel Kotkin](#) 09/16/2011

To President Barack Obama and many other Democrats, Europe continues to exercise something of a *fatal attraction*. The “European dream” embraced by these politicians — as well as by many [pundits, academics and policy analysts](#) — usually consists of an America governed by an expanded bureaucracy, connected by high-speed trains and following a tough green energy policy.

One hopes that the current crisis gripping the E.U. will give even the most devoted Europhiles pause about the wisdom of such mimicry. Yet the deadliest European disease the U.S. must avoid is that of persistent demographic decline.

The gravity of Europe’s demographic situation became clear at a conference I attended in Singapore last year. [Dieter Salomon](#), the green mayor of the environmentally correct Freiburg, Germany, was speaking about the future of cities. When asked what Germany’s future would be like in 30 years, he answered, with a little smile, “There won’t be a future.”

Herr Mayor was not exaggerating. For decades, Europe has experienced some of the world’s slowest population growth rates. Fertility rates have dropped well below replacement rates, and are roughly 50% lower than those in the U.S. Over time these demographic trends will have catastrophic economic consequences. By 2050, Europe, now home to 730 million people, will shrink by 75 million to 100 million and its workforce will be 25% smaller than in 2000.

The fiscal costs of this process are already evident. Countries like Spain, Italy and Greece, which rank among the most rapidly aging populations in the world, are teetering on the verge of bankruptcy. One reason has to do with the lack enough productive workers to pay for generous pensions and other welfare-state provisions.

Germany, the über-economy of the continent, has little hope of avoiding the demographic winter either. By 2030 Germany will have about 53 retirees for every 100 people in its workforce; by comparison the U.S. ratio will be closer to 30. As a result, Germany will face a giant debt crisis, as social costs for the aging eat away its currently frugal and productive economy. According to the American Enterprise Institute’s Nick Eberstadt, by 2020 Germany debt service compared to GDP will rise to *twice* that currently suffered by Greece.

Europe, of course, is not alone in the [hyper-aging phenomena](#). Japan, South Korea, Taiwan and Singapore face a similar scenario of rapid aging, a declining workforce and gradual depopulation.

In the past, it seemed likely America would be spared the worst of this mass aging. But there are worrisome signs that our demographic exceptionalism could be threatened. One cause for concern is rapid decline in immigration, both legal and illegal. Although few nativist firebrands have noticed, the number of unauthorized immigrants living in the U.S. has decreased by 1 million from 2007. Legal immigration is also down. Meanwhile, the number of Mexicans annually leaving Mexico for the U.S. declined from more than 1 million in 2006 to 404,000 in 2010 — a 60% reduction.

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More troubling still, fewer immigrants are becoming naturalized residents. In 2008, there were over 1 million naturalizations; last year there were barely 600,000, a remarkable 40% drop.

The drop-off includes most key sending countries, including Mexico, which accounts for 30% of all immigrants. Since 2008 naturalizations have dropped by 65% from North America, 24% from Asia and 28% for Europe. In fact the only place from which naturalizations are on the rise appears to be Africa, with an 18% increase.

This drop off, if continued, will have severe consequences. Since 1990 immigrants have accounted for some 45% of all our labor force growth and have increased their share from 9.3% to 15.7% of all workers. These immigrants, and their children, have been one key reason why the U.S. has avoided the deadly demography of Europe and much of east Asia.

This decline can be traced, in part, by rapid decreases in birthrates among such traditional sources of immigrants such as China, India, Mexico and the rest of Latin America. Mexico's birthrate, for example, has declined from 6.8 children per woman in 1970 to roughly 2 children per woman in 2011. This drop-off has reduced the number of Mexicans entering the workforce from 1 million annually in the 1990s to about 800,000 today. By 2030, that number will drop to 300,000.

A second major cause lies with the improved economy in many developing countries like Mexico. According to economist Robert Newell, per-capita Mexico's GDP and family income have both climbed by more than 45% over the last 10 years. Not only are there less children to emigrate, but there's more opportunity for those who chose to remain.

Asia not only has lower birthrates, and, for the most part, better performing economies. As a result, immigrants — many of them well educated and entrepreneurially oriented — who in earlier years might have felt the need to come to the U.S. now can find ample opportunities at home. Many educated immigrants and graduate students, notably from Asia, are not staying after graduation. America's loss is Asia's gain.

Finally the weak U.S. economy is also depressing birthrates to levels well below those of the last decade — birthrates that could soon reach its [lowest levels](#) in a century. Generally, people have children when they feel more confident about the future. Confidence in the American future is about as low now as any time since the 1930s.

Other factors could further depress birthrate. High housing costs and a lack of opportunities to purchase dwellings appropriate for raising children have contributed to the [growth of childless households](#) in countries as diverse as Italy and Taiwan. Until now, American home prices — including those for single-family units — were relatively affordable outside of a few large metropolitan areas.

But now many local and state governments — often with strong support from the Obama Administration — are implementing European-style “smart growth” ideas that would severely restrict the number of single-family houses and drive people into small apartments. For decades, areas with affordable low-density development (such as Houston, Dallas, Nashville, Raleigh and Austin) have [attracted the most families](#). If we become a nation of apartment-dwelling renters, birthrates are likely to slide even further.

What does this suggest for the American future? History has much to tell us about the relationship between demographics and national destiny. The declines of states — from Ancient Rome to Renaissance Italy and early modern Holland — coincided with drops in birthrates and population.

To many in Europe our entrance to the ranks of hyper-aging countries would be a welcome development. It would also cheer many academics and greens, and likely some members of the Obama Administration, who might see fewer children as an ideal way to reduce our carbon footprint. Perhaps happiest of all: the authoritarian Mandarins in Beijing who can send their most talented sons and daughters to American graduate schools, increasingly confident they will return home to rule the world.

*This piece originally appeared at Politico.*

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