Less People with More

The Concept of Demographic Economics

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I. Introduction

As the nation leans further into the 21st century, its denizens should ask, "Do we want more people having less or less people having more?" Does the economy serve the people or vice-versa? These are the quintessential questions that a concept called Demographic Economics will address in this article.

A. America's Population Challenge

To get a bird's eye view of America's population challenge, consider this February 2008 statement from the Pew Research Center, "If current trends continue, the population of the United States will rise to 438 million in 2050…and 82% of the increase will be due to immigrants arriving between 2005 to 2050 and their U.S.-born descendants." Another credible, but conservative projection by the U.S. Census Bureau in 2009 placed the mid-century head count at slightly less than 400 million. And more recently (August 2014), the U.S. government's internet Pop Clock (www.census.gov/popclock), which makes minute-by-minute estimates of our census, puts us well over 318 million people and growing by the second.

There is little to suggest that these population forecasts won't be met. Yes, another 100 million by the mid-century mark is very probable. In forty years or less, America will add more people than currently living in the states of California, Texas, and New York combined.

Those favoring robust fertility and liberal immigration quotas were recently concerned that this population boom would taper, as there had been a drop off in growth attributed to a sluggish economy. Anecdotal information suggests that they need not worry, since births and illegal entry are once again picking up.

Overall, long term demographic data clearly establish a seemingly unstoppable upward climb, in spite of a few economic setbacks along the way. So what does this all mean? First, *we have to understand that overpopulation is a gateway problem* in the sense that when a nation has too many people, addressing, environmental and socio-economic issues, particularly the building and maintenance of infrastructure, becomes increasingly more difficult if not impossible.

For instance, if human needs outstrip the local water supply, there are serious ecological and economic consequences to confront. Generally the first step is to employ rationing during serious draughts to curb residential and business water use in hopes that such conservation measures will enable continued agricultural production to feed the masses, while still meeting everyday living needs of the citizenry. As the reality sinks in that a limited or reduced supply may be permanent, more and deeper wells are sunk at huge costs in pursuit of lowered water tables. Of course in coastal metropolitan areas energy-intensive desalinization plants can be built, taking some strain off of land based water sources, yet putting more demand on the electrical grid. All of which eventually shifts higher costs to consumers, many of whom can ill afford them.

In education, a similarly complex situation exists. If an already overburden school system has inadequate buildings, large class sizes, and overwhelmed teachers, with no let-up in enrollment due to a growing population of children, budget-compromised school districts are destined to fail, as currently witnessed across the nation. (A good example of such a challenge is in a recent Migration Policy Institute report[1]).

Another issue related to too many people, is the relationship of available jobs to the size of the growing labor pool. As a result of the Great Recession, a stumbling economy has been, until recently, barely able to keep up with population growth and is just beginning to make a serious dent in "the labor force in waiting." That is to say, 19 million workers still remain un- or underemployed or are marginally attached to the work force according to the June 2014 Bureau of Labor Statistics monthly report. Strangely enough, the government continues the policy of adding over 1 million immigrants per year to compete with that same pool of job seeking Americans.

And then of course, there is the human issue of climate change. The International Panel on Climate Change attributes increased carbon emissions over the past several decades to *human activity* with primary culpability being placed on the burning of fossil fuels. The amount of emissions coming out of smokestacks and tail pipes is closely tied to the number of people needing electricity and driving cars. Certainly developing technology can mitigate the amount of emissions, as witnessed by the efforts of the auto industry to reduce fuel consumption and the power industry to switch from coal to more clean burning natural gas. According to the EPA, U.S. emissions were reduced by 3.2 percent from 2011 to 2012. Those are encouraging signs, yet in 2012 over 317 million Americans drove 6,526 million metric tons of CO_2 into the atmosphere.[2] Hidden in these huge releases is a seldom-recognized polluter that harkens from our nation's breadbasket.

According to the May 2014 issue of National Geographic Magazine, dinner is responsible for big climate impacts. "Agriculture is among the greatest contributors to global warming, emitting more greenhouse gases than all our cars, trucks, trains, and airplanes combined – largely from methane released by cattle and rice farms, nitrous oxide from fertilized fields, and carbon dioxide from the cutting of rain forests to grow crops or raise livestock."[3] (Of course no mention was made of the methane released after dinner by more than 7 billion humans on the planet.)

Getting back to the main point, it is clear from these examples that the more people a nation or planet has, the more stress placed on the environment and the social and physical infrastructure serving their needs. According to the American Society of Civil Engineers, the U.S.' already overloaded infrastructure is in serious disrepair costing trillions to repair or replace. Yet, no thought is being given to the future needs of another 100 million new people coming down the pike mostly from mass immigration. Metaphorically, when the bathtub is overflowing, wouldn't you first turn off the water faucet to remedy the situation?

B. What Does America's Future Look Like?

As we are keenly aware, people living in America's great metropolitan areas are packed daily into commuter trains and buses, stuck on slow moving freeways, caught in interminable traffic jams, hoping someday to escape to a quieter, less frenetic place. But this crowdedness is here to stay, whether we like it or not. And it's coming to a neighborhood near you, if it hasn't already.

Bigger and More Crowded Cities

For the first half of this new millennium, futurists tell us that life in America is going to be even more “urban, dense and crowded.”[4] Some of our biggest cities will literally become “skyline cities” with forests of skyscrapers stretching out over hundreds of nature-less square miles, housing people and the businesses that serve them. And the sprawl that many abhor is here to stay as the burbs and suburbs meld together, while traipsing onto adjacent land, forming “megacities” like Shanghai (23 million) in China and Mumbai (20.5 million) in India.

It looks as though the majority of Americans on Atlantic, Gulf, and Pacific coasts will be shoehorned into swelling megalopolises with the wealthy living in well-secured campuses surrounded by whatever is left of the middle class, while the poor are forced into marginal neighborhoods where less desirable land and housing are expected to be cheaper. All of these areas will have high-rises and skyscrapers housing tens of thousands, facing the same daily challenges of life, irrespective of race, ethnicity and income. In such urbanity, the most crucial socio-economic issues will be: “How we will govern ourselves to meet civil needs?” and “Will there be enough jobs paying a livable wage?”

Some will find the vibrancy, the convenience of public transportation, easy access to big box stores, shops, the arts and cultural life, as well as being part of an electronic virtually-connected world to be a preferred way of life, while others will lament having left rural and suburban quietude behind. Irrespective of being young, middle-aged, or older, will you have a choice of living where you wish? And the answer is quite simple and pragmatic: “Probably not, for if you need a job, the mega-city will be the place to find most of them.”

For those wanting elbowroom and a more bucolic connection to nature, your future will be similarly constrained, often leading to farming and mining hubs where supportive businesses, such as equipment makers and mechanics, seed and fertilizer distributors and transportation companies provide employment opportunities along with important small business enterprises. Whereas the mining of coal, minerals and metal industries will remain viable despite periodic ups and downs, it is agriculture that has the best prospects of thriving with persistent demand for food production due to ever-increasing population growth...so farming (particularly in the heartland) should be a promising source of steady income. However, because of anticipated climate changes, Mother Nature may exact a heavy toll now and then, making today’s farming riskier than ever. Here is a glimpse of the major challenges facing American farmers:

Depleting Water Supplies and Food Production

The eight Great Plain states are considered one of the most bountiful agriculture areas in the world. Livestock and major crops of corn, wheat and soybeans are produced by a wide-swath of farms from South Dakota to Texas, drawing water from the underlying Ogallala aquifer for irrigation. There is growing concern that the overall use rate of this vast aquifer is greater than the rain and ground water recharge. With new technology and disciplined water conservation measures the rate of decline is being slowed. However, nobody knows if these measures are sufficient to sustain this critical source of water.

The same holds true for Washington State’s desert-like Palouse Country located on the southeast edge of the Columbia River Basin. Having a number of aquifers that are being mined by growing cities and particularly by lucrative winter wheat farming outside of Pullman, there is growing concern about sustainability. The current water discharge rate is exceeding replenishment, putting long-term wheat farming in the area into question, as close-by college towns continue to grow in size and compete for the same water source.

Similar concerns exist in central California, where much of the nation gets its fresh fruit and vegetables. Currently, one of the worst draughts in history is affecting the watersheds of the Sierra Nevada Mountain range, which are the primary sources of water for farms in the Sacramento-San Joaquin River Delta. And this draught is also wreaking havoc on the "Salad Bowl" of Salinas Valley, where rain-fed well water levels are declining. Southern California also grows grain and cotton drawing water from local wells and the Colorado River. As most know, upstream withdrawal in water scarce areas in Arizona and Colorado leaves a depleted river by the time it gets to Nevada and Southern California. And there is little to suggest that things will get better as the population increases in these typically dry areas.

The rest of the nation can cite parallel examples; the agricultural challenges involved are widespread. The growing of crops around the U.S. remains uncertain as climate changes ramp up. With the expected temperature increase in some areas, while others get periodic torrential down pours, what is going to happen to the soil and crop yields? In addition, with another 100 million more American residents expected in the next 40 years or so, demand for all agricultural products will be on the rise putting even more pressure on the efficient use of available water, food production and prices.

Productive Agricultural Land Loss

In their latest report of 2013, titled "The Fifth Assessment," the International Panel on Climate Change makes the point that temperature increases and/or cooling, carbon concentrations in the air, and seasonal variations in weather will be regional if not a local phenomenon. And until climate changes actually happen, it is hard to specifically pinpoint what is going to occur. But some general expectations can be derived from the scientific understanding involved and here are some big picture outlooks:

There will be land loss from rising sea levels. This means East coastal areas, particularly the lowlands in Florida; the tidal areas of the Gulf States along with those on the West Coast, (most notably San Francisco Bay and the Puget Sound) will see some losses of rich bottom land to the sea with salt water intrusion on some seaside farmland. On the positive side, in time these newly converted lands may become productive sources of seafood, which will be badly needed.

There will be some arable land lost to desertification and, as temperatures rise, draughts become more frequent and seasonal flooding erodes adjacent stream and river lands. What was once good farmland may slowly turn into non-productive deserts. Unfortunately how widespread the losses will be can only be determined after it happens. Should the draught in California be extended for several more years, maybe we will get a better idea of what to expect.

While farmland losses are anticipated, crop yields may actually increase in some areas due to warmer weather and heavier concentration of carbon dioxide. For example, in northern latitudes, such as those states and provinces on either side of the Canadian border, one might see longer growing seasons with higher food production.[5]

Irrespective of unpredictable twists and turns in regional weather patterns, there seems to be a consensus that greater crop yields will be needed to offset anticipated farmland and crop damage and losses. Major efforts are being made by agricultural departments of universities and companies around the world to boost crop yields as they recognize the predicament facing humanity. With improved farming practices, better fertilizers, genetically modified foods and varieties to combat draught and pests, there is hope that production can be maintained as people numbers grow. Nonetheless, the populace will have little choice but to accept the reality of artificially induced food production, diets with less meat, and higher prices for most food staples.

Despite these challenges, American farming appears to be a steady, but very limited source of future jobs, as family and corporate farmers seek to feed hundreds of millions in our cities and towns with increased mechanization, targeted fertilizers and pesticides, and more efficient irrigation systems. As the U.S. adds hundreds of thousands to the census, agricultural products from neighboring countries will also play an ever-important role in determining food security. Unfortunately, these imports will also further our dependence on other nations in a very uncertain and risky geo-political world.

The question every American should ask, "Is it in our nation's best interest to continue adding people under these circumstances?" The sensible answer of course is "No." But why then, are our political and corporate leaders hell-bent to do so? The answer is quite simple. In their minds unfettered population growth has been a boon, but for most of the rank and file their economic status has deteriorated for several decades as will be seen shortly.

What follows is a down to earth discussion on what the American economy is all about and why your future prosperity and those of your children are tied to demographics. So let's begin this odyssey through the tangled web of economics and politics, the implications of which are grounded in demographics.

II. An Ideological Collision: Growthers Versus Sustainers

To start, there are two opposing forces in this ideological struggle to best meet the needs of Americans. The two protagonists are "The Growthers" and the "The Sustainers," who have and will duke it out for many decades to come. Unfortunately, those adults living today probably won't see who wins this struggle, but chances are quite good that their grandchildren will. At some point in this century, nature will render a biophysical verdict and let's hope it favors humankind and does not render an ultimate death sentence for us. (For those interested in the future of human life on earth, Jergen Randers' 2012 publication "2052-A Global Forecast for the Next Forty Years" is very profound and enlightening.)

The U.S. "Growthers" believe that the long-term health of our economy hinges on robust fertility and a generous immigration policy. Theoretically, with an ever-increasing population base there's a constant boost to the number of people buying the nation's products and services, resulting in prosperity for all. For more information on this topic see "A Population Primer" at www.elbowroomUSA.org.

Further, Growthers believe that in the process of extracting renewable or nonrenewable natural resources for economic throughput and production, science and technology can create substitutes should they peter out. In essence, man's genius is capable of overcoming any shortcomings of nature, thus there are no planetary limits that can't be overcome. In recent decades, both children and adults have been indoctrinated with this nostrum by the political elite and the American captains of industry.

By contrast, "The Sustainers" are those that believe that the planet, a nation, a region, or locality has a natural or "ecological carrying capacity," which supports not only human life, but all endemic species. Should human beings continuously exceed earthly limitations, eventually a condition of "overshoot" is reached requiring eventual correction or otherwise resulting in collapse and perhaps even extinction of inhabitant species, including us. For a more expansive discussion on these ecological concepts, please refer to the "Population Primer" and Randers 2012.

To avoid this calamity and perpetuate a healthy and vibrant economy for generations to come, Sustainers say mankind must wisely use the best science and technology available to determine nature's boundaries and then establish population management policies to keep human numbers and activities in balance. Intuitively and intellectually many Americans share this view with the Sustainers, but for the nation's leadership this is an anathema.

In this era of ideological warfare and political dysfunction, "seventh generation" wisdom – or forward thinking, as advocated by the Sustainers – will be strongly resisted by today's entrenched corporate interests, which have trillions of dollars at stake in keeping the status quo. But not all business-minded people are so fixated.

At the opposite end of the continuum there is a an enlightened constituency that is becoming more aware that unmanaged population growth and sustainability are countervailing forces that will have to be addressed at some point for the nation to prosper in the longer term. With the advent of "benefit corporations" there is growing hope that more businesses will recognize that the "good of the commons" is just as important as making profits (see insert). For benefit corporations, true success may be more in line with achieving social and environmental goals envisioned by the Board of Directors, than merely meeting financial performance expectations alone.

Now that the protagonists have been described in this struggle for life or death, let's take a look at recent history to see how America got into this demographic conundrum.

A benefit corporation is a class of corporations that voluntarily meets higher standards of corporate purpose, accountability, and transparency. Benefit corporations:

1) have a corporate purpose to create a material positive impact on society and the environment;

2) are required to consider the impact of their decisions not only on shareholders but also on workers, community, and the environment; and

3) are required to make available to the public an annual benefit report that assesses their overall social and environmental performance against a third party standard.

- www.benefitcorp.net/quick-faqs

III. Once Alarmed…Now Uncanny Silence About the Too-Many-People-Problem

Beginning in the late 1960s, there was a growing awareness that the world's population was getting out of control, particularly in undeveloped countries, causing serious environmental degradation. In the U.S., two key environmental organizations, Zero Population Growth (ZPG) and the Sierra Club, began sounding the alarm that we too had a people problem. The message was heeded by then President Nixon and the Congress.

In a special message to Congress on July 18, 1969, President Richard M. Nixon boldly made a case for establishing a "Commission on Population Growth and the American Future." At that time there were approximately 100 million fewer Americans and the fertility rate was 1.7 births per woman (compared to 1.9 births per woman presently). Nixon was deeply concerned that population growth could get out of hand and be damaging to the Democracy.

Here are a couple of quotes from his speech that set the stage for Congress to act. His remarks are particularly prescient in view of our present day problems.

"For some time population growth has been seen as a problem for developing countries. Only recently has it come to be seen that pressing problems are also posed for advanced industrial countries when their populations increase at the rate that the U.S., for example, must now anticipate. Food supplies may be ample in such, but social supplies – the capacity to educate youth, to provide privacy and living space, to maintain the processes of open, democratic government – may be grievously strained."

President Nixon goes on to say, "How will we educate and employ such a large number of people? Will our transportation systems move them about as quickly and economically as necessary? How will we provide adequate health care when our population reaches 300 million? I believe…the Federal Government does have a special responsibility for defining these problems and for stimulating thoughtful responses… Perhaps the most dangerous element in the present situation is the fact that so few people are examining these questions from the viewpoint of the whole society…in the government sphere…there is virtually no machinery through which we can develop a detailed understanding of demographic changes and bring that understanding to bear on public policy."

As often happens, the Commission took on the short hand name of its appointed chairman John D. Rockefeller III. In Mr. Rockefeller's July 18, 1969 transmittal letter of the Commission's report to the President, he says, "After two years of concentrated effort, we have concluded that, in the long run, no substantial benefits will result from further growth of the Nation's population, rather that the gradual stabilization of our population would contribute significantly to the Nation's ability to solve its problems. *We have looked for, and have not found, any convincing economic argument for continued population growth. The health of our country does not depend on it, nor does the vitality of business nor the welfare of the average person*" (emphasis added).

In short, this 1972 report recommended that the United States should "welcome and plan for a stabilized population." "[A Population Primer]" offers more in-depth analysis of this topic.

Why then didn't Congress and or the President commence the job of stabilizing the population with this type of ringing endorsement and recommendations from an assemblage of high-powered business executives, economists, and scientists? Much to everyone's amazement Mr. Nixon rebuked the work of his own Commission. Unfortunately for the country, there were aspects of the report that the conservative Nixon could not personally tolerate either religiously or politically, namely the federal funding of contraception and abortion.

Like so many political dramas there is usually something going on behind the scene. It should be noted that Nixon was up for re-election and there are those who believe that the Catholic vote was at stake. Should he support some of the more controversial recommendations of the Commission, the conservative elements of the Republican Party along with the Catholic Church would oppose his re-election. Needless to say, Mr. Nixon made a calculated political decision that historians will have to assess. Was the nation hurt more by his reversal of course on the Commission's work or by his humiliating impeachment following the Watergate scandal? In the short term Watergate hurt the pride and image of the nation, for which we have recovered. But as the years gather, it is clearer that his failure to lead on population stabilization has put the nation in peril and will continue to do so until corrective measures are taken.

Regardless of what President Nixon's motives were, there is no question that a momentous opportunity was lost in 1972. Had the Commission's recommendations been implemented, demographers suggest that the United States would have reached a peak of 250-255 million around 2020 to 2025 (Figure 1) and then leveled out at a lesser count during the rest of the 21st century. Instead the U.S. is now over 318 million (as of July 2014) and is adding about 27-30 million people per decade with no let-up in sight. With this exponential growth the U.S. may reach the half-billion mark sometime in middle of this century, which ironically is two and a half times the population size that alarmed the nation back in 1970.

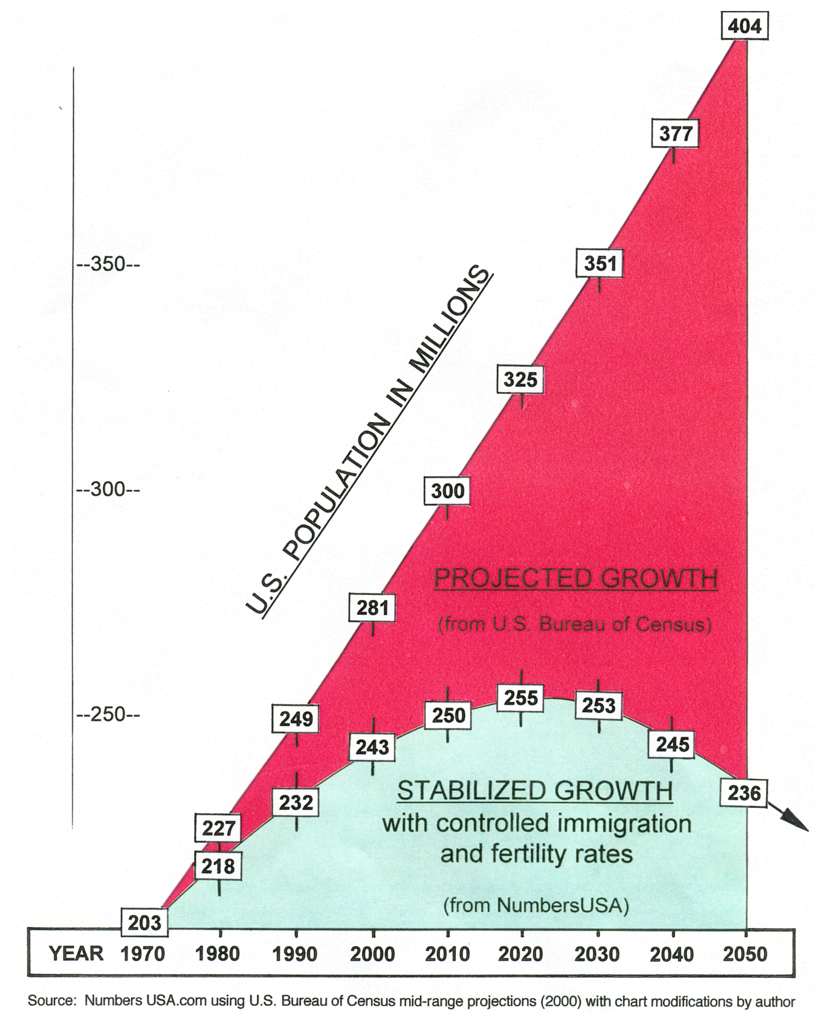

Figure 1. Projected Growth in the U.S. to 2050

Looking back…those years of the Rockefeller Commission were the highpoint of the Sustainers influence. While the concept of ecological carrying capacity as it pertains to people was a vague notion at the time, the threatened diminution of the democratic process, resource depletion and environmental damage by human activity were front and center and the public was much aware and supportive of addressing the issues involved. And to have captured the attention of the President and the Congress with the potential of implementing unprecedented population management measures were indeed heady days. Then without warning, Nixon suddenly reversed course and dropped the hammer on the Commission's work, crushing all hope then and now.

In the 1990s President Clinton's Council on Sustainable Development and Congresswoman Barbara Jordan's U.S. Commission on Immigration Reform attempted to re-address the population-sustainability challenge with solid recommendations to take action…unfortunately most of them are still gathering dust. Even today, Sustainers continue to encourage the Obama administration to create a National Strategy for a Sustainable America. Unfortunately, the idea has no political traction and the media is oblivious, while the country is focused on a painstaking economic recovery and global conflicts. Although there is virtual silence about America's overpopulation problems, the subject is hardly moribund, as it has taken on a new context.

Interestingly enough, the immigration battle in Congress has become a proxy for the struggle previously discussed...only the language has changed. The too-many-people-notion has been assiduously stricken from the political lexicon in favor of more trendy concepts of promoting social justice, civil rights and enlarging the economy for the good of all. Unbeknownst to most, the fight over immigration reform is still inherently about U.S. ecological sustainability, yet the growth-first politicians at all levels of government will reject this reality or the need to be concerned about the millions of immigrants and their offspring flooding the land. But our legislators are not the only ones to have vacated population stabilization. The environmental community has also done so.

In the 60s and 70s the Sustainers and the environmentalists were one and the same. Not today; the big names such as the Sierra Club, Environmental Defense Fund, Nature Conservancy, National Wildlife Federation, etc. have all but abandoned the population stabilization movement. They prefer to address less incendiary issues, such as preservation of animal and plant species, land and ocean conservation, air and water quality, the detrimental effects of oil and gas drilling, etc. To be sure, all are important environmental concerns, but to tap into the root causes of the degradation is now off limits. Simply put, these NGOs fear losing bread and butter donors should they be seen as in cahoots with the controversial "population control" crowd…thus the shunning of any attempts to re-engage on the issue of population stabilization. In short the Sustainers of today are not your father's environmentalists. Today's environmentalists are more circumspect, being satisfied with treating the symptoms of overpopulation, not the disease itself.

Since 1970, Growthers have gained enormous political clout and have been successful in virtually burying any worries about overpopulation in Congress and the media, thus the silence. So, who are the members of this juggernaut? The Federal Reserve, U.S. Chamber of Commerce, the Fortune 500, The Club for Growth, most members of the Republican and Democratic Parties, and an assortment of business alliances, coupled with religious groups, particularly the Catholic Church and pro-life ideologues. As said before, their goal is to promulgate legislation that will facilitate unrestrained population growth in America for economic and religious reasons while eschewing ecological health. Before examining their ideological impact on the U.S. economy, let's take a quick look at what happened to the Sustainers.

Zero Population Growth morphed into Population Connection, taking a more encompassing less contentious strategy of incorporating international family planning into its mission. They did not abandon the U.S., but simply expanded their reach, preferring to do good on the world stage as well.

The Sierra Club took a similar tact and continued to beat the drum on the need to stabilize the U.S. population until well into the 1990s. At which time the Board of Directors, after a protracted internecine policy tussle, reverted to political correctness on the subject of immigration and the use of supposed inflammatory rhetoric. Those efforts by a core group of population-minded members to educate and advocate for the reduction in both illegal and legal immigration went by the wayside and references to "overpopulation" and "population control" became a no-no in Sierra Club vernacular. The contemporary Sierra Club focuses on broad based environmental concerns, but unlike ZPG, shies away from home turf birth control, abortion, and immigration issues.

This doesn't mean, however, that all Sustainers bowed out of the domestic picture, for others arose to take up the cudgel, zeroing in on immigration, the biggest force behind U.S. overpopulation. "Immigration: A Noble Notion Gone Bad" available at www.elbowroomUSA.org provides more detail on this important topic.

So what does all of this historical ink tell us? For the younger generation it is important to understand that in the 1960s, the too-many-people-problem was a major concern even before the 100 million plus onslaught that followed. Also, with this passage of time we now have a unique opportunity to back-test the Growther's ideology, while determining if the apprehensions of the prestigious Rockefeller Commission were well founded. As mentioned earlier, the Commission's bottom line recommendation was to work towards stabilizing the U.S. population and on that score virtually nothing has been done.

Certainly there is great consternation over illegal immigration, but the larger issue of immigration's role in driving U.S. overpopulation is obfuscated by congressional scrums over amnesty for illegals and how to better control the borders and ports. There is little to suggest that any reduction in legal permanent residency quotas (visas or Greencards) will be coming soon…in fact just the opposite is true as some in Congress seek to boost them.

The pro-growth lobby in Congress is in full control of this fast moving freight train and is attempting to jam the throttle wide open with new legislation. Their end-game for America is to create a tightly packed throng of consumers best exemplified by teeming nations like China and India. By the supposed ginning up of the Gross Domestic Product with more people, big business with their highly-paid executives and well-off stockholders can prosper even more from any emergent largesse. To sell the idea to policy makers and the people alike, **a mythos has been created that more people means more prosperity for all**. And so far there is widespread buy in. Read "Immigration: A Noble Notion Gone Bad" for a broader discussion of who and what drives immigration in America.

As the quest for growth continues, an eerie silence pervades the land. When was the last time you heard any commentary on a major television or radio network, or in the print media for that matter, pertaining to the impact of the too-many-people-problem on the American way of life? Certainly worldwide numbers gets a lot of buzz, but little is said about America's growth problems. Yet, there isn't a single socio-economic issue in this country that is unaffected by the people count. No wonder Americans might be thinking that population growth must be ok…just as the business masterminds and politicians purport it to be. Of course nothing could be further from the truth, as we'll see next.

IV. The Impact of Population Growth on the Economy and Everyday Americans

Now that the Growthers have a political headlock on not only the current Administration and Congress, but those of the past as well, let's see what has happened to the general economy since 1970. **Who was right, the Rockefeller Commission or the Growthers?**

Before answering that question, we need to define what is meant by the economy (see insert). For most of us the economy is the ability to make a living, pay our bills, have a decent place to live and set aside some savings for the future. All of which are underpinnings for the macro or general U.S. economy.

For purposes of simplicity, the U.S. economy has been divided into two arbitrary sectors, private and public. In so doing, this will probably make many economists cringe, for parts of both are intricately interconnected and often indistinguishable in everyday life.

Nonetheless the sum of the collective economy is the total of goods and services produced by these two sectors. On the other hand how to best measure it or get a full sense of its impact on the nation has been an issue for some time.

The private sector is considered to be agribusiness, big and small businesses (including retailers), construction, the petroleum industry, distribution systems, banks, financial institutions and services, healthcare, logging, mining, manufacturing, real estate, transportation, utility services and yes, even baby-sitting. Not to mention of course, that one of the key forces to making it all work successfully is labor and labor unions.

The public sector on the other hand involves all government activities and functions, from towns and cities to state and federal administrations, bureaus, commissions, and regulatory agencies, including legislatures and the Congress. Even taxpayer supported educational institutions, the Federal Reserve, the Veterans Administration, Government Supported Entities (GSEs) like Ginnie Mae and Freddie Mac, the Security and Exchange Commission, etc. are all lumped into this huge bucket euphemistically called the Public Sector. It should be noted that some would argue that many of these entities are quasi-governmental, deserving a special category, but for now they are lumped in.

For the government and most economists, the measurement of choice and the one that gets most media attention is the Gross Domestic Product (GDP). As of the first quarter of 2014, it is estimated to be worth over 17 trillion dollars. But the economy is more than this single, gross measurement. From the description in the insert, one can see that there are many facets or variables involved. So the challenge is, how does one get a good handle on the economy's performance not only for business purposes, but for the nation's workers and retirees as well? As one political commentator expressed it, "The moral test of an economy is whether it serves all the people in it."[6]

For our purposes, the question is simply, **"Did all that population growth since 1970 benefit the economy in general and the American people in particular?"** To get an answer, we conducted an econometric study in 2007 of eight different measures of socio-economic vitality (the selected variables are in *italics* below). Using basic statistics and government data over a 35-year period from 1970 to 2005, we obtained the following results:

1. As the population increased from 204 to 296 million, so did the *Real Gross Domestic Product* (from roughly 1 to 12 trillion dollars) with a nearly prefect linear relationship ($r = 0.97$). After adjusting for inflation, every American's contribution to the economy in 2005 was about $14,000 in 1970 dollars.

2. Similarly, *Real Federal Debt* per capita showed the same strong linkage ($r = 0.95$). Each American's share of national debt in 2005 was about the same as their contribution to the economy, $13,931 in 1970 dollars. So as *Real GDP* per capita went up, it was matched almost dollar for dollar in *Real Federal Debt* per capita. An accountant might say, "For every dollar of increased assets, there was a corresponding dollar of increased liabilities."

3. The *Trade Deficit* waxed and waned for several years until the late 1980s, when it started a persistent and precipitous drop. Significant trade deficits have remained to this day, as the U.S. population continues to climb. The inverse relationship between trade deficit and population growth was modest but still statistically significant ($r = 0.66$).

4. With the growing census, the *Number Employed* rose in lock step with population growth ($r = 0.97$). The *Percent Employed*, however, started out at 40% and rose to 50% until the late 1980s, where it plateaued while the head count continued to grow. (The flattening of the rate may have been an artifact of the study).[*]

5. As expected, *Home Construction* grew with the population increase ($r = 0.98$) along with the *Percent of Homeowners,* but with the homeownership rate having a much weaker correlation with population increase ($r = 0.43$). Americans owning homes increased from 65% in 1970 to approximately 68% in 2005. Most of this run up occurred in a ten-year period from 1995 to 2005.

6. Strongly correlated to population growth were *Total Income* and *Per Capita Income* in both nominal and real dollars ($r = 0.92$ and 0.97, respectively). When breaking down these gross figures into quintiles (as is done by the Bureau of Labor Statistics) the data showed statistically significant income disparities. With correlations of ($r = 0.97$) the top 40% of Americans gained in income as growth increased, while the bottom 60% did not. <u>Thus, for a majority of Americans real income (adjusted for inflation) declined in the thirty-five year period, while the census powered ahead.</u>

7. In nominal dollars *Consumer Debt/Consumer Credit* took off, increasing eleven-fold in the 35-year period, while the population grew by 50 percent. *Real Per Capita Debt* ascended less dramatically with a 125% increase strongly related to population

[*] For the ease of calculation the official employment figure was divided by the annual census. The Census Bureau on the other hand relies on a monthly Current Population Survey of about 50,000 households, which is a joint effort with the Bureau of Labor Statistics, and then extrapolates to the general population. Also, the Federal Reserve Bank of St. Louis publishes the EMRATIO, which currently stands at 58.9 %, which is also calculated differently.

growth ($r = 0.94$). This data show that as the census steadily grew, consumer debt accelerated accordingly.

8. *Population* and *Poverty* are also related ($r = 0.62$), indicating that as the population grew so too did the nominal number of people in poverty. However, the poverty rate (% in poverty) was not correlated with population growth. Nevertheless, in human terms there were some 9.5 million more Americans in poverty at the end of the study period than at the start.

Based on these findings, the Rockefeller Commission had it right; "We have looked for, and have not found, any convincing economic argument for continued population growth. The health of our country does not depend on it, nor does the vitality of business nor the welfare of the average person."

Let's pause for a moment before seeing what happened to the average person and the vitality of business. The reader might be saying, "this is all well and good, but isn't this study 'old news'? After all, it ended in 2005." Actually this is a plus, as the 35-year period selected is relatively stable with short-term recessions and fairly rapid recoveries. Had subsequent years been added, the dramatic impact of the Great Recession (2007-08) and its sluggish recovery would most likely have skewed the data, making the negative effects of population growth even more pronounced. Instead what we have is a fairly steady historical period where the de facto national population policy could be tested without the anomalies of near financial collapse.

As seen from this study, the average American on the street did not prosper while population grew unimpeded. Real wages and personal income declined with personal debt skyrocketing. Home ownership improved, but then crashed in 2007-08 due to investment banking malfeasance and the subsequent loss of 8.8 million jobs.[7] The inability to pay scheduled debt by households resulted in the largest number of home foreclosures in history. Also, most of those homeowners holding mortgages deemed "underwater" were marooned and could not pack up and move to take advantage of scarce job opportunities elsewhere. And as we all know, America's misfortunes sent the global economy into a multination tailspin of similar character.

As to the "vitality of business" the study presents a mixed picture. There is little doubt that corporate America and the wealthy saw unprecedented prosperity during the 35-year period…setting the stage for the disaster that hit in 2007-08. With the sudden collapse of Lehman Brothers, the sub-prime lending mess and the follow-on Great Recession, both large and small businesses were devastated across the land. Mortgage companies, investment firms, banks, insurance carriers, construction companies along with suppliers, went out of business and the big three auto companies nearly collapsed. To stay solvent, corporations had to cut operating expenses to the bone in the wake of fading revenues. Yet, some five years later corporate balance sheets are once again healthy with billions in cash on hand.

According to Phoenix Marketing International, the recession reduced the number of U.S. households with at least $1 million in investable assets by 14% between the heyday of the market in June 2007 and the bottom in June 2009.[8] Since then "Most of the financial damage done by the Recession has been erased by recent record-high markets in 2013 as well as continued rebound in the real estate markets," says George H. Walper Jr., president of Spectrem Group. "In terms of the affluent investor, it is fair to say they have finally recovered from the economic downturn."

By contrast CNN reported in August, 2013 that "the nation may be in better economic shape, but that doesn't mean Americans' paychecks are. Median annual household income has fallen 4.4% to $52,098 in the four years since the economic recovery began."[9] It appears that the downward trend in wages experienced during the study period continues in the post-recession, while the more affluent appear to be more resilient, having the financial where-with-all to recapture former wealth.

Now we get to the point of asking a critical question, "Was population growth a mono-cause of this financial havoc?" While correlations found in this study do not mean causation, we can affirm that prosperity for the masses (or the lack of it), is definitely related to, but not necessarily caused by the too-many-people-problem. Said another way, what happened is more than sheer coincidence. The strong statistical correlations obtained indicate that growth is definitively a negative multi-dimensional force undermining prosperity for the common person, but not necessarily for the well off. And therein lies a clear and present challenge for America: wealth inequity.

Is there a way that all residents, including the middle and low-income earners, can benefit from the American economy? The answer is yes…if we employ *Demographic Economics (DE)*, requiring a radical change in thinking and doing. And that's a big if.

Before getting into the basics of DE, there are two fundamental principles to confirm. First, capitalism is good. No other economic system has proved to be better. Secondly, so too is competition, which strives to bring out the best in America. It is the "system" that is creating the problems, not these bedrock principles.

The American economy (the system) is structurally flawed for it fails to serve the common good, favoring a plutocracy that controls democracy and living standards for everyday people. Because our economy serves the wrong masters in a way that is detrimental to the nation's sustainability, this leaves it susceptible to collapse, which could trigger civil rebellion with frightening consequences. Here are the major structural flaws in the American economy:

1. Congress is not required to balance the federal budget and unacceptable levels of national debt are allowed to mount to pay for off-budget wars, a foreign policy requiring a backstop of military might, needed repairs on a deteriorating infrastructure, plus continued escalation of governmental programs (i.e. unemployment benefits, food stamps, Medicare and Medicaid, The Affordable Care Act, etc.) to satisfy basic needs of the electorate.

2. Due to the lack of responsible fiscal policy and management by the Federal Government and Congress, the chief means of economic control has been vested by default with the Federal Reserve using targeted monetary policy.

3. Instead of relying on the payment of livable wages, savings, and investment to boost domestic consumption, Consumer Credit (debt) has been substituted with unfortunate consequences for vulnerable consumers and the nation as a whole.

4. Excessive debt undermines the financial integrity of both households and government with no clear path to restitution.

5. The purchasing power of the domestic economy is undermined by dampening down American wages to the point of near servitude, particularly for low skilled labor. Without discretionary income, workers are unable to buy goods and services

above basic necessities; thus, choking off business revenues and forcing devastating periodic layoffs and stagnant wages.

6. A steady low labor participation rate, where discouraged workers by the hundreds of thousands have dropped out of the hunt for work.

7. The Corporate short-term strategy to import workers from other countries to compete with the American labor force creates societal costs that are pushed off onto the public sector. Out of work Americans are forced to rely on the nation's social safety net where unemployment and welfare benefits replace productive work, adding more dollars to an unsustainable national debt.

8. Income disparity between the rich, those with middle class incomes, and the poor lessens broad scale consumption and creates a growing under-class dependent on government social programs, requiring more taxes and federal borrowing.

9. Business expects and gets government at all levels to provide infrastructure (such as roads, transportation, water, energy, etc.) with reduced taxes in return for the promise of providing jobs that often fail to create enough tax revenues to offset initial investments and long-term maintenance costs.

10. Non-renewable resources are regarded as free, unlimited, and ever-present. Other than nominal permit fees, coupled with extraction expenditures, our current accounting methodology does not take into account the costs of taking tomorrow's irreplaceable resources from future generations.

Despite these shortcomings, the American economy is still considered for now the best on the planet. In other words it is the cleanest dirty shirt in the laundry basket…hardly a ringing endorsement. Can Demographics Economics do better? In theory, yes…in reality we don't know, but it is definitely worth investigating as the current economic model is badly failing us.

To conclude, America has a bankrupt economy, which is outmoded and in a long-term death spiral. To be sure the Federal Reserve will continue experimenting with all kinds of creative monetary tricks, hoping something will catch fire and restore prior economic glory. After six years of pumping trillions of dollars into the banking system, the economic engine is worn and tired. If this strategy hasn't worked by now, what other remedy is there? What is the alternative?

As in Humpty Dumpty's sad case, no matter how hard Congress, the Administration, and the Federal Reserve strive to repair this outmoded economic model, it will eventually fail us. Certainly there will be periodic spurts of revival and promise that will only delay the inevitable fix that is needed. Since the economy is built on the faulty premise of unlimited growth in perpetuity on a finite planet, it will run out of gas so to speak or more specifically natural resources. By contrast Demographic Economics gives us an opportunity to restructure our system based on common sense and sustainability

V. The Organizing Dynamics of Demographic Economics

For many decades Nature has been telling us to re-think our presence on the planet, but we're only beginning to heed the warnings. According to the optimists we still have enough time to do the biggest eco-financial turn-around in human history, should America choose to participate. In that vein, we suggest that the nation pursue the concept of Demographic Economics (DE) or something similar.

Here are the organizing principles:

1. Nature sustains nations and their economies.

2. For any country to be self-sufficient and thrive, its people numbers must be in balance with available natural resources under its control.

3. A nation's population size should conform to a scientifically based ecological carry capacity.

4. To sustain an ecologically balanced population, a democratic society will require population management policies and practices acceptable to the people.

5. The goal of a demographically designed economy is to serve the basic needs of the people, sustain an acceptable standard of living, while providing equal opportunity for an education and employment.

So, how do these principles differ from what we have now? First, by keeping population demand in check a demographic economy is predicated on nature's ability to sustain us. DE recognizes nature's limitations and puts the onus on ourselves to judiciously use natural resources for our immediate benefit, while conserving them for future generations. By contrast our present economy mindlessly disregards any limitations and promotes unfettered population growth without regard for tomorrow. Will DE correct the flaws in our current economic system previously mentioned? Some of them, yes, but not all.

Here is what Demographic Economics <u>can do</u>:

a. Sanction and support the right of women to limit their reproduction with the help of government sponsored family planning services.

b. Encourage and assist American families to limit family size, so they can live within their financial means and create a future for their children.

c. Resize the population, eventually reducing the labor force to better align with available jobs, thereby rebalancing the bargaining power of American workers with business management.

d. Improve wages and income giving consumers more purchasing power to buy goods and services without having to drain savings and/or overuse credit.

e. With enhanced consumer buying power, business income will grow, which will strengthen profits and improve shareholder value.

f. Help develop livable wages that will begin to address the income disparity between the rich and poor in America, averting inevitable civil strife.

g. Increase every American's share of the gross domestic product (less people with more).

h. Start reducing the need for a myriad of social welfare programs and income tax credits that presently help to support a growing jobless underclass funded by taxpayers and federal borrowing.

i. Organically limit the growth of businesses and the population, thereby reducing government's incessant need to invest in heavy infrastructure paid for by state and federal taxpayers.

j. With a predictable and stable population size, there is a greater likelihood of achieving a steady-state economy characterized by fewer boom and bust cycles with fewer debt creating monetary rescues by the Federal Reserve and Congress.

k. Lessen the demand on the nation's water supply and food production, easing the threat of food scarcity and/or eventual agricultural collapse.

l. Lessen the depletion of non-renewable natural resources for the benefit of future generations.

On the other hand this is what DE can't do:

a. Inculcate a sense of fiscal responsibility and spending discipline at the household, state and federal levels.

b. Eliminate the age-old problem of greed, malfeasance and corruption endemic to most societies.

c. Lessen the risk of over 200 trillion dollars in complex financial derivatives (financial gambling), which has undermined and continues to threaten the underpinnings of the American banking system and other commercial banks around the world.

d. Infuse a sense of corporate responsibility to make the lives of American workers better.

e. Counter the opposition of mainstream religions to the right of woman to control their own reproduction and the use of taxes to support family planning services.

These cultural challenges, which are a blend of attitudes, ideologies and economics, will have to be resolved by the electorate through the democratic process. They will be difficult to overcome and could derail any effort to reconstitute the economy for the good of the people.

The main thrust of Demographic Economics is *population management*. Like no other animal on the planet, the human species determines the fate of eco-systems and civilizations. If there are too many people, the earth's life support systems cannot sustain us and we'll slowly self-destruct while viciously fighting over what remains. Conversely, should there be too few of us sometime in the distant future, we'll miss an opportunity to maximize nature's abundance. In other words *there is a national critical mass that works well with nature and finding that "sweet spot" should be one of America's top priorities.*

For this reason, controlling our borders and securing our ports are crucial along with minimal immigration and the enforcement of established laws. Another critical tool in stabilizing our population is family planning, particularly for the struggling poor among us. As each year passes, the number of children a low-income household will in large measure determine financial security, food security and the ability of those in the family unit to grasp opportunity. Thus, how effective family planning is at the domestic level, will help shape the size of the populace, but government has to be an active partner in providing support and incentives. "A Population Primer" discusses this topic in more detail especially the section entitled "What is population management?"

Another looming factor is labor pool optimization. Fast emerging is the use of robotics, particularly in warfare, manufacturing, health care and anywhere routine lends itself to automation. Because of lower costs and reliability, robots are increasingly replacing human labor with ever more creative applications. As time goes on technological development and automation will require less people to increase productivity, as is being demonstrated in industrial plants, agriculture and medicine today. Simply put, to maintain future productivity, American industry won't need the many workers we have today…a scary prospect indeed…we'll have to deal with it.

It seems that in all aspects of human endeavor and the state of the environment, the future calls for less people, not more. As distressing as it is, the need for population growth will in time become an artifact. Reversing growth trends is going to be one of humanities greatest challenges. How to manage "decline" will be both an economic, democratic, and psychological test. In this context, America has a unique and historical opportunity to once again show grit, foresight and global leadership. So how do we get started?

Action Steps:

The leaders of this country must institute these major steps to rebuild America's economy and show the way for the rest of the world:

a. Under the auspices of Congress, convene a respected and highly qualified scientific panel to determine the ecological carrying capacity of America based on the current standard of living.

b. Substantially reduce levels of immigration until a national population policy can be developed and implemented by Congress.

c. Establish and implement a national population policy to stabilize and then reduce population size in accordance with science-based targets established in the first step.

d. As an integral part of the national population policy, establish strong financial, tax, and programmatic incentives for individuals and couples to limit family size with free family planning services provided by the government and the private sector.

e. In coordination with the private sector Congress should establish a national program to educate and retrain our people to meet the ever-changing skill requirements of employers.

One word of caution: The transition to Demographic Economics is only possible if the American electorate takes back power from the U.S. oligarchy. This means a major reform of campaign financing laws enabling the electorate to pay for national and high-level state elections, putting caps on spending and the length of campaigning.

In all likelihood, a constitutional amendment will be necessary as well as a reversal of a recent Supreme Court ruling granting the same rights of free speech to corporations that people enjoy. Until that is done, business and wealthy individuals can use their largess to fund candidates and politically market those who are most likely to do their bidding to the detriment of the nation.

If these two things are not done, money will continue to control who we vote for and the legislative agenda no matter the level of government. Since wealthy individuals, political parties and corporate America are vested in the status quo, the chances of recasting the economy as suggested are slim to none unless we, the people insist on reform at the ballot box. It can be done…but it will take time and persistence.

Will we do it? Only time will tell.

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