



The Economic Impact of the U.S. Birth Dearth

Birth Rate & Immigration Decline Weakening U.S. Demographic Advantage

January 9, 2012 by William L. Pittenger, MAI, SRA

According to the Census Bureau, the U.S. birth rate declined in 2011 to the lowest level ever recorded. It was led by a steep decline in births to immigrant women since the beginning of The Great Recession in late 2007. In 1990, immigrants were about eight-percent of the U.S. population. Twenty years later, in 2010, they represented about 13% of the population. During that period, births to U.S. born women, which were about 3.5 million in 1990, remained the same or declined each year until 2010. By contrast, births to immigrant women numbered about 646,000 in 1990. They increased each year until 2007 when births peaked at 1.1 million. Over the entire 20 year period, births to immigrant women grew by more than 44%. Immigrant mothers accounted for 23% of U.S. births in 2010. That is up from 16% in 1990 but down slightly from the 25% peak experienced from 2005 – 2007. The bottom line is that births to immigrant women rose continuously for 17 of the 20 year period while births to U.S. born women stayed the same or declined each year.

The overall U.S. birth rate, which is measured by the annual number of births per thousand women of child-bearing age between ages 15 and 44, declined 8% between the onset of the recession in late 2007 and 2010. The birth rate for U.S. born women declined by 6% while the rate among foreign born women declined 14%; more than double. Additionally, according to preliminary data from the National Center for Health Statistics, the overall birth rate in 2011 was 63.2 births per 1,000 women of child bearing age. That is down from 71 as recently as 1990 and is the lowest since at least 1920; the earliest year for which data are available.

For historical perspective, the total U.S. birth rate peaked during the height of the post World War II “Baby Boom” at 122.7 births per 1,000 in 1957. The rate stabilized after that at 65-70 births per 1,000 until it fell coincident with the onset of the Great Recession in 2007. To make demographic matters even worse for the U.S., net immigration also began falling around the same time as did the U.S. labor force participation rate.

The cause of this demographic perfect storm is largely economic. When jobs became scarce in the U.S. and unemployment rose coincident with the Great Recession couples deferred marriage and family or household formation. Additionally, potential immigrants had less reason to come to the U.S. Even older Americans began retiring or dropping out of the work force causing the labor force participation rate to decline to its lowest level since the early 1980s (currently 63.6%).

The effect is severe. At one time, the U.S. had rising births and strong immigration. The country was economically able to meet the many challenges of an aging population and the pension, social security and healthcare needs aging brings with it. It no longer has that advantage. Moreover, the shifting population dynamic has also weakened the country’s ability to sustain an innovation edge.

Looking forward, if the current trends in births and immigration continue, the U.S. will not have enough younger persons to support the needs of the aging population and the nation’s innovation edge may remain impaired. The bottom line is the U.S. (perhaps surprisingly) needs more people. If they don’t come from a reversal of the birth rate trend, they will need to come through more, not less, immigration. That promises to be a difficult political battle.



An Endangered Species?

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