



DEMOGRAPHICS

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The Birth Dearth's Coming Impact

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The German states lost between 30 and 40 per cent of their populations during the Thirty Year War of 1618-1648 but re-population gradually followed. Today we face depopulation from a different cause.

A stable population without net migration needs a birth rate of 2.1 per couple. In a recent post, [Elon Musk](#) drew attention to declining birth rates and instanced (South) Korea, which has a birth rate of 0.7. This, in the absence of

net migration, means that within three generations – early in the next century – the country's population will have fallen from its present 52 million to a mere 3 million. Many European countries as well as China (where the birth rate is 1.0) are heading in the same direction. Birth rates are much higher in poor nations (over 6.0 in Chad and Somalia) but falling even there. They tend to be higher in some Islamic nations – 3.1 in the Arab world and 3.6 in Pakistan – but not in others. Iran and Malaysia face declining populations with their respective birth rates at 1.7 and 1.6 per person.

Declaring that humanity is dying, Musk was particularly concerned about the US, which he called the “central column of the temple of Western civilisation”. The US birth rate is, like that of Australia, 1.5. This means without net migration, the population is close to halving in two generations, or 55 years.

These trends negate the spectre of overpopulation which has featured prominently in economics texts, starting with Thomas Malthus a century and a half ago, and was at the heart of the **Limits to Growth movement** of the 1970s that remains in vogue within green left circles.

Although migration brings some modification of the trends in many affluent countries, this will only be a solution as long as it is acceptable for migration to comprise 50 per cent-plus of new additions to the population. The consequent changes to national identity are already bringing resistance, especially since many wannabe immigrants come from places where violence and religious intolerance is endemic. Moreover, the supply will eventually be choked-off as emigrant populations decline.

Population reductions transform today's issues. For Australia, that will mean the present housing shortage becomes a crisis of a different sort. Falling populations inevitably will see a massive devaluation of real estate, which comprises over half of Australia's measured wealth.

Real estate aside, population decline is likely to mean a relative weakening in agricultural demand and, to some degree, manufactured goods as well as a relative increase in the demand for services – an increase augmented by the different profile of the population with a smaller proportion of younger people and more older people. Obvious outcomes would be a more than proportionate

decline in schooling expenditures and a relative increase in aged-care home and health expenditures. The consequences for national defence, with fewer protectors and less motivated aggressors are less certain. Whilst depopulation might be expected to reduce the risks of war, the experience of Germany post-1648 does not offer comfort.

The universality of the birth rate decline means it cannot be attributed to specific religious or political views. It seems to be that humankind, especially as it increases in affluence, no longer feels the same need for children either for their intrinsic value or as old-age insurance. Put crudely, the costs and inconveniences of child rearing outweigh the benefits far more than in the past.

If nations want to stabilise their home-grown populations – and none do not – the costs and inconvenience of child rearing will need to be reduced.

Throughout most of human history, a child became increasingly less costly to keep at around the age of six and probably became a net contributor after ten years. Today it is unlikely that a child will ever be a net contributor, at least in non-subsistence societies.

One obvious way of reducing costs is to lower the costs of child care, which are bloated by excessive over-regulation and credentialism governing those permitted to be child carers (completing a one-year training program with the usual woke add-ons is mandatory). But while deregulatory reforms will help, they are unlikely to be sufficient. The [Brookings Institution](#) (2022) put the cost of raising an American child at \$US310,605 for a middle-income family with two children. Costs in Australia (put at \$A230,00 in 2018) might be comparable in terms of relative incomes. Australian annual government support is about \$7000 per child for those with incomes above \$70,000 per annum. Even lower-income parents incur three-quarters of the costs of raising their children, with support phasing out for those with incomes above \$70,000 per year.

Hungary, with a government strongly opposed to mass immigration and a birth rate of 1.4 per person has one of the most ambitious child-support programs. But even there the support does not come close to half of the costs of raising a child. The main support for a family with two children is equivalent to only five per cent of average earnings added to a one-time baby bonus equivalent to 10

per cent of average annual earnings. There are additional tax deductions and subsidised mortgage payments.

Elon Musk himself, with ten children, is doing his bit to rescue humanity, as is fellow billionaire Cristiano Ronaldo with five. But, unless we see a rapid reversal of a trend that has been in place for a century, we will have to dramatically re-arrange government finances or accept population shrinkages of over 50 per cent during the course of the next half century.