

Alejandro Macarrón Larrumbe: demographic suicide in the western hemisphere and half the world, Columbia, SC, USA

Opinion

Larrumbe publishes in 2018 a new version of his book written for the first time in 2011 with updated estimations. The Demographic Suicide is a masterfully researched document that pursues to change the existing models of happiness and comfort, sought and embraced by civilized societies. Citizens of the industrialized world have reached a historical amount of wealth, but are now menaced by the steep decline in fertility rates. Most of them register birth rates that are substantially below the natural rate of replacement: 2.1 children per woman. Larrumbe explains how this phenomenon represents a cataclysm that will cost those countries much more than even climate change and global warming. Their populations are aging rapidly and young people refuse to have children. At that pace, no pension system will be sustainable and no economy will be able to prevail. His book is divided into four chapters, I towards a demographic suicide, II bitter side effects of the low birth rate, III why do we refuse to have children and IV What to do against the demographic suicide.

In the first chapter, Larrumbe points out that in general, population growth worldwide has fallen in 60 years almost by 50%, going from 5 children per woman between 1950-1955 to 3.6 in 1980-1985 and 2.5 in 2010-2015. This rate has been distributed differently along the continents in the same periods as follows: Africa 6.6, 6.5 and 4.7; Asia 5.8, 3.7 and 2.2; Europe 2.7, 1.9 and 1.6; Latin America and the Caribbean 5.9, 3.9 and 2.2; North America 3.4, 1.8 and 1.9 and Oceania 3.8, 2.6 and 2.4. Larrumbe focuses his analysis on Europe stating that migrants from the Middle East and Africa have been offsetting the so-called *European Demographic Winter* in all Western Countries. For instance, whereas the birth rate of native French women scored 1.7 in 2016, migrants have been populating the Gallic country and at that time, 22% of the babies born in French urban areas had foreign parents coming from Algeria, Morocco, Tunisia, Turkey and Senegal among others. That means that 25% of the next generation in France will have a migrant origin. Something similar has happened in the United States, where the rate of birth reached 3.71 in 1957 and dropped ever since to 1.76 in 2017. In 2015, the birth rate by races in North America was led by Hispanics with 2.12, whites: 1.86; blacks: 1.85 and Asians: 1.64. Furthermore, two powerful economic countries are deeply affected by the demographic winter: Japan and Germany. Japan's birth rate collapsed from 2.0 children per woman in 1960 to 1.42 in 2014, whereas Germany did it from 2.37 to 1.47. Italy, Spain, South Korea, Taiwan, Greece and Poland are also among the countries with the lowest birth rates. From 1950 to 2015, Europe lost half of its share in the world population.

Larrumbe points out that the Demographic Winter has also two important features longevity and fall of mortality rate. This is a global phenomenon, but even more in the industrialized world. Life expectancy in Western Countries has been soaring and nowadays people reach the age of 60-70 in relatively good shape and live beyond 82. According to the Eurostat, a European citizen can live

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in healthy condition in average from 65% to 85% of his whole life. On the other side, in comparison with 150 years ago, life expectancy has three folded due to the substantial improvement in potable water, sewerage, sanitary facilities and hygiene. This is such a historical accomplishment that people dare to talk about "the death of death", since the possibility of children born in this time surpassing the threshold of 100 years of living, constantly increases.

In chapter two, Larrumbe writes about the negative side effects of the population shrinking. With an increasing share of the aging population, consumption will start to fall; with less consumption, there will be fewer taxes and less demand will turn into less income. At the same time, public expenditure on Medicare and Medicaid will soar putting pressure on public deficits and debt. Real state and infrastructure will collapse since there will be no more urgency for dwelling or highways. The price of houses and buildings will drop since not many people will look for a place to live. Therefore, the construction sector will experiment in a gloomy future. The future value of real state for instance, is based on expected demand; depopulation will depress expectations and stock exchange indexes will plummet. The credit market will also dwindle because veterans have less probability to live long enough to pay back their debts. And if no credit flows into the economy, fewer people will invest and with no investment, there will be no economic growth. Larrumbe divides the components of economic growth into productivity and the labor force. In spite of the fact that technology contributes to increasing productivity, if the labor force stops growing, outcome will be weaker.

Innovation

Thinner generations of young people entering the productive life will discourage entrepreneurship. Larrumbe argues that historically there is a relationship between innovation and entrepreneurship on the one side and youth on the other. Risk takers are more often found among young people because they tend to rebound quickly after failures. To back this statement, he takes the cases of Bill Gates who founded Microsoft at the age of 20; Amancio Ortega, founder of Zara with 27; Warren Buffet, Buffett Associates Ltd with 26 years old, just to name a few.

Pensions

Another big problem is the pension fund. The old system worked as long as the number of people working was larger than those in retirement. In 1935 when social security was implemented in the US, there were 52 working people for every pensioner; today there are between 1.5 and 3 working people for every retiree. This proportion exists now in most western countries and East Europe. Public expenditure in the pension fund will soar as the baby boom generation turn into pensioners. This generation will demand simultaneously more Medicaid and Medicare. Thus, several countries are increasing the age of retirement beyond the traditional threshold of 65, e.g. Ireland, Germany, Holland, France and Spain. Nursing homes attending elderlies suffering from multiple maladies related to aging are growing in those countries, many times keeping patients sedated or vegetating.

Geopolitical turndown

Larrumbe finds a correlation between blooming empires and their abundant population as well as their collapsed triggered among other causes, because of depopulation. As an example, Larrumbe cites Germany and France. From 1900 to 1939, the German population surpassed the French one by more than 50%. That allowed Germany to military overran the French and defeated them had they not been helped by the British and the Americans during the two world wars. History indicates that a depopulated nation is usually taken by its neighbors. Today Germany, China, Russia, Japan and the United States are struck by the demographic winter and will probably be displaced in the near future by countries like India.

Migration represents only a partial solution since it brings parallel problems that out weighs its benefits. Among the problems related to migration, at least in West Europe and the United States, are those attributed to cultural differences and asymmetry in education levels. The first one has to do with the terrorism of Muslim orientation as well as criminal acts perpetrated by foreigners, whereas the second is related to a formation of poverty belts in urban areas where foreigners and their kinships live in precarious conditions, detached from the wealth and opportunities existing in their host countries. Additionally, there are not few cases in which migrants make use of social protection systems finding a way to make a living for free, either by getting child aid or unemployment help.

In chapter three, Larrumbe addresses the question of why people don't want to have children. Several answers are mentioned by the author, among others are: a) fall of child mortality rate, b) less need to raise children in urban areas in comparison with rural conditions, c) less need to have children to take care of the parents when they retire due to the availability of pension's system, d) more women being part of the working force, e) women's dilemma to have to choose between career and children, f) women's higher education level and its correlation with motherhood at latter ages, g) availability of contraceptive methods, including abortion, h) high rate of divorce and separation, j) weaker influence of religion and civic convictions, k) less need to leave home and create new families and l) feminism and anti-patriarchal ways of thinking.¹

The author comments the abovementioned factors in detail. For instance, he states that it is not necessary to have so many children as it was at the beginning of the twentieth century because life expectancy has increased radically. In the late nineteenth century, 60% of people

die before the age of 35. Today, among the countries with the longest life expectancy, only 1% die at that age. That's why the author makes it clear that all we need is to meet the natural replacement rate of 2.1 children per woman. If that goal is not met, countries suffering this malady are heading to a demographic suicide. Many of the causes are very difficult to remove or change, but neither there has been a wide public policy to seriously address the problem of depopulation. In regards to urbanization as an unfriendly child habitat and to illustrate the dichotomy of urban-rural families, Larrumbe takes Mexico as an example. In 2000 the number of children per woman living in Mexico City was 1.9 in comparison with 3.6 in Chiapas, a more rural state; in 2013, the rates were 1.8 and 2.5 respectively. The pension's system seems to be a powerful driving force of depopulation. In countries like Japan or Germany, where the state takes care of the elderly, the budget to finance this protection system demands an increasing share in total public expenditure. On the other side, the number of people paying taxes diminishes and fiscal deficits grow, obliging the government to resort to public debt. This is a typical case of the "law of unintended consequences." Another problem worth to be addressed is the refusal of young women to bear children at their most fertile ages and delay that decision to their late thirties or even forties. In many cases, it is already too late or too risky for those women to get pregnant. A woman with 40 has three times more probability of experiencing a miscarriage in comparison with a woman between 25-30. Furthermore, abortion has been used as a contraceptive method and Europe ranks at the forefront of this practice. The author estimates that if the number of abortions had not occurred, the dramatic depopulation of the continent had been less intense. In Spain, 20% of pregnant women aborted in 2013. Latvia is the European country with the highest rate of abortion: 36.5% and suffers as well of depopulation with 1.65 children per woman. Finally, feminism had also contributed to the drop in the number of children per woman. Fighting patriarchal ways of thinking as well as placing the male figure as the root women's misfortunes have discourage marriages and children bearing. Analogously, the struggle to revert climate change and stop the destruction of the environment have fostered ideas that support depopulation under the argument: "We are too much" or "humans are the culprits of nature's destruction."

In chapter four, Larrumbe writes about the policies necessary to revert the demographic suicide. He uses a traffic light methodology to set different scenarios.

Red: Nothing is done. The problem is completely ignored, and incumbent countries will wait until the aging generations put pressure on public expenditure to finance medical treatments and social protection, while the economy suffers from a lack of labor force, low taxes and stagnation.

Yellow: Adaptation. The problem is acknowledged and thus, savings campaigns are fostered to finance retirement; the government invest in nursing homes to protect elderly people; research and investment in artificial intelligence and robotics are sponsored to substitute the labor force that is heading to retirement or is unable to work; the age of retirement is postponed (*active aging*) so that people can work longer and do not use the pension funds so soon; take advantages of changes in real state, since aging population will distabilize this sector at most. And finally, to resort to selective migration to fill out vancancies for which there are no local candidates.

Green: To solve the problem. Larrumbe firmly states that the most efficient and correct solution is to have more children. To convince

people of the advantages of motherhood and paternity. To turn the demographic winter in a demographic spring. To assist and counsel pregnant women to prevent abortion. To set the goal of reaching 2.5 children per woman through public policies. These policies should address five items: consciousness, knowledge, priority, money and social values. That is to be aware of the fatality related with the lack of children; to delve into the causes and side effects of this phenomenon; to set the problem as priority in the political agenda; to implement monetary incentives to raise children and to rethink cultural values oriented to natality (that doesn't mean to see children as a source of income). Larrumbe estimates that in terms of 2017 current euros, to raise a child along 16-25 years can cost between 300,000 and 600,000 Euros. This amount should be paid back to the parents by the state in forms of social protection. The author closes this chapter by pointing out that human beings have had an obligatory natural commitment through thousands of years of their existence- a commitment shared by all forms of life-: to prolong human life over the centuries through reproduction.

At the end of his book, Larrumbe dedicates an epilog to the Kissinger report. The Kissinger report was a document that the government of the USA kept secret during the '70s. The goal was to set a strategy to stop the demographic explosion in the developing countries for fear that such a trend could eventually turn into a menace to the United States. The population in third world countries doubled in a period from 25 and 30 years equivalent to 10 or 16 times in a century. This report was elaborated at the beginning of the '70s, when the oil embargo, the Yom Kippur war and the food crisis took place due to climate calamities. The food crisis depleted the world food reserves mainly in the USA. Had such a food crisis continued, the world would have suffered from starvation in ways only seen in the past. In the midst of the cold war, a demographic explosion in poor countries would have led to food scarcity and social violence, as well

as the emergence of governments hostile to US interests. Thus the cornerstone of Kissinger's report was birth control. To assure that goal it was necessary to finance and implement the following policies in poor countries: a) to improve sanitary and nutrition channels; b) to foster public education mainly among girls; c) to delay the age of marriage; d) to create more employment opportunities for women; e) to improve economic conditions for the poor since the higher the income, the less the number of children ("the desire of large families diminishes as income rises"); f) to foster family planning methods (contraceptive pills, condoms, sterilization and abortion) and g) to include sexual education in the school teaching programs to idealize small families. The results of the Kissinger report are controversial. Fertility was falling by the time this document was written, and world wide, the number of children per woman has been diminishing ever since, but much more among the industrialized countries. Eventually this policy turned against the interest of rich countries.

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