

THE GLOBE AND MAIL

Family breakdown is one cause of our economic woes

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Morgan Stanley executive director Arnaud Mares suggested last year that a country's best predictor of bankruptcy could be its old people, not its debt. Why? Debt looks back. Pensioners look forward – straight to their next pension cheques. They form a powerful voting bloc and they won't tolerate any loss of income. The question wasn't whether governments would renege on their promises in the days ahead, Mr. Mares said in a research paper, but rather which promises they would break. Thus the program cut most apt to avert default was the program cut least apt to get made. Best bet for causing default: old-age pensions.

Now comes a sombre think-tank report – The Sustainable Demographic Dividend – that extensively expands on Mr. Mares's analysis. Published by the Social Trends Institute, a research centre based in New York and Barcelona, the report concludes that the survival of the welfare state depends on a return of population growth and a renaissance of the traditional family: the mother-father family.

Written by a number of academic researchers, The Sustainable Demographic Dividend notes that the competition for welfare state benefits has already begun. Forced to favour one generation over another in its austerity program, for example, Britain reduced child benefits to preserve old-age pensions.

This kind of competition is taking place, the report says, throughout low-fertility Europe – France, Germany, Sweden, Italy, Greece and Spain. The eventual result, it says, will be the spread of the "4-2-1 society," the emergent Chinese model in which each single child becomes responsible for the welfare costs of two parents and four grandparents.

The wealth of nations, the report says, is inextricably associated with the health of families. And, amongst other factors, the global retreat from marriage and from family has depressed economic growth and has deeply hurt two generations of children.

“Evidence drawn from Europe and North America indicates that children who are raised in an intact married home are more likely to excel in school and be active in the labour force as young adults,” the report says. “An abundant social-science literature, as well as common sense, supports the claim that children are more likely to flourish, and to become productive adults, when they are raised in stable, married-couple households.” Yet, with the global decline of these households, “the sustainability of humankind’s oldest organization, the family – the fount of fertility, nurturance and human capital – is now an open question.”

The report cites studies that indicate that American children who are raised outside of “an intact married home” are two to three times more likely to suffer serious social and psychological problems. The calculations of Penn State University sociologist Paul Amato are – assuming they are correct – exceptionally disturbing. If the U.S. enjoyed now the same level of “family stability” that existed in 1960, Prof. Amato says, “the nation would have 750,000 fewer children repeating grades, 1.2 million fewer school suspensions, approximately 500,000 fewer acts of teenage delinquency, about 600,000 fewer kids receiving therapy and approximately 70,000 fewer suicide attempts every year.”

Citing work by four Swedish researchers, the report says that Swedish children living in single-parent homes were found to be 50 per cent more likely to be addicted to drugs or alcohol or to be suicidal than were children in two-parent families. “It is not just the quantity of children that is in decline,” the report says. “It’s the quality of their lives.” In several studies, the children of cohabiting couples are shown to be as vulnerable as the children of single parents. The single-parent problem, in part, is financial. In the U.S., household mean income for the two-parent family is \$91,119; for the one-parent family, \$36,845.

The numerical decline in the number of children (age 0 to 14) in the developed world in the past 50 years is astonishing: 60 million children.

The Sustainable Demographic Dividend (subtitled: What Do Marriage and Fertility Have To Do With the Economy?) is a compelling look at a global crisis that transcends ideology and debt-GDP ratios. It is a crisis of damaged children, many without siblings, many without fathers, and of lonely old people, many without kith or kin. It is essential reading. One of the report’s sponsoring partners, by the way, is the Ottawa-based Institute of Marriage and Family Canada.