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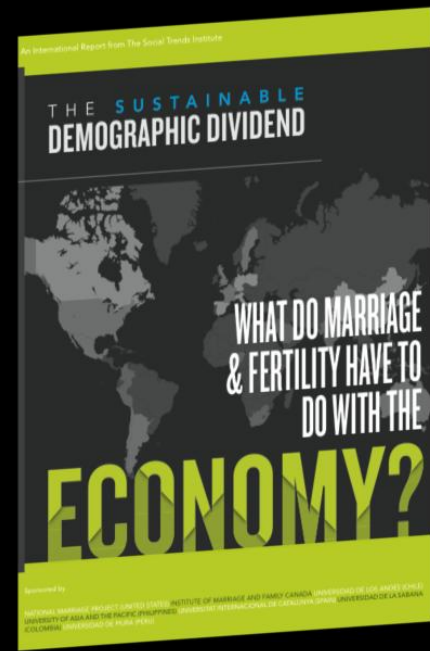


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## The Sustainable Demographic Dividend

What Do Marriage & Fertility Have To Do  
With The Economy?

February 6, 2012

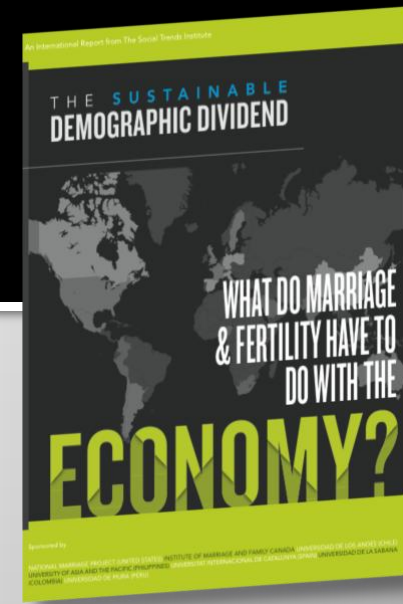


# The Sustainable Demographic Dividend

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**National Marriage Project**  
**University of Virginia**



# The Executive Summary



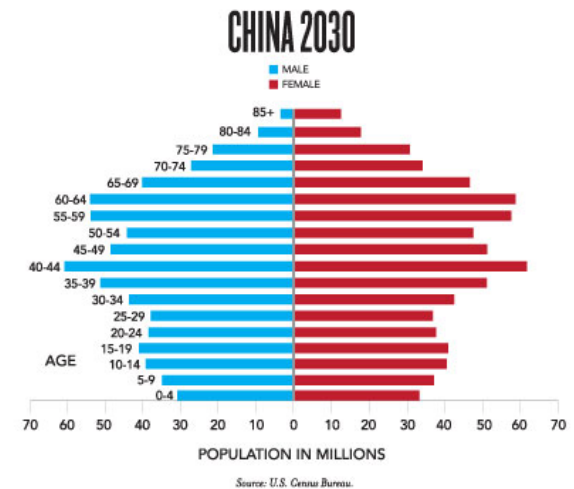
- **How Do Marriage & Fertility Matter?**
  - 1) Economic growth & viable welfare states depend in part upon strong, sustainable families;
  - 2) Key sectors of economy—from household products to insurance to groceries—profit when adults marry & have children.
- **Why Do They Matter?**
  - 3) Men more likely to play a productive role in the economy when they get & stay married;
  - 4) Children more likely to acquire human & social capital needed for workforce if raised in intact, married family.
- **What Is To Be Done?**
  - 5) Family-dependent companies should act in their own best interests to strengthen marriage & family life.

# 1) Fiscal Crisis of Modern Welfare State



- Fiscal crisis currently enveloping Europe is tied in part to demographics:
  - Almost 50% of recent increase in debt/GNP ratio in Western countries can be attributed to growing share of elderly (65+) (Eberstadt & Groth 2010)
  - Particularly salient problem in countries like Italy, which have had long periods of low fertility → now translates into a relatively small working-age population in relation to retirees
    - Canada: workers to elderly ratio: 4.4 (now) to 2.2 (2050)

# 1) Shrinking Workforces



- Because of low fertility, workforce will shrink in much of Europe & East Asia in this century
- From 2010-2050:
  - Chinese workforce will decline by 21%
  - Japanese workforce will decline by 35%
  - Eastern European workforce will decline by 33%
  - (With current TFR [1.67], Canada sees slight rise)

# Slowing Growth



- The new face of East Asia is increasingly an elderly one.
  - Japan's slow rate of growth since 1990s partly attributable to stagnating work force
  - Economists are now predicting slowing growth for South Korea and China as their populations age
  - Rand Report: "India will have more favorable demographics than China" for growth by the middle of the 21<sup>st</sup> century



# Is Demography Economic Destiny?



- The bottom line:
  - These demographic “trends portend ominous change in economic prospects [for many developed countries]: major increases in public debt patterns, and slower economic growth.” (Eberstadt and Groth 2010)
  - In Canada, ratio of workers to elderly goes from 4.4 to 2.2 in 2050.



## 2) Marriage & Baby Carriage

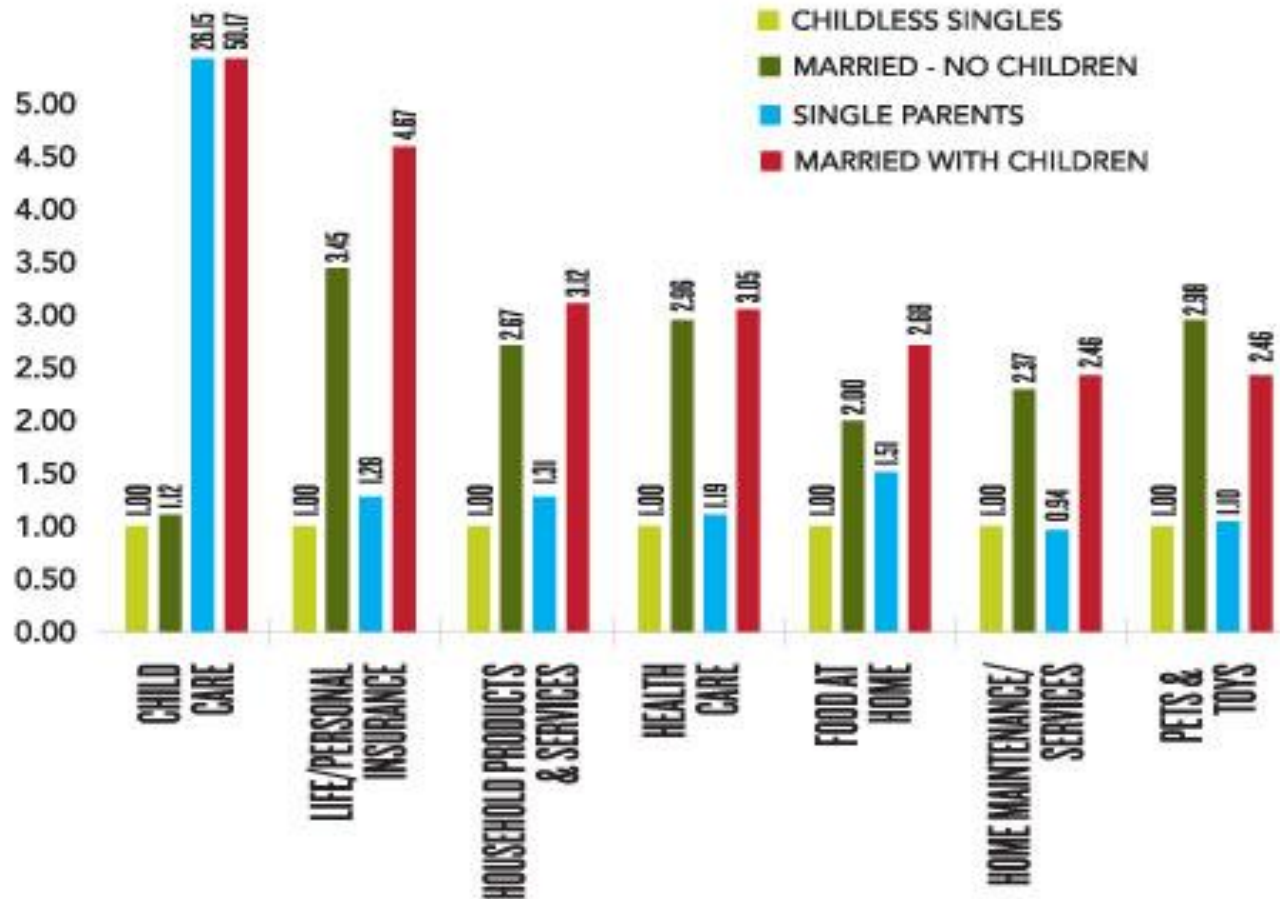


- Some sectors of the economy seem particularly dependent on the health of strong, sustainable families.
- Adults who get married and have children spend more money in at least seven different sectors of the economy (Consumer Expenditure Survey 2008).

# The Seven Sectors

**FIGURE D1**

SPENDING RATIOS  
BY FAMILY TYPE,  
COMPARED  
TO CHILDLESS  
SINGLES



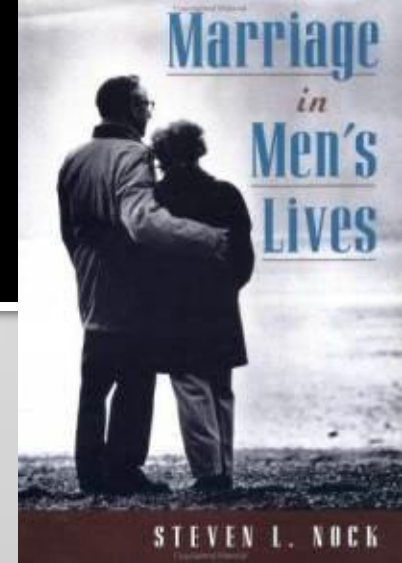
Source: Consumer Expenditure Survey, 2008. Note: Ratios are reported by household.

# Why Does Spending Vary by Family Structure?



- 1) Household size
  - Bigger households buy more in bulk (P & G)
- 2) Children
  - Married parents spend more on kids, in part because they pool income & benefit from economies of scale (Disney)
- 3) Domesticity
  - Married parents devote more attention to home maintenance/improvements & chores (Home Depot)

# 3) Marriage in Men's Lives



- After marrying:
  - Men work harder, work longer hours, work more strategically, & earn more money
  - In U.S., entry into marriage associated with at least 160 hours more of work for men, compared to similar peers
  - The income premium varies from 7% (Canada), 18% (Israel), 19% (U.S.), 22% (Italy), 35% (Russia)
  - New status in life associated with responsibility & care for others (Manulife)
  - Sources: Geist 2009, Gorman 2000; Ahituv & Lerman 2011; Nock 1998

# The Genworth Life Insurance Study (Fairchild 2011)

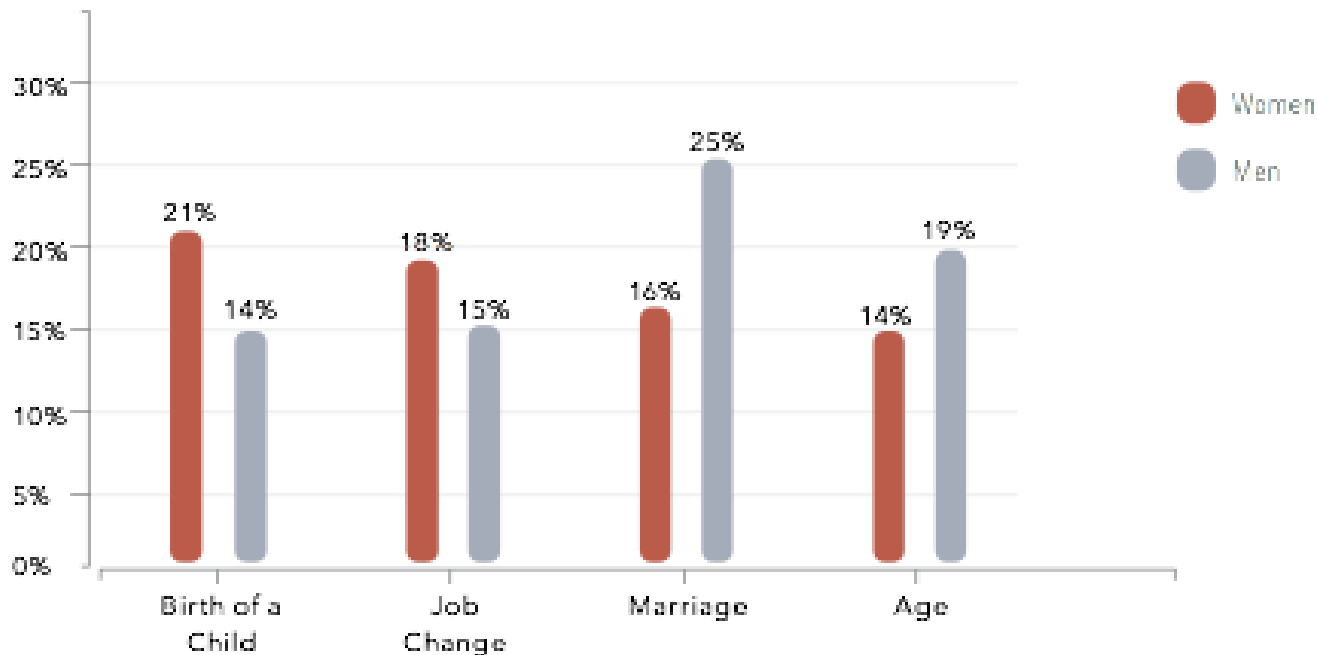
## Trigger Events Vary By Gender

A key finding is that the perception of important trigger events varies by gender.



1. Birth of a child
2. Job changes
3. Marriage
4. Reached certain age

1. Marriage
2. Reached certain age
3. Job changes
4. Birth of a child



# Implications For Industry?

- Some companies likely to flourish in current demographic climate:
  - MillerCoors
- Other companies less likely to flourish:
  - Manulife



# 4) The Workforce of the Future



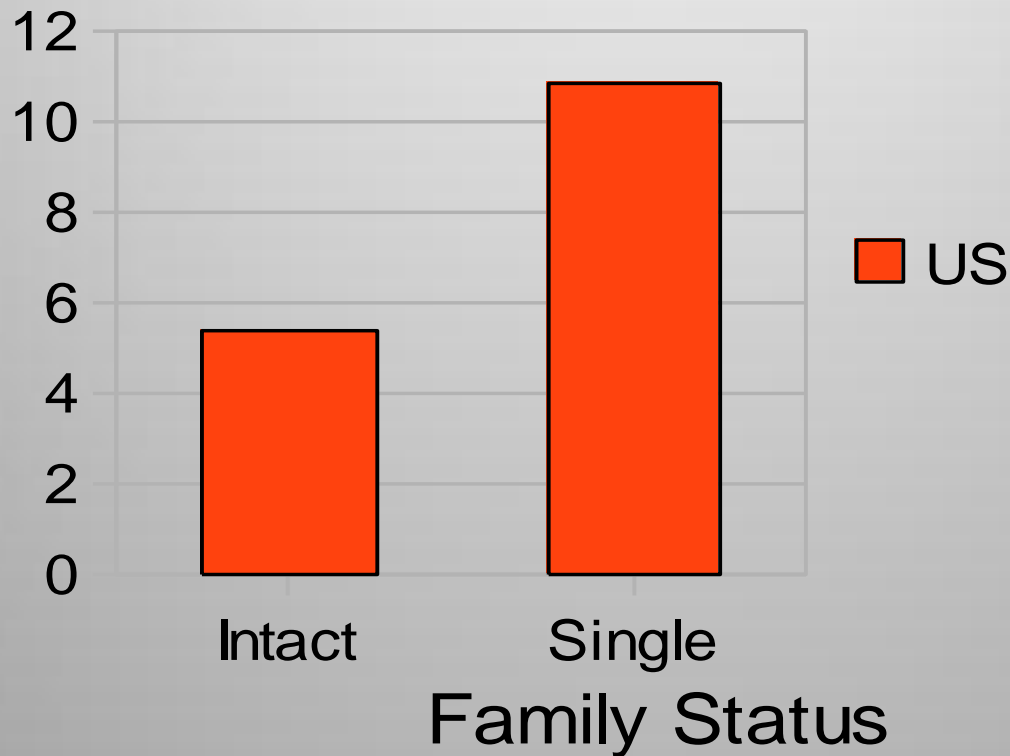
- Children raised in intact, married homes are more likely to acquire the human and social capital they need to:
  - Get good grades
  - Steer clear of trouble with the law
  - Avoid a teenage pregnancy
  - Graduate from high school & college
  - Be gainfully employed as young adults.
  - Sources: Amato 2005; McLanahan & Sandefur 1994; Wilcox *et al* 2011; Haskins & Sawhill 2011



# Young Men in Prison



% Young men in prison

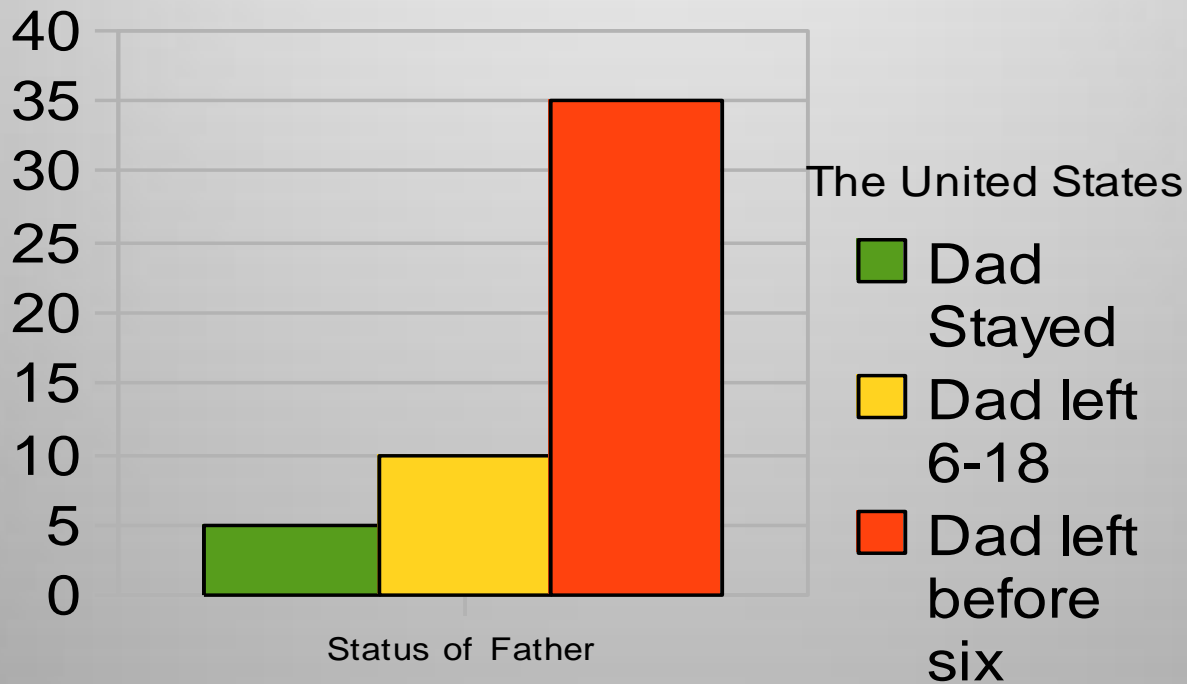


Source: Harper and McLanahan 2004

# Teenage Girls Pregnant



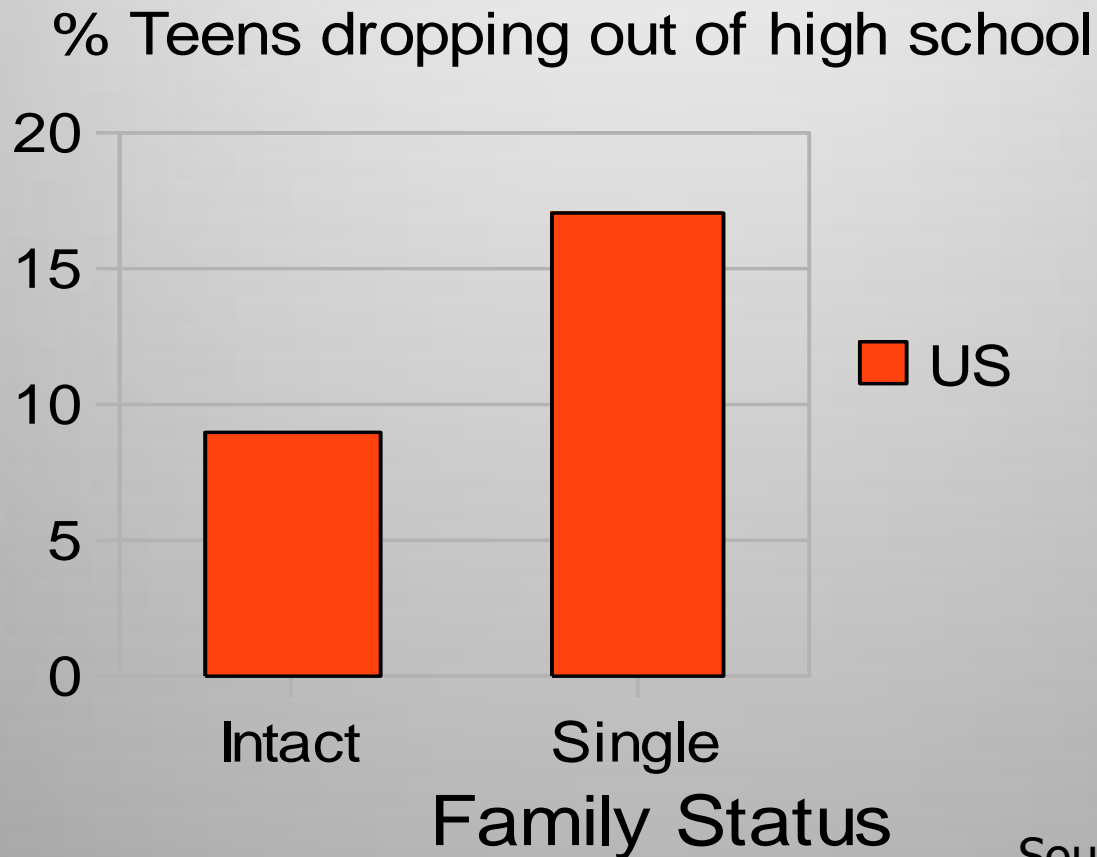
% Teenage girl pregnancy



Family Status

Source: Ellis et al., 2003

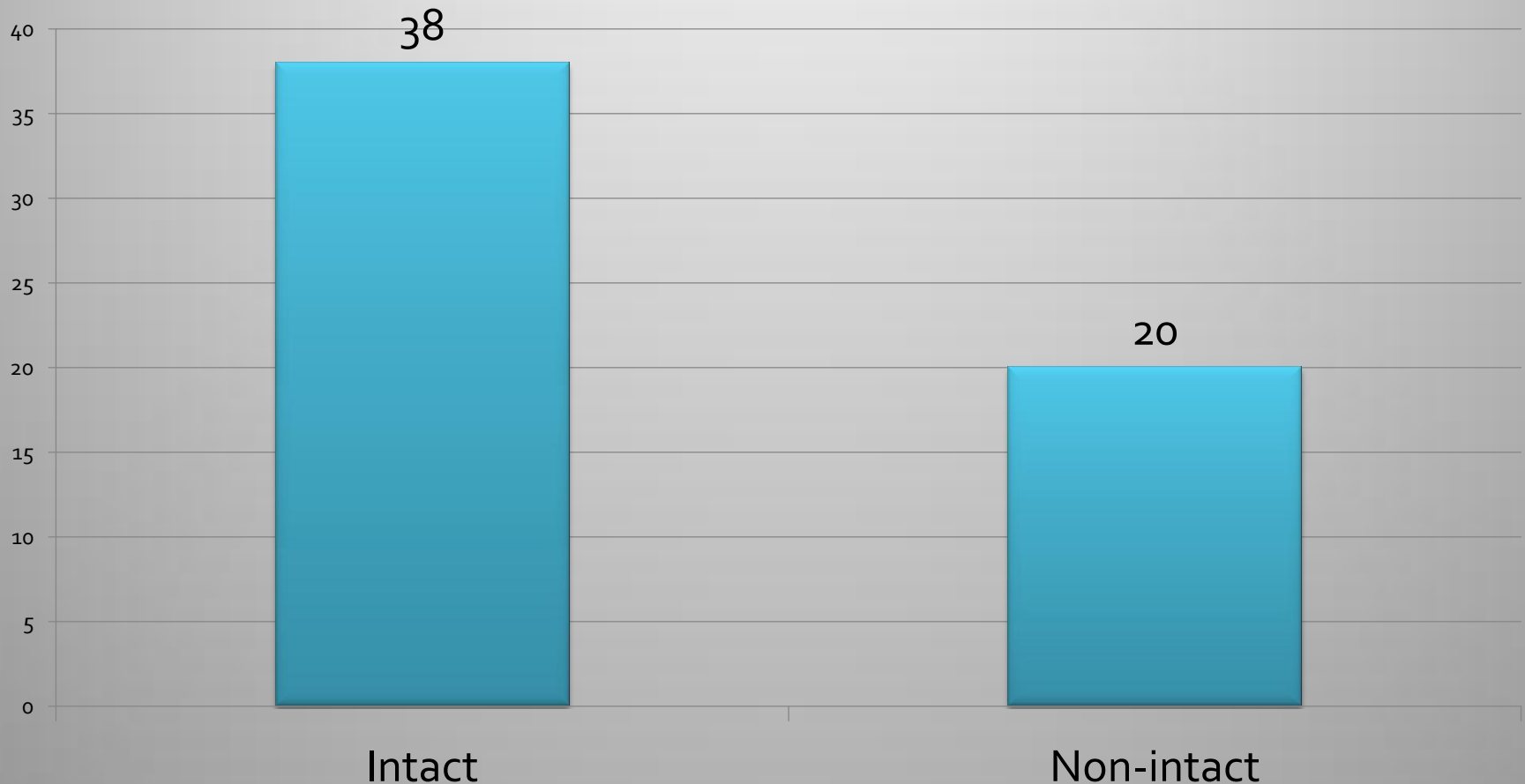
# Dropping Out of High School



Source: McLanahan  
and Sandefur 1994

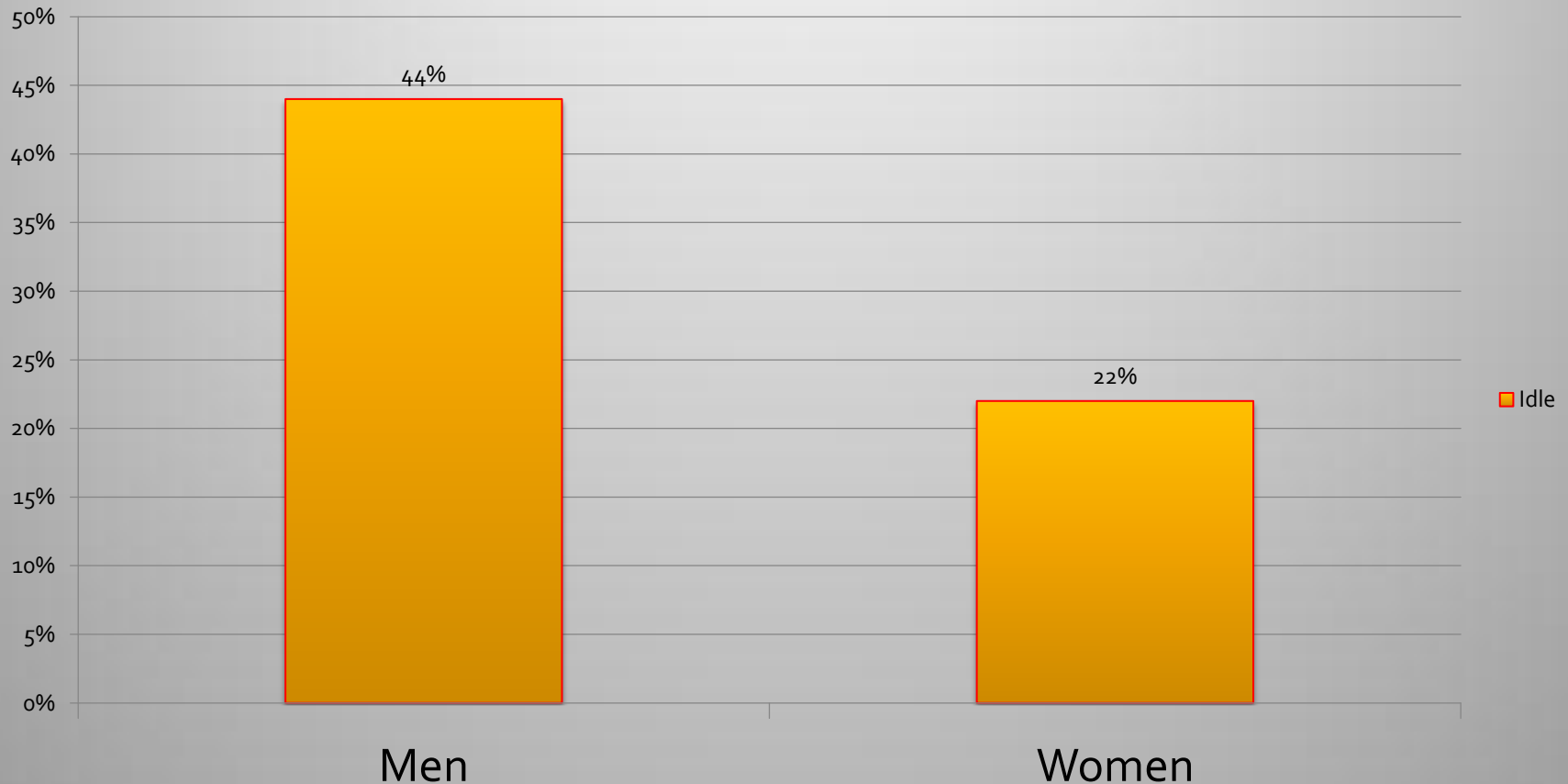
# Completing College

Percent of Young Adults Graduating from College (Add Health 2008)



# The Odds of Being Idle for Young Adults from Non-intact Families

Idleness Among Adults (24-29) in Add Health



# Fourth National Incidence Study of Child Abuse and Neglect (2010)

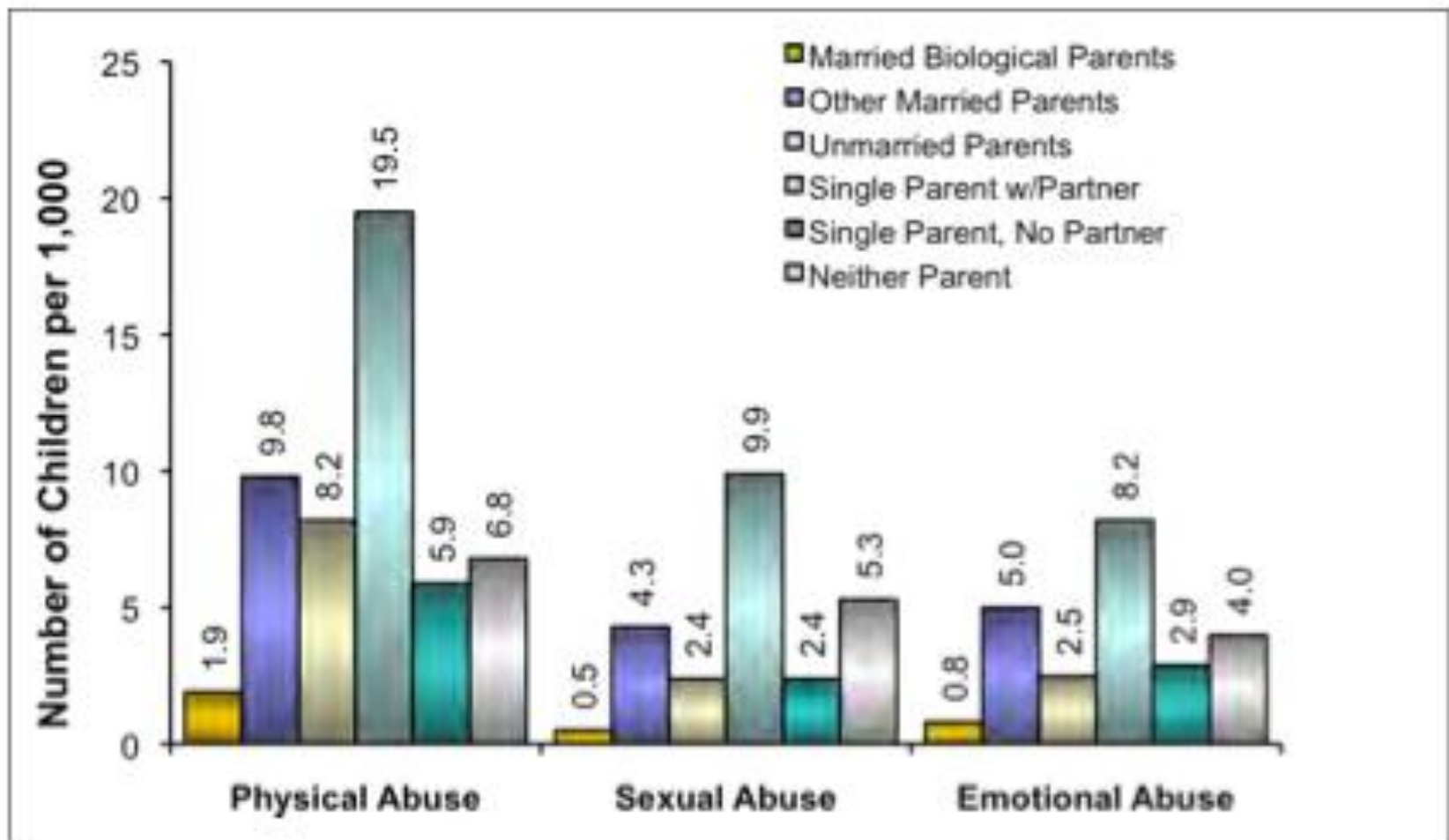


Figure 5-2. Incidence of Harm Standard Abuse by Family Structure and Living Arrangement.

# Social Scientists on Marriage



- “Although it was once possible to believe that ...high rates of ... cohabitation and nonmarital childbearing represented little more than lifestyle alternatives brought about by the freedom to pursue individual fulfillment, many analysts now believe that these individual choices can be damaging to the children who have no say in them and to the society that enables them.”
- - Ron Haskins, Sara McLanahan, and Elizabeth Donahue, *Brookings-Princeton Policy Brief* (2005)



# 5) What Is To Be Done?



- Ottawa can only do so much.
  - Civil society & the market have important roles to play.
- Businesses have substantial power over:
  - Internal corporate culture
  - Corporate philanthropy
  - Advertising.

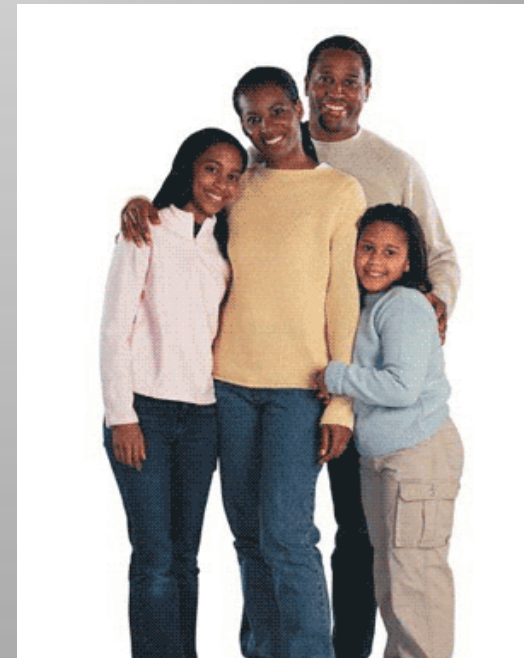
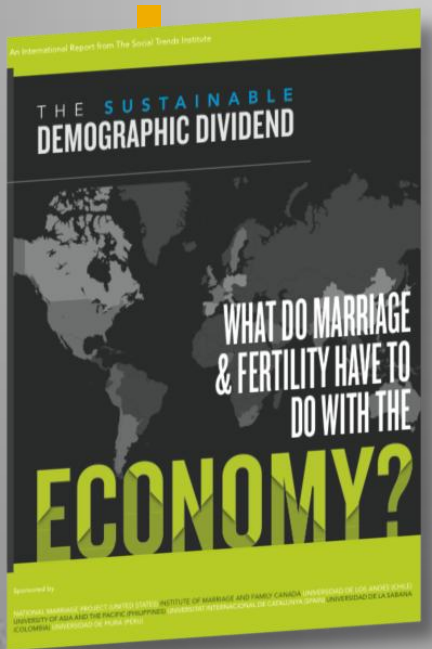
# The Popular Culture



- Popular culture appears to have played a major role in shaping demographic revolutions of post-World War II period.
  - Brazilian telenovelas → smaller families (Ferrara et al. 2008)
- Businesses (Manulife) should get behind:
  - Shows
  - Ads
  - Social marketing campaigns
- That reinforce positive messages about marriage & family life.

# Conclusion

- The bottom-line message of *The Sustainable Demographic Dividend* is that business, government, and civil society should strengthen the family because the wealth of nations & large sectors of the economy are tied to the fortunes of the family.



# For more information:

- The National Marriage Project at the University of Virginia:
  - (<http://www.virginia.edu/marriageproject>)
    - [marriage@virginia.edu](mailto:marriage@virginia.edu)