

## **New Report Warns that the Collapse in U.S. Population Growth Could Undermine Future Prosperity and Security**

*Drop in birthrates and immigration will hurt living standards, erode U.S. international stature*

**CHICAGO, Ill.** – Recent declines in birthrates and immigration mean that the United States not only faces a future of slower population growth, but also of slower economic and living standard growth, according to a newly released report from [The Terry Group](#) and the [Global Aging Institute](#) (GAI). The report, entitled *Why the Collapse in U.S. Population Growth Matters*, is part of The Terry Group and GAI’s jointly published *Critical Issues* series.

“The U.S. population grew more slowly in the 2010s than in any decade since the 1930s,” said Richard Jackson, GAI’s President and author of the report. “The slowdown in population growth will translate into slower growth in employment, which in turn will translate into slower growth in GDP. Given current demographic trends, we will be lucky if the U.S. economy grows at one-half of its postwar average over the next three decades.”

“A slower-growing population also means a faster-aging population, and the combination of slower growth and faster aging threatens to pull down productivity and living standard growth,” added Tom Terry, CEO of the Terry Group. “As the workforce grows more slowly, businesses will invest less. As the average age of the workforce increases, it may become less mobile, less flexible, and less innovative. As the ratio of retirees to workers increases, so will fiscal burdens. As domestic markets grow more slowly, protectionist pressures may grow.”

Beyond the economic risks, the report warns that the growth slowdown also poses geopolitical risks.

“Population size and economic size together are potent twin engines of national power. They underpin the hard power of national defense and the semi-hard power of foreign assistance. To a significant extent, they also underpin the soft power of global influence. If the United States continues to shrink demographically and economically relative to a faster-growing emerging world, its ability to maintain today’s rules-based world order will diminish,” Jackson said.

The report identifies five key strategies that could improve the U.S. demographic and economic outlook and reduce the risks to future prosperity and security:

- **Increase immigration.** The surest way to improve the outlook is to increase immigration. In the past, when the United States had replacement-level fertility, immigrants were what kept the workforce growing. In the future, they will be all that keeps it from shrinking.
- **Increase birthrates.** Policymakers should also do what they can to encourage higher birthrates. Initiatives that reduce the costs of childrearing and make it easier for young adults to balance work and family responsibilities, such as subsidizing daycare and mandating paid maternity and paternity leave, would help.

- ***Increase labor-force participation.*** A more slowly growing and aging America must better leverage all of its human capital. The labor-force participation rate of working-age adults has been falling since the Great Recession. Reversing the decline is critical. So is encouraging higher labor-force participation among the elderly, who now represent the fastest growing segment of the population.
- ***Reduce fiscal burdens.*** The rising cost of retirement and health benefit programs is the driving force behind federal budget deficits. Without reform, they threaten to impose a massive tax on the living standards of our children and grandchildren.
- ***Resist protectionist pressures.*** Open global labor markets can match workers with jobs across countries. Open global capital markets can match savers with investment opportunities. Ensuring that the world remains interconnected will not only reduce the economic costs of population aging but could also reduce the geopolitical risks.

“Changing our demographic and economic trajectory will not be easy since the dynamics of slow growth tend to reinforce each other. But, without a change in course, we may find that a slow-growth America is not only a less prosperous and less hopeful America, with less economic and social mobility, but also a less safe America,” said Terry.

To download a copy of the full *Critical Issues* report, please visit [www.terrygroup.com](http://www.terrygroup.com).

### **About The Terry Group**

The Terry Group is a health and actuarial consulting firm whose consultants and researchers help organizations navigate the complexities of health care, pensions, investments, and employee benefits. We are actuaries, clinicians, and experts in capital markets. We build models, analyze data, and provide expert testimony, working in partnership with our clients to help solve challenging problems and achieve their goals. Our deep experience, superior technical expertise, and passion for continuous learning are central to who we are. To learn more about The Terry Group, visit us at [www.terrygroup.com](http://www.terrygroup.com).

### **About the Global Aging Institute**

The Global Aging Institute (GAI) is a nonprofit research and educational organization dedicated to improving our understanding of global aging, to informing policymakers and the public about the challenges it poses, and to encouraging timely and constructive reform. GAI’s agenda is broad, encompassing everything from retirement security to national security, and its horizons are global, extending to aging societies worldwide. To learn more about GAI, visit us at [www.GlobalAgingInstitute.org](http://www.GlobalAgingInstitute.org).

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