

## The Zeitgeist Of Suicide (Part Three): Answers That Miss The Mark

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Part Two of this series focused on the causes and consequences of the new demographics, paying special attention to the "graying" exhibited by virtually all industrialized and industrializing nations. Societal aging and the economic difficulties it engenders appear to be waxing in both depth and breadth—in the magnitude of sub-replacement fertility rates and in the spread of these low rates around the planet. Part Three spotlights the economic solutions to what is increasingly becoming a global problem.

Governments are toying with a number of plans to remedy, or at least mollify, the problem of increasing pension payouts in the face of decreasing industrial and agricultural production in aging societies. Viable solutions, though, are hard to come by.

### Economics' Unforgiving Math

Two of the governments' plans are these:

***Raise the retirement age*** . Inarguably, a retirement age of 70 or so is consonant with the health and vigor many people today enjoy throughout their sixties. This fact of life stems from modern medicine and nutrition. Accordingly, some economists have urged nations to index retirement age to life expectancies, hiking retirement age as life expectancies increase. Doing so, they claim, will "burn the candle at both ends." An increase in the number of years people work will increase the amount of tax money flowing into national pension programs. At the same time, these fattened funds will experience less outgo, as people retire later in life, and therefore live fewer years as retirees. Raising the retirement age will increase the funds' income while reducing the rate of their drawdown. It sounds like a solution made in heaven.

It will not work, at least, not for more than a moment. Creditable studies indicate that people who work longer save less money because they know they will have a shorter period of time to spend those savings. Lower aggregate saving will cancel out the effects of reduced pension outlays.<sup>1</sup> Raising the retirement age is not a solution because it does not address the real problem: It does absolutely nothing to raise fertility rates.

***Increase taxes*** . Increased taxation is the commonplace panacea proffered for any problem. For instance, some writers have suggested that as much as a 68% increase in taxes will be necessary to prevent fiscal disaster in America's Social Security program. Certainly, there will be political pressure by one large voting block, the pensioners, to raise taxes. After all, with reduced incomes, they pay relatively low taxes. The many seniors in Florida, America's "oldest" state, where a frequently seen bumper sticker grins gleefully at the idea of retirees' spending their grandchildren's income, will not be threatened by higher taxes. Let the young work and pay!

This solution is even more wrong-headed and more unworkable than raising the retirement age. In an environment where sub-replacement fertility is persistent, increased taxation means simply this: An

ever-decreasing number of young workers will be taxed at ever-higher rates to pay for a greater volume of pensions.

Patently, this new math will not mesh with the new demographics. In fact, higher taxes will be dysfunctional in the long run: Aside from resolving a short-term fiscal crisis, higher taxes will only act to discourage young couples from having children.<sup>2</sup> They will not be able to afford them. In the end, higher taxes will merely deepen the problem. Again, this solution does nothing to resolve the root cause of the problem: low fertility.

While these solutions—and any number of others offered by economists—may temporarily ease the fiscal crisis faced by under-funded national pension programs, permanent answers they are not.<sup>3</sup> They are makeshift at best because they are rooted in economic theory and practice, not in moral actions. What they represent are mankind's answers to a problem caused by his disobedience to God's command to multiply. To the extent that they attempt to circumvent this moral issue, they only worsen the problem.

Another group of individuals, biotechnologists, is proposing that mankind take another avenue to resolve the planet's aging problem. The technological solutions they propose are radical indeed. The last part of this series will examine the solution offered by biotech firms.

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***Inset: Big or Small: Does It Matter?***

"Demography is destiny." Auguste Comte's aphorism, although overstated, offers a grain of truth. For, indeed numbers do count!

In His promises to the Patriarchs, God makes clear the implicit nexus between population and national power. Probably the clearest example of this connection is His covenant with Abraham, recorded in Genesis 17:4, 6: ". . . My covenant is with you, and you shall be a father of many nations. . . . I will make you exceedingly fruitful; and I will make nations of you, and kings shall come from you." Through this covenant, God promises both fecundity and national greatness—essentially in one breath. It may not be fair to say that one causes the other, or even that they are two sides of the same coin. However, they very often accompany one another.

The book of Exodus classically rehearses the conflict that can develop between different peoples as their relative population proportions shift. Changing demographics played a leading role in the interface between Egypt and God's people at the time immediately before the Exodus. The children of Israel entered Egypt only 70 in number (Exodus 1:5), a decided minority. In time, they undoubtedly became major contributors to the Egyptian economy.

Recognizing this, the Egyptians came to believe that it was in their national interest to retain the labor pool afforded them by Israel at any cost. Eventually, however, the fertility of Israel became a concern to them; they reasoned that Egypt could lose the economic benefit of this ever-growing labor pool should Israel act unilaterally to build an alliance with any of Egypt's enemies.

Their worst nightmare, in all likelihood, was the scenario that Israel could gain independence in event of war—even emigrate from Goshen. As a response to this perceived threat, the Egyptians developed a national policy of restricting Israel's independence. This ultimately amounted to out-and-out enslavement (see Exodus 1:7-11). "But the more they afflicted them, the more they multiplied

and grew. And they were in dread of the children of Israel" (verse 12). At that point, the Egyptians attempted to enforce population control, going so far as to institute forced infanticide: "Every son who is born you shall cast into the river, and every daughter you shall save alive" (verse 22). Of course, God intervened and freed His people.

In the ancient world, people represented power. The more people a king controlled, the bigger the army he could muster. This is the stuff of which empires were made. Today, even with the advent of weapons of mass destruction capable of being hurled around the world without the use of vast armies, people still represent power. The Russian, and later the Pole, came to understand where the Pope's armies were—in the parish churches, among common folk. Indeed, especially in democracies, people can form voting blocs that determine (or at least affect) domestic and even foreign policy.

The best example of this is a bloc that may become highly disruptive to the *status quo* of Europe: the Muslim population of France. Because their numbers are growing prodigiously, the Muslims will soon become a significant bloc of voters in France. Closer to home, the Hispanic community in the American Southwest is exercising its muscle at the polls, as the newly elected Latino mayor of Los Angeles vividly proves.

Nicholas Eberstadt, writing in *Policy Review* ("Power and Population in Asia," February/March, 2004, p.3), cites some examples of balance-of-population shifts that might soon affect us all.

*India/China.* By 2025, China's population will grow by half, but India's will more than double. While a generation ago, China's population was half again larger than India's, in just one more generation, the two nations' populations will be within five percent of each other. Of course, population is not the only reason behind India's emergence as an economic powerhouse, there being any number of other important economic and social reasons as well, not the least of which is her peoples' familiarity with the English language. Yet, for all that, population is certainly playing its part in India's current economic dynamism.

*Pakistan/Russia.* In 1975, Russia's population was about two times that of Pakistan. By 2025, that situation will be turned around a full 180-degrees: Pakistan's population will be almost twice that of Russia's. This fact, coupled with Pakistan's possession of nuclear arms, will certainly change the balance-of-power equation in central and eastern Asia.

Will any of these shifts in relative population weights change the way nations do business with one another? Count on it! Changing demographics within regions, among religious and ethnic subgroups, as well as between nations, will result in instabilities and in new strategies to cope with them. Changes in population, such as outlined above, will surely bring new definitions of national identities and interests, as well as realignments of economic and military force.

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***Inset: Who is Malthus? Who is Ehrlich?***

Thomas Malthus is widely credited with being the father of demographics, the study and measurement of populations. A Calvinist minister who died in 1834, Malthus believed that food supplies grow arithmetically: 1, 2, 3, 4. But, because couples in his day frequently had many

children, he noted that population grows exponentially: 2, 4, 8, 16. In other words, population grows much faster than food. Since there is a physically limited amount of arable land on the planet, population growth will inevitably outstrip food production.

This unforgiving and inexorable math dooms mankind to live in a fallen world of famine and starvation. Only the Four Horsemen, riding repeatedly throughout the course of history, will be able to control runaway population by slaying people the planet cannot sustain anyway. Malthus' Calvinist background, with its dark view of mankind's total depravity, colored his thinking.

In many ways, Malthus was one of the seminal thinkers of our time. In his *Autobiography*, Charles Darwin, himself certainly a seminal thinker, wrote in 1838 that, upon reading Malthus "for amusement," he "had at last got a theory by which to work." Malthus' ideas provided the jelly that would serve as the foundation of Darwin's equally gelatinous theories of natural selection and survival of the fittest.

If Darwin had Huxley to popularize his hypotheses, if Marx had Engels to popularize his, Malthus had Paul Ehrlich. More properly, Malthus had a sensationalist. In his infamous book, *The Population Bomb*, first published in 1968 and re-released in 1971, Ehrlich histrionically prophesied that India would starve in the early 1990s, that Europe would "dissolve" by then, that New York City would experience food riots before the year 2000. History discredited his overwrought predictions.

Ehrlich, who incidentally defends his ideas to this day, failed to plug the advances of technology into his equations. He failed to recognize the importance of the so-called "Green Revolution" of the 1970s and beyond, as well as advances in genetic engineering—whole clusters of technologies that have effectively increased food production far faster than population growth. India is quickly becoming a world-class economic power, and, by the way, an *exporter* of food. No, famine has not forced the dissolution of Europe and food riots have not rocked New York City.

Even more significantly, Ehrlich failed to consider statistical evidence that was becoming available even as *The Population Bomb* was going to press in the late 1960s. By then, some astute demographers had become aware of an important countertrend: Fertility rates were falling. If those declines were not temporary but proved long term, it would be only a matter of time before total world population would begin falling. Rather than explode, population would implode.

Nevertheless, *The Population Bomb*, popularizing as it did the term *population explosion*, was like a stick of dynamite detonated in a bed of snails. The blast spread slimy Malthusian ideas all over the place and resulted in a whole genre of socialist-inspired, anti-capitalistic books in the 1970s, the most notorious probably being *Famine 1975!* by William and Paul Paddock.

For a readable and concise critique of Malthus, see Bailey, Ronald, "The Law of Increasing Returns," *The National Interest*, Spring 2000, p. 113.

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## Endnotes

1 Kotlikoff, Laurence J., and Burns, Scott, *The Coming Generational Storm: What You Need to Know About America's Economic Future*.

2 Kurtz, Stanley, "Demographics and the Culture War," *Policy Review*, February/March 2005. p. 33.

3 Kurtz suggests indexing Social Security benefits to prices, not wages. Others have suggested attaching a means test for Social Security benefits. Perhaps the most useful single answer is that of Laurence Kotlikoff ("Privatizing Social Security the Right Way," *The Independent Review*, Summer 2000.) This article was adapted from testimony before the U.S. House of Representative, June 3, 1998.