

The Depopulation Dividend*

Countries with reducing populations are exclusively wealthy countries. Several are so concerned about their ageing populations that they are introducing pro-natalist policies, offering incentives to increase the birth rate. Yet they ignore: the fact that age-imbalance is a temporary and inevitable final stage of the demographic transition towards a new, lower equilibrium (fears of 'extinction' can be discounted); and **the numerous advantages of a reducing population**. These include:

Environmental

1. Improving bio-physical sustainability. Japan, Korea and Germany are 8th, 9th and 37th on the Overshoot Index (based on 2012 Blue Planet Award-winning Global Footprint Network data). This means they are heavily dependent on renewable ecological services provided by other countries or natural capital; so that to become sustainable in the long term, they must reduce either their numbers or their resource consumption by respectively 86%, 84% and 57%. The more they reduce their numbers, the less they need reduce their consumption. (The still growing UK is in 19th place, and 72% ecologically overshoot).

2. CO2 emissions will reduce, slowing climate change, as will: pollution (air pollution causes thousands of premature deaths); traffic congestion; rail overcrowding; queueing/ lack of choice for public services; pressure on waste facilities; the intensity and diversity of agricultural land use, etc.

3. It will become possible to increase, instead of constantly eroding, the amount of habitat for wildlife, increasing national resilience. In any case, gardens, urban green spaces, playing fields and local amenities will be better protected from development pressures, improving the quality of life.

4. The environmental benefits of new technologies like SKWID (the world's first floating wind/current generator), currently being tested off Saga prefecture (W. Japan), will not be eaten up by ever-rising demand.

5. Rapidly reducing populations pre-empt the many more people there would have been, if the total fertility rate had simply reduced to, and then remained at, replacement fertility. The absence of those millions is probably the biggest single dividend.

Economic

6. Full employment; rising minimum wages; greater focus on skill development, training and apprenticeships; contribution of older workers sought and welcomed; incentive to improve efficiency, technology and labour-productivity.

7. Steadily increasing food, water and energy security from their own resources; reduced exploitation of the resources of poorer countries, who need them for their own growing populations.

8. A flat-lining GDP (stabilizing overall resource consumption) still translates into rising GDP per capita.

9. This provides an opportunity to transition to a steady state (sustainable) economy.

10. The need to keep expanding infrastructure capacity will end. This dividend does not reverse as populations age, and far out-weighs the costs of ageing. Redundant infrastructure can simply be sold off, improving the public finances, or returned to open space, improving quality of life for city-dwellers.

11. The level of personal debt will reduce, with more people at the asset accumulation phase of their life (later adulthood) and fewer in the heavily indebted phase (young adulthood); so that society at large has a high saving rate and domestic capital is readily available, reducing dependence on foreign finance.

12. Care of the unfit old can be provided by the 'fit old', with improved technology (remote alarms, robots, etc).

13. The rising costs to the public finances of old age care can be offset to some extent by a reducing the education, child-care and child-health budget.

Quality of Life

14. There will be a greater ability to focus on increasing well-being rather than GDP (cf the new "Happiness League" – Association of Municipalities for Improving Residents' Sense of Wellbeing – launched in June in Japan).

15. The return of real inheritance. Sufficient homes and public infrastructure will again be gifted by one generation to the next, instead of the young spending a large proportion of their life's earnings on new housing and infrastructure, and on paying down the public debt run up by their parents' generation, with each generation carrying an accumulating burden from the last.

16. House prices and other commodity prices will reduce, thus improving real incomes, and allowing larger homes. (Britain has the smallest homes in Europe – a known cause of stress).

17. Two children being nearly twice as expensive to bring up as one, single child couples can save more money to invest in a pension for a comfortable old age.

18. Governments can afford more investment in higher skills in a constant education budget.

Population Matters

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Matanle, P. (2013) Why the 2020 Olympics Won't Solve Japan's Problems, Prospect Magazine, 7 October. Available at: <http://www.prospectmagazine.co.uk/politics/2020-olympics-japans-problems/#.UnIZ4ZROrIY>.