

The Birth Rate Crisis - Implications and a Path Forward

The world has become too prosperous to encourage and sustain high birth rates. History shows us that poverty tended to encourage high birth rates and present shows us that prosperity tends to suppress it. It is believed that when times are tough, survival instincts kick in resulting in an increased focus on reproduction, presumably to spread as many copies of one's genes as possible. A recent example is the mid-20th century, when much of the world was suffering from wars and times were tough, but populations were booming. However, as countries became wealthier and more urbanized, priorities shifted from survival and labor-driven economies to individualism, career progression, and lifestyle quality. Birth rates have declined as a direct consequence of this trend. This trend being more pronounced in developed countries, New Zealand has come into its grip too. Decades ago, families were larger, but today, the birth rate has plummeted. The decline was sharp between 1950s and 1980s (Figure 1) and is slowly stabilizing, but its impact is only beginning to unfold.

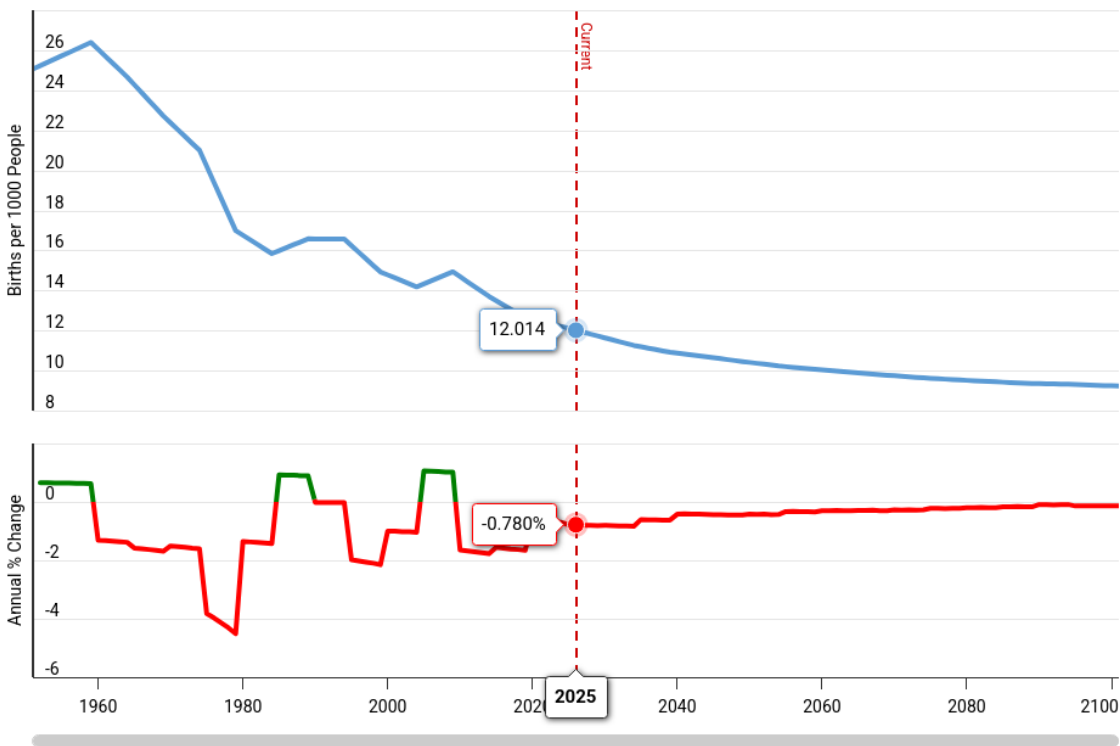


Figure 1 - New Zealand Birth Rate 1950-2025 (United Nations - World Population Prospects)¹

¹ United Nations. "New Zealand Birth Rate 1950-2024." *Macrotrends*. Retrieved from <https://www.macrotrends.net/global-metrics/countries/NZL/new-zealand/birth-rate>.

Due to steadily decreasing birth rates, New Zealand's population demographics have changed dramatically. As can be seen in Figure 2, aged population is growing at double to triple the pace of younger population. Although the numbers appear to be scary, fortunately, the population demographics, between working and non-working population, is expected to shift by 8-10% only. However, the two groups will eventually catch up to each other if the trend is not reversed. If this happens, the consequences will be dire. The question that begs attention is how New Zealand will respond?

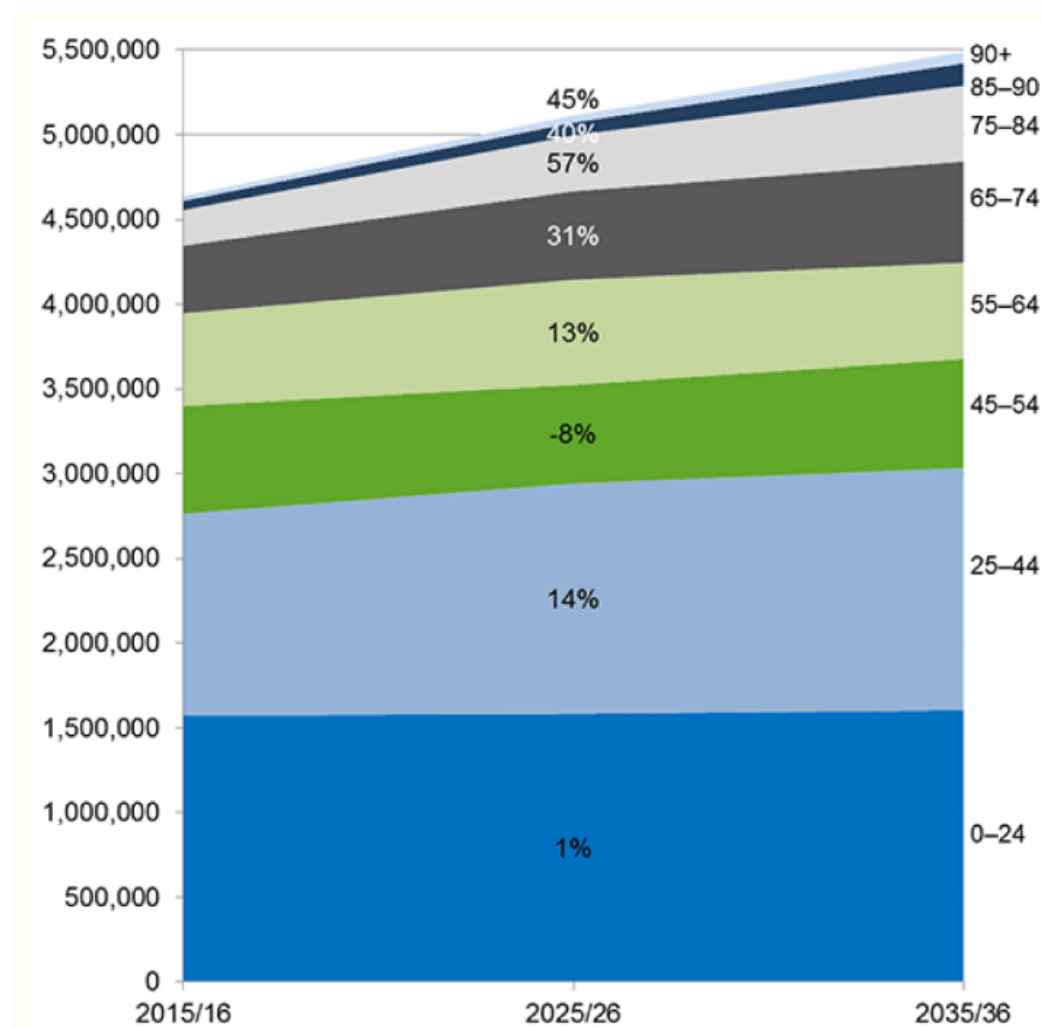


Figure 2 - Projected population growth, by age group (Statistics NZ, National population projections, by age and sex, 2014 (base)–2068)²

² Statistics NZ. " National population projections, by age and sex, 2014 (base)–2068)." *Health New Zealand*. Retrieved from <https://www.tewhatauora.govt.nz/for-health-professionals/data-and-statistics/older-peoples-health/our-changing-population>.

Governments worldwide are recognizing this crisis and taking actions to address falling birth rates. China offers a prime example. First, they reversed their one child policy seeing the detrimental effects it presented. Their younger population was shrinking while older population was growing rapidly. Recently, they simplified their marriage registration process reduce the financial and bureaucratic barriers that discouraged couples from tying the knot. This may seem counter-intuitive in the context of New Zealand, however, having children outside of marriage is stigmatised in China. Although this essay focuses on New Zealand, such international measures highlight the global presence of declining birth rate crisis.

Declining birth rates pose significant long-term challenges. One of the most immediate concerns is the shrinking workforce. As the graph in Figure 2 shows, working age population is on a decline while retirees are growing rapidly. Over time, this imbalance will lead to labor shortages in critical industries such as healthcare, education, and infrastructure. This will increase productivity pressures on workers since their numbers will be disproportionate comparing to the size of economy they would be supporting. A direct corollary to this would be the expected financial unsustainability of the pension system. Fewer workers will be contributing to it while increasing number of retirees will depend on it. The government may eventually face tough choices to balance the growing financial demands. Raising retirement ages, increasing taxes, or restructuring superannuation benefits could form part of those tough choices.

The aging population will also place greater demands on healthcare services. Increasingly older population will demand increased aged care, long-term disability support, and chronic disease management. This will very likely strain an already overburdened public health system. The financial consequences of shrinking working age group will have an impact in this arena as well since number of taxpayers will diminish. New Zealand health care system relies heavily on migrant labor. While this does offer some hope, it is no silver bullet. There are challenges of education and training alignment between New Zealand standards and overseas countries. Besides, the crisis being worldwide, demand for migrant workers will intensify and it will become harder for New Zealand to count on that pool of workers.

Population growth has historically driven economic expansion. A stagnant or declining population can lead to lower consumer demand. Young families often cater for majority of consumer demand and fewer young families mean reduced purchases of homes, cars, and

everyday goods. Countries such as Japan and Italy, which have endured prolonged population decline, are already facing these challenges. New Zealand cannot afford to ignore these warning calls.

The social fabric of society is not immune to the effects of declining birth rates. As smaller families become the norm, traditional community support structures erode. Aging individuals may face increased isolation, leading to serious mental health challenges. Youth-driven innovation, arts, and activism play essential roles in shaping a dynamic society. A shrinking younger generation can reduce this cultural vibrancy.

It is vital to understand the origins of this problem before any meaningful solutions can be carved. Until 1950s-60s, humanity frequently found itself in survival modes whether it was wars, famines, epidemics or fights against foreign rule. This led to survival instincts driven population growth as has been established toward the beginning of this essay. As populations grew, so did consumer demand, spurring economic development. However, this economic development brought with it some unintended consequences. The family and societal dynamics were changed forever. Until then, communities were largely self-sustaining. Fast food chains and supermarkets with aisles full of packaged food were absent. Wealth disparity was low and thriving on single income was the norm. Marriages were stable since modern day stresses were absent. One parent, usually male, brought income to the family while the other took care of the house and children. This division of responsibilities afforded couples more time and energy to devote to family planning. Populations boomed and children thrived. However, with the advent of modern-day food chains, local markets subsided giving way to bigger corporates to take control of people's spending habits. Clever marketing campaigns shifted people away from mostly locally produced and home cooked food to packaged foods. Similar changes happened in other spending habits. As a net effect of this, it became increasingly difficult to sustain on single incomes since big corporate greed led to wealth disparity. The rich started getting richer and middle class started feeling the need to supplement their income.

As a positive consequence of economic development, women empowerment movements flourished. Females started to recognise their worth. Fueled by growing needs for secondary income sources for families and empowered by movements, women started getting into workforce more and more. This completely changed the historic family structures. With both

parents working, responsibilities increased. There was more to do but time was still limited to 24 hours a day. This gave rise to modern-day stresses where responsibilities were no longer clearly defined. While this marked an important step toward gender equity, it also contributed to the rising cost of child-rearing. Families now had to rely on paid childcare, daycare facilities, and external support. Having children became a more calculated financial decision. Additionally, greater access to contraception and abortion facilities lowered unintended pregnancies. Cultural attitudes toward family size changed. Parenthood became a deliberate choice rather than an expectation or a natural part of life. Moreover, stress and increased chemical load brought about by packaged foods and pesticides ridden commercial produce impacted fertility rates further lowering birth rates.

Over the course of last 5-7 decades, we shifted from single income large family households to double income small families. The rising cost of living takes a centre stage when declining birth rates are the topic of discussion. Today, concepts like DINKs (Double Income, No Kids) households are flourishing in countries like India. Similar attitudes are evident around the world. Therefore, reversing the declining birth rate must begin with tackling the rising cost of living.

It shall be recognized that under the modern family settings, the quality of childcare has suffered immensely too. So, not only we are bringing less children into the world, the children that do make it to the world are missing out on vital parenting love and affection. On the contrary, historic single-income households model was immensely beneficial for children while also being less stressful on parents.

However, the historic model wasn't all hunky-dory. It had its own challenges and drawbacks. The major drawback of this model was rigid gender roles. Women's financial independence and personal ambitions were limited. So, how can we bring back the old days without their drawbacks and make large families the norm once again?

Simply reverting to that system is neither realistic nor desirable. Instead, a reimagined version of the single-income household is needed. A version that affords flexibility in gender roles while also bringing back its benefits. Two-step process is proposed.

First, economic structure will have to be fundamentally shifted away from big-corporate driven economies to local markets. This will help distribute prosperity more evenly. Government

policies will be required to curb corporate greed. Further, governments need to implement policies that reduce financial pressures on single-income households through tax benefits and housing incentives. Additionally, these reforms will need to be complimented with financial literacy programs. These programs shall help families differentiate between needs and wants, adopt mindful spending habits, and plan for long-term financial stability. Together these measures will help reduce cost of living and hence, will provide a footing on which single income households can be established once again.

Second, and more difficult step is to change people's attitudes toward family structure. Over the decades, personal fulfillment and career progression has been rooted deeply into people's psyche. Suddenly, expecting them to be family oriented would be like swimming against the current. It is very likely that some people would tend to personally lavish on the savings afforded by changed economic structures. However, there is a good percentage of people who long to extend their families but can't at the moment due to financial burdens. Clever marketing campaigns will be needed bring about the change in people's attitudes toward family building. Once such marketing idea could be promoting the change as a FLOW (Family Living on One Wage) model. The acronym itself has positive vibes. Unlike past structures, FLOW would not dictate who should work and who should manage the household. It would empower couples to understand their strengths and make informed decisions as to what works best for them, ensuring both financial security and dedicated child-rearing.

By combining policy reform with household financial responsibility and then promoting it as the FLOW model can offer a realistic and attractive option in helping families to re-consider their reproduction choices.

One thing that hasn't been discussed but that does demand consideration is the alarmingly high abortion rate in the country. While some abortions are unavoidable, others could potentially be saved. There is no doubt that increasing number of people are suffering from fertility issues. However, it doesn't mean that they have lost the desire to raise children. In fact, the opposite is true. As humans, we long something more when we know that we can't have it. So, one side of the story are people who want to have children but can't have them. The second equally important side of the story are people whose lives are not stable enough to let them raise children but they are capable of reproducing. At the moment, these is a wide spread gap between the two.

These two sides of the story can be knit into a narrative by normalizing non-kin adoption. Expanding non-kin adoption would require a cultural shift to reduce stigma and policy changes to simplify the process. However, this will give every child a chance at life.

In summary, New Zealand's declining birth rate is a multifaceted crisis with potentially grave long-term consequences. The greatest barrier to having children is economic pressure that forces both parents to work, leaving little room for family life. The best possible solution lies in reviving a modernized single-income family model. This can be brought about via policy reforms, education and clever marketing campaigns embodying FLOW (Family Living on One Wage) approach. Last but not the least, these measures can be complemented by simplification of non-kin adoption pathways for a further lift in birth rates.