

Exhibit G

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rebuilding the economy

ECONOMIC SCENE: Is population growth a Ponzi scheme?

The profits go to the few, and everyone else picks up the tab.

By **David R. Francis** | Staff Writer/ August 17, 2009 edition

Forty-five nations face a population “bust” that has some leaders wringing their hands. They worry about the costs of supporting an aging society and the loss of national and economic power.

When US Vice President Joe Biden spoke of Russia’s “withering” population last month, Russian leaders bristled.

But notions that population growth is a boon for prosperity – or that national political success depends on it – are “Ponzi demography,” says Joseph Chamie, former director of the population division of the United Nations.

The profits of growth go to the few, and everyone else picks up the tab.

Here’s a look at the numbers: By 2050, countries as diverse as Cuba, Georgia, Germany, Hungary, Japan, South Korea, and Russia will lose at least 10 percent of their people, UN estimates suggest.

This trend toward fewer births is accelerating.

In the rich, developed nations, the average age is rising at the fastest pace ever, UN demographers note. Today they have 264 million aged 60 or over.

By 2050, that number is expected to rise to 416 million.

By that time, the world's population should stabilize, if UN predictions are correct. The population surge in poor countries in Africa, Asia, and the Middle East would be offset by declines in much of the developed world.

Some nations facing decline are fighting back with incentives for families to have more children. The United States is bucking the trend with its relatively high immigration rate.

Growth, whether through immigration or natural increase, is a plus for some groups. For business, it means a boost in the demand for products. It also means a surge in low- and high-skilled workers, which can keep a lid on wage pressures. Religious and ethnic groups want more immigrants of their own faith and ethnicity to raise their political and social clout. The military regards young immigrants as potential recruits.

But the public pays a cost for a bigger population.

Mr. Chamie speaks of more congestion on highways, more farmland turned into housing developments, more environmental damage, including the output of pollutants associated with climate change.

In the current healthcare debate in the US, one costly question is whether the insurance covers some 11 million illegal immigrants.

Of course, there are also costs for countries with stable or declining populations.

They will need to spend more looking after older citizens and, yes, some industries like housing will shrink. But governments won't have to spend as much on children. And any labor shortage would fade if increasingly healthy older people worked an extra year or two before retiring to maintain their standard of living.

Raising the average retirement age does far more to increase the working population than increasing immigration levels, says Steven Camarota, research director of the Center for Immigration Studies, a Washington think tank opposed to high immigration. Industrial nations with large service industries have plenty of employment opportunities for seniors, as opposed to poor countries where many jobs – say, planting rice or other crops – are hard work.

The goal should be gradual population stabilization, Chamie says. The costs of an aging but stable population would be more manageable than those of a population boom.

He asks: Does America really need more than its current 309 million people? With immigration at present levels, it will have 439 million by 2050.

A stable or falling population, he says, “is not a disaster. It is a success.”

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