

The eReview provides analysis on public policy relating to Canadian families and marriage.



**[The sustainable demographic dividend: What do marriage and fertility have to do with the economy?](http://www.sustaindemographicdividend.org/)** published by the Social Trends Institute and co-sponsored by numerous other institutions including the Institute of Marriage and Family Canada is available in full, online at <http://www.sustaindemographicdividend.org/>

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## **How bigger families help the economy**

***A new international report highlights the links between families and economic strength***

**By Peter Jon Mitchell, Senior Researcher, Institute of Marriage and Family Canada**

Out of control debt in countries like Greece and Italy threaten the European—and the global—economy. It's not just about how bad the debt is as a report by financial services firm Morgan Stanley argues; it's a bigger problem when the rapid aging of the population contributes to the likelihood of default.

This problem of aging societies combined with poor fiscal practice is the subject of a new international report co-sponsored by the Institute of Marriage and Family Canada called the *Sustainable Demographic Dividend*.

It identifies the economic impact of decades of declining fertility in many developed countries and explains how healthy families will contribute to the economy in the face of shifting demographics.

## **The demographic dividend**

The authors argue that in the past, decreasing fertility (aka smaller families) contributed to economic growth as more women entered the work force. This was the first demographic dividend. However, the report warns that this is becoming a liability as the work force ages with fewer young workers available to support increasing reliance on social safety nets.

While Canada weathered the global economic downturn of 2008 fairly well, the country is not immune to the effects of below replacement fertility in an aging society.

Statistics Canada predicts that within the next decade, there will be more Canadians 65 years of age and older than Canadians 15 years of age and younger for the first time in the country's history. [1] For every older worker exiting the workforce in 2011, only one young person entered the workforce to replace them compared to 2.4 young workers in 1971. [2]

Statistics Canada expects that the ratio will dip below 1.0 by 2015 as the share of the working population within the total population continues to decline. [3] While public costs such as healthcare are expected to increase, there will be fewer workers to share the burden of these costs.

Neither will immigration help; the study shows that in absolute terms, in spite of high immigration, the working age population will continue to shrink in Western Europe. Canada finds itself in similar circumstances.

How will healthy families contribute to the economy in the coming years? In the section *The Empty Cradle*, demographer Phillip Longman and his colleagues state that research shows that children are more likely to flourish in married parent families which help children develop human and social capital.

Research shows that children raised by their married biological parents fair best across a number of outcomes. The implication is that healthy families stabilized by committed marriages deliver the best outcomes for children leading to a robust citizenry.

A growing number of Canadians are choosing to live common-law and are delaying if not foregoing marriage. On the whole, non marital partnerships offer a less stable environment for children. The report cites that a study of children in Sweden where common-law relationships are more prevalent has found that children from cohabiting homes are 75 percent more likely to experience a family disruption by age 15 than children born to married parents.

The question remains how the potential for instability will influence the development of social and human capital within the next generation.

### **Family as economic contributors**

Families have an important role in the economy in another way. In a section of the report titled *Marriage and Baby Carriage*, sociologist W. Bradford Wilcox and University of Virginia business professor Kathryn Sharpe identify sectors of the economy that stand to gain the most from family spending.

From providing services such as insurance to products found on grocery shelves, many companies depend on families as customers and have an interest in promoting healthy families. Wilcox and Sharpe argue that family dependent industries can support social marketing campaigns that champion family life.

The authors also challenge companies to evaluate their advertising campaigns on whether they depict family life in a positive manner.

Finally, Wilcox and Sharpe encourage companies to consider how their philanthropic investments can further the development of healthy families.

## **Recommendations**

Government, business and civil society all contribute to sustaining the demographic dividend. Wilcox and company offer a number of recommendations including the promotion of the benefits of marriage through education and social marketing much like anti-obesity campaigns.

Wilcox also suggests that public policy recognize the diverse life preferences of families and women in particular as they navigate the work-life balance. Finland for example, offers a homecare allowance to families that opt out of the public daycare system, creating more choice for parents.

Other suggestions in the report to make family life easier include creating a more family-friendly space at universities, and better ways to help parents who have taken time off with their children re-enter the workforce.

Individuals must also take responsibility for their future. The report stresses the value of thrift for families. Here, community organizations can also assist. One example from the United States is the Center for Neighborhood Enterprise, a charity that helps low-income communities at the grass roots, who teamed up with HSBC-North America to provide low to middle income adults with financial literacy training. With difficult economic times, there must be a resurgence of the value of thrift to help families take control of their own prosperity.

*The Sustainable Demographic Dividend* examines behaviours and attitudes about marriage, divorce and fertility around the world. Canada finds itself in the moderate middle of the countries surveyed. How Canadians organize their lives and the decisions they make regarding fertility are deeply personal. Yet these decisions influence society and the economy. Governments have an interest in these decisions but must tread carefully in the policies they enact.

The burden will fall to individuals and families to plan for the economic impact of shifting demographic trends. Government, business and community can resource Canadians as they make their choices for the future. As Wilcox concludes, "the wealth of nations depends in no small part on the health of family."

## **Endnotes**

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1. Statistics Canada. (2011, September). Annual demographic estimates: Canada, provinces and territories 2011. Ottawa: Statistics Canada Demography Division. p. 38. Retrieved September 28, 2011 from <http://www.statcan.gc.ca/pub/91-215-x/91-215-x2011000-eng.pdf>

2. *Ibid.*, p. 37.

3. *Ibid.*