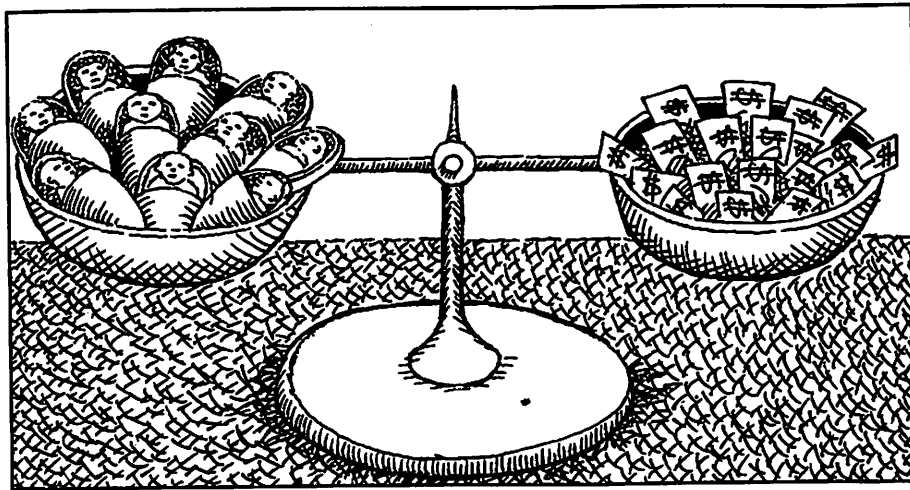


# Family Formation in America

by Virginia Deane Abernethy



Parents, some say, are people who use the rhythm method of family planning. One might better say that parents are optimists, people who think that the present is good and the future probably better. People who look forward with confidence often have an extra child; those who think that their situation may worsen are cautious about increasing family size.

In fact, most people want children, but not more than can be raised well given family standards. When people believe that economic prospects are brightening, they marry early and plan to have children quickly, a phenomenon that I call the *fertility opportunity effect*. The perception of expanding opportunity explains the various episodes of high fertility in America.

In the colonial and frontier periods, for example, the natural wealth of the American continent invited population increase, and, indeed, very large families were common. Settlers in the New World averaged much higher fertility rates—that is, more children per woman—than were usual in the societies from which they came. Numerous authors, beginning with Adam Smith, attributed the very large family size typical in the colonies to the seemingly boundless natural resources that required human labor for transformation into wealth.

The transition from high to low fertility followed the frontier as it swept westward. Free land vanished, and good land became expensive as isolated homesteads became settlements, then established agricultural communities. Land prices became a consideration for families wishing to set up on good farms. Saving for investment in land became a barrier to early marriage and, with the foresight that it would be difficult to buy additional farms for children, was a disincentive to the early colonial pattern of very large family size. Economist Richard

Easterlin has shown that denser settlement was linked to higher land prices and decreasing numbers of children per family.

In addition, cycles of prosperity saw a parallel decline or increase in the fertility rate—with the expected lag time for gestation. This relationship was clear in Concord, Massachusetts, an offshoot of the Massachusetts Bay Colony which was settled by Puritans in 1630. Lumber and agricultural exports earned Concord's early colonists the British pounds with which to import goods that they could not grow or make for themselves. They needed trade.

Initially, the bottleneck to trade was the availability of shipping, and hulls bound for England depended upon the return trip of ships that brought new colonists. English Puritans temporarily stopped emigrating (between 1642 and 1650) when the Roman Catholic Stuart king, Charles I, was imprisoned and beheaded. Ironically, improvement in the Puritans' political fortunes at home brought recession and a birth dearth to Concord. Later interruptions in trade were caused by a collapse of demand and prices for raw goods in England. Political scientist Brian Berry summarizes the relationship between colonial economic cycles and fertility rates: "These bad times of plummeting commodity prices and falling real incomes came in the 1640's, the 1690's, the 1740's and the 1790's, and are clearly identifiable in the Concord birth record."

Eventually, the American market assumed greater importance, and domestic economic cycles began to drive demographic adjustments. Late in the 19th century, however, large flows of immigrants damped the direct impact of the labor market on Concord's established residents and their fertility rate. By the 19th century, most of the adjustment to poor labor opportunities in Concord took the form of reduced immigration.

These long-term trends toward later marriage and smaller family size were punctuated by cycles of higher or lower fertility in response to fluctuations in the economy. Depressions in

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the agricultural sector had the greatest affect on the established population because, until 1930, half of the U.S. population lived in rural areas. The break in farm prices in 1920, for example, was followed by a fertility decline in rural America. More than ten years later, urban fertility fell in response to the Great Depression.

The U.S. fertility rate was reviving by the end of World War II and, in the years 1946 to 1962, recovered to levels not seen for decades—the fabled Baby Boom. Conditions favored the growth of a strong middle class. Specifically, by 1946, Americans enjoyed a surging demand in the labor market because of economic growth and the limited number of men entering the labor force. (The small generation of the 1930's, as well as the G.I. Bill, which encouraged college attendance as a near-term alternative to employment, saw to that.) The small labor force relative to job openings created excellent entry-level opportunities and accelerated promotions, while technologically driven growth in productivity checked inflation. Immigration had virtually no impact on the labor market (except for the Southwest *bracero* program) and was minimal until 1965.

The opportunity structure gradually changed, and, by 1962, the Baby Boom ended. Upward mobility stalled as the employment pipeline filled and the labor force grew rapidly, mostly from Baby Boomers coming of age. Vernon Briggs observes that, "In 1964, one million more people reached the age of 18 than the year before and the entry number remained at this high level until 1980." Competition for entry-level positions stiffened, and, while many people saw their standard of living rise, progress for white Americans was significantly slower than the steamy pace that had been taken almost for granted since World War II. At the same time that inflation-adjusted income failed to rise at the accustomed pace, schools became overcrowded, and taxes rose to pay for new schools and other infrastructure. At the national level, war launched the country into a renewed bout of deficit spending.

Further developments included the 1973-74 oil embargo. Higher oil prices and spot shortages set off the "quiet depression," with productivity and wage increases much below those of the previous three decades. Pushed by inflation and recession, the economy fell from its historic growth trajectory of three percent per year to a modest one percent.

In fact, most working Americans have seen a decline in their personal economic circumstances since about 1973; the majority of working people have experienced either stagnant or declining earnings measured in inflation-adjusted, after-tax dollars. Worsening labor market conditions for blacks were initially somewhat offset by new civil rights and welfare assistance. By the 1990's, however, the impact of these programs had worn thin, because an *accustomed* level of opportunity is not perceived as particularly good, and, in fact, most blacks are among the 80 percent of Americans whose real income has not appreciably increased for 25 years.

Not all sectors of American society participated equally in the periods of economic growth after 1980. Only the top 20 percent of families, and especially the upper five percent, made significant income gains; the middle class fell into decline.

In many families, both spouses work in order to maintain accustomed amenities and educational opportunities for children. Few young couples believe that their children, if they are to receive necessary parental attention and educational advantages, can have as many brothers, sisters, and cousins as they

themselves had. Small wonder that the average age of marriage has risen, and that family size has declined.

Women and couples delay marriage and are cautious about expanding their family if they think that their personal economic prospects are narrowing compared to a reference standard (their own parents' lifestyle, for example). Just as the Great Depression made many people wary of childbearing, economic conditions beginning in the mid-1970's depressed family size in most sectors of American society.

Persuaded by the history of fluctuations in the fertility rate, the Advisory Council on Social Security has adopted a similar theory. Their 1994-1995 *Report* argues that a small birth cohort, whose members encounter ample job opportunities relative to their number, will command high wages, see rapid career advancement, and, therefore, have big families. On the other hand, a large birth cohort tends to flood the labor market, resulting in stagnant or falling wages and benefits and a decline in desired family size. Notably, the Advisory Council not only accepts the principle that perceived opportunity is a determinant of the fertility rate, but also assumes that rapid population growth depresses the earnings of the average working person.

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In fact, it is well documented that a change in the size of the labor force, all else being equal, affects wages. Ronald Lee, examining pre-industrial England, and Claudia Goldin, reporting on early 20th-century labor markets in cities heavily impacted by immigration, find that an increasing labor supply depresses both wages and conditions of work. The converse is also true: Economic growth combined with the relatively small labor force after World War II raised compensation, prospects for promotion, and family size.

The predictive value of the 1994-1995 *Report* of the Advisory Council on Social Security is weakened, unfortunately, by failure to take into account the labor market effects of immigration. Indeed, as the example of Concord, Massachusetts, shows, these exogenous flows of labor may smooth out the na-

tive-born fertility rate, including what would have been its peaks.

The U.S. fertility rate drifted lower through the 1960's, declined faster after the first oil-price increase, and reached a new low, 1.7 children per woman, in 1976. Among whites, the fertility rate declined to approximately 1.4 children per woman. These rates are well below the number needed to replace the population. (A fertility rate of about 2.1 children per woman just replaces its parents, assuming low child mortality.)

The fertility rate is now rising. In 1997, it was 2.05, essentially the replacement level. However, this statistic combines births to native-born Americans with those of the foreign-born. Among the native-born, it appears that the black fertility rate has declined to approximately replacement level, and white fertility remains at approximately 1.8 children per woman. Only immigrant fertility is high. In 1994, for example, the foreign-born were fewer than 10 percent of the population but accounted for approximately 18 percent of births.

Newcomers to the United States often do not share the trepidation of natives who sense that opportunity for themselves and their children is deteriorating and who, therefore, feel compelled to husband resources by limiting family size. Newcomers feel well off because economic opportunity is usually greater than in the country left behind, the social safety net is stronger and broader, and educational opportunities for children are often far superior. Not surprisingly, those coming from a culture where large family size is highly valued feel free to raise their childbearing target to a number closer to their ideal. Comparisons suggest that some immigrants—Mexicans, for example—have larger families in the United States than if they had remained at home where opportunities are more limited. Different perceptions of opportunity result in different fertility rates.

If native-born Americans are to replace themselves in future generations, their fertility rate should rise and immigrant fertility should fall (converging on replacement level), and immigration itself should be reduced to an annual flow no greater than the number of emigrants who leave the United States.

This discussion of fertility rates exposes issues that invariably raise the emotional pitch during discussions of immigration policy. Should immigration serve the national interest? If such interest is judged to be moral, how should it rank among competing interests? Is it moral to give *priority* to the national interest? Should American citizens define the national interest? Do American citizens have the right to define immigration policy in the light of national interest? Is the United States a nation-state in the sense that other politically defined, geographically bounded entities are nation-states? Are Americans entitled to a country, or is the United States, as Ben Wattenberg says, "the first universal nation"?

Some advocates for a high level of immigration question whether American citizens have a legitimate interest in preserving their representation in the population, arguing instead that global humanitarian goals should control immigration policy. This debate would have been familiar in the early 20th century, as Kevin MacDonald showed in a March 1998 article in *Population and Environment*. Over the vehement opposition of mostly Jewish self-styled humanitarians who assaulted immigration restrictionists with charges of racism, Congress passed the Immigration Act of 1924. This legislation significantly reduced the annual flow of immigrants, established quo-

tas that reflected the European origins of the 1890 population, and remained the law of the land until 1965. The act encouraged assimilation of the large foreign population then in the United States. Over time, it also reduced prejudice against non-northern Europeans and created opportunity for black and white Americans from the rural South, who were recruited into well-paying industrial jobs in the North—jobs formerly filled by immigrants. The small labor force in the decades immediately after World War II—limited mostly to native-born Americans—laid the foundation for the prosperity, higher productivity, growth of the middle class, and civil-rights achievements which were a triumph of the American way of life.

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Where is the proper moral indignation when young Americans avoid occupations in which immigrants depress wages, or when job seekers find their options narrowing?

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The discouragement of middle-class Americans today stems from a combination of factors. Most worrisome to many is the growing disparity between high and low earners and the temporary nature of jobs even for those who try to remain employed. Between 1980 and 1996, *median* income (in 1996 dollars) rose less than \$2,000, while income to the wealthiest one-fifth rose by more than \$26,000. In 1980, the richest quintile had an income 10.3 times that of the poorest fifth of the population; by 1996, the multiple had grown to 13.4. This disparity is greater than in any other industrialized country, and greater than at any time since the Great Depression.

The relative decline of middle-class income and the perceived scarcity of non-financial resources—family time, recreational time, and community amenities, including the quality of public schools—contribute to the perception of diminishing opportunity. This trend not only discourages childbearing, it undermines the vitality of democracy, which depends upon a participating middle class with a self-conscious stake in community and country.

Population size stabilizes over time if families are small—given zero net immigration—and this adjustment might be all that is needed to restore opportunity to average Americans. One generation's low fertility gives their (few) children the advantage of reaching maturity in an economy that is probably experiencing a labor shortage. The limited supply of labor leads to a bidding-up of entry-level wages. Promotion opportunities improve through better-capitalized jobs, as well as through the shortage of labor.

Step by step, tracking the improving economic prospects available to young people, the fertility rate rises. That is, the fer-

tility rate adjusts to conditions created by the high (or low) childbearing of the previous generation; thus, both high and low fertility are self-correcting over time.

Rapid population growth in a post-frontier, post-industrial society is one cause of the many reverses in opportunity, financial security, and lifestyle that native-born Americans have experienced in the latter half of this century. The United States ended World War II with a population of 135 million. In 1950, the population was 150 million; in 1970, about 200 million. By 1995, it had reached 263 million, and the National Academy of Sciences estimates that, with a "medium" level of immigration, it will be 277 million by the millennium, with no end to growth in sight.

Such population growth has major environmental, fiscal, and economic effects. For example, the population added from 1970 to 1995, i.e., 63 million persons, accounted for over 90 percent of the increase in U.S. energy use over the period. The rising demand for energy hastens the depletion of domestic oil and natural gas supplies (already the United States imports over 60 percent of its oil). The enormous dependence on fossil fuels may also exacerbate economic dislocations if, or when, the U.S. economy is shackled by a requirement to cut carbon dioxide emissions.

Population growth also accelerates the destruction of habitat for wild species by transforming agricultural and wilderness lands to urban and suburban building. In drought-stricken areas such as Southern California, the growing demand for water by urban users threatens agricultural uses of water. Nationally, aquifers (underground water accumulated over millennia) vital to agriculture are being depleted 25 to 50 percent faster than the replenishment rate.

Population growth also results in crowding roads, schools, and recreational areas, and it is exceeding the capacities of water-treatment and waste-disposal facilities. The ensuing demands for new infrastructure—including roads, schools, fire, police, water and sewage treatment, electricity-generating and hospital capacity, and library and recreational facilities—result in higher local taxes. Although community-development boosters often claim that new growth pays for itself, population growth actually imposes net *per capita* tax burdens on established residents. Newcomers' taxes cover only a fraction of the costs of infrastructure constructed on their behalf. Whether through bond issues or current taxes, established residents bear most of the costs of development that would not have been needed or even contemplated if community size remained constant.

Certain facts are indisputable. First, population growth forces established residents to pay for growth, although it is not obvious that they receive any benefits or increments to their quality of life. On the contrary, some indicators show diminished quality: The ethos of a small, close-knit community, good public education, and open space is almost inevitably sacrificed to growth. And, although it is "common knowledge" that more people mean a larger market, the tax nibble on disposable income may *reduce* discretionary spending. The larger share of *per capita* earnings that goes to pay taxes, as well as the earnings-depressing effect of a rapidly growing labor market, may offset the increased market: Poor people do not buy.

In a nutshell, population growth is the result of more births than deaths, and more immigrants than emigrants. The immigration impact is annual immigration, plus births to the foreign-born, minus deaths and emigration of immigrants. The

native-born account is births minus deaths, and emigration of this sector.

The annual share of U.S. population growth attributable to immigration rises continuously as births to recent (post-1969) immigrants are added to the flow of new arrivals. In 1994, immigration and the children of recent immigrants accounted for over 60 percent of U.S. population growth. Mexico and the combined flow from the republics of the former Soviet Union (coming mostly as "refugees") are the two largest sources of legal immigrants.

The annual flow and first-generation births do not fully represent immigration's long-run impact on national population size. The cumulative difference can be seen from the 1997 projection of the National Academy of Sciences for the year 2050. With zero immigration (beginning, hypothetically, in 1995) the population would peak a few years before mid-century and then decline to 307 million (which is just about 27 million more than today); with "very high" immigration, the mid-century population would be 463 million, with no end to growth in sight.

Note that these are only projections, not predictions. Other demographers estimate that, if current trends continue, the population of the United States in 2050 may be well in excess of one-half billion. There is widespread agreement, however, that population growth in the 21st century would be almost entirely (over 90 percent) due to immigration, if present trends continue.

Since the cause of low fertility (below replacement level) among American women is understood, the changes needed to raise fertility are also clear. Optimism must return to the middle class. The fundamental conditions are satisfactory compensation from work (real, personal, after-tax income) and pride in country and culture.

The discouragement which oppresses many young Americans is mediated through jobs, environment, community, and family, but underlying many negative signs is a single cause: rapid population growth and lack of confidence in America's right to reduce immigration. Where is the proper moral indignation when young Americans avoid occupations in which immigrants who will work for less depress wages, or when job seekers find their options narrowing?

Many of the Americans affected are the young, who have traditionally used technical specialties to get ahead. They delay marriage and childbearing until they feel established professionally. In today's employment climate, that confidence is likely to be some time coming.

Unlike trade, which can be stopped at any time, immigration leaves footprints. Newcomers stay, reproduce, and change both culture and community. Rapid population growth destabilizes American communities and deprives young Americans of educational and employment opportunities even as they seek to become productive members of society. The economic growth of the past decade should have brought prosperity and hope to all Americans. Instead, it has principally benefited the few.

Middle-class America would gratefully return to its traditional family way. But this is not likely to happen until conditions of work, opportunity, and national pride encourage the young to believe that America cares and that the future will be good, again.