U.S. Birthrate Falls—Again

After seemingly leveling off in 2012, the country’s birthrate is again on the decline.

Many believed that when the U.S. birthrate held steady in 2012, we had finally seen its nadir. However, that proved untrue: According to the National Center for Health Statistics, the birthrate again dropped to a historic low in 2013—disappointing a whole industry of forecasters waiting for a strong rebound. Many believe that this is just a temporary setback, and look for gains in employment and wages to push fertility back up in the near future. They point to other recessions throughout history, in which birthrates fell but recovered alongside the economy. Yet others argue that a birthrate recovery will be more complicated, citing trends that either predate the Great Recession or are entirely unrelated to the economy. In truth, the answer—and the key to future recovery—likely lies somewhere in the middle.

No matter what measure is used, it’s clear that birthrates have fallen across the board. The absolute number of births fell by 20,000 from 2012 to 2013, even as the number of women in their prime child-rearing years (ages 20 to 39) continued to grow. And the crude birthrate—the number of births each year per thousand women ages 15 to 44—fell to 62.5 in 2013, the lowest level ever recorded. Though not at a similar record low, the total fertility rate (a calculation of how many children a woman would bear over a lifetime if she experienced fertility rates at every age in the current year) fell to 1.87—the lowest we’ve seen since 1986.

What concerns experts is not the fall itself, but the fact that it accelerated at a time when we were supposedly experiencing an economic recovery. In 2008, birthrates began to fall dramatically before bottoming out in 2011 (see SI: “U.S. Birthrates Keep Falling”). However, the numbers largely leveled off the following year, leading many to believe that a rise was imminent. We then thought we had a storyline—that birthrates would recover
steadily along with the economy. But now, even as the economy shows modest signs of improvement, birthrates have dropped yet again.

The continuing decline may indicate that the economic recovery, such as it is, is not affecting women of child-bearing age. Despite aggregate economic growth, the average GDP per worker has risen faster than the average wage. (They rose by 2.0 and 1.3 percent, respectively, from 2012 to 2013.) And the average wage is rising faster than the median wage, the measure relevant to the most people. What’s more, the median wage for the vast majority of new mothers is rising more slowly than for other age brackets. Early-wave Millennials and early-wave Xers experienced the largest median wage declines of any age group—and late-wave Xers’ median wages increased by a paltry 0.1 percent. These cohorts are, of course, responsible for the vast majority of U.S. births.

Further evidence of the link between income and fertility is news that the birthrate of immigrants fell 2 percent from 2012 to 2013. The crude Hispanic birthrate fell 2 percent from 2012 to 2013, the largest decline among any ethnic group. To be sure, this group’s birthrate was falling before the recession even began, but the economic downturn has amplified the trend: Young immigrants, as it turns out, have also suffered the biggest drops in income since the recession. Hispanic (both foreign- and U.S.-born) rates of poverty and unemployment grew more sharply than those of the general population following the recession.

### Trend Implications

- **The U.S. birthrate has fallen yet again.** Though many demographers have been waiting for the U.S. birthrate to rebound following the Great Recession, new numbers show that 2013 was not their year. Some say that this reflects continued economic uncertainty among women (in particular immigrant women) of childbearing age—some of whom are simply delaying children and others who may end up never having children at all. Other analysts point to longer-term drivers independent of the economy, such as women’s rising educational attainment and wages. All of these considerations will play a role in determining where the birthrate goes from here.

- **Forecasters should keep an eye on key economic and lifestyle indicators for young adults.** With the average age at first birth continuously rising (now a record-high 26.0 years), it’s clear that the birthrate will not improve unless Millennials get busy. What will make them start having children? Watch Millennials’ median wages, unemployment numbers, and rates of living with their parents. Track age-specific consumer confidence surveys like the one published by the Conference Board. Look at trends in mortgage rates (see Bankrate: the recent decline looks promising) along with data on household formation and Millennial attitudes toward homebuying (see Trulia Trends).

- **Marriage could be the key to a birthrate recovery.** Even as the overall birthrate declines, the birthrate among married women is on the rise. (It has increased 3 percent since 2010 for married women ages 25 to 29, but actually decreased 4 percent for their unmarried counterparts.) The problem? Millennials just aren’t getting hitched yet. To keep ahead of the Millennial wedding curve, look to XO Group, a premier resource for statistics on wedding spending. To track numbers of weddings by month and year, go to The Wedding Report.

- **History shows that fertility and the economy are always intertwined.** In The Great Wave, David Hackett Fischer finds a solid link over many centuries between fertility booms and economic booms—typically characterized by growing aggregate demand, accelerating investment, and rising consumer prices. This causal relationship goes both ways. On the one hand, a growing population boosts the demand for goods and services; and on the other, the expectation of economic growth incentivizes parents to have more kids. The 1950s and 1980s were decades when this virtuous cycle seemed fully energized. Over the last few years, as in the 1930s and 1970s, this cycle seems to have broken down.
In fact, the link between income and fertility has been corroborated in various studies. In 2010, for example, Pew found that of the 10 states that had the largest birthrate declines in 2008, eight were among the hardest hit in per capita income or home prices (or both) the year before.

Regardless of the extent to which the economy affects fertility, demographers also disagree about the timing of that effect. Some assume that women have a fixed idea of how many children they want over their lifetime. If they’re right, then women may react to a short-term economic downturn by not having kids—but then have them later when they can’t wait any longer, regardless of the economy (a phenomenon known as the “tempo” effect). Possible evidence of a tempo effect is the fact that nearly all of the recent fertility decline has been among women under age 30, Millennials who presumably believe (unlike most Xers) that they can afford to wait. What’s more, demographers are not yet finding any decline in women’s desire to have children: A 2013 Gallup poll found that the share of Americans ages 18 to 40 who “do not have children, but want to have children someday” is actually up 1 percent from 2003.

All this points to a possible fertility rebound in the near future. But we can’t be too sure. History provides many examples of long eras of low fertility that did ultimately cause an entire generational group of women to have significantly fewer children than they at first intended. Just look at the 1930s: About 22 percent of women who began their childbearing years at the onset of the Great Depression never had children at all. (Contrast this with the much smaller share—only about 10 percent—of childless women who came of age just after World War II.) This effect may be relevant again today. The longer the recession’s aftereffects last, the greater the chances that history will repeat itself.

Still other demographers point to non-economic drivers. For starters, young women’s birthrates have been declining for decades independent of the economy—due to growing wages for women (which increase the opportunity cost for having
children), later marriages, rising college attendance, and a drop in unplanned pregnancies. However, none of these factors explain the sudden drop since the recession. Another driver that fits the timeline better is the recent decline and shifting composition in immigration. Immigrants have for many decades bolstered U.S. fertility because of Hispanics’ higher birthrates. But now, the fertility of Hispanic women has declined along with the number of Hispanic immigrants—and Asians (who are now immigrating in growing numbers) have even lower fertility rates than native-born Americans. Another intriguing explanation with a plausible timeline has been the introduction of MTV's 16 and Pregnant, which researchers found may have lowered the teen birthrate by as much as 5.7 percent.

So where will America’s birthrate go from here? As we’ve seen, it will largely depend on the pace of economic recovery. Additionally, the degree to which we are seeing a tempo effect is important in determining the future of the birthrate—will the rate bounce back once the economy does, or will potential mothers be forever lost? And the non-economic piece of the puzzle will surely play its part in the mix as well. If one thing is for sure, it’s that understanding where the birthrate will go is a multipronged affair.

SUGGESTED READING