



# The George Bailey Effect:

*Abortion-on-Demand  
and the Implications for  
America's Economic Future*

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with Joseph Slife



# The George Bailey Effect

“Strange, isn’t it? Each man’s life touches so many other lives, and when he isn’t around he leaves an awful hole, doesn’t he?”

From *It’s a Wonderful Life*

I’m sure you remember the classic film, *It’s a Wonderful Life*, starring Jimmy Stewart as George Bailey. In one scene, George makes a rash request: “I wish I’d never been born.” Instantly, the angel Clarence makes it so.

Bit by bit, George discovers that because he never existed, everything in his hometown has changed. Without the life of George Bailey, the life of just one person, nothing is the same.

I thought of George Bailey recently when I saw this headline in *USA Today*: “Abortion Altered America’s Future; Without Abortion, the USA Would Be a Vastly Different Place.”<sup>1</sup> The story did not concern the significant moral or constitutional questions surrounding abortion-on-demand; rather, it concerned the demographic impact. In other words, it tells how America is different now and how it will be different in the future, because of legalized abortion.

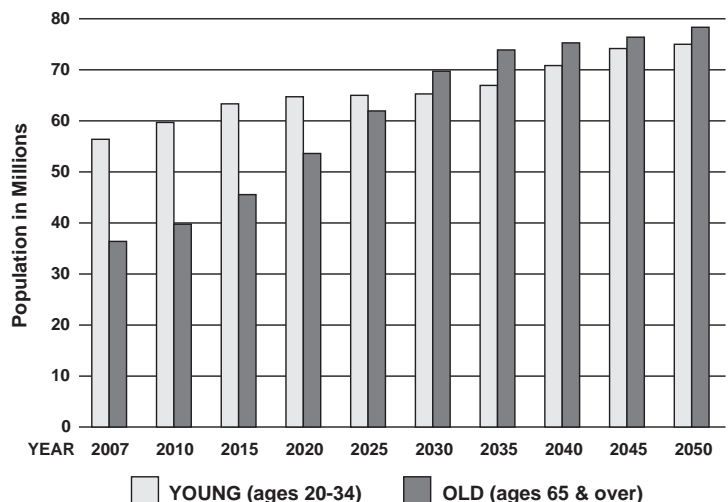
This is an aspect of the abortion issue that, largely, has been ignored over the past 25 years. But the economic and public policy implications are so serious—and unavoidable—that we can’t afford to ignore these demographic consequences any longer.

## TOO MANY OLD—OR TOO FEW YOUNG?

Consider what social researchers call the “graying of America,” a term used to describe the social and economic impact of the aging of the post-World War II baby boom generation—those born between 1943 and 1960. The challenges presented by the graying of America are created not so much by baby boomers getting older but by a marked slowdown in the population growth of young people. The result is that within 30 years there will be as many Americans of “retirement age” as there are 20- to 34-year-olds.

This growing parity between the old and the young is at the heart of the demographic challenges that face Medicare and Social Security. Incredible as it may seem, by the time the peak of the baby boom generation reaches retirement age, the number of abortions since the Supreme Court’s *Roe v. Wade* decision will equal the number of births in the baby boom. “If only one-third of those who have been aborted were available to start work on their 18th birthday,” speculated *USA Today*, “the demise of Social Security would be put off for decades.”<sup>2</sup>

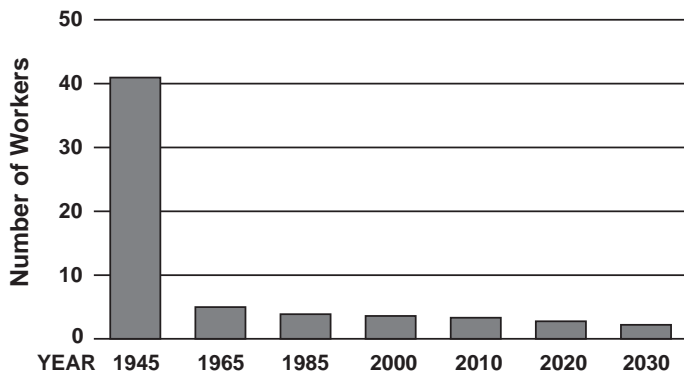
The Young and the Old



Source: Population Projections of the United States by Age, Sex, Race, and Hispanic Origin: 1995 to 2050 (Middle Series), Bureau of the Census, February 1996.

Indeed, it is largely because of abortion-on-demand that by the year 2030 the ratio of workers to Social Security beneficiaries will be reduced to only 2-to-1, according to a projection from the Social Security Board of Trustees.<sup>3</sup> In other words, two workers will be supporting one retiree. (When the program began in the 1930s, 42 workers supported each retiree.)

### Workers per Beneficiary



Source: 1996 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds, p. 122.

The economic troubles caused by having too few young people extend far beyond government social programs, however. Consider the example of Japan. Once home to the world's fastest-growing economy, Japan is "now the world's most rapidly aging industrial society."<sup>4</sup>

According to *The New York Times*, Japan is heading toward a 21st century in which it will have "twice as many old people as it has children." The nation's economy will be "groaning under the weight of heavy

taxes; its population [will be] shrinking, and the government's reserve of Social Security funds [will] run dry."<sup>5</sup>

How has Japan, once the economic envy of the world, come to this? The sequence of events is instructive, since the U.S. is following much the same pattern. The main difference is that the Japanese experienced their big baby boom just prior to World War II (the U.S. boom was after the war) and legalized abortion in 1948 (the U.S. legalized abortion-on-demand in 1973).

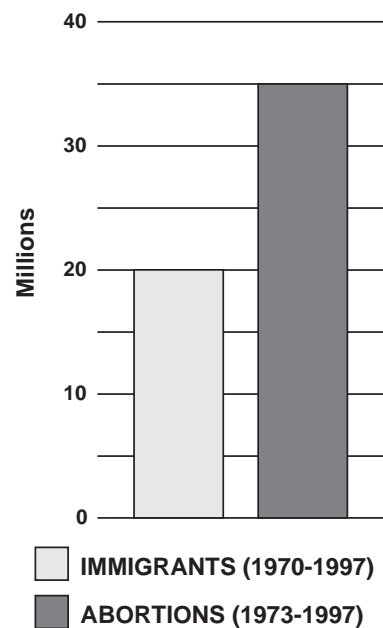
Now, the Japanese boomers are retiring and not enough young people exist to take their places. "[T]he number of Japanese reaching the end of their [economically] productive lives overwhelms the small expansion of twenty-something Japanese," writes one observer. "If anything can explain why the Japanese stock market roared during the 1970s and early 1980s, but has been moribund since then, it is the simple fact that their once vigorous population is running out of creative steam."<sup>6</sup>

Will America, having lost some 35 million lives to abortion, experience a Japanese-like fall as our baby boom generation retires? We can only wait and see.

We do know that for the past 25 years the total the U.S. fertility rate, despite huge strides in fertility technology, has remained below the "replacement rate" of 2.1 children per woman.<sup>7</sup> In other words, since abortion-on-demand became legal in 1973 the U.S. population has stopped replacing itself. If this trend continues, our nation is inevitably headed toward long-term population and economic decline.

That decline will be mitigated somewhat by immigration, of course. However, cumulative immigration since 1971 has replaced only about half of those Americans who were not allowed to be born.

### Immigration and Abortion Numbers



Source: USA Today, 1/21/98

**George:** “This should be Bailey Park. But where are the houses?”

**Clarence:** “You weren’t here to build them.”

## POPULATION AND PROSPERITY

I realize that from the days of Thomas Malthus onward some population watchers have claimed that growing numbers of people actually are a drag on society, leading not to prosperity but to poverty and misery. But such a view seems inconsistent with the facts of history, especially in free societies.

As social researcher Allan Carlson points out, in the U.S. “population and per-capita wealth *grew together* at unprecedented rates between 1850 and 1950. Moreover, the ‘baby boom’ of the 1950s was accompanied by an economic boom that defied . . . gloomy prognostications”<sup>8</sup> (*italics added*).

This pattern has been repeated in other parts of the world. In East Asia and the Pacific, where population growth has been especially strong in recent decades, incomes are more than five times what they were in 1965.<sup>9</sup> By contrast, countries in which poverty has accompanied population growth have tended to be nations which have suffered from political repression, civil wars, and natural disasters.<sup>10</sup>

The view that population growth leads to poverty is rooted in the assertion that people consume more than they produce. This assertion may be true for the early years of life, at least in cold economic terms. But even young children, because their consumption of diapers, toys, and the like, are engines of economic activity. Their consumption generates production. Indeed, “[e]xpanding families are net consumers, and consumption stimulates economic growth.”<sup>11</sup>

In this sense, abortion-on-demand already has produced a negative economic effect. In his book, *The Cost of Abortion*, researcher Lawrence Roberge correlates the legalization of abortion with a slow-down in the production and sales of child-related items. He also estimates that the loss of millions of children to abortion thus far has precluded creation of between 950,000 to 1.2 million teaching jobs.<sup>12</sup>

Over the long run, however, the loss created by these “economic ghosts”<sup>13</sup> isn’t restricted solely to the cycle of production/consumption. As the late Julian Simon noted, the most positive economic effects of additional people “happen in the long run and are cumulative.”<sup>14</sup> These effects occur as new ideas, products, and processes are conceived by the human mind and then put into use.

I believe the major reason social researchers are projecting a notable shortage of “human capital” in the 21st century is due to the large numbers of people lost to abortion. According the Hudson Institute’s *Workforce 2020* report, for example, slow population growth, combined with the retirement of many baby boomers from the workforce, is likely to create “a tight labor pool, particularly for high skilled jobs.”<sup>15</sup>

Indeed, if current trends continue, “many high-skilled manufacturing and service jobs will go begging in the U.S.”<sup>16</sup> These jobs will not simply go unfilled, however, but likely they will be exported to other nations, resulting in a steady erosion of U.S. economic competitiveness.

Some people will argue, of course, that since many of the children aborted in the U.S. would be part of what we call “the underclass,” they wouldn’t be economically productive anyway. Several years ago, the *Philadelphia Inquirer* made this very argument—in the context of contraception, not specifically abortion—in an editorial titled “Poverty and Norplant: Can Contraception Reduce the Underclass?”

Lamenting the number of children living in poverty, the *Inquirer* asked what seemed to be an economically sensible question: “[W]hy not make a major effort to reduce the number of children . . . born into such circumstances?”<sup>17</sup> The paper suggested making the implanted contraceptive Norplant available free to poor women. Although few choose to express it publicly, this is the same attitude many people have about abortion: It helps us rid the world of children who will just be a drain on society anyway.

Setting aside the moral argument that can be made against deciding who “deserves” to live, let me ask a practical question: Has inner city poverty *improved* since abortion became legal? Obviously not. In fact, I would submit that legal abortion has made the poverty problem *worse* by helping to sow the seeds of family breakdown, a problem that plagues the poor in America. After all, if the life of a child has no value, why should a man feel any obligation to marry and provide for the woman he has impregnated?

But the argument that aborting the underclass is “good economic policy” falls to another reality: The underclass are not doomed forever to be the underclass. Think of your own family a generation or two back. Were any of your ancestors “poor”? Personally, I don’t have to think that far back. I was raised in a family that was on the lower end of the socio-economic scale. Like millions of other poor youngsters, I grew up to enjoy a better life financially than my parents knew.

Will some poor children stay in poverty all their lives. Yes. But how can we know who will and who won’t?

I believe that aborting the underclass accomplishes nothing except to encourage a continuing cycle of hopelessness. It tells the poor that life is cheap. Ultimately, it cuts the legs out from under the desire to improve oneself and one’s lot in life. It is a “solution” that serves only to make the problems of poverty and despair worse.

**George:** “Mary! Mary! Tommy! Pete! Janie! Zuzu! Where are you?”

**Clarence:** “They’re not here, George. You have no children.”

## CASCADING EFFECTS

I don’t think of people primarily as “taxpayers,” but I was nonetheless intrigued by the chart that follows, illustrating the possible loss of tax revenue due to abortions that have occurred already.

### Cost of Roe v. Wade Decision to the U.S. Government

Year	Missing Workers Each Year	Second Generation Workers	Average Pay 3% Increase Each Year	Missing Payroll Each Year	Taxes and Fees Not Collected (33%) Each Year	6.5% Interest on Debt Not Paid Due to Missing Taxes
1992	1000000	0	\$30,000	\$30,000,000,000	\$9,900,000,000	\$643,500,000
1993	2000000	0	\$30,900	\$61,800,000,000	\$20,394,000,000	\$1,969,110,000
1994	3000000	0	\$31,827	\$95,481,000,000	\$31,508,730,000	\$4,017,177,450
1995	4000000	0	\$32,782	\$131,127,240,000	\$43,271,989,200	\$6,829,856,748
1996	5000000	0	\$33,765	\$168,826,321,500	\$55,712,686,095	\$10,451,181,344
1997	6000000	0	\$34,778	\$208,669,333,374	\$68,860,880,013	\$14,927,138,545
1998	7000000	0	\$35,822	\$250,750,982,271	\$82,747,824,149	\$20,305,747,115
1999	8000000	0	\$36,896	\$295,169,727,702	\$97,406,010,142	\$26,637,137,774
2000	9000000	0	\$38,003	\$342,027,921,975	\$112,869,214,252	\$33,973,636,700
2001	10000000	0	\$39,143	\$391,431,955,149	\$129,172,545,199	\$42,369,852,138
2002	11000000	0	\$40,317	\$443,492,405,184	\$146,352,493,711	\$51,882,764,229
2003	12000000	0	\$41,527	\$498,324,193,461	\$164,446,983,842	\$62,571,818,179
2004	13000000	0	\$42,773	\$556,046,745,870	\$183,495,426,137	\$74,499,020,878
2005	14000000	0	\$44,056	\$616,784,159,650	\$203,538,772,684	\$87,729,041,103
2006	15000000	0	\$45,378	\$680,665,376,185	\$224,619,574,141	\$102,329,313,422
2007	16000000	0	\$46,739	\$747,824,359,968	\$246,782,038,790	\$118,370,145,943
2008	17000000	0	\$48,141	\$818,400,283,940	\$270,072,093,700	\$135,924,832,034
2009	18000000	0	\$49,585	\$892,537,721,427	\$294,537,448,071	\$135,924,832,034
2010	19000000	0	\$51,073	\$970,386,844,907	\$320,227,658,819	\$175,884,563,981
2011	20000000	1000000	\$52,605	\$1,104,708,813,439	\$364,553,908,435	\$199,580,568,030
2012	21000000	2000000	\$54,183	\$1,246,216,751,922	\$411,251,528,134	\$226,311,917,358
2013	22000000	3000000	\$55,809	\$1,395,220,928,782	\$460,422,906,498	\$256,239,406,281
2014	23000000	4000000	\$57,483	\$1,552,043,761,177	\$512,174,441,188	\$289,530,744,958
2015	24000000	5000000	\$59,208	\$1,717,020,264,680	\$566,616,687,344	\$326,360,829,635
2016	25000000	6000000	\$60,984	\$1,890,498,519,008	\$623,864,511,273	\$366,912,022,868
2017	26000000	7000000	\$62,813	\$2,072,840,150,358	\$684,037,249,618	\$411,374,444,093
2018	27000000	8000000	\$64,698	\$2,264,420,830,921	\$747,258,874,204	\$459,946,270,917
2019	28000000	9000000	\$66,639	\$2,465,630,796,183	\$813,658,162,740	\$512,834,051,495
2020	29000000	10000000	\$68,638	\$2,676,875,380,613	\$883,368,875,602	\$570,253,028,409
2021	30000000	11000000	\$70,697	\$2,898,575,572,392	\$956,529,938,889	\$632,427,474,437
2022	31000000	12000000	\$72,818	\$3,131,168,587,835	\$1,033,285,633,985	\$699,591,040,646
	Aborted Workers	Missing Second Generation	Cumulative 30-year Salary	Cumulative Total Payroll	Cumulative Unpaid Taxes and Fees	Cumulative Interest On Debt Not Paid
<b>TOTALS</b>	<b>31000000</b>	<b>12000000</b>	<b>\$1,500,080</b>	<b>\$32,614,966,929,870</b>	<b>\$10,762,939,086,857</b>	<b>\$6,058,602,468,744</b>

Keep in mind that the numbers listed above are conservative. In other words, it is assumed that not all of the 35 million people thus far lost to abortion-on-demand would have become taxpayers. Instead, the chart assumes a uniform loss to the workforce of an additional 31 million first generation workers.

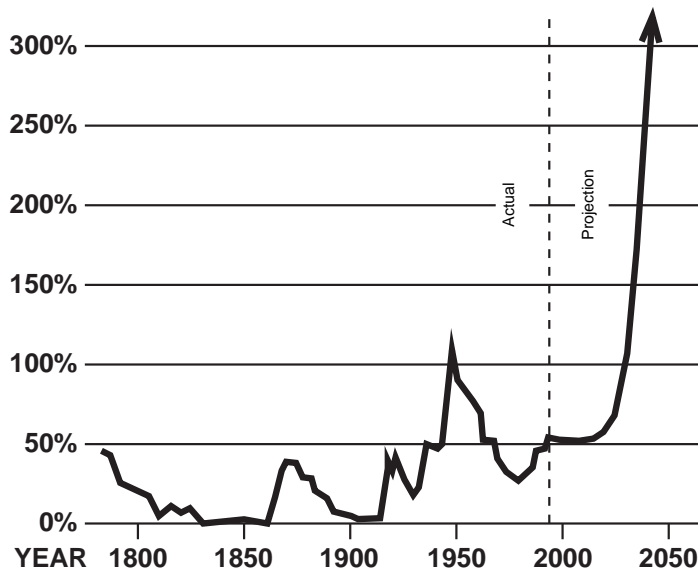
Also note, as the chart shows, that those who have been aborted will not have children of their own, creating a second wave of demographic impact. Eventually, this second wave will create a third wave and a fourth wave and so on.

We can't know, of course, how much these missing Americans would receive in government benefits, so it is impossible to determine the degree to which the additional tax revenue they produced would be siphoned off in additional government costs. However, since most people give substantially more to government than they receive,<sup>18</sup> the cumulative effect is a significant and unrecoverable loss to

the U.S. treasury. This growing loss will exacerbate the growing imbalance between government spending and government revenue in the early decades of the 21st century (see chart).

State governments also will face fiscal challenges. A study by the state controller in California projects that with the retirement of the baby boom generation will come a significant reduction in state revenues. "In the next two decades, we can expect to see new [financial] pressures placed on . . . public services," warns California Controller Kathleen Connell. "The challenge for state policy-makers is to begin planning for the time when the revenues may not be there, perhaps even restructuring our tax system to accommodate the changed demographics."<sup>19</sup>

### Federal Debt as Percentage of GNP



Source: Congressional Budget Office

**George:** “[My brother Harry] saved the lives of every man on that transport!”

**Clarence:** “Every man on that transport died. Harry wasn’t there to save them because you weren’t there to save Harry.”

## NATIONAL SECURITY ISSUES

One other area that should be mentioned when discussing the demographic and economic impact of abortion is the effect on America’s ability to defend itself militarily. Will we be able to recruit, train, and finance sufficient numbers of young people for military service? In his 1987 book, *The Birth Dearth*, Ben Wattenberg argues that a superpower requires both cutting-edge technology and a robust population to maintain its superpower status.<sup>20</sup>

Indeed, a large population is not only necessary to field military forces but also to support them—in the both the public and private sectors—with strong industrial production, transportation, and engineering and science acumen. Lawrence Roberge offers this useful mental exercise: “Picture the numbers of construction personnel, scientists, engineers, transportation personnel, military training specialists, and raw materials suppliers that are required to design, build, supply, maintain, and train for such military necessities as aircraft carriers, spy satellites, air cargo carriers . . . , nuclear submarines or a battalion of M-1 tanks.”<sup>21</sup>

Whether or not we will have sufficient numbers of young people to carry out these tasks could well determine the future of our nation and the world.

## WHAT CAN BE DONE?

As the preceding evidence demonstrates, abortion is not simply a matter of private conscience, but of public concern. Abortion-on-demand has effects that are rippling throughout our society and could even threaten our future liberties.

This is why abortion, even if all moral arguments are totally discounted, cannot be ignored in framing public policy. Simply writing off abortion as a “moral” or a “religious” issue is a short-sighted approach that fails to reckon its economic and demographic consequences.

We can’t undo the past, of course. We can’t undo the fact that we have had 35 million George Baileys, people never born, people whose lives were never allowed to touch other lives. Indeed they have left an “awful hole.” But for the sake of our nation’s economic future and national security, as well as its moral character, we must resolve to promote from this time forward an ethic that is pro-family and pro-children. Only then can America continue to have a wonderful life.

## Endnotes

1. David Mastio, "Abortion Altered America's Future," *USA Today*, Jan. 21, 1998, p. 15A.
2. Ibid.
3. This is the "intermediate" projection, i.e. not worst-case, not "most" optimistic.
4. "Sheryl WuDunn, "The Face of the Future in Japan: The Economics of Aging," *The New York Times*, Sept. 2, 1997.
5. Ibid.
6. W. Patrick Cunningham, "Markets Which Need People," *Population Research Institute Review*, May /June 1997, p. 5.
7. *The Grandchild Gap* (documentary), PBS, April 1997.
8. Allan C. Carlson, "The Economic Consequences of Abortion," *The Family in America*, Vol. 9, No. 11, Nov. 1995, p.4.
9. "The Poverty Business," *The Wall Street Journal* Interactive Edition, Jan. 23, 1998.
10. Ibid.
11. Cunningham, p. 5.
12. Lawrence Roberge, *The Cost of Abortion* (LaGrange GA: Four Winds Publishing, 1995), p. 49.
13. The term is borrowed from Allan C. Carlson.
14. Julian Simon, *Theory of Population and Economic Growth* (Oxford: Basil Blackwell, 1986), p. 64.
15. Carol D'Amico, Senior Fellow, Hudson Institute, Testimony before the U.S. House of Representatives Committee on Education and the Workforce, June 5, 1997.
16. Richard W. Judy and Carol D'Amico, *Workforce 2020* Executive Summary, Hudson Institute, 1997.
17. "Poverty and Norplant: Can Contraception Reduce the Underclass?," *Philadelphia Inquirer*, Dec. 12, 1990, p. A18.
18. See "Who Pays and When? An Assessment of Generational Accounting," Congressional Budget Office, 1995.
19. "Graying of Baby Boomers to Slow California's Economic 'Golden Age'," *Business Wire*, Feb. 11, 1998.
20. Benjamin J. Wattenberg, *The Birth Dearth*, Pharos Books, 1987.
21. Roberge, pp. 67-68.

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