



# Social Security and Fertility

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Discussion of Allan Carlson's  
Paper

Family Research Council,  
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# Three Questions

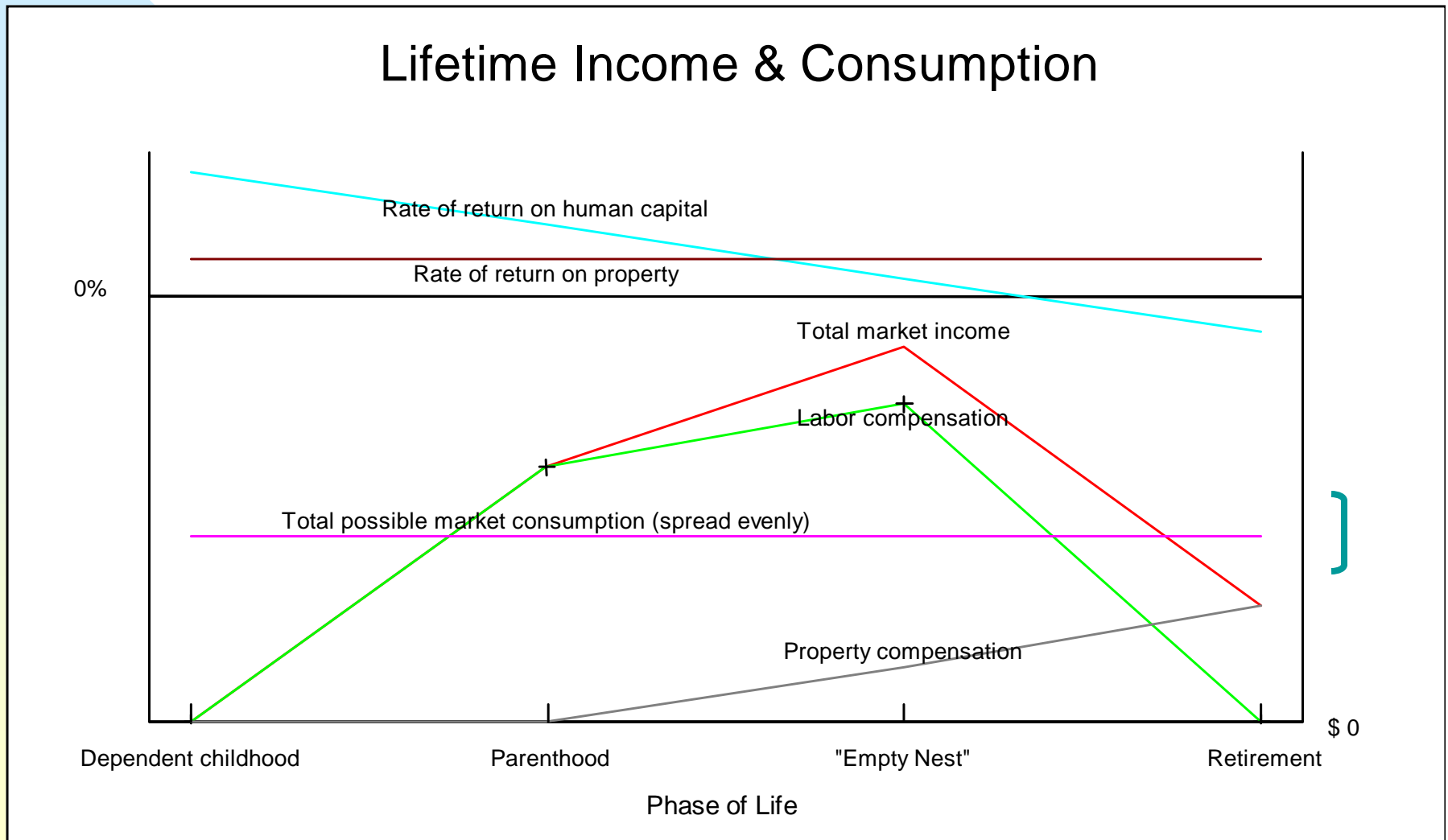
- What Does Social Security do?
- What Effect Does Social Security Have on Fertility?
- Legal Abortion and Social Security



# 1. What Does Social Security Do?

- Active parents and “empty nesters” earn more than they consume--but children and retirees, less.
- Social Security addresses the “retirement gap.”
- Main problem for Social Security reform: avoiding a “child gap” and societal “death spiral.”

# The Child and Retirement Gaps

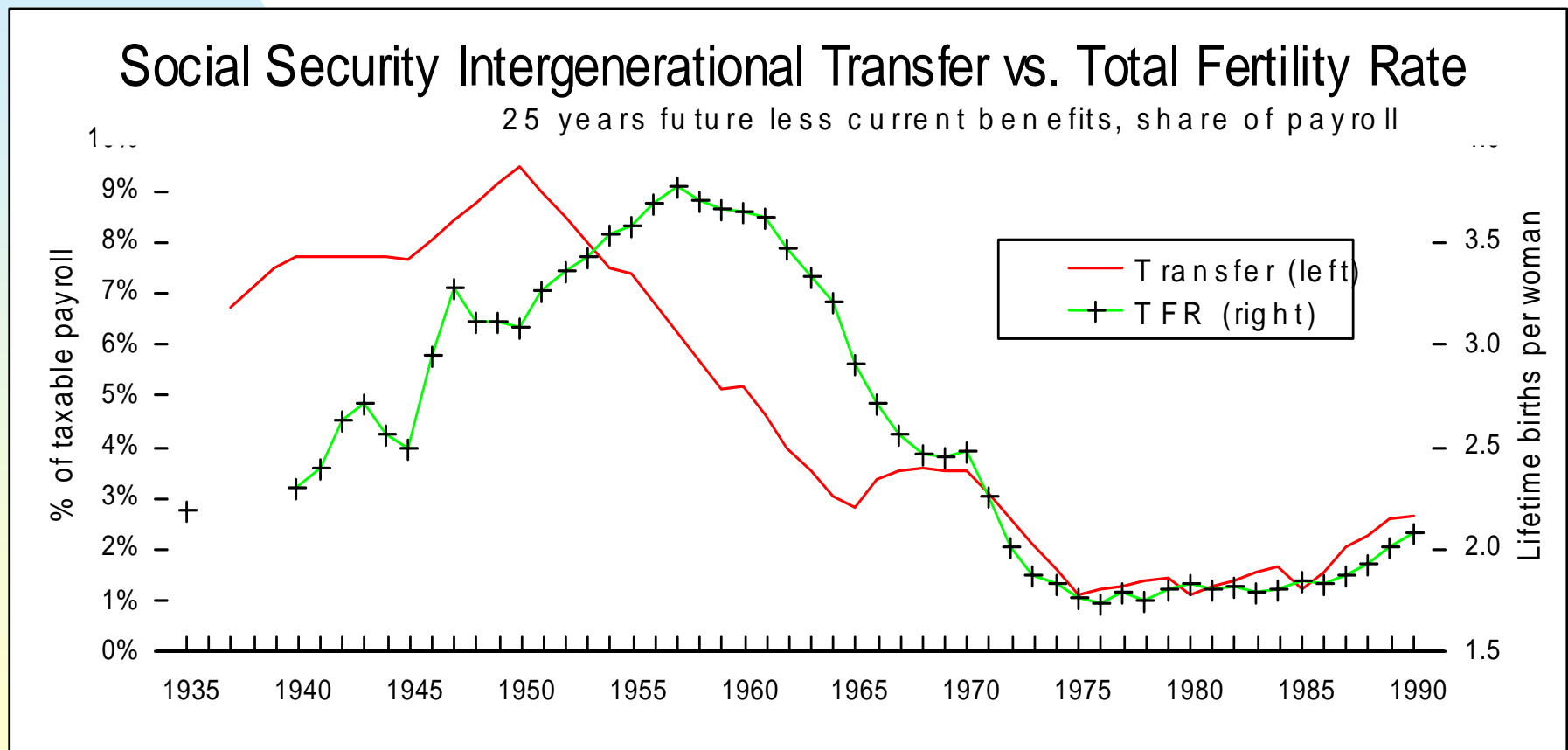




## 2. Social Security and Fertility

- As Allan Carlson noted, “moderate-sized public pensions actually have a positive effect on fertility.”
- The “greatest generation” invested its windfall in the Baby Boom.
- Poorly designed Social Security reform would make it harder to raise a family.

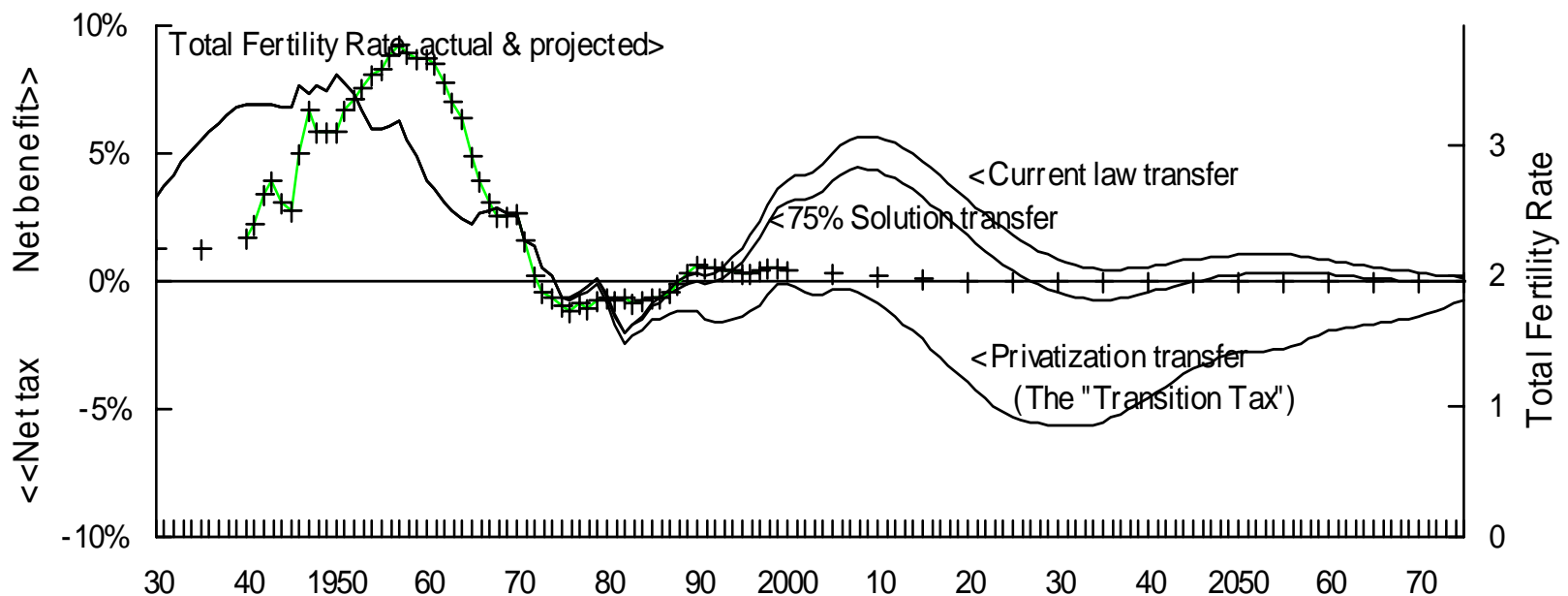
# Did Social Security Help Cause the Baby Boom?



# What Effect Would Proposed Reforms Have on Fertility?

## Social Security's Transfer Between Generations vs Fertility

Expected (25 years future) minus current OASI benefits, % of taxable payroll



SSA 2003 intermediate projections



### 3. Legal Abortion and Social Security

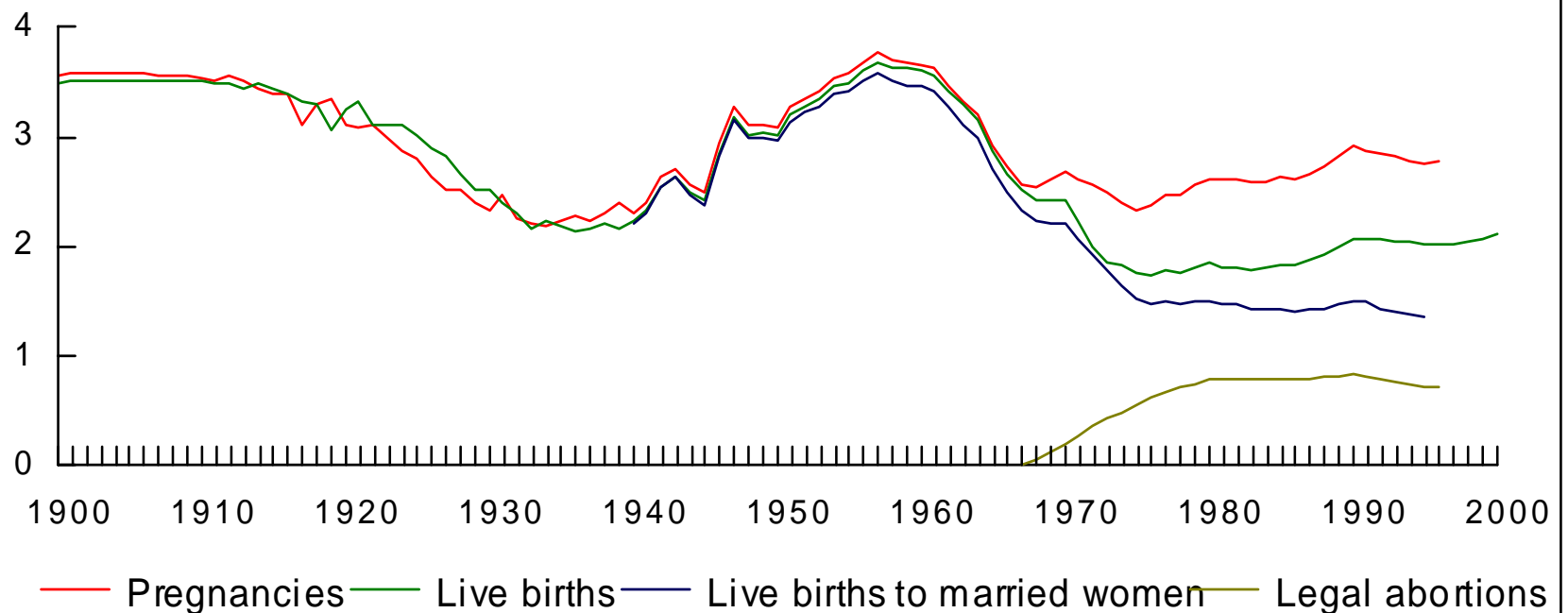
- As Allan Carlson quoted Charles Holm: “reduced fertility levels result in subsequent increases in social security expenditures.”
- Legal abortion has cut lifetime births per women by 0.6-0.8.
- Legal abortion accounts for more than the entire expected Social Security deficits.



# Legal Abortion and Fertility

## Total Fertility Rate, Before and After Legal Abortions

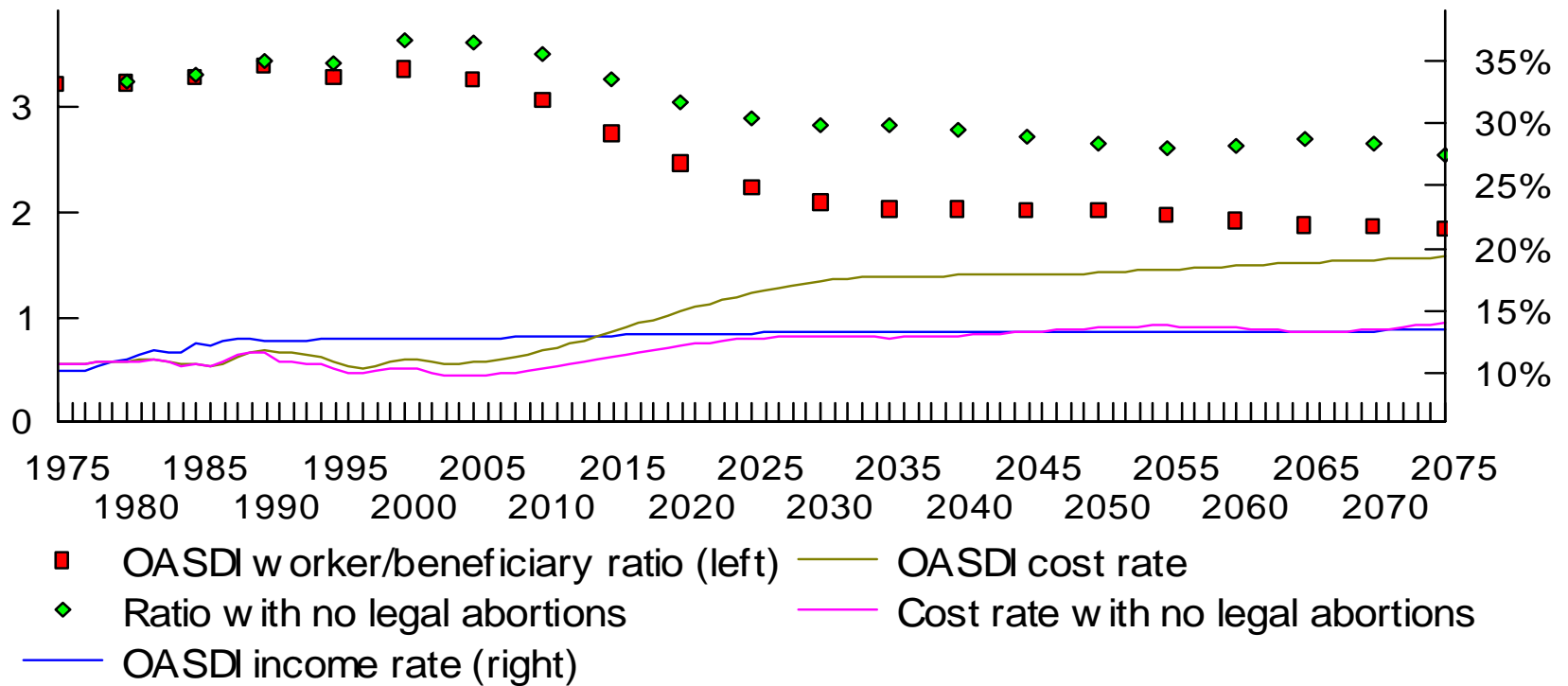
Lifetime events per woman at current rates



John D. Mueller, "The Socioeconomic Costs of Roe v. Wade," April 2000.

# Legal Abortion and Worker/Retiree Ratio

## Legal Abortions and Social Security

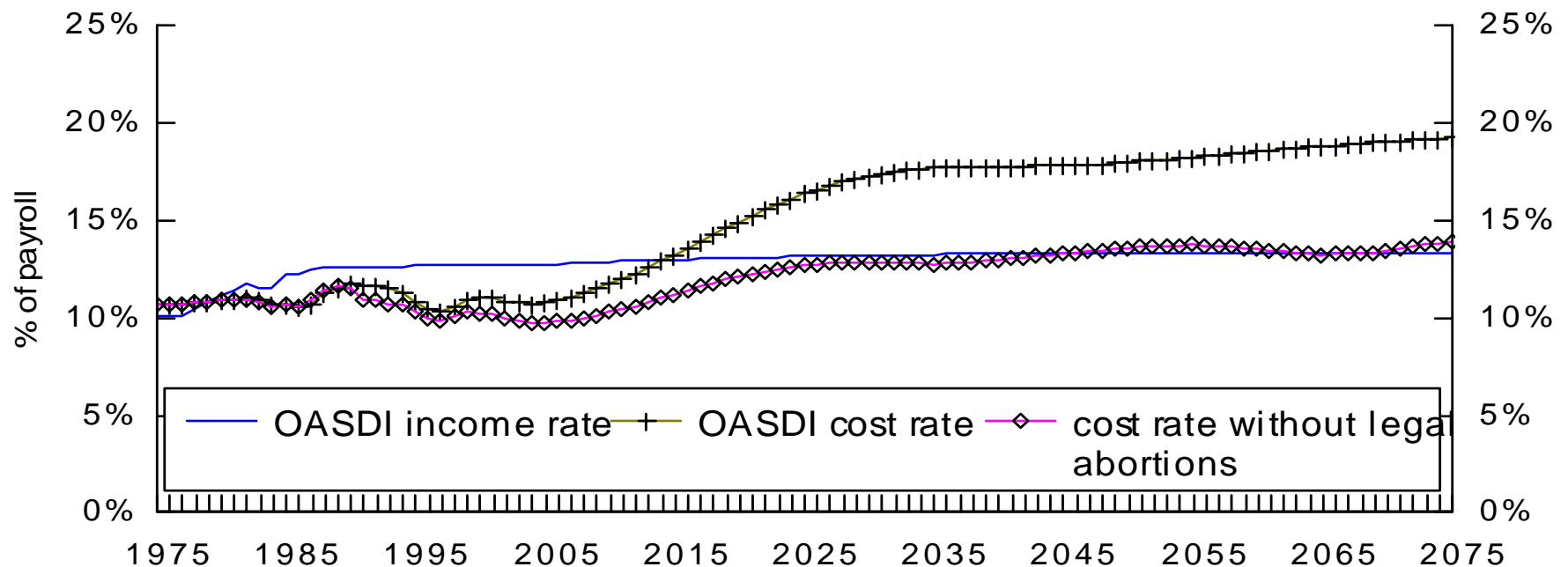


John D. Mueller, "The Socioeconomic Costs of Roe v. Wade," April 2000

# Legal Abortion and Social Security

## Impact of Legal Abortion on Social Security

OASDI income and cost rates, 2003 intermediate projections



From John D. Mueller, "The Socioeconomic Costs of Roe v. Wade," April 2000.



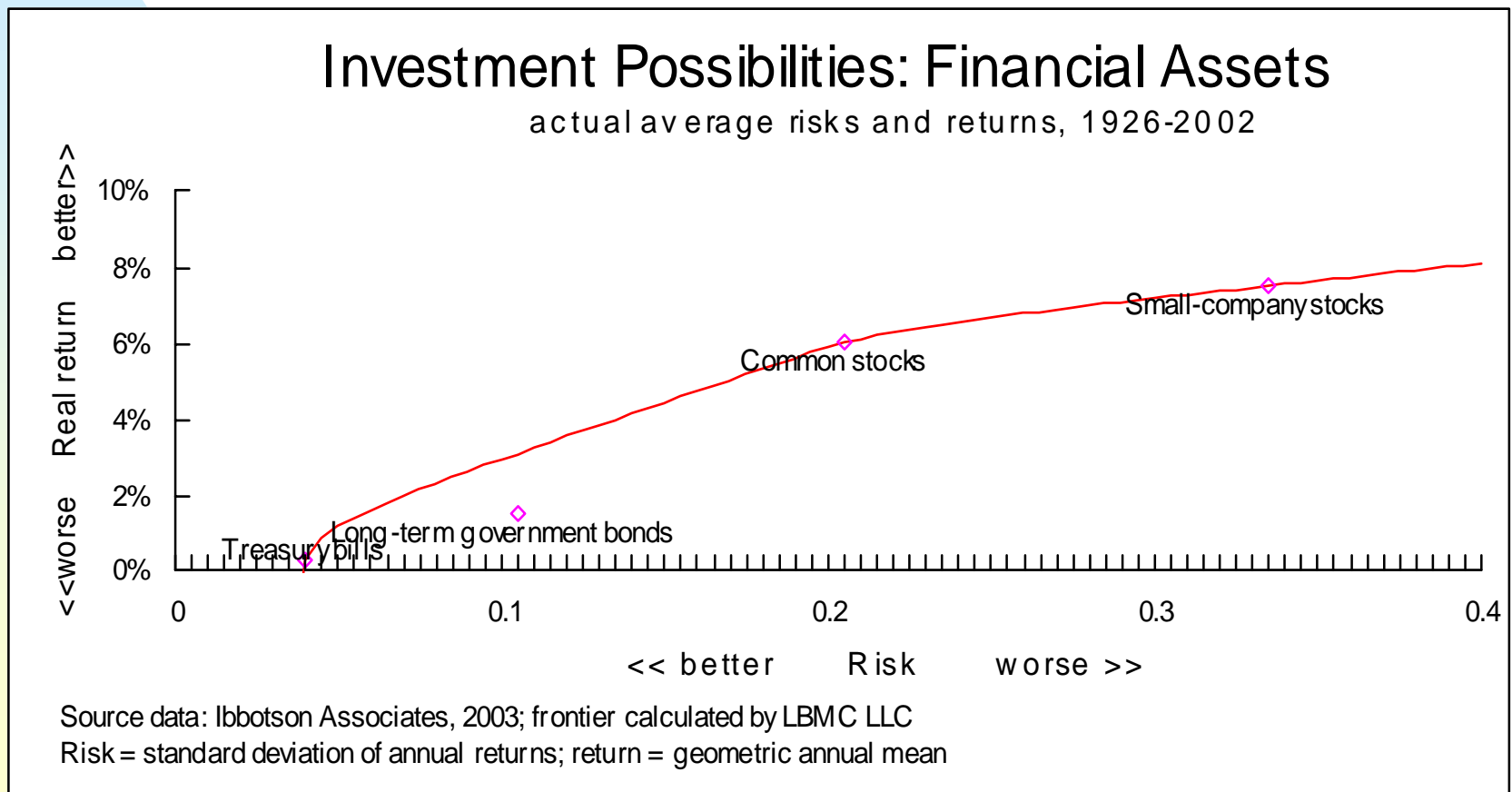
# Conclusion

- Social Security affects fertility--and vice versa.
- Ending legal abortion would still avoid over half of expected Social Security deficits.
- If not, both payroll tax hikes *and* compulsory retirement saving reduce investment in children.
- Solution: matching cuts in payroll taxes and promised benefits; family-friendly income tax reform.

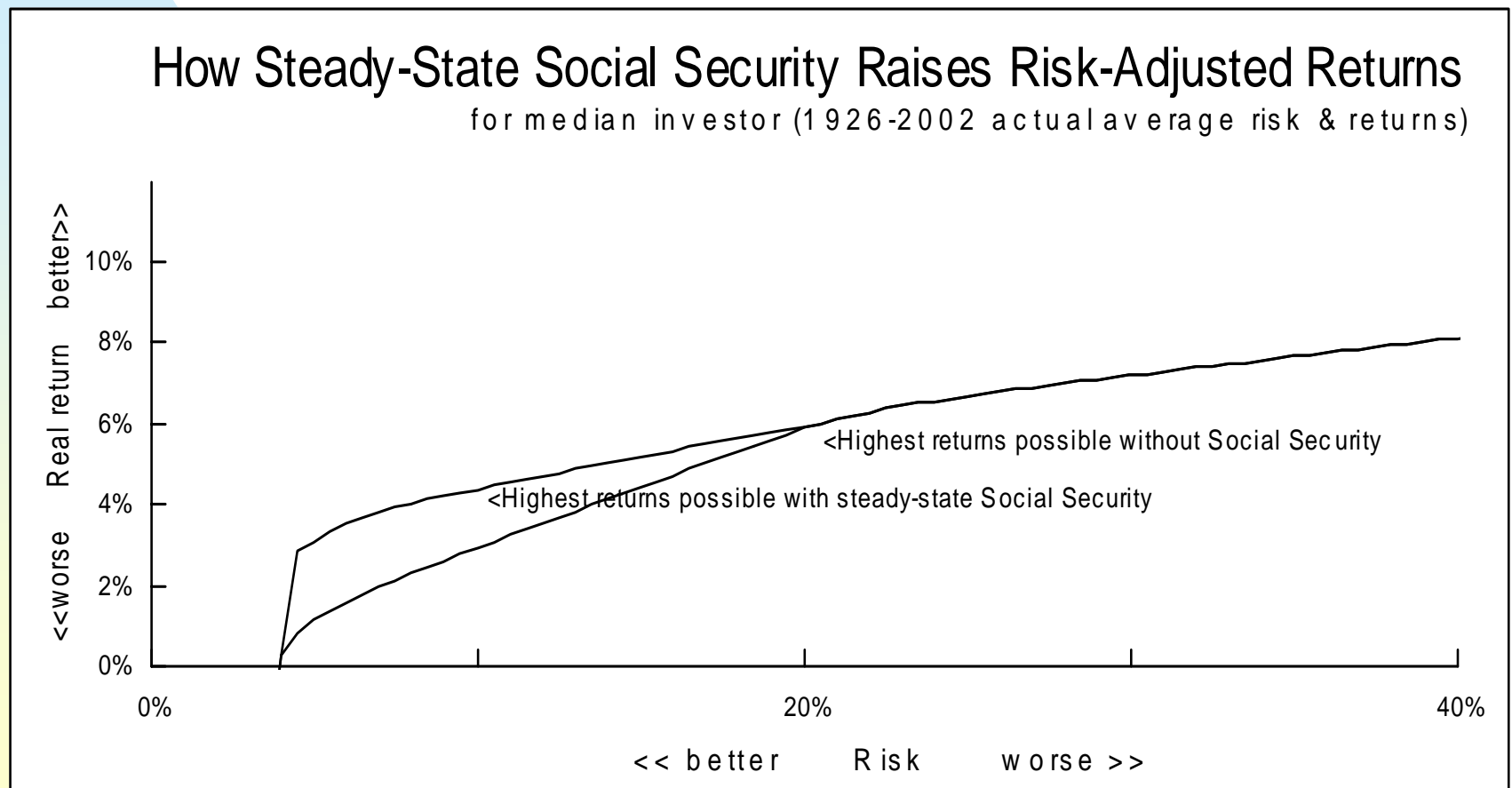


# Supplementary Charts

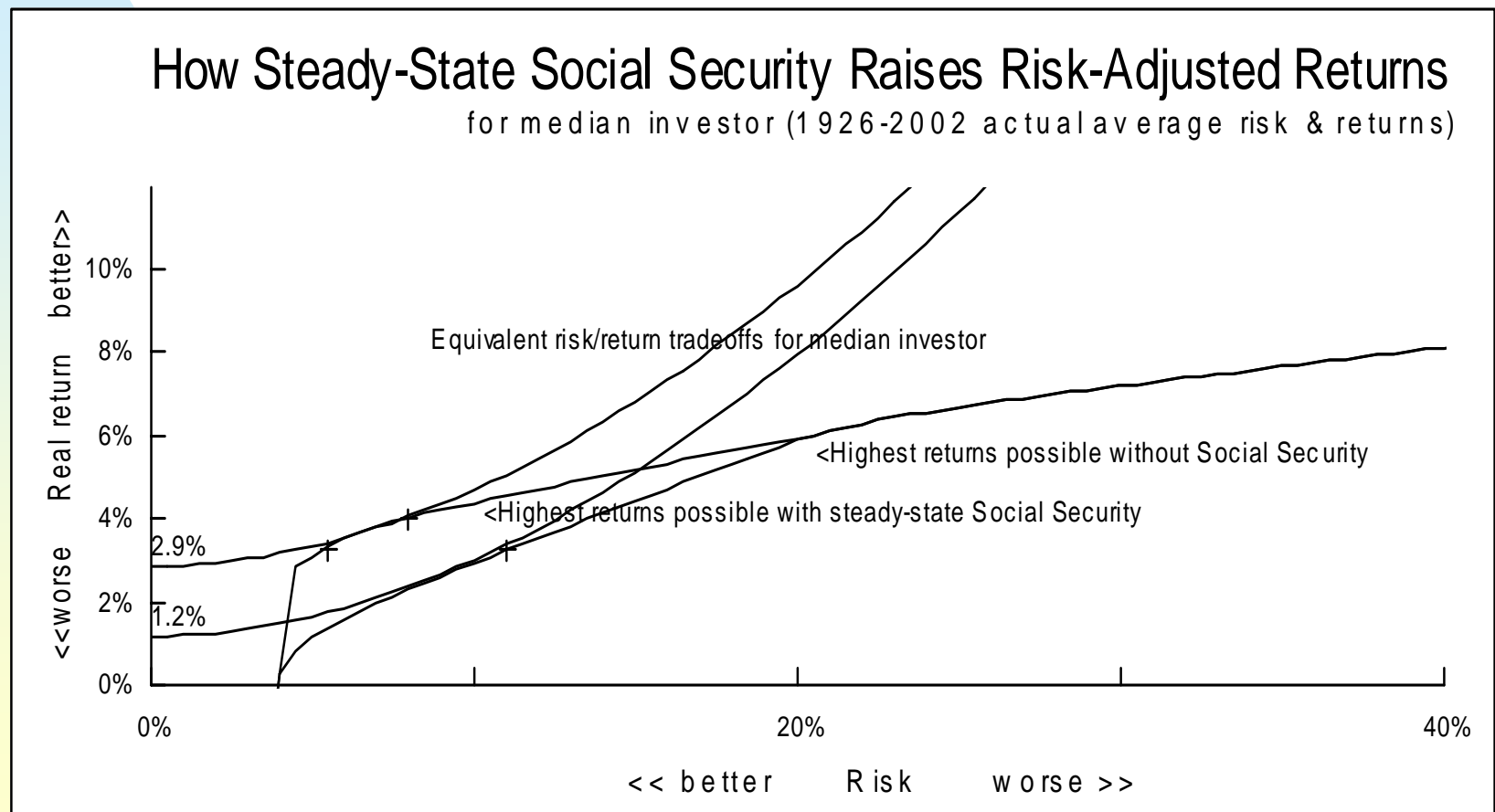
# Investments without Social Security



# Investments with Social Security

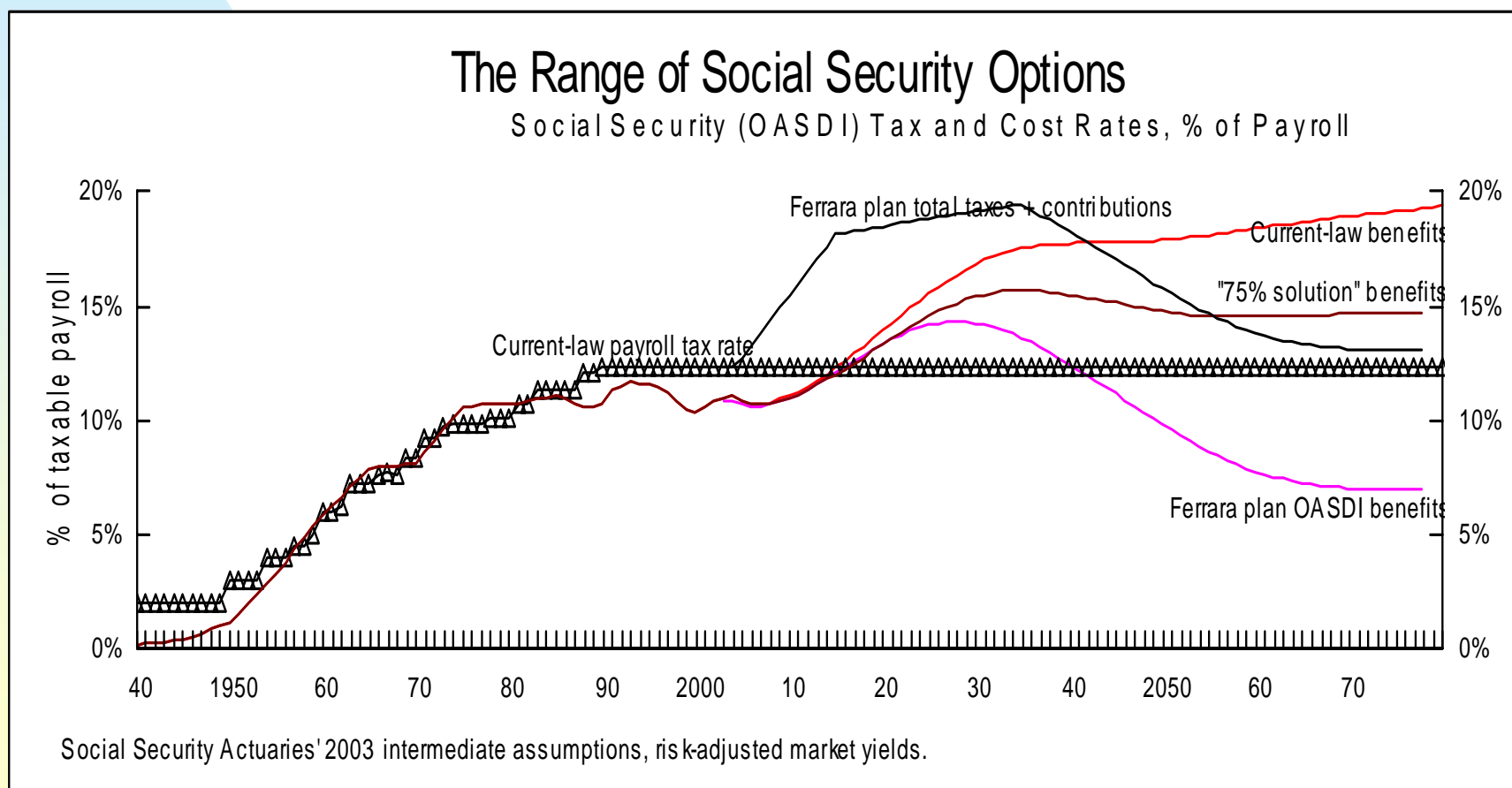


# How Social Security Raises Returns

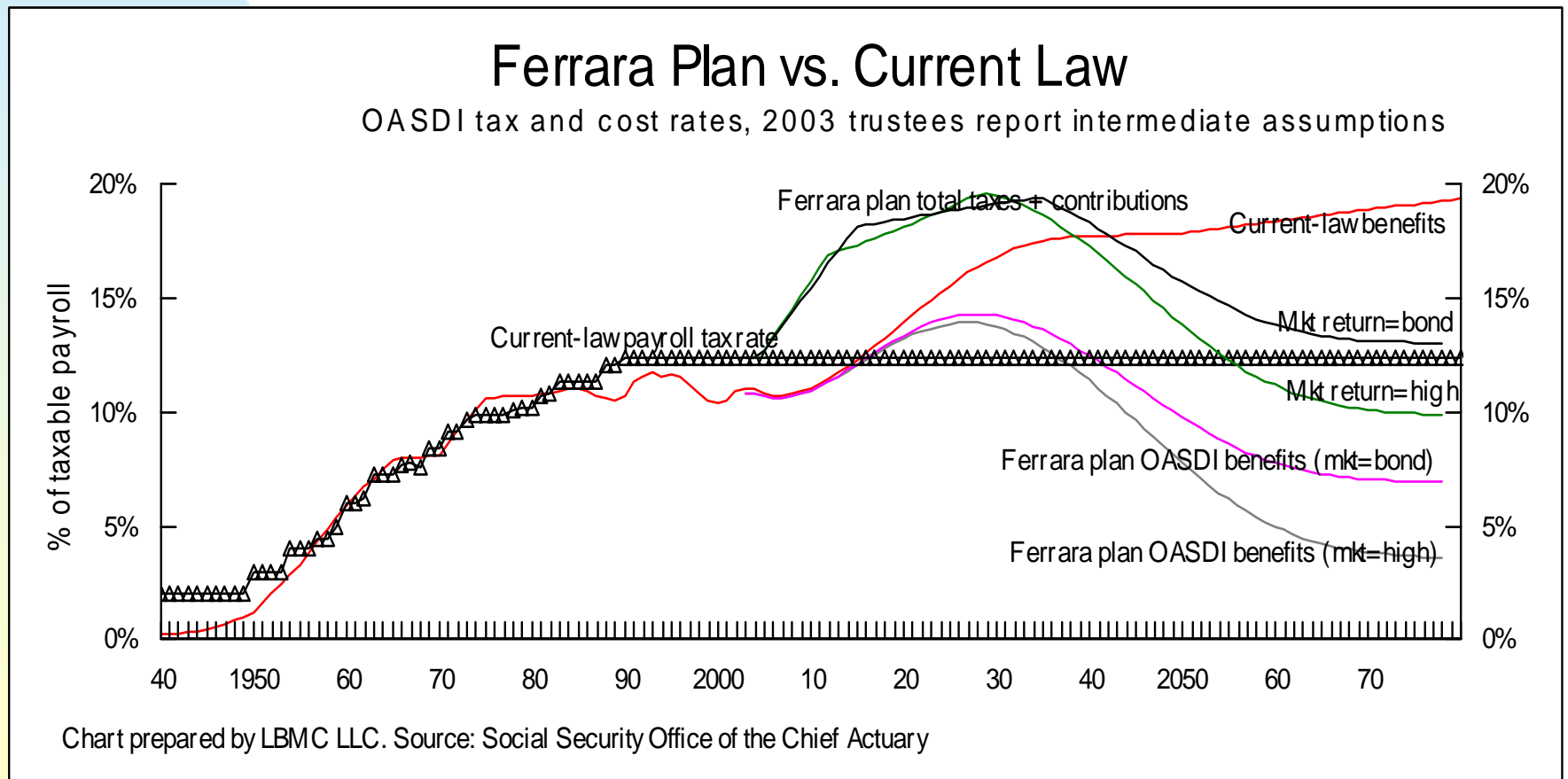




# The Range of Social Security Options



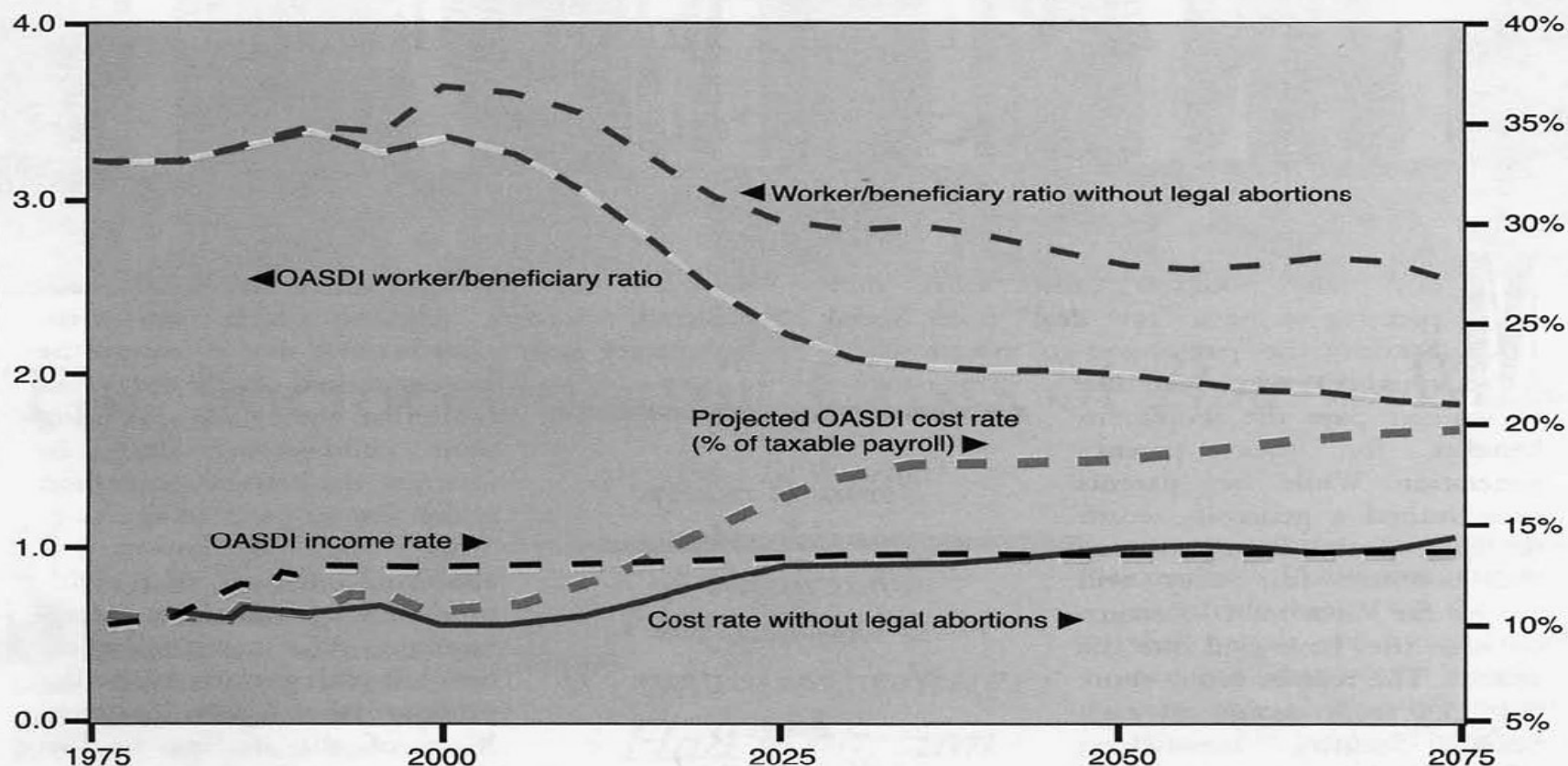
# The Transition Cost Swamps Rates of Return



# Abortion and Social Security (2000 chart)

## Legal Abortions and Social Security

Old-Age, Survivors and Disability (OASDI) Programs



Based on Social Security Administration's "Intermediate" assumptions.  
Lehman Bell Mueller Cannon, Inc.