

# The Nearing Crisis of Demographics

by George Friedman - July 8, 2025

There are moments when I am exhausted by crises that come and go, and remember the next real existential crisis of humanity. It puts things in perspective. Please forgive my momentary indifference to the current crisis of the week.

In my 2009 book, “The Next 100 Years,” I forecast that the next major socioeconomic problem would stem from a demographic crisis, with falling birth rates, decreasing death rates and increased life expectancy.

Birth rates are falling in the United States and other parts of the world. Last year, the U.S. birth rate was about equal to the death rate. Next year, the death rate is expected to be slightly higher than the birth rate. According to forecasts, in the next 10 years – perhaps as early as 2033 – declining birth rates will become a long-term reality at the same time that life expectancy increases to 80.4 years from 78.4 years. This seems like a small increase, but given the size of that age group and the contracting birth rate, it implies an era-defining crisis.

My model of American history is that the socioeconomic status quo shifts every 50 years. I forecast that the late 2020s will be when the current cycle ends and the new one begins. If I am right, and the numbers seem to indicate it, then the issues we are obsessed with at the moment will fade into history just as Watergate did.

Economists tell us that the economy pivots on land, labor and capital. If so, we are entering a period in which labor will contract, and, with it, so will capital. I say that because the numbers indicate that the labor force will shrink over the coming years, while the rate of consumption will increase. With death rates falling and life expectancy expanding, consumption will increase in two ways. First, the elderly will continue to consume long after they have stopped working, and second, their consumption habits will be heavily skewed toward health care services. One solution is euthanasia for the elderly, to which I am totally opposed. The other is a radical transformation of the medical system, with the goal of increasing the productivity of the elderly, particularly between the ages of 65 and 80.

Each 50-year cycle is driven by a core technology that emerges to meet a social need. Over the past 50 years, the core technology has been based on the microchip, which supports a range of industries

and activities and powers the economy. In the previous period, from about 1930-80, the pivotal technology was the automobile, which enabled a substantially growing population to leave cities for the suburbs yet continue to work in industries centered on cities. In a way, the microchip created, among other things, a communications system that allowed for population dispersion without loss of connectivity.

If this model of socially driven innovation holds, then the next 50 years will pivot on revolutions in medicine. As life expectancy grows, the level of productivity of the elderly must at least match the level of consumption in order to maintain capital flow. We are already seeing significant advances in medicine derived from material science, which enables engineering at the molecular level, aided by artificial intelligence. I do not see AI as the central technology because it is a tool, not the solution. The next breakthrough lies in rethinking the human body through multiple disciplines and technologies.

We need to consider the origins of this crisis. First, medicine is guilty of already extending life expectancy dramatically. Second, the decline in the birth rate is triggered by radical – and related – changes in culture and medicine. Medicine created the birth control pill, which made feminism as a social movement possible. Once women could limit the number of children they had without celibacy (I am not touching abortion), they could more easily enter and remain in the workforce. Indeed, women entering the workforce has, up until now, sustained productivity despite falling birth rates.

The current U.S. administration is obviously aware of this problem and is proposing legislation to encourage more births. Its proposal is to give parents \$1,000 for each child born between January 2025 and December 2028 to invest in their future. The legislation also increases the child tax credit to \$2,200 from \$2,000 per child starting in 2026.

Another current crisis related to the demographic problem is immigration. All advanced industrial nations will face this demographic crisis, and in the early parts of the cycle, before the crisis is in full swing, they will begin competing for workers, particularly at the menial and unattractive levels. That is hardwired in the numbers. Immigrants stabilize labor markets, consumption and capital formation. While we wait for radical medical solutions to be found, we need to think a little about not only how migration can meet demand for low-skilled workers in sectors like agriculture and farming, but also how helpful the educated and integrated children of immigrants will be in the next 50 years.

Again, I apologize for this strange discourse, but after constant study of the actions of Ayatollah Ali Khamenei, Benjamin Netanyahu, Vladimir Putin and Donald Trump, one needs a break – if not bed rest – then at least a discourse on anything not mentioning one of them.

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