



Basis Points – May 6, 2021

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Above the Fold

American Births Are Way Down, Should We Be Worried?

For many years, Japan has been fighting an aging population problem. With nearly 30% of its residents over age 65, the highest in the world, the country is facing an uphill productivity battle. The decline in Japan's fertility rate has been affected by a myriad of social changes and those trends are only exacerbated by fast-improving life expectancies. Fewer young people leads to major gaps in the labor force, stress on health care systems, and budget shortfalls as less income (and subsequent taxes) are generated. Japan's continued struggle with aging has had tremendous negative effects on its gross domestic product and is expected to only worsen.

Here in the states, our birth rate has been trending lower since the Great Recession. Recent data revealed that birth rates in 2020 were the lowest in four decades, down 4% from 2019. In the 20-24 age group, birth rates are just 20% of what they were in 1959. And while our aging population isn't yet a crisis like Japan is experiencing, a continued decline in birth rates could add strain to already struggling government programs like Social Security and Medicare.

Three Things

1. *Yellen Walks It Back* – Early Tuesday, Treasury Secretary and former Fed Chair Janet Yellen suggested an interest rate hike could be on the way sooner than later if the Biden administration's \$4 trillion spending plans were enacted. As concerns around the comments mounted, Yellen later said that "[she is neither predicting nor recommending that the Federal Reserve raise interest rates as a result of President Biden's spending plans]." Yellen's policies on interest rates have varied widely over the years, but she has been vocal on her [support](#) of higher taxes on corporations and the wealthy.
2. *Even Zoom CEO Suggests Remote Work Is No Panacea* – Zoom CEO Eric Yuan told an audience Tuesday that he was "tired" of back-to-back Zoom meetings and had "meeting fatigue." His comments come as many American CEOs rethink their remote work strategies and future plans. While some employees have grown to enjoy remote work (or even relocated to do so), trends seem to favor a traditional return to the workplace, with added flexibility and virtual options.
3. *Would-Be Pirates May Have to Deal With "Ironman"* – The British Royal Navy is actively [testing](#) jet suits produced by UK-based Gravity Industries. The technology will allow marine soldiers to launch from a small "fast boat," fly over the water and "visit" another vessel that is either deemed suspicious or in distress. Aside from foiling a pirate's plans, the technology can also be used for maritime search and rescue, as well as remote or mountainous applications.

Did You Know?

Generational Shift

By 2030, every baby boomer will be age 65 or older; this means that 1 out of every 5 U.S. citizens will be of retirement age. It's also projected that by 2035, there will be more than 78 million Americans over age 65 compared to just 76.7 million under age 18. For the first time in U.S. history, there will be more retirees than children.

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