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White Paper



“Population collapse due to low birth rates is a much bigger risk to civilization than global warming. Mark these words.” — Elon Musk

Bancroft Capital’s GEOIntelligence Group strives to help its readers stay abreast of world events that have the potential to impact geo-political stability (and all that goes with that). The desire is to allow decision makers to understand the implications of events and their resultant shifts and act in their best interests.

This paper focuses on a concern that appears to cut across almost all developed nations and could strain national economies and defense – population decline. Some believe this challenge has the potential to alter regional and global balances of power. This issue especially impacts developed countries and could dramatically strain economies and shake global stability.

If Mr. Musk is correct in his assessment, what explains the lack of coverage or public dialogue on this looming threat? A February 2025 Brookings report suggests there are several reasons few are highlighting the “depopulation cliff”:

- Limited media coverage. The crisis is abstract, unfolds gradually, and reveals itself in numbers/data, thus it is difficult to gain and hold people’s attention
- Diffused interest. Due to the dispersed nature of the economic impacts, it is hard to draw attention from a powerful, targeted group of stakeholders to initiate conversation and/or legislation and reforms
- Impacts are hard to quantify and put on a timeline. With so much else to contend with to distract leaders, it is less clear and addressable challenges without a specific tipping point tend to get less attention
- There is no clear fix. As we’ll discuss later, while some nations are addressing their approaching depopulation crises, there is no clear solution. The “not winnable” specter surrounds this challenge and may move leaders to focus elsewhere

Let’s first take a macro look at numbers to scope the problem and very briefly address the factors that are leading to a decline in population.

As background, expert consensus advises that for a nation to sustain its population (to include its economy, defense, infrastructure, social obligations, etc.), it must achieve a fertility rate (FR) of 2.1 children for every child-bearing woman.

According to an International Monetary Fund 2024 study, over half of the world’s economies that account for two-thirds of the global population have fertility rates below the replacement fertility level of 2.1 children per woman.

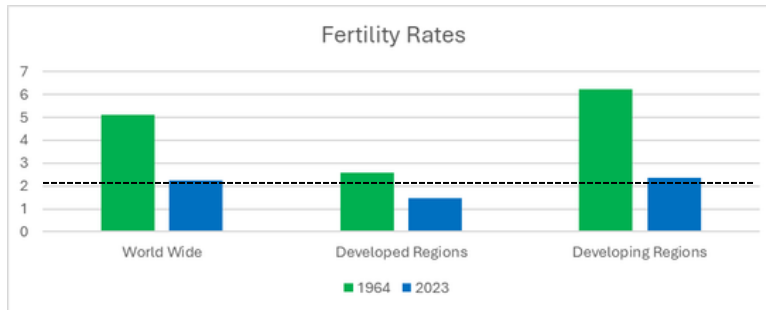


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And it may not get better. Per an Institute for Health Metrics and Evaluation global research effort, by mid-century, over three-quarters of countries will not have high enough fertility rates to sustain population size, and this will increase to 97% by the 22nd Century.

Most analysts agree that population declines are most dramatic (and are poised to have a greater impact) in higher-income/developed countries. While global population numbers are down in virtually all regions, the most dramatic drops are in developed countries/economies.

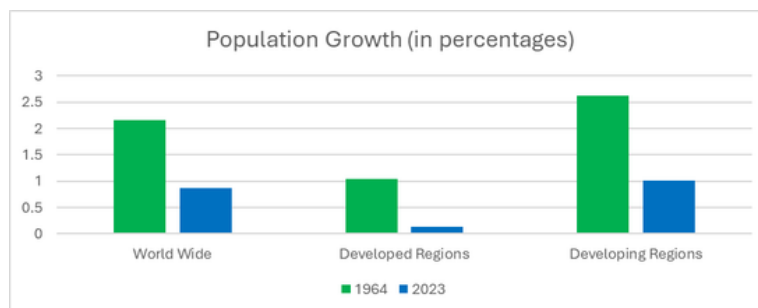
For broad comparison, consider these statistics from the United Nations Department of Economic and Social Affairs, Population Division. This chart compares FR between the years 1964 and 2023. The FR numbers reflect numbers of children by women. An FR of 2.1 is necessary to sustain a nation's population (and is represented by the dashed line).



There is no single driver for this worldwide phenomenon – it is a combination of several factors. First is the urbanization of much of the world's population, which is closely tied to economies transitioning from manpower intensive agrarian models. Simply stated, having large families to work farms is no longer needed, nor is it the norm. Second, contributing to decreased FRs is the increasing access to education and jobs for women. Women in the workforce tend to have fewer children. Third, access to contraception is now much easier than before. And finally, in more developed countries, families cite high costs of raising children as a deterrent to having large families. There are likely several other contributing factors.

Regardless of all the causes, global depopulation has begun, and while many nations will feel effects soon, as a whole, experts believe world population will peak around mid-century and then begin to decline – for the first time ever.

The FR rate is not the only factor in population demographics. Additional factors, such as death rate, immigration, and emigration, have a significant influence on overall numbers. The chart shows Population Growth (PGR) between the years 1964 and 2023 as an overall metric.



The Three Great Powers: United States, China, and Russia:

United States: The U.S. has experienced similar shifts to what was reported above for other developed countries. U.S. FR dropped from 3.26 in '64 to 1.62 in '23 (with a PGR of .58 in '23). The Congressional Budget Office (CBO) projects U.S. population growth will slow from .4 percent growth (2025-2035) to .1 percent growth (2036-2055). While some analysts believe we should avoid a major population downfall due to our comparatively liberal approach to immigration, the CBO projects greater uncertainty based on the current administration's immigration policies. Time will tell.

While total population numbers may not suggest an existential threat, the "graying" of the U.S population is a real concern. American Economics Journal analysis of aging population data from 1980-2010 sees a direct correlation between rising average ages and GDP growth. Specifically, they project that for every 10% growth in Americans over 60, we will see per capita GDP decrease by 5.5 percent. Beyond the GDP numbers, there is a near-total agreement that the ongoing retirement of the "baby boomer" generation will put a great strain on the economy. A smaller working population will lead to lower income and sales tax revenue, and the drain on social program coffers could be dramatic. It is estimated that the Social Security trust funds will be depleted by the mid-2030s. While more Americans are working past 65 than in years past, this is not projected to fill the gaps. And some analysts suggest that older Americans simply working longer will not overcome all of our challenges. With a greying workforce, they fear an "innovation stagnation" and a downturn in entrepreneurial activity and start-ups, although it's hard to project or quantify the impacts of this. Finally, from a defense perspective, while impossible to quantify, many are worried that the U.S. will face extreme recruiting challenges in the not-too-distant future.

China: its depopulation dilemma is well known. Decades of a draconian "One Child Policy," a massive greying population, and a shrinking labor force do not bode well for the Chinese economy. China is already seeing its population start to decline (FR dropped from 6.67 in '64 to 1.0 in '23 (with PGR of -.24 in '23). China's over-60 population exceeded 300 million in 2024. Couple this with projections from RAND suggesting a near 30% decrease in its labor force by 2050 (from 2015 levels) and other analysts' projections of a 50% population decline by 2100, and it's easy to see the dark economic clouds looming. This will likely have a transformative impact on China's economy, as a hallmark of China's economic model is, of course, cheap labor. In addition to these large challenges, like the U.S., China will be facing a greatly reduced labor force while simultaneously absorbing hundreds of millions of the elderly into social support structures. While China does have a social security-like system, it has been in a state of evolution for years, and the Chinese Academy of Social Sciences has stated that the system cannot deal with the current influx of elderly and will likely be depleted by 2035. Finally, from a military perspective, like the United States, China will face a reduced pool of military-age personnel to draw on. The impact of this downturn, however, will be mitigated by the still high numbers of eligibles and China's approach to compulsory military training, its hybrid volunteer/conscription system, and mandatory indoctrination of its college students.

Russia: Like China, the Russian population struggles, and negative trends are fairly well known (but hard to accurately quantify). Unlike China, which will still retain a sizable population after its

population slide, Russia only boasts a starting population of 143 million as of 2024. It is estimated that only 38.8 million males are between 18 and 60. And Russia's prognosis is not good. Its FR was already a comparatively low 2.18 in '64 and has decreased to 1.45 in '23 with a '23 PGR of -.32 (based on UN estimates). And these numbers do not tell the breadth and depth of Russia's depopulation crisis. Russia's Putin, like Soviet leaders before him, is reportedly masking the demographic crisis that is unfolding. Per Russia Matters, in 2024, deaths in Russia outnumbered births by 600K, with actual birth rates possibly at a 200-year low. Add to this an estimated 1.2 million war casualties at this writing, an emigration loss estimated at about the same number, and a very dark picture begins to emerge. If Russia's population outlook was dark prior to the war in Ukraine, it is now black. The impact of the gutting of Russia's already reduced young male population may be impossible to overcome, especially when the war still continues, and Putin can't risk implementing corrective public policies that reveal this weakness. All of these factors point to a coming crisis. With a heavily sanctioned mono-polar economy, a largely converted industrial complex to support the war, and a gutted workforce with no apparent means of reconstitution, it's easy to imagine a scenario where things start to go very badly quickly for Putin's Russia. And while the West may not shed a tear at a Putin failure, a Russian collapse and the instability it could bring would be very dangerous and shake global stability.

Other Key Nations/Regions:

Space does not allow a deep dive into each and every nation, but, provided below, are brief descriptions of several key nations/regions. Of course, the impacts of declines are nuanced by state, based on economic health, culture, and severity. That said, the general impacts/challenges are similar to those discussed above for the U.S. and China.

Western Europe: Numbers here are similar to those seen above in the U.S. and line up fairly closely with the population numbers seen in Developed Nations writ large (see above). In '64, Western Europe's FR was 2.63 with a PGR of .31. In '23, the FR/PGR were 1.5 & .32 respectively. Again, Western European nations are facing/will face very similar impacts to those discussed earlier (limited workforce, greying population, lower tax base, etc.).

Japan and the Republic of Korea (ROK): Japan and the ROK face the greatest immediate depopulation challenges of any Western-aligned nations. Japan's FR rate sits at just 1.21 and its PGR at a world's worst at -.48. ROK's FR rate is a world's worst .72 and its PGR at a low -.04. Both of these nations face rapid population declines by 2050 and similar to every other case we've discussed, their greying populations bring the same challenges we've addressed above. The difference for these two nations is the slightly faster timeline they are on to address the crisis. As you might expect from these two nations, Japanese and ROK leaders are characteristically bold in their addressing of these stark numbers.

Can the Depopulation Bow Wave be Stopped or Mitigated?

Most experts believe corrective measures will have very little effect, especially in the short to mid-term. The numbers are what they are at this point. The reduced FRs and resultant population declines have taken decades to unfold, and by the time most corrective attempts bear fruit (if they do), we will already be in the midst of whatever that crisis will look like. That said, most corrective measures being examined/pursued fall into two broad camps:

- Financial incentives for parents. As alluded to earlier, several nations have already taken fairly aggressive steps to try to slow their nation's plunge off the population cliff. Most of these states' attempts at correction have similar components: cash payments for parents having children, child tax breaks, extended parental leave, reduced or subsidized childcare, etc. While there has been a hint of small-scale success in some areas, conventional wisdom suggests any positive changes will be small in the long term and will not substantively address the problem in the short to mid-term.
- Immigration. While it takes decades to grow your own workers, "importing" working-age adults offers a quicker solution that can have an impact in the short/mid-term. Some believe the U.S. FR challenge will have less devastating effects due to our historically relaxed legal immigration posture. While this might seem to run counter to the current administration's crackdown on illegal immigration, fast-track citizenship reforms could be a win-win and should be explored in the U.S. and elsewhere.

Counterpoint:

There is no universal agreement on the devastating impact of population decline. Some contend that the implications of declining fertility and aging societies may be more nuanced than simply looking at numbers and projections. They suggest demographic shifts introduce economic and social challenges, but they do not have to threaten national survival or global stability. When viewed through the lens of technological advancement, economic adaptation, and international cooperation, some believe depopulation becomes a transition that can be managed and, in some respects, leveraged.

Viewed through this lens, modern economies rely far more on productivity advances than on population size. Automation, Artificial Intelligence, and robotics are already enabling countries to maintain or increase output with fewer workers, as demonstrated by Japan's ability to remain competitive despite decades of population decline.

Those holding this less catastrophic view also rightly point out that global population decline is uneven, with regions such as Sub-Saharan Africa and parts of South Asia continuing to grow and providing opportunities for migration and economic partnership.

Finally, this camp rightly points out that demographic shifts occur gradually, giving governments and businesses time to adapt, and that human capital, skills, education, and innovation now drive growth more than sheer numbers.

Regardless of the lenses you view this problem through, it's undeniable that population decline and greying are occurring, and left unaddressed, will have dramatic implications. And all would agree that those nations and businesses that adapt and transform will be less impacted. Needed adaptations/ transformations are highlighted in the next section below.

Economic Implications:

"The implications are immense. These future trends in fertility rates and live births will completely reconfigure the global economy and the international balance of power and will necessitate reorganizing societies." - Dr. Natalia V. Bhattacharjee, Lead Research Scientist, IHME

The challenge of declining and greying populations will affect every developed nation on the planet to some extent, and some suggest the effects could be paradigm-shattering if measures are not taken to sustain economies and national defenses.

As with most challenges, there are ways to prepare or at least mitigate. Here are a few being posited by those who have been paying close attention to this looming issue.

Consider investing in technical solutions to offset the decline in workers. Many see investment in robotics and AI as a means to offset a lack of working-age manpower. We've seen similar transformations to enhance worker productivity in industrial systems in the late 19th and throughout the 20th centuries.

Maximize smart legal immigration and explore work visa expansion. While this may seem like a political lightning rod at the moment, creating a faster track to legal immigration and expanding/extending work visas with the possibility of offering a clear track to citizenship would assist in the short to mid-term.

Explore policies to implement targeted immigration. This would allow the U.S. to create a fast track to citizenship contingent on immigrants' agreement to serve in a specific job type and/or location where a need would be greatest.

Maximize autonomous defense systems. Similar to the technical solutions bullet above, the DoD should accelerate its development of standoff, smart, autonomous systems to relieve the anticipated dearth of recruits in the coming years.

Prepare for the increasingly grey population. In some cases, the U.S. has already adapted, driven by market need. Continued emphasis on goods and services needed by an increasingly aging population is a win-win for producers and recipients.

Adjust policies. Watch closely as other nations navigate their internal crises and adjust policies and responses to quickly mitigate effects. This includes, first and foremost, keeping a close eye on Putin's Russia, whose potential population implosion could have devastating implications for regime survivability and global stability. The potential ramifications of a Russian economic or societal collapse could be devastating.

Of course, implementing next steps/mitigations such as these will take a coordinated, deliberate approach by U.S. leadership. But the first step is agreeing that there is a problem here to be focused on and mitigated.

The same can be said for U.S. business leaders. What should they be doing now to internally mitigate a downturn in GDP, to compensate for a reduced workforce, and to serve an older population with needed goods and services? Addressing these questions now might be the difference between surviving and thriving in the mid-to-late century.

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