Knowledge is Power
Sir Francis Bacon
Just How Powerful is the Knowledge of Demography?
Two Similar Populations
Two Fictitious Countries
Which one has a better future?
Demography Trumps:

- Economics
- Politics and Government
- Commerce
- Education
- Society and Culture
1. More is more.
Demography 101

• Two similar groups of people, one has 1,000 people and one has 500 people.

• Which group will require the most food? If we prepare the same amount of food for both groups and the group of 500 doesn’t finish can we assume they were not hungry or didn’t like the food?

• Which group is likely to have the most criminals? Traffic accidents? Old people over ninety? People in the military?

• Who buys your product? End user?
Hot Dogs at the State Fair
The parking lot is filling up with school buses!
Mom’s Apple Pie
1. More is more.

2. Groups of people are predictable.
Stages of Life (part 1)

Particulars vary from culture to culture
Stages of Life (part 2)

Average expenditures by age group

Average income by age group
Demographics 301

1. More is more.

2. Groups of people are predictable.

3. If you want to predict the future, **DO THE MATH!**
In the late 1960s, 1970s and early 1980s in the United States, we strove for zero population growth. We were convinced that people were the problem and that if there were fewer of them the problem would be smaller. We created a worse problem.
We age, really.
Time Ages Humans

- You can’t slow it down
- You can’t speed it up
- You can’t pretend it doesn’t happen
- You can’t avoid death
Life Insurance Policy
US Live Births 1905 - 2005

- GI Generation: 56.6 Million
- Silent Generation: 52.5 Million
- Baby Boomers: 78.2 Million
- Generation X: 69.5 Million
- Generation Y: 100 Million+ (through 2010)

Latino Immigration: 40 Million+
Wave Goodbye!
Nascar Attendance  Down 10%
Johnson & Johnson Decline in Sales spends $2.5 billion in marketing
The Boomers are Coming
What is your Disneyland?
Just Burgers No Breakfast
What are you leaving on the table?
What is your Egg McMuffin?
Lead Sled
Powerful lightweight two door cars
What is Your Mustang?
Boomers Always Change Everything

• Baby Boomers will redefine retirement.
• Baby boomers will eventually flood into retirement states.
• Baby Boomers are currently 48 to 67 years old, peaked at about 55.
• Once the current housing market corrects...watch-out!
• Boomers on the move!
Latinos
The Latino Influence

• Latinos are spiritual Catholics with large families.

• Latinos are very family oriented and take responsibility for their elderly.

• Latinos are aspiring and assimilate into U.S. culture in twenty years.

• As Latinos advance socio-economically they will pay significant state, federal and local taxes. Do you want to collect Social Security?
Asian Americans
Asians only make up about 5% of our total population but that will change as Asians begin to flood this continent, especially from China. How will this influence United States industry?
The African American Influence

• The symbolic impact of the Obama family in the White House has had a profound positive influence on African American culture.

• As African Americans advance socio-economically so will their contribution to the overall culture and strength of the Nation.
Generation Y is Why.

- Generation Y was born 1985 to 2004 and is bigger than the Baby Boomers (about 83 million).
- They are very green, humanitarian and do not see race or color.
- They significantly influence trillions in consumer spending.
- They are flooding the labor market and will face 50% unemployment.
- They will open a sea of small businesses because they need to eat.
- They will speak cyber as a first language.
- They tell time differently!
- We have an economic mandate to understand them and get in front of their demand.
Look for women to lead
The glass ceiling is shattered. Women out number men in college at a 60/40 ratio. They **will** run things.

Where did the men go?

How will this effect your industry?
Women in the Workplace

On average women make about 75% of what men make for the same job, in 2011.
Generation Y men are flooding technical schools
A Huge Paradigm Shift

- As Boomers retire a void is created in the technical fields they dominate
- Generation X rejected the technical “blue collar” professions
- Technical schools filled up with the best and the brightest seeking high paying in demand jobs
- Today a good mechanic can earn more than an attorney
- This has direct benefits for manufacturing!
We need dads.
We have plenty of fathers.
Almost fifty percent of kids today are born without dads.
The core strength of the United States is faith and family.

Dr. Nicholas Eberstadt
Henry Wendt Scholar in Political Economy
American Enterprise Institute
The Economic Mandate of Diversity

Second class citizens are substandard tax payers.
So….If you are a bigot, get over it!
The Baby-Blenders

2025 to 2044

No more red-heads
Births in the Northeast, 1981 to 2004 down 10%

Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont

Birth rates lagged by 25 years

Source: National Center for Health Statistics, Centers for Disease Control and Prevention

Source: Age Curve Consulting
Births in the Midwest, 1981 to 2004 down 7.5%

Illinois, Indiana, Iowa, Kansas, Michigan, Missouri, Nebraska, Ohio, Wisconsin

Birth rates lagged by 25 years

Source: National Center for Health Statistics, Centers for Disease Control and Prevention

Source: Age Curve Consulting
Births in the West, 1981 to 2004 up 28%

Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming

Source: National Center for Health Statistics, Centers for Disease Control and Prevention

Source: Age Curve Consulting
Births in the South, 1981 to 2004 up 30%

Birth rates lagged by 25 years

Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia

Source: National Center for Health Statistics, Centers for Disease Control and Prevention

Source: Age Curve Consulting
Will industry return to the United States?
Four Grandparents, Two Parents, One child. 4-2-1
The Chinese Age Curve Births per 1,000 1949 to 2030e

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<tbody>
<tr>
<td>Population</td>
<td>700.0m</td>
<td>1050.0m</td>
<td>1,292.3m</td>
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<tr>
<td>Births % Pop.</td>
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<tr>
<td>No. of Births</td>
<td>38.0</td>
<td>21.0</td>
<td>13.0</td>
<td>10.9</td>
<td></td>
<td></td>
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<tr>
<td>% Change</td>
<td>-44.7%</td>
<td>-38.1%</td>
<td>-16.2%</td>
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<tr>
<td>Generation</td>
<td>Baby Boomers</td>
<td>GEN. X</td>
<td>GEN. Y</td>
<td>GEN. Z</td>
<td>Blenders</td>
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Average births per 1,000 1949 to 2030e: 20.9

2006 births per 1,000: 13.3
30,000,000 young Chinese men who have no prospect of marrying!
China 1979 - present

± 400,000,000 births prevented by one-child policies
China’s one child only policy is the biggest demographic, economic and humanitarian blunder in the history of the world!
China Has Issues

• In 2016 China’s 800 million plus labor force will begin to decline in number.
• China’s dependent elderly population will mushroom to ½ billion people.
• China produces but does not consume relative to its total population.
• China’s currency will continue to increase in value.
• China’s management structure, the family, has been decimated.
• China needs water and women. Look-out Russia!
• Shipping costs will continue to rise.
• China’s quality will inevitably decline.
• A reversal of the “One Child Only Policy” will exacerbate the problem.
Japan’s Tsunami Hits All of Asia
Japan Chart

±400,000,000 births prevented by one-child policies
The Italian Age Curve 1862 to 2005

<table>
<thead>
<tr>
<th>Population</th>
<th>93.4m</th>
<th>92.6m</th>
<th>105.5m</th>
<th>81.1m</th>
<th>92.9m</th>
<th>59.5m</th>
<th>54.0m</th>
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<tbody>
<tr>
<td>Births % Pop.</td>
<td>21.3%</td>
<td>23.8%</td>
<td>19.8%</td>
<td>24.8%</td>
<td>19.7%</td>
<td>26.9%</td>
<td>20.2%</td>
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<tr>
<td>No. of Births</td>
<td>19.9m</td>
<td>22.0m</td>
<td>20.9m</td>
<td>20.1m</td>
<td>18.3m</td>
<td>16.0m</td>
<td>10.9m</td>
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<tr>
<td>% Change</td>
<td>10.6%</td>
<td>5.0%</td>
<td>-3.8%</td>
<td>-9.0%</td>
<td>-12.6%</td>
<td>-31.9%</td>
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Generation:
- 1865 - 1884: Missionary
- 1885 - 1904: Lost GEN.
- 1905 - 1924: GI GEN.
- 1925 - 1944: Silent GEN.
- 1945 - 1964: Baby Boomers
- 1965 - 1984: GEN.X
- 1985 - 2004: GEN.Y
- 2005 - 24: GEN.Z

Average births 1862 to 2005: 911,911
Average births 1905 to 2005: 860,123

2005 births: 546,8242
The Russia Federation Age Curve 1959 to 2006

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<tr>
<td>U.S.S.R.</td>
<td>2,250,000</td>
<td>2,500,000</td>
<td>2,250,000</td>
<td>1,850,000</td>
<td>1,500,000</td>
<td>1,200,000</td>
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<tr>
<td>Russian Federation</td>
<td>2,000,000</td>
<td>1,500,000</td>
<td>1,250,000</td>
<td>1,000,000</td>
<td>750,000</td>
<td>500,000</td>
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Average births 1959 to 2006: 1,945,347

2006 births: 1,479,637

Births %

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<tr>
<th>Population</th>
<th>246.3</th>
<th>146.2</th>
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<td>No. of</td>
<td>41.9</td>
<td>33.4</td>
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<tr>
<td>% Change</td>
<td>17.0%</td>
<td>22.8%</td>
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Generation

<table>
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<tr>
<th>Boomers</th>
<th>1945 - 64</th>
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<tr>
<td>GEN. X</td>
<td>1965 - 1984</td>
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<tr>
<td>GEN. Y</td>
<td>1985 - 2004</td>
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<tr>
<td>GEN. Z</td>
<td>2005 - 24</td>
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A 16 year old Russian male has a 50/50 chance of living to 60.
Russia’s GDP is less than one twelfth of the United States.
The abortion rate and the birth rate in Russia are equal! Fertility is 1.41
Thugs with Nuclear Weapons
India
Population
1,186,623,000
Capital Mumbai
Sub-Saharan Africa?
75% of the World’s AIDS Cases
The United States represents 5% of the world’s population but precipitates 25% of the world’s economy!
Will manufacturing return to the United States and the Americas?

Where else can it go?
In the United States we have 10% unemployment, yet we have a shortage of skilled trained technicians. Why?
Skilled Labor

Look for the demand for skilled labor to increase markedly over the next five to ten years.

Why?

Manufacturing will return to the United States with a vengeance!
On-Shoring

Growth Rate: Real GDP vs. Manufacturing
2010 Q3 to 2011 Q3

Real GDP: 1.46%
Industrial Production: Manufacturing: 4.37%

Sources: BEA and Federal Reserve
energy prices
The United States runs on oil.

We are using theirs up first.
Egypt and Libya?
Middle Eastern fertility is well above Western averages.

• Middle Eastern Immigrant’s fertility in the European Union is well above native fertility.

• Over time the Muslim culture will dominate the European Union.

• Western European culture and Muslim culture are not homogeneous.
World Challenges: falling $ fluctuating $
What would happen if the Chinese Yuan was allowed to fluctuate on the open market?
Do we have an immigrant problem? No. We are a nation of immigrants!
HELP WANTED
NO IRISH NEED APPLY

STOP ILLEGAL ALIEN INVASION
WWW.SAVEOURSTATE.ORG
green
American cities will become dangerous places, again.
Cyber/Robo Cops
U.S. Prisons
We currently have 2,000,000 men in jail in the United States. About 1,000,000 African Americans, 500,000 Latinos and 500,000 whites.
There are only about 200,000 women in jail.
Marijuana will be legal soon.

It will be very heavily taxed. It will impact your labor force.
Is healthcare a demographic issue? YES!!!
US Live Births 1905 - 2005

- GI Generation: 56.6 Million
- Silent Generation: 52.5 Million
- Baby Boomers: 78.2 Million
- Generation X: 69.5 Million
- Generation Y: 100 Million (through 2010)
- Latino Immigration: 40 Million+
Is your business tied to the current U.S. housing crisis?

Is the Pope Catholic?
Starter Castles
What were we thinking?
Housing’s Perfect Storm!

- The foreclosure/housing issue is correcting, freeing up **five/six years** of pent up demand.
- Baby Boomers will sell their houses, retire and move south.
- African Americans and Latinos will build and buy houses.
- Asian and European immigrants will build and buy houses.
- The huge Generation Y will rent, buy and build.
- Women will buy and build houses.
- The economy will restore, unemployment will decline.
Too Big To Fail is a Myth!

Small business will return to the United States with a vengeance.
Family is the new Social Security.

We will return to three generations living together.
We need to have vision
Is this a good time to make a large capital expenditure?

How much faith do you have in the United States?

How much?
US Triumph: Flight 1152
The best days for the United States are ahead of us, not behind us!
The AGE CURVE

How to Profit from the Coming Demographic Storm

Kenneth W. Gronbach