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ROCKLINC Investment Partners Inc.
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April 2026

Demographic Cliff: The 0.87 Fertility Crisis

As a value investor at Rocklinc Investment Partners and a committed Christian, I have spent decades evaluating businesses, assets, and economies through rigorous valuation methodologies, the power of long-term compounding, and a Christian worldview. At Rocklinc, we focus on identifying companies capable of generating high returns on capital and strong free cash flow for decades to come.

Yet the data I am reviewing today is not merely concerning, it is catastrophic. While the future is never fully predictable, well-established trends can reveal where an economy and culture are headed if there is no meaningful change in attitudes, behaviours, or beliefs, particularly regarding the desirability of having and raising the next generation.

When I first read about the collapsing fertility rates around the world, and especially in China, I felt it was essential to pause and examine the profound implications. In China, the total fertility rate (TFR) has fallen to approximately 0.87 children per woman, driving a self-inflicted demographic collapse in what was once the world's most populous nation.¹ Starting from a current population of roughly 1.4 billion in 2026 (about 17% of the global total), a simple cohort-component model, assuming a constant TFR of 0.87, roughly uniform initial age distribution, and 85-year life expectancy, projects the population shrinking to around 511 million by 2101 (75 years later) and just 166 million by 2146 (120 years, or roughly four generations).² The same model shows China's median age rising to about 56.8 years by 2101 and remaining near 55.8 by 2146, with nearly half the population aged 65 or older. This leaves a shrinking cohort of working-age adults (15-64) supporting an increasingly heavy elderly burden. Though this devastating trend is unlikely to reach the predicted extremes, extrapolating the current trajectory helps us grasp the profound implications of the closing of wombs.

The strangling of procreation is not some abstract mathematical equation. It is the dramatic outworking of humanity's rebellion against the Creator's design for the world. The creation mandate in Genesis 1:28—"Be fruitful and multiply and fill the earth and subdue it" (ESV), is not optional cultural advice. It is God's covenantal command to image-bearing humanity. The family unit, established in Genesis 2:18-25, where a man and a woman become "one flesh" for the purposes of procreation and dominion over creation, is the foundational institution for all social and economic order. When a culture rejects God's created order, through the sexual revolution, the erasure of male and female distinctions, the normalization of abortion, contraception as a way of life, euthanasia (MAID - Medical Assistance In Dying) or the idol of radical self-fulfillment, it chops off the very branch on which economic prosperity and human flourishing depend.

A Total Fertility Rate below the replacement level of 2.1 is dangerous. A TFR of 0.87 is demographic suicide. As Elon Musk has repeatedly warned, population collapse represents the greatest existential threat of our time, far outweighing the nonsense of climate alarmism, geopolitical conflict, or technological disruption.³ Why? Because it erodes and ultimately destroys the human capital that undergirds every other system and civilization itself. This is especially catastrophic because humanity was created in God's image as His



vicegerents on earth, tasked with the mandate to "be fruitful and multiply, and fill the earth and subdue it" (Genesis 1:28), making the willful shrinking of our numbers a direct rejection of our sacred role as stewards and image-bearers entrusted with cultivating creation for the glory of God.

The raw economic devastation is profound. If China's population contracts by more than 63% within 75 years and 88% within 120 years, GDP cannot grow in a vacuum, it depends on a productive labour force. With only about 48% of the remaining 511 million in working ages by 2101 (and even fewer later), total economic output must contract dramatically even if productivity per worker holds steady or grows. In reality, it will not. An aging society with a median age north of 60 will suffer slower innovation, reduced entrepreneurship, and diminished risk-taking. Young minds drive breakthroughs in technology, science, and markets; a gerontocracy does not. Historical data from Japan and South Korea, already grappling with TFRs near or below 1.0, show potential GDP growth stagnating below 1% annually.⁴ Scaled to China's trajectory, cumulative GDP losses could reach tens of trillions of dollars over four generations. Real per-capita GDP might temporarily rise as the elderly die off, but total national output, and the global supply chains dependent on China, will implode. As investors, we must ask: What is the intrinsic value of a market when its customer base and labour force shrink by 88%? For most growth-dependent sectors, the answer approaches zero.

Technologists and policymakers often point to robotics and artificial intelligence as an offset to this labour collapse. As value investors who have long backed automation leaders, we see real but limited upside. Advanced robotics can automate manufacturing, logistics, and agriculture, while humanoid robots could assist in eldercare by handling routine tasks, monitoring vitals, and supporting mobility. Productivity per remaining worker could rise sharply in capital-intensive sectors, helping mitigate the worst of the contraction and applying human ingenuity to the dominion mandate through tools rather than sheer numbers.

Yet robotics is no demographic saviour. Machines can boost productivity and offset labour shortages, but they cannot solve the deeper crisis of collapsing demand. Robots do not eat food, buy clothes, drive cars, travel, dine out, purchase homes, raise families, or create organic human needs. A world of declining human populations means fewer consumers and fewer souls desiring goods and experiences. Productivity without people is a hollow and short-term victory. Robots can produce, but only human beings demand, consume, and dream. Machines also cannot replicate the creative imagination, entrepreneurial risk-taking, or relational depth of image-bearers exercising the cultural mandate across generations (Genesis 1:26-28, ESV: "Then God said, 'Let us make man in our image, after our likeness. And let them have dominion over the fish of the sea and over the birds of the heavens and over the livestock and over all the earth and over every creeping thing that creeps on the earth.'"). A shrinking pipeline of young minds starves the very innovation that designs the next generation of robots. Historical evidence from aging societies shows that while automation helps, it cannot reverse broader stagnation in patents, startups, and transformative breakthroughs once the working-age share falls sharply. Robotics buys time; it does not restore the fruitfulness God commands.

The real estate market, long a pillar of Chinese wealth, faces outright collapse. Households form around marriage and children. With births plummeting under a TFR of 0.87, new household formation grinds to a halt. Child cohorts under 15 would comprise just 6% of the population by 2101. Existing housing stock, already plagued by ghost cities built on assumptions of endless growth, becomes a massive overhang. Property values, which have underpinned local government financing and household balance sheets, will continue to crater. Banks holding mortgages and developers reliant on pre-sales face insolvency. As value investors, we have always stressed replacement cost and long-term demand; here, demand evaporates.



Entire cities could become depopulated relics, dwarfing the rust-belt decline seen in parts of the West. Capital allocated to Chinese real estate today is almost certain to be destroyed.

Innovation and creativity suffer similarly. The cultural mandate requires not just biological reproduction but the deployment of God-given talents across generations. A shrinking, aging population starves this pipeline. Fewer young workers mean fewer patents, fewer startups, and slower dispersion of ideas. Studies of aging societies show declining patent rates and productivity growth after the working-age share falls below 60%. China's tech sector will confront a brain drain and talent famine. The creative destruction Joseph Schumpeter identified as capitalism's engine requires fresh cohorts of disruptors. When those cohorts are roughly 57% smaller each generation, the engine stalls. Demographics are destiny: no amount of state subsidies or AI hype can compensate for the absence of human minds and hands.

The strain on social programs is immediate and brutal. With nearly 46% of the population (roughly 235 million) aged 65+ by 2101, pension and healthcare systems face an impossible dependency ratio (and will collapse long before 2101)! Approximately 245 million working-age adults would need to support that elderly cohort, plus children and the disabled, approaching one retiree per worker. Healthcare costs will explode as age-related diseases dominate. The shrinking tax base must bear this burden. China's sovereign debt, already exceeding 300% of GDP when including local government and hidden obligations, becomes unsustainable.⁵ Fiscal policy faces draconian choices: massive tax hikes on a smaller workforce (crushing incentives) or savage cuts to benefits. Either path risks social unrest.

Monetary policy offers no escape. Desperate governments will turn to the printing press, monetizing debt to fund entitlements. In a contracting real economy, this risks Weimar-style inflation or currency collapse. The yuan's credibility would evaporate. Bond markets will demand punishing yields, crowding out private investment. As value investors, we model terminal value using discounted cash flows; when the terminal growth rate turns deeply negative due to population decline, most equity valuations approach zero. Sovereign debt issued today on assumptions of perpetual growth is a Ponzi scheme that demographics will expose.

In response to these pressures, and fears of job displacement from robotics, some champion Universal Basic Income (UBI) as a humane solution. This is no solution; it is a theological and economic disaster. Genesis 1-2 establishes work as part of our pre-fall created purpose. Adam was placed in the garden "to work it and keep it" (Genesis 2:15, ESV). The creation mandate to subdue the earth is fulfilled through diligent, productive labour, not idleness. In a post-fall world, replacing that mandate with government-funded leisure defies the Creator's design for human dignity. It destroys incentives, stifles innovation, and breeds sloth, addiction, despair, and family breakdown. UBI would turn an already aging, shrinking society into a dependent underclass, accelerating moral decay while bankrupting the fiscal system all under the control of an increasingly totalitarian State.

This should not be looked at as a mere policy failure. As the Bible makes clear, this is spiritual judgment. The sexual revolution decoupled sex from procreation and marriage, treating children as optional accessories rather than covenant blessings (Psalm 127:3-5, ESV: "Behold, children are a heritage from the Lord, the fruit of the womb a reward. Like arrows in the hand of a warrior are the children of one's youth. Blessed is the man who fills his quiver with them!"). Abortion, amplified by China's one-child policy legacy and cultural preferences, has violated the sixth commandment ("You shall not murder") on a massive scale. The contraceptive mentality, rooted in radical individualism, rejects the self-giving love of the Trinity reflected in the family (Genesis 1:27, ESV: "So God created man in his own image, in the image of God he created him; male and female he created them.>"). The Christian worldview insists on the antithesis: either we submit to God's created order or we reap the whirlwind of futility (Romans 8:20-22, ESV: "For the



creation was subjected to futility, not willingly, but because of him who subjected it, in hope that the creation itself will be set free from its bondage to corruption and obtain the freedom of the glory of the children of God.”). The low-fertility trap gripping East Asia and the West, including Canada and the United States, is the fruit of that rebellion. Economic and social structures built on endless growth are being dismantled from within.

The church must speak prophetically. Christian families are called to embrace fruitfulness as worship, modeling the dominion mandate in a barren age. Policymakers must reject coercive population control and instead incentivize marriage and children through tax reform, reducing housing costs by eliminating red tape and excessive regulations, and pursuing cultural renewal. Only the Christian gospel and a massive spiritual awakening can truly reverse the heart-level idolatry of our culture.

As investors, we must price demographic reality ruthlessly: favour companies and nations with healthy fertility, strong family formation, and biblical values. We must avoid those betting against God’s design. Confronting China’s rapid population collapse and the broader global fertility decline, the strongest opportunities over the next 5-10 years center on businesses solving shrinking labour forces and aging populations, while shifting geographic exposure toward youthful economies. Prioritize high-quality companies in robotics, automation, and AI-driven productivity tools; healthcare, longevity, and eldercare services; and high-conviction businesses in demographic-dividend countries. Buttress these positions with substantial holdings in precious metals as a hedge against the debt crisis exacerbated by demographics: fewer workers supporting exploding entitlements will pressure governments toward debt monetization and currency debasement. Precious metals, with their intrinsic scarcity and zero counterparty risk, have historically preserved real wealth during such periods of monetary instability.

The overall approach is clear: stick to high-quality compounders bought with a margin of safety, plus a strategic precious metals holding for protection. The data from China is unmistakable, its population is collapsing from 1.4 billion to a much lower number! If they continue on the current path it will be closer to 166 million in just four generations. The economy is hollowing out, real estate values are dropping, innovation will be stifled, and entitlements will bankrupt the young. All of this stems from a culture that rejected the Creator’s command to “be fruitful and multiply” and refused to bow before God. This is not progress. It is civilizational suicide.

These demographic and debt trends are now well established globally. Fertility rates have fallen sharply throughout most of the world, with China’s population already in sustained contraction. Public debt burdens have surged, driven by aging populations that expand entitlement spending while shrinking the tax base, creating structural pressures toward monetization and inflation. Although technological breakthroughs, pro-natal policies, immigration, or cultural shifts may eventually arrest these trajectories over time, the next couple of decades are largely locked in by today’s low birth rates and the momentum of aging. Deep cultural and spiritual change toward valuing family and children takes time and cannot deliver quick fixes.

But please note that China is not alone. Across Europe, the Far East, and the entire Anglosphere, the same silent crisis is unfolding, rooted in the same fundamental rebellion. The greatest threat of our age is not external; it is the barren womb and the hardened heart that dares to shake its fist at the Creator Himself. May the Lord grant repentance and restore to our nations the sacred joy of children before this demographic winter descends into an endless night. In the meantime, we will seek out every pocket of opportunity and light, viewing the world through the unerring lens of God’s Word—the only framework that reveals both the tragedy unfolding around us and the eternal hope that remains in the Lord Jesus Christ.



Footnotes

¹ Recent data indicate China's TFR has fallen near or below 1.0, with some estimates and analyses placing it around 0.98-1.02 in recent years amid record-low birth rates. The 0.87 figure serves as a conservative low-fertility scenario for long-term modeling.

² This projection is a simplified cohort-component model under constant low TFR assumptions. Official UN medium-variant projections (assuming some fertility recovery) estimate China's population at around 633-770 million by 2100; more pessimistic low-fertility scenarios align closer to 500-525 million.

³ Elon Musk has stated on multiple occasions that "population collapse due to low birth rates is a much bigger risk to civilization than global warming" and similar warnings about underpopulation as an existential threat.

⁴ Japan and South Korea have reported TFRs near or below 1.0 (e.g., South Korea around 0.72-0.80 recently), with associated low potential GDP growth rates often below 1% in long-term outlooks due to aging and labor contraction.

⁵ China's total debt (including corporate, household, and local government/hidden obligations) has been estimated above 300% of GDP in recent analyses.

⁶ UN and other sources place recent global TFR around 2.2-2.3, with projections for further gradual decline in many regions. China's contraction has already begun, consistent with sustained sub-replacement fertility.

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- National Bureau of Statistics of China and related reports on birth rates (2025 data showing record lows around 5.6 births per 1,000 people).
- Elon Musk public statements on population collapse (various X/Twitter posts and interviews, e.g., warnings from 2022 onward).
- Analyses from sources including CSIS China Power, McKinsey Global Institute, and academic projections (e.g., Shanghai Academy of Social Sciences/Victoria University scenarios for China population decline).
- IMF and think-tank reports on China's debt levels (total debt-to-GDP estimates exceeding 300%).
- Historical economic data on Japan and South Korea fertility and growth from national statistics and World Bank indicators.
- Biblical references are from the Holy Bible (English Standard Version).