
The Economic Cost of Abortion

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Ranking Member Mike Lee (R-UT)

Joint Economic Committee Republicans

jec.senate.gov | G-01 Dirksen Senate Office Building Washington, DC 20510 | (202) 224-5171

KEY POINTS

- In recent weeks, U.S. Treasury Secretary Janet Yellen and other economists have argued that restricting abortion would negatively affect the economy, particularly by diminishing the labor market outcomes of women. These arguments overlook the far greater economic cost of abortion due to the loss of lives of the unborn.
- JEC Republicans estimate that the economic cost of abortion in 2019 alone—due to the loss of nearly 630,000 unborn lives—was at least \$6.9 trillion, or 32 percent of GDP.
 - This economic cost estimate relies on standard methodologies used by federal government agencies to quantify the benefits of policies that affect mortality risks. We apply the same methodology to abortion, which increases the risk of mortality to unborn babies.
- JEC Republicans estimate that the economic cost of abortion due the loss of unborn lives is 425 times larger than the earnings loss mothers would be expected to incur when having a child.
 - Earnings of the average mother fall by approximately \$26,000 over the first six years of her first child's life. If each abortion prevents maternal earnings from falling, all abortions in 2019 could save mothers \$16.2 billion in earnings over the next six years. However, the JEC's \$6.9 trillion cost of abortion estimate far outweighs these projected earnings benefits.
- Abortion imposes external costs on society not reflected in JEC Republicans' \$6.9 trillion cost estimate. In the long run, abortion shrinks the labor force, stunts innovation, and limits economic growth. It also weakens the solvency of social insurance programs like Social Security and Medicare that rely on workers to support a growing elderly population.
- Abortion at its core is a moral issue rather than an economic one. But even in economic terms, the costs of abortion vastly outweigh any claimed benefits.

INTRODUCTION

Since the Supreme Court's 1973 *Roe v. Wade* decision, some economists have argued that unrestricted abortion provides economic benefits for women and the economy at large. Most recently, during questioning for a Senate Banking Committee hearing, U.S. Treasury Secretary Janet Yellen testified that restricting access to abortion “would have very damaging effects on the economy” by harming women’s labor market outcomes and increasing the odds they fall into poverty.¹ Similarly, an amicus brief signed by 154 economists for the ongoing *Dobbs v. Jackson Women’s Health Organization* Supreme Court case argued that abortion restrictions impose economic costs on women in terms of employment, educational attainment, financial distress, and other outcomes.²

These arguments overlook the far greater economic cost of unrestricted abortion when accounting for the lost lives of the unborn. Applying standard valuation methods used by government agencies to assess the costs and benefits of policy actions that affect mortality risks, we estimate that the economic cost of abortion to unborn babies in the U.S. was \$6.9 trillion in 2019, 32 percent of gross domestic product (GDP) that year.³ This cost is 425 times larger than the \$16.2 billion loss in earnings that new mothers would be expected to incur over the first six years of the child’s life. These estimates do not reflect broader economic costs of abortion beyond those incurred by unborn babies, such as reduced economic innovation and increased tax revenue for funding social programs. While abortion remains an inherently moral issue, these findings counter the argument that abortion has a net economic benefit.

This report reviews the existing literature on the effects of abortion access on economic outcomes. We then describe our estimate of the economic cost of abortion from the perspective of unborn babies,

¹ The Financial Stability Oversight Council Annual Report to Congress 117th Congress. 2022. (Testimony of Janet Yellen) <https://www.banking.senate.gov/hearings/05/03/2022/the-financial-stability-oversight-council-annual-report-to-congress>

² *Dobbs v. Jackson Women’s Health Organization*. “Brief amicus curiae of economists in support of respondents.” September 20, 2021. https://www.supremecourt.gov/DocketPDF/19/19-1392/193084/20210920175559884_19-1392bsacEconomists.pdf

³ U.S. Bureau of Economic Analysis, Gross Domestic Product (GDP), retrieved from FRED, Federal Reserve Bank of St. Louis. May 26, 2022. <https://fred.stlouisfed.org/series/GDP>.

which has been omitted from previous analyses. Finally, we discuss other economic costs of abortion to society more broadly.

EXISTING ANALYSIS OF EFFECTS OF ABORTION ON ECONOMIC OUTCOMES

Secretary Yellen's comments on abortion draw from an academic literature that estimates the impact of abortion restrictions on economic outcomes.⁴ The amicus brief filed by 154 economists reviews this literature, concluding that legalized abortion increases the wages, educational attainment, labor force participation, and marriage rates of women.⁵ Several studies test the effects of abortion access based on the loosening of restrictions in five states in 1970, prior to the 1973 *Roe* decision. These studies generally find that increasing abortion access reduced the number of babies born, and increased women's educational attainment, labor force participation, and wages. A study based on longitudinal data since 2008 finds that women denied an abortion due to narrowly missing the time limit based on the baby's gestational age are more likely to experience financial distress during the next five years.⁶

Likewise, a broader literature studies the effects of having a baby on a mother's economic outcomes, which could imply that abortion restrictions lead women to have babies that impose a "motherhood penalty" on their earnings. While the size of the "penalty" likely depends on whether the baby was planned, the demographic characteristics of the mother, and choices made by the mother and her partner, there is a clear pattern of reduced earnings when motherhood begins. Danielle

⁴ Some authors have attempted to estimate the aggregate effect of existing abortion restrictions on women's earnings. For example, the Institute for Women's Policy Research estimates that abortion restrictions currently in place reduce women's earnings by \$105 billion per year. However, the study design is flawed. Most problematically, it assumes that all differences in women's earnings across states, after adjusting for a set of worker characteristics, are a result of differences in abortion restrictions. In reality, there are almost certainly unobserved factors that affect earnings and are correlated with states' abortion restrictions, biasing their estimates in an unknown direction. A further problem is that the study adjusts for some factors such as women's education that rigorous studies suggest are affected by abortion restrictions, further biasing their estimates. See https://iwpr.org/wp-content/uploads/2021/05/Costs-of-Reproductive-Health-Restrictions_Research-Summary.pdf.

⁵ *Dobbs v. Jackson Women's Health Organization*. Brief amicus curiae of economists in support of respondents. September 20, 2021. https://www.supremecourt.gov/DocketPDF/19/19-1392/193084/20210920175559884_19-1392bsacEconomists.pdf.

⁶ Sarah Miller, Laura R. Wherry, and Diana Greene Foster. 2022. "The Economic Consequences of Being Denied an Abortion," NBER Working Paper. <https://doi.org/10.3386/w26662>.

Sandler and Nichole Szembrot estimate that for the average mother, earnings fall by a total of approximately \$26,000 over the first six years of the first baby's life.⁷⁸ If motherhood is delayed for less than six years, however, this reduction in earnings may overstate the actual earnings loss caused by a lack of access to abortion.

THE COST OF ABORTION TO UNBORN BABIES

Studies of the economic benefits of abortion fail to consider its far greater cost, the increased risk of mortality of unborn babies. Economists have developed rigorous methods for quantifying the cost of an increased risk of mortality, and federal government agencies use these values to estimate the costs and benefits of policies that involve mortality risk. Specifically, a value of a statistical life (VSL) is estimated by observing the amount of wealth an individual must be provided in return for accepting an elevated risk of mortality. For example, if the average individual is willing to accept \$10,000 to incur a 1 in 1,000 chance of death, the corresponding VSL would be \$10 million. A large body of economic research has estimated a VSL from survey and real-world data such as the wage premium offered for jobs with significant mortality risks. Federal government agencies have adopted VSL estimates from the academic literature for use in cost-benefit analyses. For example, the Department of Transportation uses a VSL of \$10.9 million (as of 2019), and the Department of Health and Human Services uses a central VSL estimate of \$11.4 million, with a lower bound value of \$5.3 million and an upper bound value of \$17.4 million (as of 2020).⁹

In order to estimate the economic cost of increased mortality risk from abortion to unborn babies, we multiply the number of abortions in a given year by the VSL used by the Department of Transportation. In 2019 the Centers for Disease Control and Prevention (CDC) reported that there were 629,898 legal abortions in the U.S., covering 47 states and the District of Columbia (excluding California, New Hampshire and

⁷ Danielle Sandler and Nichole Szembrot. 2019. "Maternal Labor Dynamics: Participation, Earnings, and Employer Changes," Working Paper 19-33, Center for Economic Studies, U.S. Census Bureau.

⁸ Calculation sums the earnings losses in each of the first 24 quarters after the birth of the first child and the quarter in which the birth occurred.

⁹ "Departmental Guidance on Valuation of a Statistical Life in Economic Analysis." U.S. Department of Transportation, March 23, 2021. <https://www.transportation.gov/office-policy/transportation-policy/revised-departmental-guidance-on-valuation-of-a-statistical-life-in-economic-analysis>. "Appendix D: Updating Value per Statistical Life (VSL) Estimates for Inflation and Changes in Real Income." ASPE. U.S. Department of Health and Human Services, June 29, 2021. <https://aspe.hhs.gov/reports/updating-vsl-estimates>.

Maryland). Multiplying the number of reported abortions by the \$10.9 million VSL, we estimate that in 2019 alone, the economic cost of abortion to unborn babies was \$6.9 trillion, representing 32 percent of GDP that year.¹⁰ This understates the total cost of abortion because it omits illegal and unreported abortions, including all abortions performed in California, Maryland, and New Hampshire.

The \$6.9 trillion cost of abortion to unborn babies far outweighs the labor market benefits of abortion which have been the focus of Secretary Yellen and other economists. As noted in the previous section, first time mothers see their earnings fall by an average of approximately \$26,000 during the first six years of the baby's life. If we apply this change in earnings to all mothers of the 630,000 aborted babies in 2019, abortion would prevent \$16.2 billion in lost earnings during the first six years of the child's life. The \$6.9 trillion cost of the increased risk of mortality to unborn babies due to abortion is 425 times larger. While there are other costs and benefits of pregnancy and child-rearing, it is clear that the economic cost of abortion to the unborn babies who face an increased mortality risk from abortion has an outsized effect on any calculation and should not be ignored.

There are two special considerations for our calculation that applies a VSL in the context of abortion, neither of which changes the conclusion that the cost of increased mortality risk to unborn babies is likely to far outweigh short run labor market benefits of abortion. First, the VSL we apply is estimated based on the decisions of adults in the face of risks to their own lives, not those of much younger unborn babies. However, our application of the VSL to younger populations is consistent with standard practices of federal agencies. An Office of Management and Budget Circular from 2003 states that the VSL should not be discounted for children, and if anything, it should be increased to adjust for the greater number of future life years among children.¹¹ Second, the increased risk of mortality among unborn babies due to abortion is large. There were 3.7 million live births in the United States in 2019, and so eliminating abortion would reduce the risk of mortality among

¹⁰ We apply the VSL to all unborn babies, regardless of whether they would have made it to term absent abortion. Similarly, in other contexts the VSL is applied to all people who are alive at a given time, regardless of whether some die of other causes soon after.

¹¹ Office of Management and Budget, Circular A-4, September 17, 2003. https://obamawhitehouse.archives.gov/omb/circulars_a004_a-4/.

unborn babies by up to 14 percentage points.¹² Since existing VSL estimates are based on tradeoffs individuals make between wealth and much smaller mortality risks, it is not clear that the same VSL estimates should be applied to larger changes in mortality risks. For example, the willingness to pay for very large reductions in mortality risks may imply a lower VSL, because the total amount paid is bound by the total amount of wealth an individual can access. Nonetheless, relying on the central VSL estimates from government agencies can still provide a reasonable estimate for our population and even if VSL estimates were substantially smaller or larger our qualitative conclusions would not change—the costs of abortion far outweigh the benefits.¹³

BROADER EFFECTS OF ABORTION ON ECONOMY

Supporters of unrestricted abortion have argued that a lack of abortion access acts as an economic burden on not only the mother but on the economy more broadly. As Secretary Yellen stated during the Senate Banking Committee hearing, “I believe that eliminating the right of women to make decisions about when and whether to have children would have very damaging effects on the economy and would set women back decades.”¹⁴

While labor force participation may rise in the short run due to mothers choosing to work instead of taking time off to raise kids, unrestricted abortion is likely to decrease labor supply in the long run. Since the *Roe* decision in 1973 an estimated 63 million abortions have occurred in the United States.¹⁵ If all of these aborted babies had been otherwise carried to term and survived until today, they would add nearly 20 percent to the current U.S. population, and nearly 45 million would be of working age (18 to 64). While some portion of these aborted babies

¹² The 14 percentage point reduction in the probability of mortality from eliminating abortion does not account for miscarriages or other terminations of pregnancies that do not result from abortion. Accounting for these factors would shrink the reduction in the probability of mortality from eliminating abortion below 14 percentage points.

¹³ See Cass R. Sunstein, “Valuing Life: A Plea for Disaggregation,” for a discussion of the lack of VSL estimates for children and considerations for applying VSL estimates to large changes in the probability of mortality. https://heinonline.org/HOL/Page?collection=journals&handle=hein:journals/duk1r54&id=399&men_tab=srchresults.

¹⁴ The Financial Stability Oversight Council Annual Report to Congress 117th Congress. 2022. (Testimony of Janet Yellen) <https://www.banking.senate.gov/hearings/05/03/2022/the-financial-stability-oversight-council-annual-report-to-congress>.

¹⁵ “The State of Abortion in the United States.” National Right to Life. May 5, 2022. <https://www.nrlc.org/stateofabortion/>.

would not have survived pre- and post- birth and others would have displaced their mothers' future children, research has shown that increasing access to abortion substantially reduces the total number of babies born.¹⁶ Thus, abortion has reduced the U.S. population, and in so doing, has shrunk the labor force, prevented innovative ideas from improving American lives, and suppressed total economic output.

The importance of faster population growth is especially pressing given current estimates from John Fernald and Huiyu Li at the Federal Reserve Bank of San Francisco that economic output will grow at a historically slow pace of around 1.5 percent per year over the long-run, in large part due to slowed population growth arising from low fertility levels.¹⁷ The U.S. total fertility rate was 1.7 births per woman as of 2021, which is well below the replacement level of 2.1 births per woman.¹⁸

Reduced fertility due to unrestricted abortion also stresses society's capability to care for older Americans. Older Americans (age 65 and older) comprised a record high of 16.3 percent of the U.S. population as of 2020, and this share is expected to increase to 20.4 percent by 2040.¹⁹ This demographic shift will make it more difficult for the relatively smaller number of children to care for their elderly parents. It will also add more pressure to Social Security and Medicare, which are funded by the wages of Americans who are currently working.

Abortion also limits the diversity of the U.S. population due to differences in abortion rates across demographic groups. Black women have abortions at a rate of 23.8 per 1,000 women, nearly four times the rate at which White women have abortions.²⁰ In 2019, more abortions

¹⁶ Phillip Levine, Douglas Staiger, Thomas Kane, and David Zimmerman. 1999. "Roe v Wade and American Fertility." *American Journal of Public Health*. 89(2): pp. 199–203. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1508542/>.

¹⁷ John Fernald and Huiyu Li. 2019. "Is Slow Growth the New Normal for GDP Growth?" Federal Reserve Bank of San Francisco Economic Letter. <https://www.frbsf.org/economic-research/publications/economic-letter/2019/june/is-slow-still-new-normal-for-gdp-growth/>.

¹⁸ "Reports from Vital Statistics Rapid Release Program." Report No. 20, Births: Provisional Data for 2021. Centers for Disease Control and Prevention. May 24, 2022.

<https://www.cdc.gov/nchs/nvss/vsrr/reports.htm>; United Nations, Department of Economic and Social Affairs, Population Division (2017). *World Fertility Report 2015 - Highlights (ST/ESA/SER.A/415)*.

¹⁹ "The US Population Is Aging." Urban Institute. Accessed June 3, 2022.

<https://www.urban.org/policy-centers/cross-center-initiatives/program-retirement-policy/projects/data-warehouse/what-future-holds/us-population-aging>.

²⁰ Katherine Kortsmitt, Michele G. Mandel, Jennifer A. Reeves, et al. 2021. "Abortion Surveillance — United States, 2019. *Morbidity and Mortality Weekly Report: Surveillance Summaries*. 70(9): pp. 1-29. <http://dx.doi.org/10.15585/mmwr.ss7009a1>.

were performed on non-Hispanic Black women (38.4 percent of all abortions) than non-Hispanic White women (33.4 percent of all abortions), even as 12.9 percent of all women are non-Hispanic Black women and 60 percent of all women are non-Hispanic White women.²¹ This disparity results in a U.S. population that is less racially and ethnically diverse than it would otherwise be if abortion were restricted. Abortion also reduces diversity through selective termination of babies with disabilities. A previous JEC Republicans report found that selective abortion will reduce the population of Americans with Down syndrome by over 200,000 people over the next 50 years.²²

CONCLUSION

Abortion at its core is a moral issue rather than an economic one. But even in economic terms, arguments that abortion positively affects the economy fail to recognize the cost of abortion to unborn babies and to society more broadly. These costs far outweigh the short run labor market benefits of abortion frequently cited by economists and policymakers.

²¹ Katherine Kortsmit, Michele G. Mandel, Jennifer A. Reeves, et al. 2021. "Abortion Surveillance — United States, 2019. Morbidity and Mortality Weekly Report: Surveillance Summaries. 70(9): pp. 1-29. <http://dx.doi.org/10.15585/mmwr.ss7009a1>.

²²Alex Schunk. "Down Syndrome and Social Capital: Assessing the Costs of Selective Abortion." United States Congress Joint Economic Committee, March 18, 2022. <https://www.jec.senate.gov/public/index.cfm/republicans/analysis?id=9DAEB2A3-0C2A-45DC-930A-0B954CA8E9AA>.