

How Does Abortion Affect US Economy?

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Abstract. The analysis for this report was based on a study of the potential economic effects of an abortion ban in the United States in 2022. This time, by focused mostly on researching how the abortion restriction affected the female group, how the female group affected economic development, and how well the abortion ban affected that development. There are three models in total—two AD-AS models and one Phillips curve model—were employed in this investigation. According to the whole research, the adoption of the abortion ban would result in economic fluctuations and, ultimately, bad impacts. Overall, there are three detrimental effects on the American economy: the higher expense of pregnancy reduces purchasing power; the loss of human capital from illness and death; and the imbalance of gender equality at work increases unemployment. The analysis's concluding finding is that the United States experience with abortion is a barrier to its economic growth.

Keywords: Abortion ban; Household expenditure; Human capital; Employment rate.

1. Introduction

When "free" abortion was first limited by the government in the middle of the 1800s, male doctors formed a group called the "pro-life alliance" because they believed abortion to be illegal. As a result, the number of unsafe, private, illegal abortions increased, which resulted in 2,700 women dying from them in 1930. 1960 marked the beginning of the American awakening. Many individuals, including the church, feel that the filthy practice of illegal private abortion puts a great number of women's lives in danger. Early in the 1970s, declarations asking for the repeal of the abortion restriction were made by a coalition that included the American Medical Association, the American Bar Association, the clergy, and numerous other feminists. With its decision in *Roe v. Wade*, and in 1973, the legalization about abortion in all 50 states had been finalized by the U.S Supreme Court. The "Texas Heartbeat Act," which prohibits abortion if a fetal heartbeat is found, went into effect in the state on September 1, 2021. The Supreme Court ultimately decided that Texas's abortion ban was formally activated on August 25, 2020. A law that will have a negative impact on women's reproductive freedom is the anti-legalization of abortion, which will result in a decline in economic advantages. By making some women even impoverished than they currently are, the abortion ban's implementation will reduce their ability to spend money, which will have a negative impact on the economy. Effect the implementation of the abortion ban would increase the loss of human capital, but women who are forced to become pregnant as a result of rape or unplanned pregnancies will select certain illegal, risky, and private abortion facilities when they must have an abortion. It will cause the population, productivity, and overall health of the economy to fall. Enforcing the ban on abortion will reduce unemployment, and when abortion is outright forbidden, women will face more workplace discrimination because of their gender. The goal and significance of this essay is to advocate for modern women who lack access to abortion and to raise awareness of the negative effects of the abortion prohibition on the economy and the health of women.

2. Literature Review and Theoretical Analysis

The promulgation of the abortion ban will lead to a downward trend of overall economic benefits, and also reduces women's reproductive freedom, which is a regulation with negative influence. There are many supporting arguments in the following paper.

2.1 Abortion Bans and U.S. Household Expenditure

When the abortion ban is put into effect, some women who are already poor will become even poorer, which will have an impact on their ability to purchase goods and cause the economy to trend downward. Many women who require abortions could have to fly outside the state or perhaps abroad, incurring additional expenses, and their prices will soar if an abortion ban is implemented in this state. Their purchasing power will diminish proportionally as they spend their money on the more expensive formal abortion, creating issues with unsold and surplus goods. Given the exorbitant expense, some financially vulnerable women who need abortions may risk losing their families and home. To give a simple example, almost every household will buy toothbrushes daily. If the price trend of these commodities increases within a certain period, the price increase can indicate that the price of goods has risen, but it is a necessity of life, which forces these households to buy it, thus bringing an extra burden to their lives. According to a Nigerian study on the direct costs of treating women who had problems from unsafe abortions, women and/or their families were expected to cover approximately three-quarters of the expenses [1]. Economic delays may make people less likely to seek care, affect the kind of care that people needed, and affect the gestational age at which care could be found and accessed [2]. Abortion care receives scant public funding, and most of the expenses are frequently borne by the individual. Few nations have a public sector that fully covers the financial costs of abortion; as a result, many people around the world are required to pay for abortions out of their own pockets. Public health services in nations where abortion is prohibited may pay for post-abortion treatment, which is typically provided in more expensive tertiary hospitals, but this still do not include access to safe abortions. Closely related to this, many studies estimate cost savings if the public sector provided safer abortions [3]. The majority of the women in the study, known as "The Turnaway Study," began off with low pay, and around half of those who had abortions are below the federal poverty level [4]. For instance, a mother in Russia compared abortion to murder and life to hell. For many, life is really difficult because the government did not ensure parents a reliable source of income before outlawing abortion [5]. Not only that, but in many states, women who receive Medicaid must pay for it themselves [6]. With an extra child comes an extra cost of living [7]. Abortion rates among poor women have also risen [8].

2.2 Abortion Bans and Human Capital

The abortion ban will result in the death of many women and members of the future generation who would have gone on to lead their fields or make significant contributions to society. This is because many women who have been sexually assaulted or who are pregnant before they are of legal age need to have an abortion, but they choose to have it in a private facility instead of going to a local institution where they can have a legal, healthy, and hygienic abortion because it is illegal, unregulated, and unsafe. Infection, complications, and mortality for both mother and child are now more likely as a result. As a result, it will cause the population to fall, which will result in the loss of many talent markets, which will have an impact on the reduction of human capital, which will then harm GDP contribution, productivity, and finally the overall state of the economy. For example, after the abortion ban was enacted, many women still had to have abortions. However, the hygiene conditions of many irregular abortion institutions are worrying, and it is easy to cause postoperative complications, making women unable to return to the workplace for a long time, and even endangering their lives and causing brain drain. Lower crime rates could result from laxer abortion restrictions. Donohue and Levitt discovered that *Roe v. Wade* appeared to lower crime rates in some states, according to a study from US which has acknowledged by the masses [2]. These women, their partners, and their children all live in poverty as a result of unwanted pregnancies and the inability to end them. Poor children experience worse health and academic outcomes and are more likely to experience poverty as adults [4]. Many children also perform substantially better in school and on the job market than youngsters do when abortion is illegal [9]. Each year, unsafe abortions cause roughly 760,000 maternal fatalities in Latin America and the Caribbean, which is a staggering percentage [10].

Many elderly women pass away from problems in addition to the possibility of infection [11]. Legalizing abortion will enable the rate of maternal morbidity to keep decreasing [12].

2.3 Abortion Bans and Employment Rate

When the abortion prohibition is strictly enforced, unemployment will decline, but women will experience more workplace discrimination as a result of gender. Since maternity leave must be provided if a woman falls pregnant, which lowers revenues and profits, employers are more likely to hire males than women. Therefore, many businesses are likely to reduce their female workforces or hire them less frequently to avoid this scenario. This will cause conflict, undermine women's social status, and affect some lower-income families. Women are now working at higher rates as childcare choices have risen and working mothers have gained more societal acceptance. Unsafe abortion worsens women's or families' financial circumstances in Uganda, including the loss of financial assets, liabilities, decreased consumption, increased employment, or unemployment. The overrepresentation of women in low-paying jobs is a contributing factor in the women's recession over the past 18 months [4]. Pregnancy involves different types of costs, including short-term costs, long-term costs, direct costs, and indirect costs. Moreover, being unemployed means having no source of income. Women who are denied abortions endure years-long financial hardship.

3. Analytical Framework

To demonstrate the above points, it is useful by apply some models and theoretical analysis.

3.1 AD-AS Model and Consumption Level

To demonstrate the above points, by first apply AD-AS models and make a preliminary theoretical analysis. This model can prove that a reduction in consumption can have a negative impact on the economy as a whole (Fig.1).

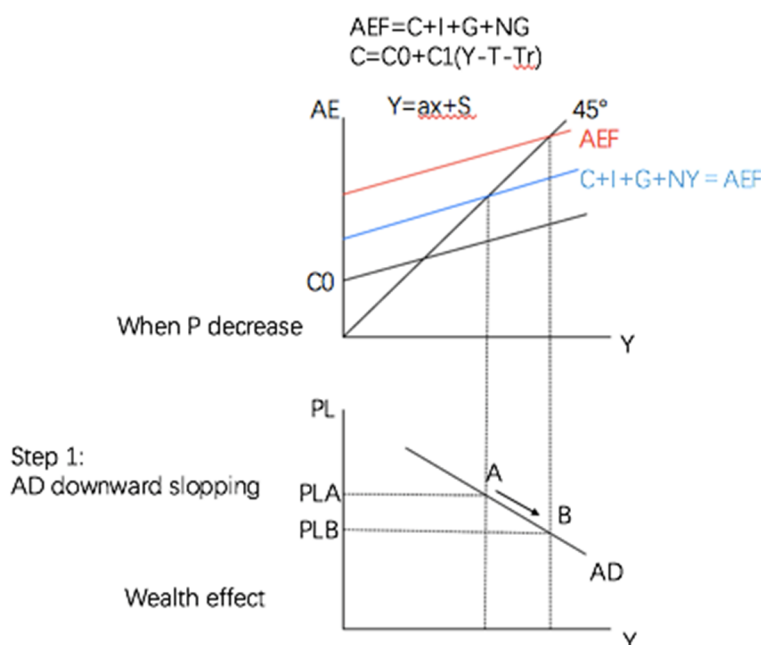


Fig. 1 AD-AS Model (Aggregate expenditure function AEF)

Consumption, investment, government spending, and net export are all included in the aggregate expenditure function (AEF) idea. AEF is initially intercepted with an auxiliary line at location A in step 1 figure 1. Y is the output of point A. Point A' at output Y has a price level A. (PLA). According to the wealth effect, when prices decline, autonomous consumption increases. When autonomous consumption rises, the AEF shifts upward and becomes the AEF'. AEF' intersects the auxiliary line at point B at a 45° angle. The output of Point B is at Y'. The decreases in the price level will cause a

transfer from point A to point B. Therefore, price level B has a lower price level than price level A. Which illustrates the downward sloping aggregate demand curve.

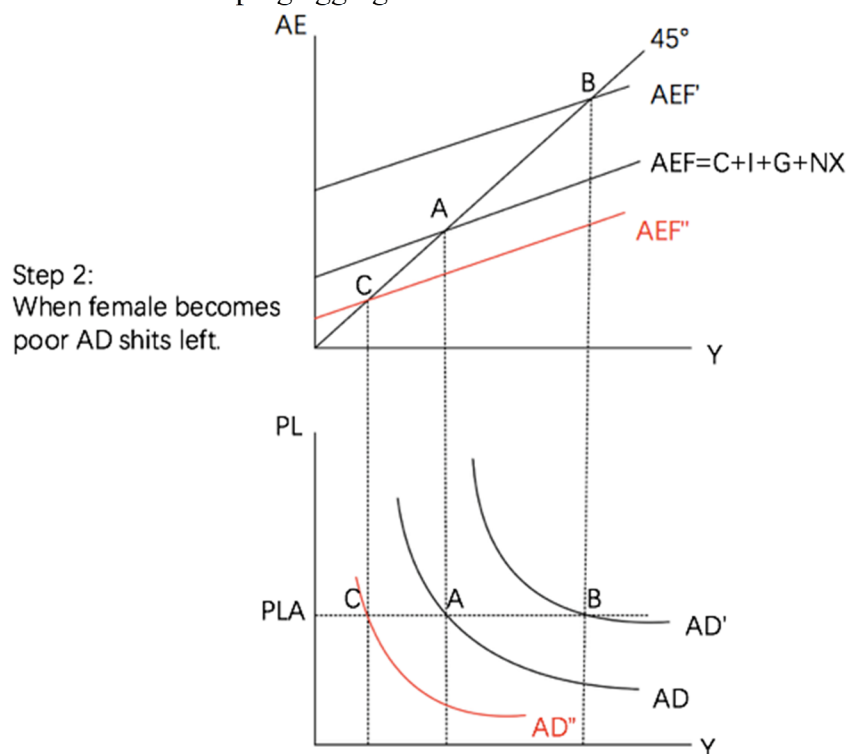


Fig. 2 AD-AS Model (Correspond with AEF)

AEF is originally intercepted at point A in step 1 Figure 1 by an auxiliary line at a 45° angle. Point A's output is located at Y. Point A' has a price level A at the output Y. (PLA). According to the wealth effect, when prices decline, autonomous consumption rises. Consequently, the AEF shifts upward and becomes the AEF' when autonomous consumption rises. At point B, the AEF' intercepts the auxiliary line at a 45° angle. Y' is the output of Point B. The move from point A to point B is brought about by the drop-in price (Fig. 2).

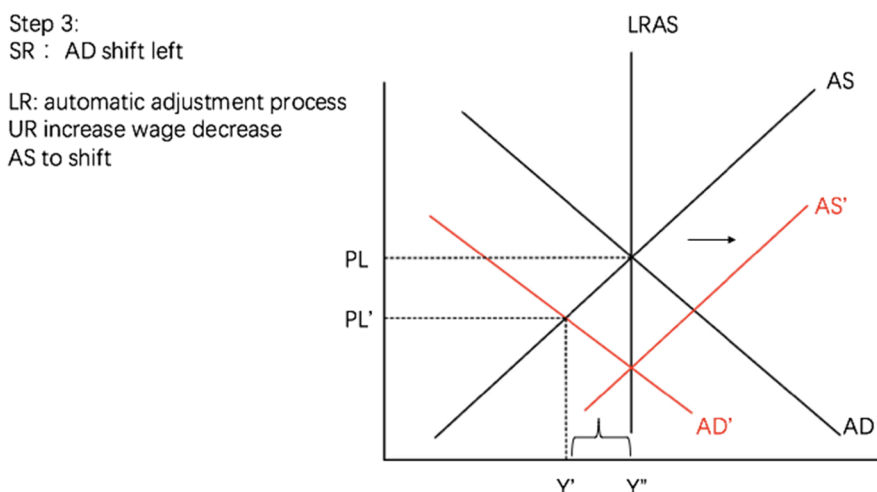


Fig. 3 AD-AS Model (Positive AD shock in long run)

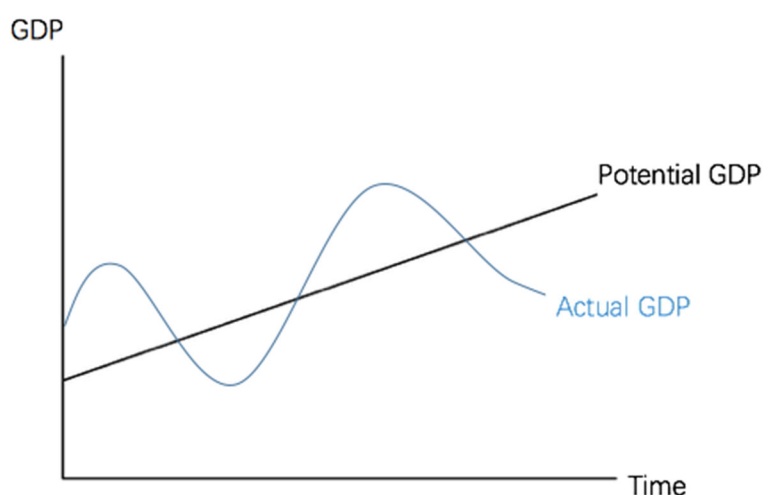


Fig. 4 Business cycle

As seen in Figure 3 of Step 3, shifting AD to the left causes it to become AD', the new output shifts from Y^* to Y' , and the price level likewise drops—a change that is detrimental to the economy in the short term. In the long run, a change known as the automatic adjustment process will take place. Although real GDP will fluctuate, potential GDP is the real GDP is at Y' , our predicted GDP is at Y^* (Fig. 4). The difference between them demonstrates that the economy will suffer because reality will be worse than anticipated. There will be an automated process of getting better as the economy becomes worse and reaches the bottom (i.e., the lowest point on the actual GDP line). The unemployment rate will rise when the economy is bad, and firms will lower wages to lower production costs. This is why the economy will inevitably improve. The AS line will move to the right until it reaches the original output as a result of increased production when the manufacturing cost is decreased since they will sell more at the same price (Fig. 3). Additionally, it is the lowest position before rising gradually to potential GDP (Fig. 4).

Consumption is a crucial component of both social production and daily existence. It plays a crucial role in the social development process as a production and consuming behavior that realizes significant goals and values in the process of social production. Additionally, consumption has a specific link with other consumer assets in addition to its relationship with inhabitants' relative income, which typically includes both current and prior income. The only way the economy can expand consistently is if people are eager to spend. On the other hand, by raising citizens' income levels and other characteristics, it is also possible to raise their inclination to consume, leading to a gradual rise in economic growth. Additionally, inhabitants' high consumption capacity and willingness can be increased by accelerating the continual advancement of other aspects. In particular, performance primarily through economic growth can efficiently increase residents' income, and the increase of income will in turn lead to an improvement in society as a whole economic level. Between the two interaction, mutual influence, and can promote each other, prompting residents' income, life happiness, and the country's overall progress continuously toward the direction of virtuous cycle of economic development.

Therefore, in order to promote the overall GDP level of the country and increase residents' income and happiness index, it is necessary to keep residents' purchasing power within a controllable range. This is because there will be a lot of extra expenses after the abortion ban, which may be impossible for some women to afford. In order to survive, most people will choose to reduce their purchase intention and daily expenses. If this situation is allowed to continue, purchasing power and willingness to buy will decrease, and then goods will not be sold, which will eventually force down commodity prices and profit losses. To this end, the abortion ban should be terminated, otherwise, this is a long-term negative effect.

3.2 AD-AS Model and Exchange Rate Changes

To demonstrate the above points, by first apply AD-AS models and make a preliminary theoretical analysis. This model can reflect how the rise and fall of the exchange rate affects a country's economy and situation (Fig.5).

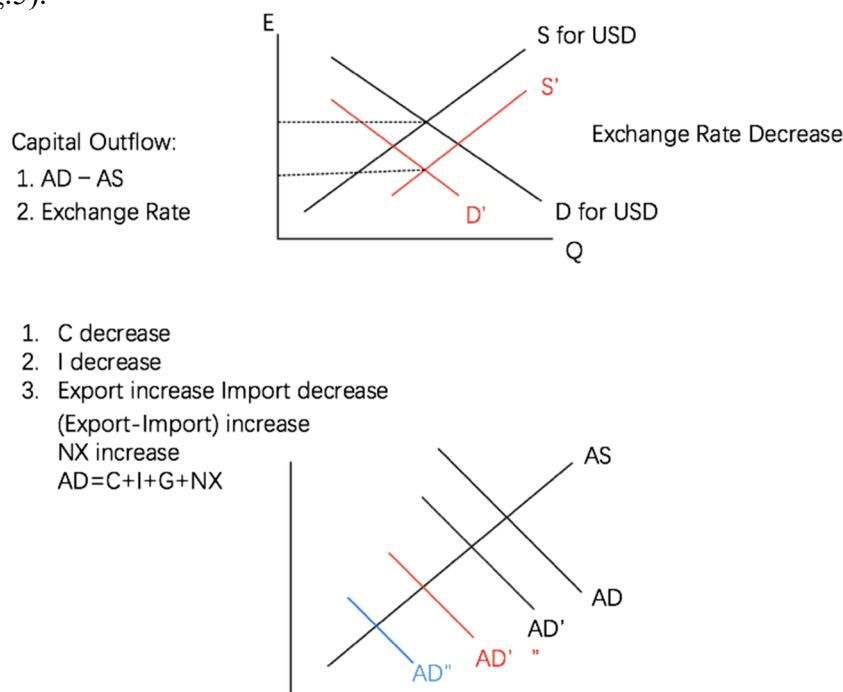


Fig. 5 AD-AS Model & Exchange Rate Model

There will be volatility in this nation as the economy deteriorates, leading many investors to decide to pull their money out of the market. Obviously, $AD = C + I + G + NX$. As investment decreases, AD in Figure 5 will too, and AD will then move to the left. The outcome is the same as in the first example.

The exchange rate will fluctuate as the economy worsens. When there is a capital outflow, many people will remove their assets that are kept in the US. This demonstrates that as demand for USD declines, D will shift to D'. In addition, if US dollars are brought to other nations for investment, they will be sold there, increasing the supply of USD, which will cause S to change to S'. At this time, it can be seen that the exchange rate has decreased and the value of the dollar will decrease. As depicted in Fig. 2, AD shifts to AD "when C drops" and AD shifts to AD "if I decrease", respectively. The dollar depreciates when the exchange rate falls, which causes the United States' exports to rise. Subsequently, the imports will fall, which will cause NX to rebound and AD to switch to AD'.

Demonstrations and other political unrest can have an impact on the economy. In one recent instance, mainland China modified the rules in Hong Kong, sparking on-going offline demonstrations there. Hong Kong's economy has suffered as a result of social turmoil; it contracted 2.25 percent in 2019 and is predicted to contract 3.55 percent in 2020. In the second half of 2019, the nation entered a recession; on an annual basis, its GDP decreased by 2.9%, the largest decrease in a decade. In the upcoming four months, 30% of Hong Kong enterprises want to eliminate up to 5,600 jobs, according to a research published in December by the Hong Kong Retail Management Association. 43 % of respondents said they had closed within six months. 97 percent of respondents said their losses were record-breaking. This instance demonstrates how the demonstration itself can have a significant impact on the economy. Similar public and women's rights advocacy activities will be launched in the wake of the abortion ban.

In this view, it is not difficult to see that the infection-related population reduction would result in a significant loss of human capital, which will have an impact on the fall of the economy and create instability in the nation. In order to avoid dangers, a lot of money will choose to withdraw at this time, which eventually causes the exchange rate to decrease, the US dollar to weaken, and inflation to rise.

3.3 Phillips Curve Model and Labor Demand

To demonstrate the above points, by first apply AD-AS models and make a preliminary theoretical analysis. This Phillips curve rescues a typical model linked to the employment rate, this model can reflect changes in the employment rate and the unemployment rate (Fig.6).

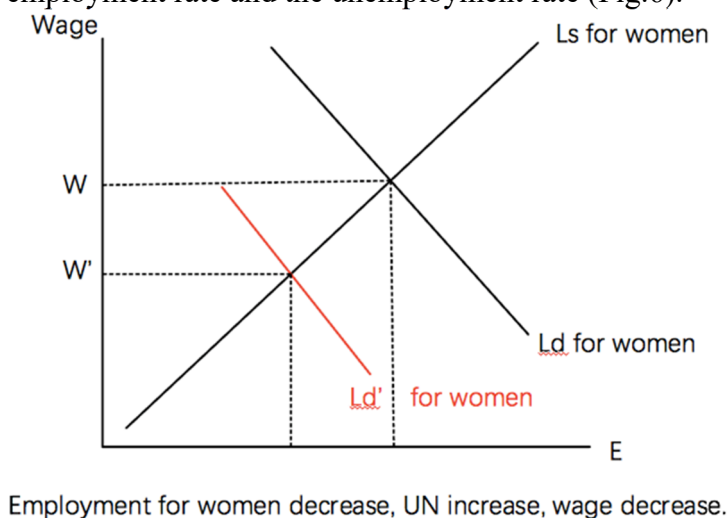


Fig. 6 Labor market diagram

The number of women who will need to work once abortion is outlawed won't drop, but companies will need to hire a lot fewer people, changing L_d for women in black to L_d for women in green. Due to the decline in female employment, both unemployment and wages for these workers will rise. This resulted in UNEGAL in the workplace.

The anticipate price increases when demand for an item or service exceeds supply, and the larger the price increase, the greater the surplus demand. On the other hand, when demand is weak compared to supply, the anticipate a decline in prices; the larger the decline, the greater the shortage in demand. It is acceptable to suggest that this principle should be one of the elements affecting how quickly the money pay rate, or the cost of labor services, changes. Employers should raise wages quickly when there is a strong demand for workers and a low unemployment rate since every company and industry is continuously attempting to charge slightly more than the prevailing rate in order to draw in the best talent and industry for their own businesses. Conversely, when labor demand is low and unemployment is high, workers don't seem eager to offer services for less than the going rate, which causes pay rates to decline relatively slowly. There may be a highly nonlinear connection between the unemployment rate and the wage rate. The change rate in labor demand, and thus the change in the rate as in unemployment rate, is a second factor that is likely to influence the change in rate in the cash pay rate. As a result, in a year of heightened business activity, the demand for labor rises as the unemployment rate declines, remaining at the same level as the average, but the supply of labor does not rise. In contrast, companies will be less ready to raise salaries in a year of sluggish business activity as demand for labor declines and unemployment increases and workers would be less able to advocate for higher compensation. That, combined with a ban on abortion, could lead to more women struggling to survive in a workplace that is already not fully equal.

The abortion prohibition will therefore continue to have harmful impacts. Many businesses are unwilling to continue hiring female employees because of issues with paid maternity leave and expense reimbursement following pregnancy, or they directly reduce the employment of female employees in the recruitment process. Businesses are even less inclined to raise salaries after women give birth because there will be a decrease in labor demand and an increase in unemployment. This could result in more women fighting for survival in already unequal workplaces when combined with a ban on abortion.

4. Conclusion

This study explores the impact of the implementation of an abortion ban in the U.S. on various aspects of their own economy by how three different models and data are analyzed. According to this study, the implementation of an abortion ban in the whole country will result in a decline in all aspects of the U.S. economy, resulting in an overall negative impact.

The enforcement of the abortion ban will make some women even poorer when they are not rich, which will affect consumption and lead to a downward trend in the economy. Based on all of the above analyses, the abortion ban will lower people's quality of life and standards.

The abortion ban will result in the death of many women and members of the future generation who would have gone on to lead their fields or make significant contributions to society. An abortion ban would have a negative effect since it increases several hazards and denies many enterprises access to a valuable supply of human capital.

When the abortion prohibition is strictly enforced, unemployment will decline, but women will experience more workplace discrimination as a result of gender. It makes it challenging for women to find employment and even exposes them to workplace harassment, which lowers people's overall earning levels.

Abortion should not be used to coerce women; instead, it should be a free choice for them. A restriction on abortion will result in a loss of population and human capital, a decline in productivity and purchasing power, and a change in the employment rate and unemployment rate. Overall, a prohibition on abortion will cause the American economy to turn around.

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