

Population, poverty and economic development

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Debates about the relationship between high fertility/RPG and economic development/poverty

Four forms of the debate

1. # of children → family well being and prospects
2. RPG → overall economic performance
3. Income level/poverty status → fertility outcomes
4. Macroeconomic performance → fertility/pop growth rate

Broad consensus today that rising prosperity yields lower fertility and a declining population growth rate

My focus today is on the still much more contentious question of whether reduced fertility improves the economic prospects of societies and families.

What do we know – macro?

Malthus vs Marx

- Reduce population growth to avoid calamity?
- Or, address poverty and inequality, after which population growth will fall naturally?

3 stages of thinking in the modern era

1. Immediate post - WW II neo-Malthusianism
(Coale-Hoover, Myrdal, Enke) : dominant between 1945 and 1985; 1972 NAS report
2. Revisionism – Kelley, NRC/NAS Committee on Population, Simon : 1986 - present
3. Revisionism revised : where we are today

The importance of age structure

- The “demographic bonus” and “window of opportunity” (Asian Tigers, Celtic Tiger).
- It’s not just fertility decline but the size of the working age population relative to the dependent population that matters.
- By no means a consensus but, like the post - WW II stage, policymakers paying attention.

What do we know – micro?

Micro studies are fewer because good data are hard and expensive to collect : longitudinal household information.

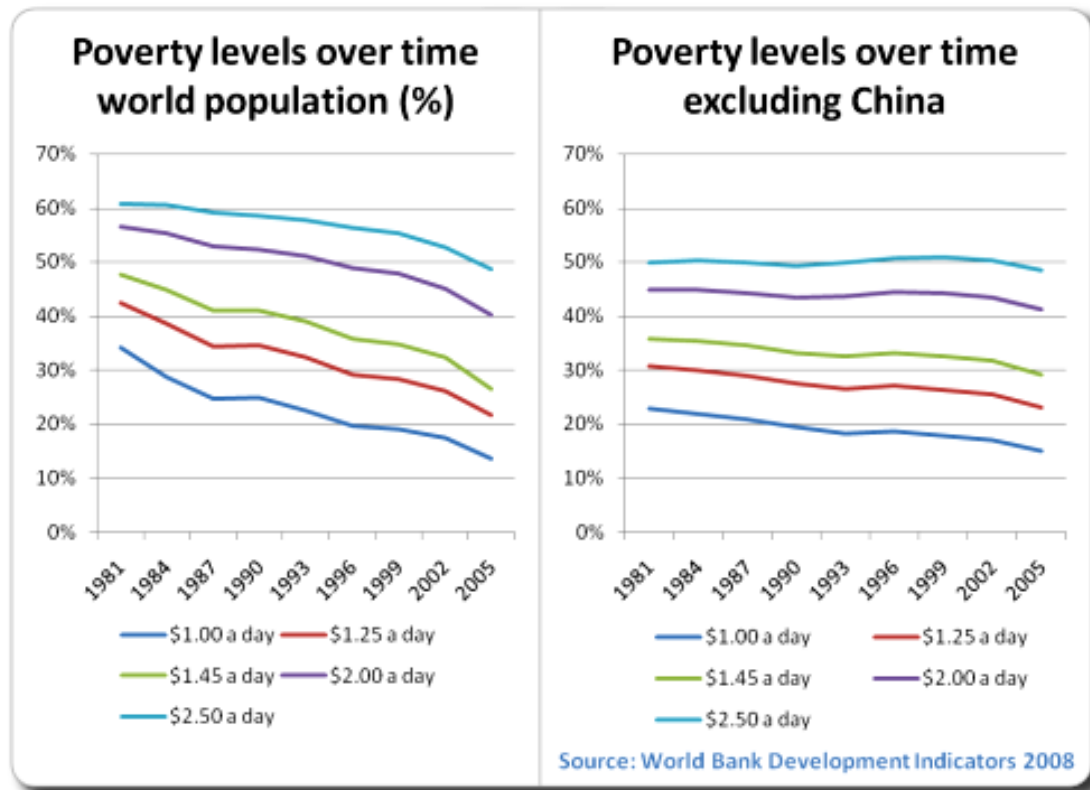
But recent research using longitudinal household data (Canning & Schofield, Schultz & Joshi) strongly suggests that high fertility places serious constraints on family income earning potential, especially for women.

- Direction of causality is still a matter of debate.
- Data on parental childbearing intentions can help here – WFS, DHS and the concept of unintended pregnancies and the “wantedness” of children: e.g., by one estimate $\frac{1}{4}$ of all pregnancies in developing world, 1995-2000, were unintended.

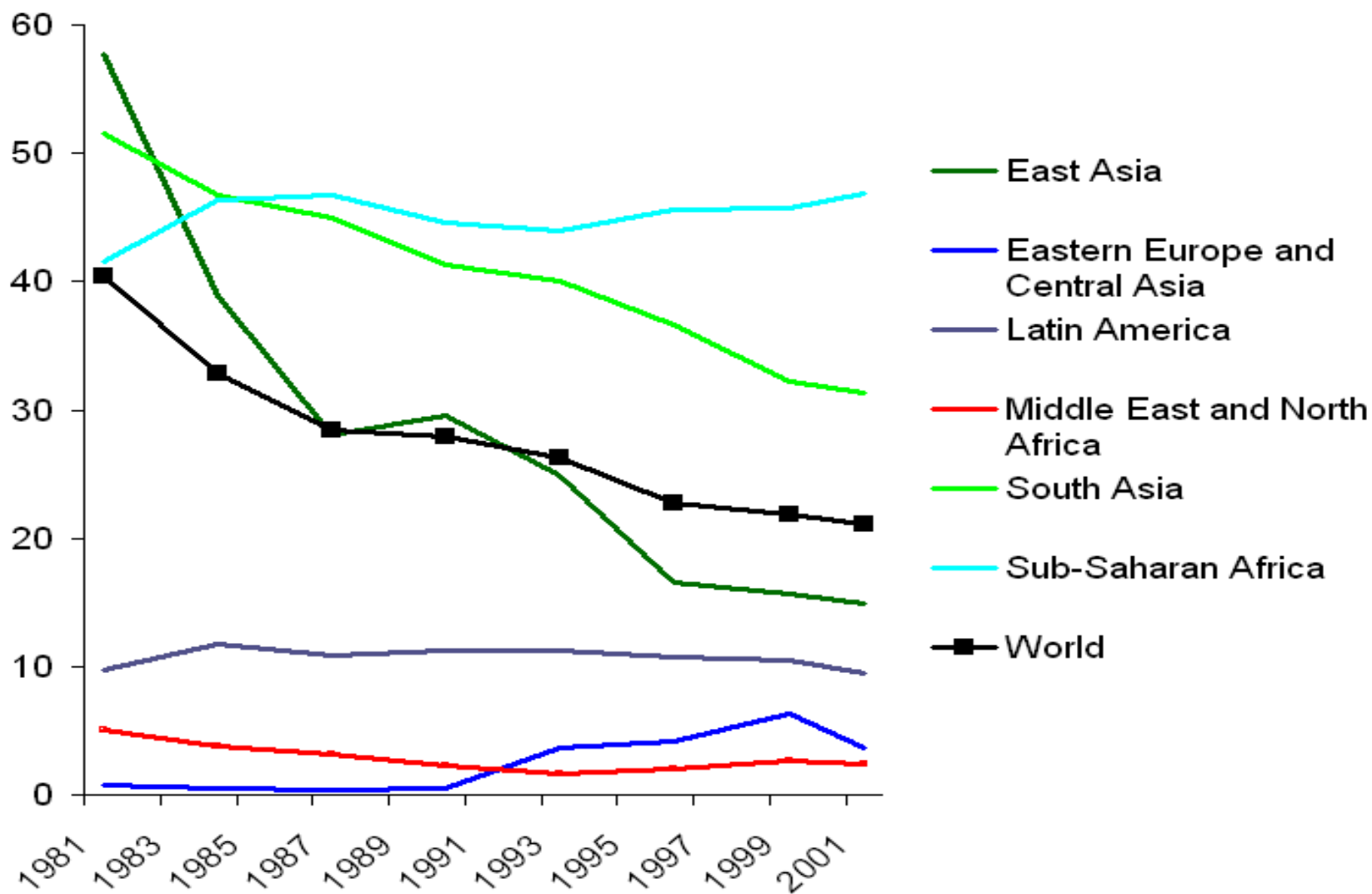
Birdsall: "...high fertility exacerbates poverty or, better put, ...makes poverty reduction more difficult and less likely."

Trends and prospects

Poverty rates have declined and living standards improved steadily since 1980.



Percentage living on less than \$1 per day



World Bank economists have internalized the lessons of the 'East Asian Miracle' and now incorporate them in the policy advice they give governments – with the exception of policies to reduce high fertility and RPG.

Africa

- It is far from a hopeless case – success stories in RSA, Botswana, Zimbabwe, Kenya, Rwanda – and Navrongo.
- African successes have all been accompanied by strong political commitment.
- Political leaders in far too many African states are not being advised to address population as a development issue. This needs to change.

Conclusions

- New consensus emerging that reducing in fertility and lowering the ratio of dependent to working age population creates a 'window of opportunity'.
- At both the macro and micro levels, moderating fertility enhances economic prospects.
- Declining birth rates and rising living standards are mutually reinforcing – a 'virtuous circle'. The process can be started either through investing in family planning or investing in human development, but it works best when they are done simultaneously.
- There is no reason that many African countries, which are today where Korea was in the 1950s, should not be able to achieve Korea-like outcomes by 2050 if they pursue similar development strategies, including high quality family planning programs.