Demographic Trends and Implications for Development

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Outline

• Background: population growth and fertility
• Consequences of demographic trends
• Policy options
Population growth by fertility level

1. High fertility/growth
2. Intermediate fertility/growth
3. Low fertility/growth
Group 1

Demographic consequences of high fertility

• Rapid population growth
• Young age structure
Youth (15-25) by country

Nigeria
Pakistan
India
China
Group1: Consequences of High fertility and rapid population growth

- Economic: Low wages, unemployment, poverty
- Environmental: Depletion of natural resources, pollution
- Health: High maternal and child mortality
- Governmental: Lagging investment in education, health services and infrastructure
- Political: Rising political unrest and crime
Group 2: Intermediate/ declining fertility

- Declining population growth rates
- Fewer young people, more workers
- Demographic dividend
Demographic Dividend:

Boosts growth in GDP/cap by raising

1) Relative size of workforce
2) Women’s participation in paid labor force
3) Investments in human and physical capital
Working age population (%)

- Developed world
- Developing world

Demographic Dividend
Impact of demographic dividend on economic growth rate (GDP/cap)

Developing world

Developed world
Group 2: Consequences of Intermediate/declining fertility

- Economic: Demographic dividend
- Environmental: Depletion of natural resources, air, water and soil pollution
- Health: Declining maternal and child mortality
- Governmental: Large investments in education, health services and infrastructure
- Political: Inequality and disaffected voters
Group 3: Low fertility

- Near zero or negative population growth rates
- Rapid population aging
Group 3: Consequences of low fertility

- Economic
  - Slower economic growth
  - Slower growth in GDP/cap
  - Slower growth in worker productivity (?)

- Governmental
  - Unsustainable health and pension costs
  - Rising governmental budget deficits

- Political
  - Rising voting power of the elderly
Policy options:

A. High fertility countries
B. Very low fertility countries
A. Policy options in high fertility countries:

- Family planning programs to reduce unplanned pregnancies
- Investments in human capital (e.g. girls education)
- Delay childbearing
B. Policy options in aging societies

Pension system options
Reduce benefits; raise contributions; raise age at eligibility; encourage private savings.

Labor force options
Encourage higher labor force participation and later age at retirement.

Demographic options
Encourage childbearing; permit more immigration.
Conclusions

• Very high and very low fertility have net adverse effects

• Declining high fertility brings multiple benefits for human welfare and the environment

• Policies are available to maximize positive effects and minimize negative effects