



SOCIO-ECONOMIC IMPLICATIONS OF DEMOGRAPHIC DYNAMICS

INTRODUCTION

“The production of wealth is but a means to the sustenance of man; to the satisfaction of his wants; and to the development of his activities, physical, mental and moral. But man himself is the chief means of the production of that wealth of which he is the ultimate aim”, so wrote Alfred Marshall, one of the founders of modern economics.¹ This quotation aptly points to the existence of inseparable linkages between demographic dynamics and socio-economic conditions. The aspects of demographic dynamics that are particularly relevant from this perspective are the size and the rate of growth of population, its age composition and its spatial distribution. However, the analysis of socio-economic implications of demographic dynamics is inevitably fraught with many complexities.

One source of complexity is that the nature of the linkages is not unidirectional. For example, viewed simplistically, one can argue that, other things remaining the same, the higher the rate of growth of population, the lower the rate of growth of per capita income. This inverse relationship rooted in an arithmetic identity does not, however, carry much economic significance in all circumstances. Growth itself, determined by a host of factors, such as the rate of capital accumulation, technological progress and the quantity as well as the quality of the labour force, is likely to have an impact on the rate of population growth. Similarly, large-scale migration to urban areas, often associated with a high population growth rate, may create a series of problems in the form of degradation of the environment; pressure on economic and social infrastructure such as transport, housing and education; a rise in delinquency and

¹ Alfred Marshall, *Principles of Economics*, 8th ed. (London, Macmillan and Co. Ltd., 1956), p. 144.

crime; and exploitation of women and children. On the other hand, urbanization may have the effect of reducing fertility and population growth.

A second source of complexity relates to the fact that the socio-economic implications of demographic dynamics depend on the initial conditions and time frame of the analysis. To illustrate, high fertility is likely to change the age structure of the population so as to increase the dependency ratio of the young, leading, in turn, to a possible reduction in savings, a lowering of investment and a decline in the rate of growth of output. In a labour-constrained economy, however, high fertility may be desirable as the dependent young population could be expected to join the labour force a few years later.

A third source of complexity relates to attempts to assess the impacts of demographic dynamics. Practically all indicators of social and economic development are influenced by a multiplicity of factors. It is not easy to disentangle the effect of individual explanatory variables, many of which may have interactions among themselves. The analysis of the socio-economic implications of demographic dynamics of the vast ESCAP region is further complicated by the sheer diversity of the dynamics in different countries. Two of the world's most populous countries, China and India, are in this region, as are some with tiny populations, mostly in the Pacific. The average growth rate during the past decade ranged from over 4 per cent to negative numbers. There are also wide differences in the age structures and the patterns of mobility.

The above snapshot picture of the manifold complexities makes it abundantly clear that all aspects of the socio-economic implications of demographic dynamics and their varied nature in different countries cannot be dealt with adequately within the scope of the present exercise. This chapter focuses on the potentially adverse consequences of the prevailing demographic dynamics for

selected aspects of economic and social development in order to draw policy makers' attention to related concerns. The rest of the chapter begins with information on the size, growth and age composition of populations in different countries of the region. This is followed by an analysis of the trends in urbanization and international migration. Selected dimensions of socio-economic implications, particularly poverty, environment, employment, education, health and savings, are then examined. The chapter concludes with a brief discussion of policy options.

DEMOGRAPHIC DYNAMICS

Size and growth of population

In 2000, 3.7 billion people lived in the ESCAP region, constituting more than three fifths (61.8 per cent) of the world population (table III.1). Because of this large base, the population of the region is expected to further increase by one billion by

Table III.1. Estimates of total population, 2000-2025, and the rate of population growth, 1980-2025 in selected economies of the ESCAP region

	<i>Population in thousands</i>		<i>Annual compound growth rate (percentage)</i>				
	<i>2000</i>	<i>2025</i>	<i>1980-1990</i>	<i>1990-2000</i>	<i>2000-2010</i>	<i>2010-2020</i>	<i>2020-2025</i>
Developing economies	3 594 296	4 561 432	1.8	1.4	1.1	0.9	0.7
South and South-West Asia	1 484 295	2 065 428	2.3	1.9	1.5	1.2	1.0
Afghanistan	22 720	44 934	-0.8	4.4	3.8	2.2	2.0
Bangladesh	129 155	178 751	2.2	1.7	1.6	1.2	1.0
Bhutan	2 124	3 904	2.6	2.3	2.6	2.4	2.2
India	1 013 662	1 330 449	2.1	1.8	1.3	1.0	0.9
Iran (Islamic Republic of)	65 634	94 463	3.7	1.9	1.3	1.5	1.2
Maldives	286	501	3.2	2.8	2.7	2.2	1.5
Nepal	22 904	38 010	2.6	2.5	2.2	1.8	1.4
Pakistan	142 392	263 000	3.4	2.8	2.5	2.0	1.5
Sri Lanka	18 827	23 547	1.4	1.0	1.0	0.9	0.7
Turkey	66 591	87 869	2.4	1.7	1.3	1.0	0.9
South-East Asia	524 327	681 341	2.0	1.6	1.3	1.1	0.9
Brunei Darussalam	339	459	2.9	2.5	1.6	1.3	1.0
Cambodia	12 227	16 526	2.9	2.6	1.7	1.6	1.2
Indonesia	212 107	272 442	1.9	1.5	1.2	1.0	0.8
Lao People's Democratic Republic	5 433	9 653	2.6	2.7	2.5	2.3	2.0
Malaysia	23 171	30 968	2.6	2.2	1.5	1.2	1.1
Myanmar	48 785	58 120	1.8	1.2	1.1	1.0	0.8
Philippines	75 967	108 251	2.3	2.3	1.8	1.2	1.1
Singapore	4 146	4 168	2.2	1.7	0.9	0.5	0.4
Thailand	62 320	72 717	1.8	1.0	0.8	0.7	0.5
Viet Nam	79 832	108 037	2.2	1.8	1.3	1.2	1.1
East and North-East Asia	1 359 009	1 574 291	1.5	1.0	0.7	0.6	0.4
China	1 277 558	1 480 412	1.5	1.0	0.7	0.6	0.4
Democratic People's Republic of Korea	24 039	29 388	1.5	1.6	1.0	0.7	0.7
Hong Kong, China	7 002	7 719	1.2	2.0	0.9	0.3	-0.1
Macao, China	473	530	4.0	2.4	0.6	0.4	0.3
Mongolia	2 662	3 709	2.9	1.9	1.5	1.3	1.1
Republic of Korea	47 275	52 533	1.2	0.9	0.6	0.4	0.2

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