

Population, Age Structure and Poverty

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Population and Poverty

Theory

- › Population numbers overcrowding
- › Population growth dilutes capital

Evidence

- › Little evidence that population size affects national economic growth

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Population Crowding and Scarce Resources

- › Countries can export and import
- › Crowding effects may not appear at the national level – **with exceptions**
- › Crowding in cities
- › Globalization: At the global level there is only one observation (world population)
- › World population may affect exhaustible resources and produce pollution





Why do Fertility and Mortality Rates Matter?

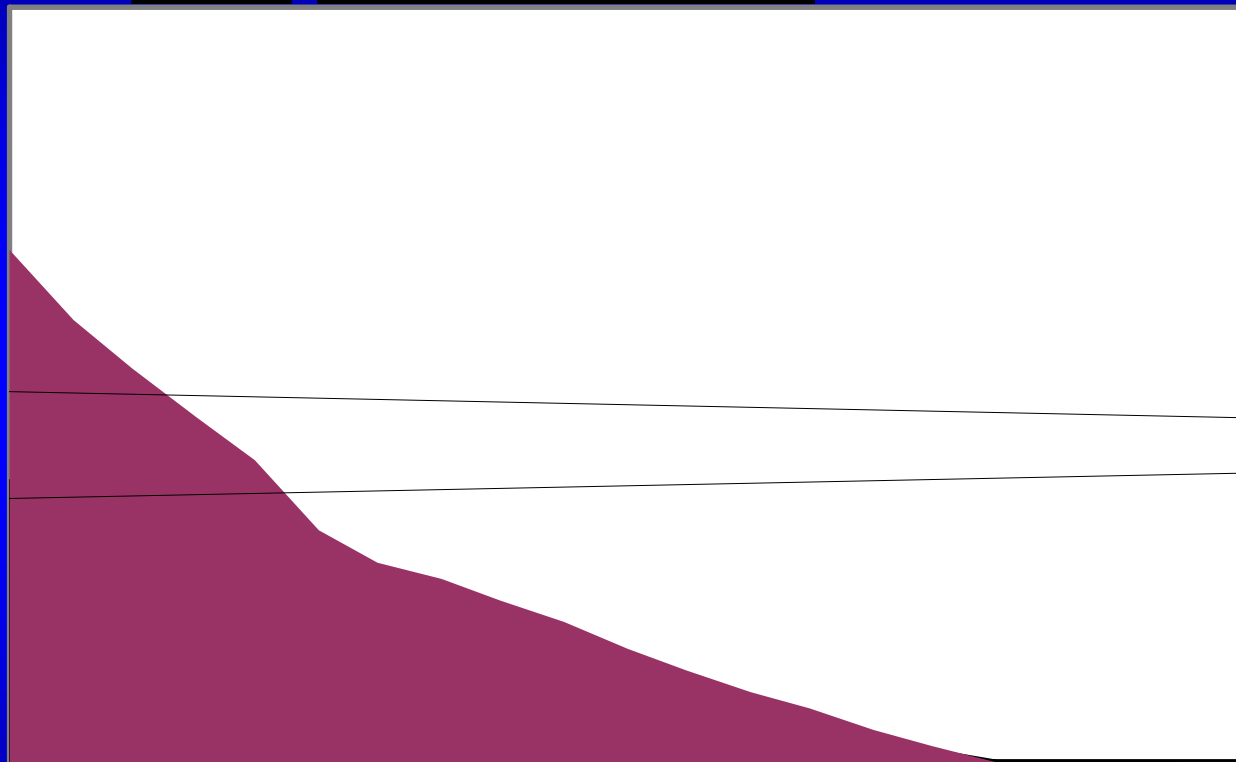
- › **Age Structure Effects**
- › **Behavioural effects of longer life spans**
- › **Behavioural effects of lower fertility**

Age Structure Effects







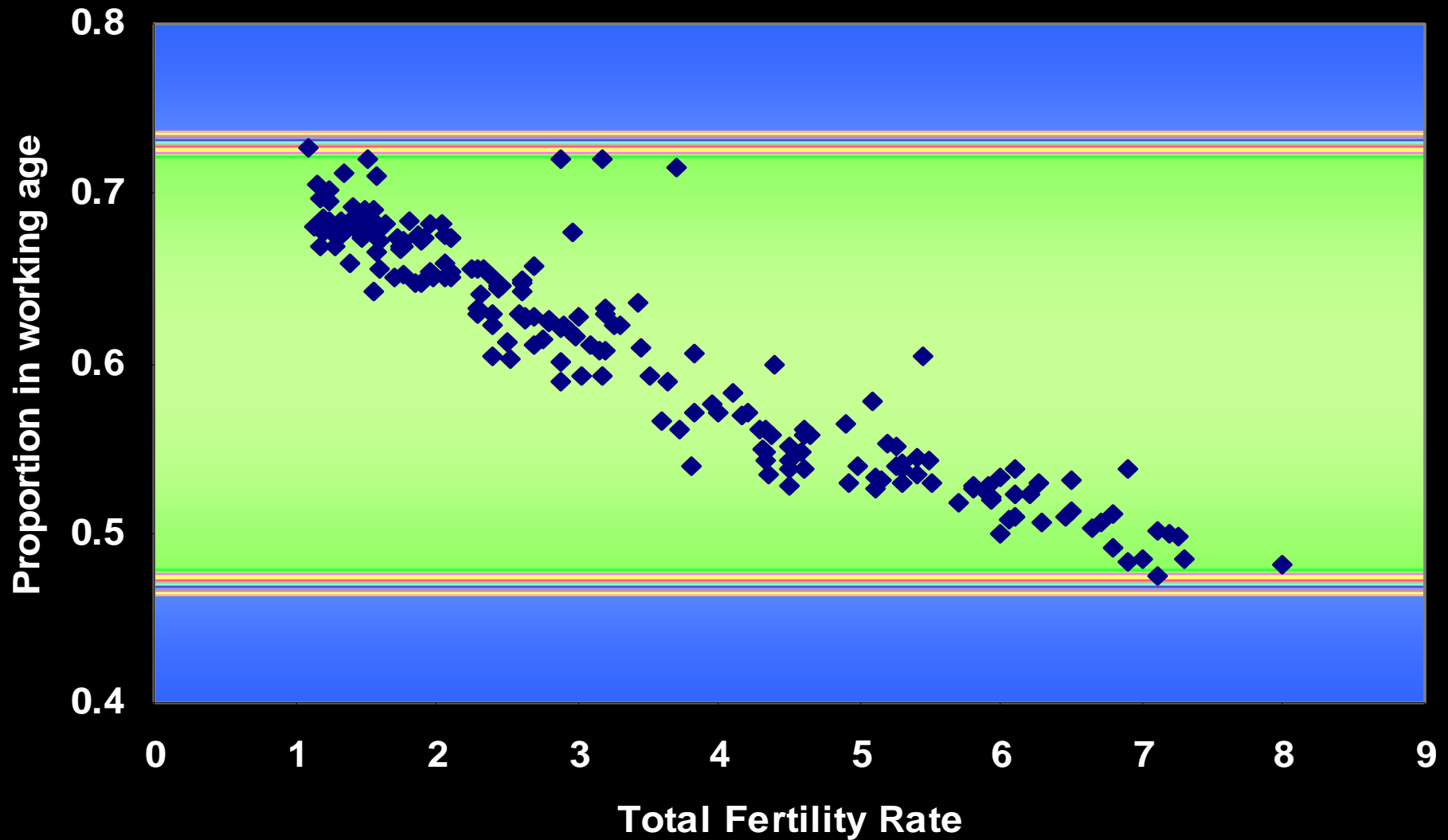


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Fertility and Age Structure Across Countries, 2000



Fertility and Age Structure



Evidence of Age Structure Effects

- › **There is strong evidence that age structure affects economic growth**
- › **Macroeconomic models**
 - › **Asia – Bloom, Canning, Malaney, 2000**
Young, 1995
 - › **Ireland – Bloom, Canning, 2003**
- › **Estimated effects are larger than pure accounting effects**

Dividend is not Automatic

- › **Demographic dividend varies with governance and economic policy.**
 - › **Governance**
 - › **Markets**
 - › **Openness to Trade**
- › **In some countries no evidence of dividend – unemployment**
- › **With good policies dividend is three times larger than accounting effect**

Behavioural Effects: Health to Wealth Mechanisms

- Š Increased productivity of healthier workers**
 - Š Compression of morbidity and longer working lives**
- Š Increased returns to education**
- Š Longevity and savings: longevity expectations and affect savings**
- Š Long-term effects of childhood health**

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Evidence of Fertility Effects

- › **Positive evidence of effects of fertility on female labor force participation**

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Long-term Effects in Matlab

For women

- › Better nutrition among women
- › Higher earnings and incomes for more highly educated women
- › Increased household assets

For children

- › Increased years of schooling for boys
- › Improved nutrition for girls

Conclusion: Households

- › **Providing family planning services reduces fertility**
- › **Lower fertility leads to**
 - › **Increased female labour force participation and income**
 - › **Higher investment in children's health and education**



Policy Implications

- › **Fertility rates have economic implications for both households and countries**
- › **Income and poverty are not the only welfare goals - health, family size**
- › **Well informed families, with access to reproductive health and family planning choices, are best placed to make these decisions and tradeoffs**