**Population Growth and Economic Development**

the relationship between population growth and economic development of a country.

Population growth helps the process of development in certain ways and hampers it in certain other ways. This is so because the relation­ship between population growth and economic development is intricate, complex and interacting.

On the positive side, an increasing population means an increase in the supply of labour— a basic factor of production. And growth of population and labour supply has all along been one major source of growth in re­corded history. It is to be noted that human labour, assisted by necessary tools and implements, was always and still is the greatest productive asset of nations.

A growing population leads to an increasing total output. But **“it also makes for a greater number of persons among whom this output must be divided. There are more productive hands but there are also more mouths to feed.”**

The effect of population growth on a society’s per capita output level depends on the pattern of population growth as also its institutional (organ­isational) framework. In other words, it depends on the age composition of the population.

As Gill says, “If, for example, population growth is associ­ated with high fertility and an increasing number of children relative to adults, then the number of consumers will be growing more rapidly than the number of producers, the dependency burden on the active workers of the society will be heavier, and the effect may be negative. But if there is a rise in life-expectancy which extends the productive years of the workers of the society, then the problem of an increased burden of dependency may be at least partially offset”.

**In this context the following two points may be noted:**

(i) The pattern of spending reflects the age distribution. An ageing population—one that contains a rising proportion of old people—requires an increasing quantity of products connected with old age and relatively fewer connected with the young.

The industrial system has to adjust itself to the changing demand for goods and services. This adjustment could cause problems, particularly because the labour force is less adaptable in an ageing population.

(ii) Young workers are generally more productive and adaptable. Al­though older people may have the advantage of experience, they are likely to be less energetic and enterprising. Moreover, in an ageing population, the young may have to wait longer to reach positions of responsibility and this could have a discouraging effect.

Of course, the assertion that young people are more productive is open to contradiction (especially by their elders). However, few would question the view that they are more adaptable and easier to train for new jobs. A young population should also provide a larger flow of school-leavers able to start work in the industries where labour is most needed. The difficulty and expense involved in the movement of workers between industries are thus avoided.

The ability of workers to move easily from one job to another is called mobility of labour. It is particularly important in economies such as that of India which must respond not only to changes of demand at home but also to foreign demand and competition.

(iii) Production depends on the working age group. It is obviously possible to produce more goods and services and so achieve a higher standard of living if a larger proportion of the population is in the working age group — between school-leaving and retirement ages — which must provide the bulk of the country’s labour force.

Moreover, this group bears the burden of supporting the non-working members of the community. If a larger proportion of the population is either retired or at school, the extra cost of pensions or education falls on relatively smaller numbers who are working and earning.

Although the rate of population growth is clearly very important, two other factors must be taken into account in studying the problem of popu­lation pressure in LDCs. The first is the population density in relation to natural resources and the second is technology.

A growing population, within a limited geographical area, usually puts heavy pressure on the existing factor endowments, especially natural re­sources of the community. Moreover, if the society has a limited stock of capital, labour may have to be substituted for capital in which case the production function will exhibit the law of diminishing returns.

This occurs if the variable factor is labour, while capital is a fixed factor. Diminishing returns may become a serious problem if population growth is rapid and there occurs practically no or at best, a marginal increase in natural re­sources (land) or man-made resources (capital goods). However, techno­logical progress convert the operation of the law, at least temporarily.

In studying the population problem of LDCs we have to take note of the absolute size of the population base. The size of the population base is of great importance as it affects the total scale of the economy. This is relevant for the success of industrialisation inasmuch as development is often hin­dered due to the small size of the domestic market.

A growing population means a growing market for most goods and services and we know that division of labour is limited by the extent of the market. A potentially expanding market may stimulate entrepreneurs to invest more and more in capital goods and machinery. Business activity will be spurred as a consequence.

And more income and employment will be created in the process. Moreover, it will provide an outlet for the products of efficient large-scale, mass-production industries. The net effect may be favourable to the country.

Of course, the size of the domestic market of a country does not only depend on the numbers, but also on the per capita income level. But given the same low level of income per head, a country like India offers a more favourable environment for setting up heavy capital goods industries which depend so much on the economies of scale for their success. In contrast, a thickly populated country with a small population base such as Sri Lanka seems to be especially handicapped by the small size of its domestic market.

Population growth has been a favourable factor in stimulating growth in many countries in the last two centuries, when vast areas remained largely unsettled. Even in the USA, in the 1930s, it was apprehended that a slowing down of the rate of population growth would lead to long-run (secular) stagnation.

Contrarily, in India today the prophecies of Malthus have largely proved their validity. And it is believed that a slowing down of population increase might contribute substantially to our development prospects. So, what is sauce for a goose may not be a sauce for a gander.

The moot point is that population growth may be either favourable or unfavourable to economic development, depending on where, when, and how it takes. It is to be noted that while large populations of the advanced countries have grown up after, and as a consequence of, economic develop­ment, that large populations of the developing countries exist before devel­opment. This makes development not only more desirable but also more difficult.

Per capita income is calculated by dividing national income by the size of the population. When population is increasing faster than national in­come or GNP the standard of living of the average citizen does not improve. In most developing countries population is growing steadily even today. This is important obstacles to development. The most serious problem for most developing countries seem to be controlling the growth of their population.

**Negative Effect:**

**Population growth has a negative effect on growth for the following three reasons:**

**(i) Capital shallowing:**

Rapid population growth reduces per capita availability of capital and thus lowers labour productivity.

**(ii) Age dependency:**

Rapid population growth produces a large number of dependent children whose consumption requirements lower the ability of the economy to save.

**(iii) Investment diversion:**

Rapid population growth shifts government expenditures from the country’s infrastructure (roads, communications, etc.) to education and health care.

The harmful effects of population growth seems to be more pronounced in countries where arable land and water are relatively scarce. The World Bank has started the population growth above 2% per annum acts as a brake on economic development.

We should not, however, miss the point that there is a two-way causation. So far we have studied the effect of population growth on economic devel­opment. In a like manner, economic development may also have important effects on population growth.

The last two centuries have witnessed a fall in the death rate and the consequent growth of population in today’s economically advanced coun­tries. But birth rate also fell. Economic development brought in its wake higher standards of living, better food, adequate clothing and shelter as also protection from the natural disasters of drought and famine.

There also occurred improvement in medical facilities and health care. These led to fall in infant mortality and more healthier people and longer life-expectations. These were all related to the economic progress these countries were mak­ing. **“In general, therefore, the modern increase in population in the devel­oping countries of Europe and North America occurred along with, and was really part and parcel of, a, more general process of rising living standards, industrialisation, and technological progress.”**

When we turn to ‘population explosion’ problem of developing countries we see that these countries have shown very little economic growth. Yet their populations are expanding rapidly. These countries are importing western technology to start modern industrialisation programme but are unable to emulate or import the growth process itself.

The spread of Western techniques, health care, sanitation and medicine to such countries has brought sharply falling death rate and rapid population growth. But the standard of living is yet to achieve an appreciable improvement. And the other accompaniments of economic development are conspicuous by their absence.

**Todaro sums up the position as follows:**

“Population growth (with the associated, although delayed, increase in the labour force) has traditionally been considered a positive factor in stimulating economic growth. A large labour force means more productive manpower, while a larger overall population increases the potential size of domestic markets. However, it is questionable whether rapidly growing manpower supplies in labour-surplus developing countries exert a positive or negative influence on economic progress. Obviously, it will depend on the ability of the economic system to absorb and productively employ these added workers, an ability largely associated with the rate and type of capital accumulation and the availability of other related factors such as managerial and administrative skills.”