



followed it intently, even bear some responsibility for the production of some of the research, including the infamous, to some, to others 1986 National Academy Report, which introduced, officially, the era, which I'll talk about a little bit more of what Allen Kelly called -- what did he call it? I'm blocking -- revisionist thinking about the relationship, but let me proceed.

The debate about the relationship between economic development and fertility or demography really takes two forms. At one level it takes the form of the question, "Does the number of children that a family has affect the well-being of that family and its prospects for the future?" At the macro level the same version of that debate has to do with the relationship between rapid population growth at the societal level, and the prospects for economic development or economic performance.

But the adverse of the debate is the other direction, which is, "Does income level or poverty status affect fertility outcomes at the family level?" And at the macro level, does the performance of an economy affect fertility of the society as a whole.

I think that over the years, a fairly broad consensus has emerged that rising prosperity, whether at the family level or at the national level, does lead to declining fertility and reusing population growth, so I'm not really going to talk about that. My focus is going to be on the still much more contentious question of whether reduced fertility improves the economic prospects of societies and families.

So let's start with the macro level and what we know at the macro level. The debate goes back to Thomas Malthus, you all know that, and revolves around two questions that divided the Malthusians and the Marxians over two centuries or more. Should we reduce population across level. coT

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rapidly. Create a period during which the working-age population is quite large in comparison with the dependent population, both at the young and at the old end of the age spectrum.

But that unique moment in a country's demographic history represents an important window of opportunity. They don't argue that it automatically translates into improvements in economic performance, but they do argue that it creates the opportunity that did not exist at a period of high fertility and will not exist at a -- during a period of high, old-age dependency, to pursue a set of economic policies that can result in very rapid economic growth. And that, they argue, is what happened in the case of the Asian Tigers who did it quite explicitly. And out of that has emerged a new kind of, I would say emerging consensus in development economics, that demography can make a very significant difference in economic outcomes although it is not a sufficient condition for that to happen, and in fact in looking at the performance of countries over time, they would argue that many of the countries of Latin America that created the window of opportunity failed to cash in on it over the last two decades or so.

The African countries haven't yet reached the point where one can look at that question, and the rest of the world apart from East Asia is sort of -- varies between success stories and lack of success, depending upon the economic policies that they pursue at the same time. I say this is not by any means a consensus, but it is an emerging. Let me try to go more rapidly.

At the micro level we actually know less, in part because data are fewer and further between, harder to collect and far more expensive to collect. But there are now sufficient bodies of longitudinal household information, which have enabled economic demographers, who are -- or development economists, to look at the relationship over time between fertility at the family level and what happens to the prospects of those families.

The study that I think is most persuasive and to me the most dramatic, is one that Paul Shultz and Joshi, a student of his at Yale, carried out on Matlab data, the famous Matlab experiment, in which Shultz, who was a long time skeptic about the demographic economic relationship, found and concluded that, in fact, families which reduce the fertility have done significantly better over a 15 to 20 year period than families that didn't, and that in this microanalysis it becomes clear for the first time that there is a relationship that looks causal.

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But the direction of causality is still something of a debate. I think that the data on parental intentions, with respect to fertility, helps us to understand the direction of causality. The finding over time, year after year in country after country of the level of unmet need and the level of unintended pregnancy suggests that a great many families, given the opportunity to reduce their fertility, would do so, and suggest that they at least understand that if they were able to reduce their fertility, this might quite significantly increase the opportunities for themselves, but most particularly for their children.

So, I think Nancy Birdsall, who has studied this question as long as anybody, and with I think an objective an eye as anybody I know said in the volume that she and Allen Kelley and I co-edited back in the -- around 2000, called "Population Matters" which I think probably many of you have seen, says that, "high fertility exacerbates poverty or, better put, it makes poverty reduction more difficult and less likely." And I think that's a conclusion with which most economists who have looked most carefully to this question would today agree.

So let's look just at a few trends and prospects. One of the things that's very interesting is that poverty levels around the world have declined and have been declining steadily since 1980. If you look at these curves on the left hand side, the right hand side is just the same countries excluding China, but the one on the left hand side, these are just different poverty levels, whether one defines it in terms of a dollar a day up to two dollars a day, the trends are quite clear. These are World Bank data, by the way.

What's equally interesting, to me, is that in every region except sub-Saharan Africa, there has been some decline, I should say Eastern Europe and central Asia also are something of an exception, but as you can see the levels are extremely low -- there has been a decline in the percentage of people living on less than a dollar a day, but what really is striking is that if you take Asia out of the equation, the relationship looks very different. That black line, called the world, would look almost flat, it would look, in fact, like Latin America, which is the line just a bit below it.

World Bank economists have, for the most part, internalized the lessons of the East Asian Miracle and they now incorporate them in the policy advice they give to governments -- with the exception of the question of policies to reduce high fertility and rapid population growth. And it seems to me that the challenge that lies before us is somehow to break through the institutional or professional skepticism that continues to exist in the World Bank about these findings and this relationship. There is no institution that is more influential with ministers

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of finance and heads of state around the world than the World Bank. And if the bank were to persuade ministers of finance that reducing fertility is an important component of an economic growth and development strategy, I think it would make a very big difference in the future allocation of resources to family planning programs.

I can't end without saying a word about Africa. It's far from a hopeless case in my view. We've seen the success stories in South Africa and Botswana and Zimbabwe at a period in its history, Kenya at a period of its history, Rwanda more recently, the experimental case of Navrongo, which is essentially reinforces the findings of Matlab of 20 years earlier. The African successes have in every case, except the Navrongo experiment, been accompanied by very strong political commitment, and this brings me back to the World Bank story. If governments commit themselves to fertility reduction policies, they can be successful, in the absence of political commitment and the allocation of resources, these policies are not likely, particularly in extremely low income settings

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