

# Population Trends, Economic and Human Development

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Part of Lecture Series: Demographic Dividend and the Future of Asia by Kua Wongboonsin and Patcharawalai Wongboonsin

# Course: Demographic Dividend and the Future of Asia

- This course purports to provide an overview and insights into the nexus between demographic change and economic growth.
- The course covers:
  - Conceptual framework and the conditions for the first and second demographic dividend,
  - Challenges and needed key strategies at the national and regional levels.

# A relation between demography, aging and GDP

$$\text{GDP} = \frac{\text{GDP}}{\text{Employed}} * \frac{\text{Employed}}{\text{Working Age Population}} * \frac{\text{WAP}}{\text{Population}} * \text{Population}$$

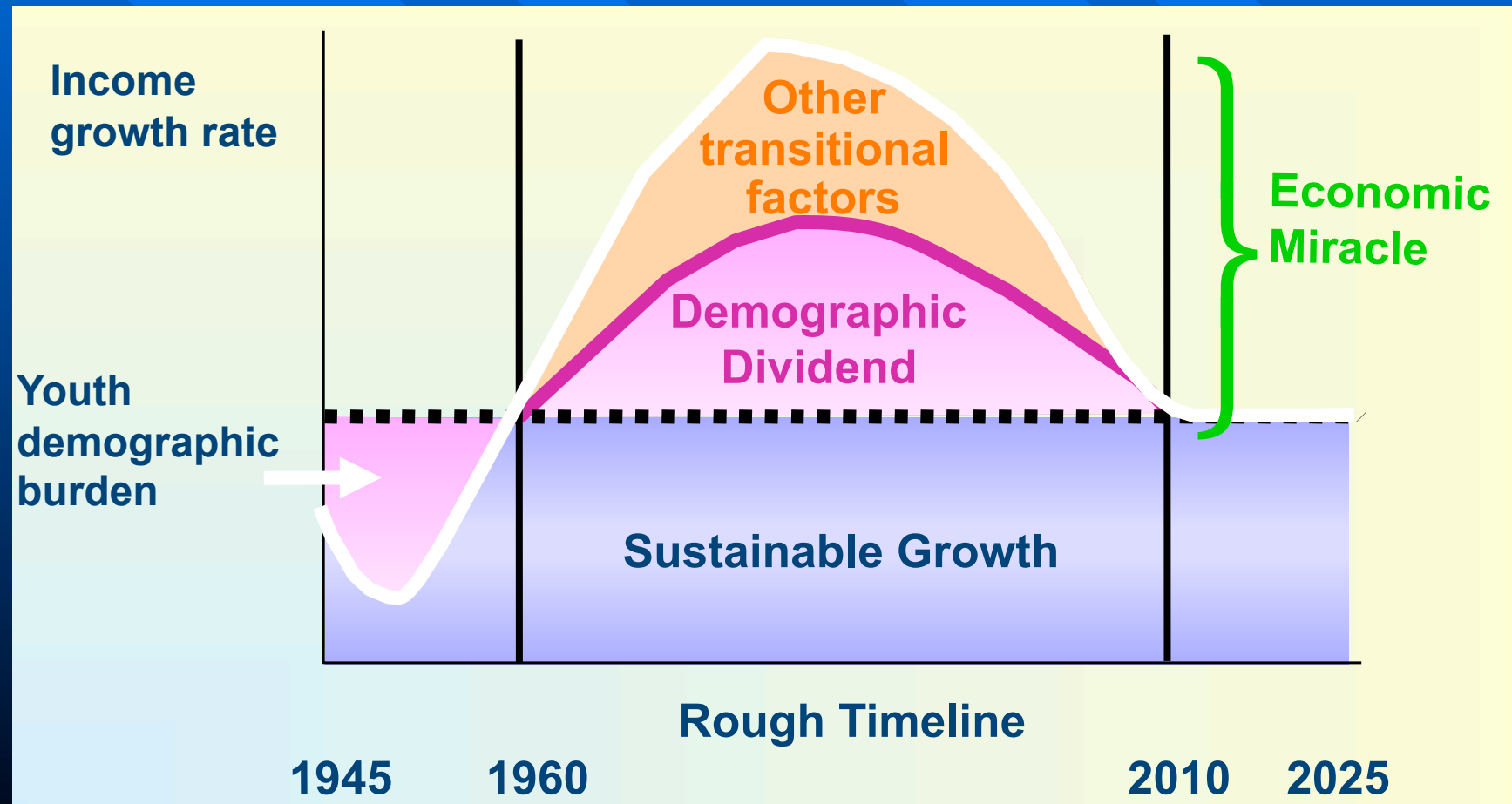
*| productivity |*  
*| economic components | | demographic components |*

Fonte: Leanza, 2005

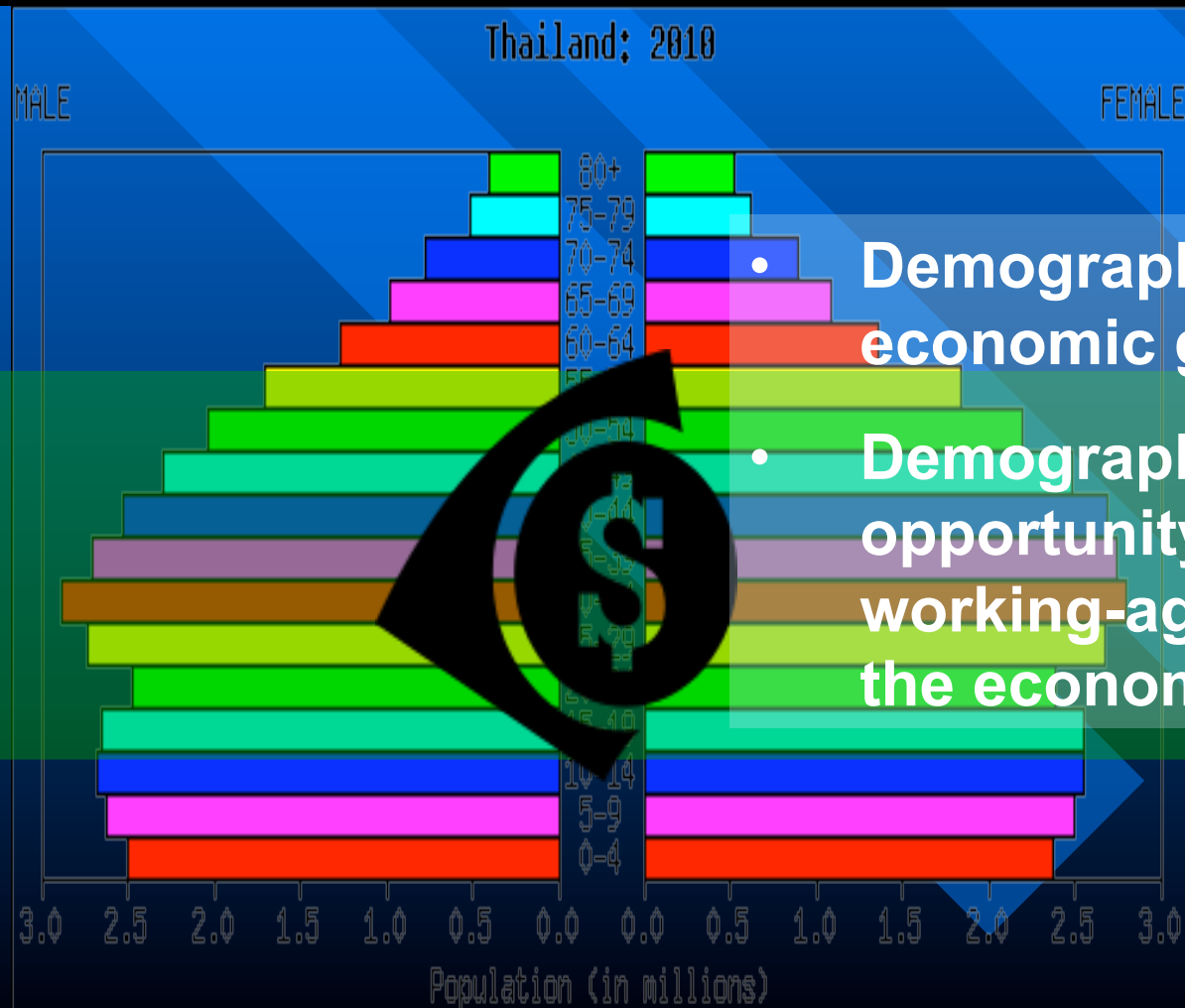
# Demographic Dividend

- The concept of 'Demographic Dividend' is rooted in the Theory of Demographic Transition.
- First Demographic Dividend:
  - Occurs when a falling birth rate changes the age distribution of a population: Fertility decline; Decline in population growth; Decline in the dependency ratio (ratio of persons under age 15 and over 65 to those in the economically productive age group 15-65).
  - **As a result:** Up surge in labour force or working population aged 15-49yrs relative to the dependants
    - If workforce is skilled, and adequate jobs available, there is **potential for workforce to increase income, save, invest and thus, stimulate economic growth**

# Stylized Model of Economic Growth and the Demographic Transition



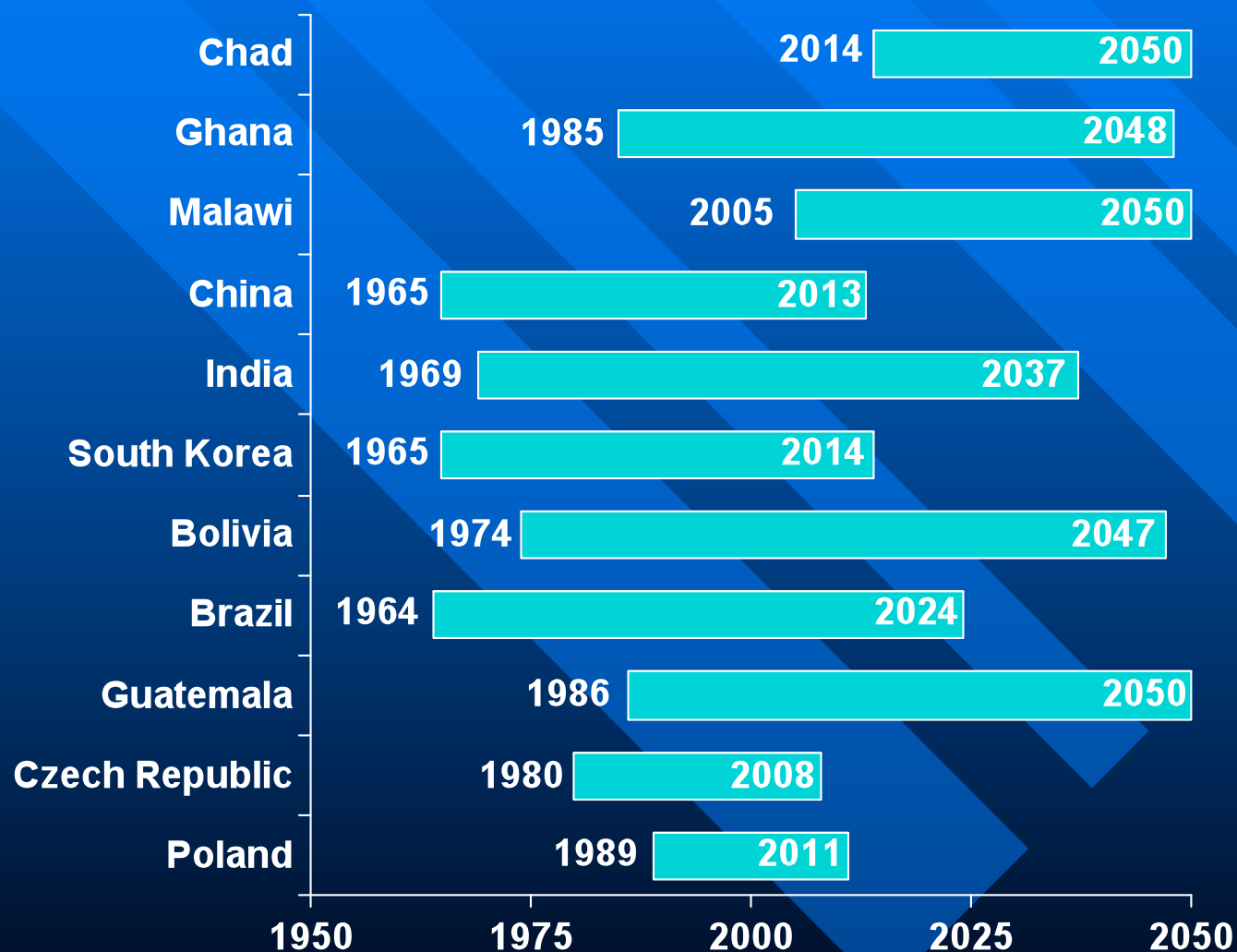
# Demographic dividend and migration management



- Demographic transition and economic growth
- Demographic dividend: opportunity to utilize the working-aged population for the economic development

Source: U.S. Census Bureau, International Data Base.

# Period of Potential First Demographic Dividend



Source: Population Reference Bureau, *Population & Economic Development Linkages 2007 Data Sheet*.

# Second Demographic Dividend

- With more wealth per worker, productivity and asset income increase, leading to a long-lasting “second demographic dividend”.
- The higher the proportion of older persons, the higher wealth per capita.



## Conditions leading to the Second Dividend

- To realize the second dividend, wealth must be accumulated as savings or assets.
  - A precondition: Adequate jobs availability; Productive workforce in the working age → **potential for workforce to increase income, save, invest**
- To the extent that older persons depend on family transfers or public pensions, the second dividend is reduced.

# To Capitalize on First and Second Demographic Dividend

- Demographic Dividend is not automatic.
- Countries need to act to capitalize on it through appropriate policies and programmes
  - Among others: size and productivity of workforce
    - » The latter: Much depends on the extent on investments in education, health, labour force skills and female participation