Can Population Management be Mainstreamed in the Philippine Development Agenda?

Asia Pacific Policy Center (APPC)

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Demographic Factors and Economic Growth

- Demographic factors have strong and significant effects on economic growth (Bloom and Canning (2001); Bloom and Williamson (1998)).

- First dividend – demographic transition results to higher per capita income (Mason and Lee; 2006).

- Second dividend - individuals accumulate saving in their working years to serve as buffer during their retirement years; when society increases its saving rate this results to a more rapid economic growth, creating the second demographic dividend (Mason; 2007).

- The Philippines has not benefited from the two demographic dividends due to its rapid population growth.

The Goldilock Period
Demographic Transition and Dividends

- As countries move from large families and poverty into high growth (wealth creation) and ageing, they pass through what is called a Goldilock period: a generation or two in which fertility rate is neither too high nor too low.

- This fertility rate that is consistent with stable population is about 2.1 (the replacement rate of fertility).

- The fall to replacement fertility is a unique and precious opportunity for higher growth.

Poor countries are racing through the Demographic Transition as rich ones

	1960	1970	1980	1990	2000	2006
South Korea	5.67	4.53	2.83	1.59	1.47	1.13
ASEAN 5						
Singapore	5.45	3.09	1.74	1.87	1.44	1.26
Thailand	6.40	5.33	3.21	2.11	1.86	1.85
Indonesia	5.52	5.35	4.36	3.10	2.42	2.23
Malaysia	6.81	5.47	4.21	3.68	2.96	2.65
Philippines	6.96	6.20	5.17	4.31	3.62	3.30
Rest of SE Asia						
Vietnam	6.05	5.89	4.97	3.62	1.90	2.08
Myanmar	6.06	5.98	4.54	3.38	2.41	2.10
Brunei Darussalam	6.83	5.62	4.04	3.20	2.58	2.34
Cambodia	6.29	5.81	5.84	5.73	3.96	3.27
Lao PDR	6.42	6.42	6.41	6.08	4.03	3.29

How do we speed up the demographic transition?

- Sachs (2008) pointed out that "demographic transitions, where they have occurred, have typically been accelerated and even triggered, by proactive government policies."

- There is a need to influence public policies that play an important role in assisting, particularly the poor households, the achievement of voluntary reduction of fertility rates.

- This will relieve the direct pressures of population growth, particularly unwanted fertility estimated to contribute about 16% of the future population growth through direct population policies.

Relationship between per capita GDP and TFR of the Philippine Regions from 1993 to 2006
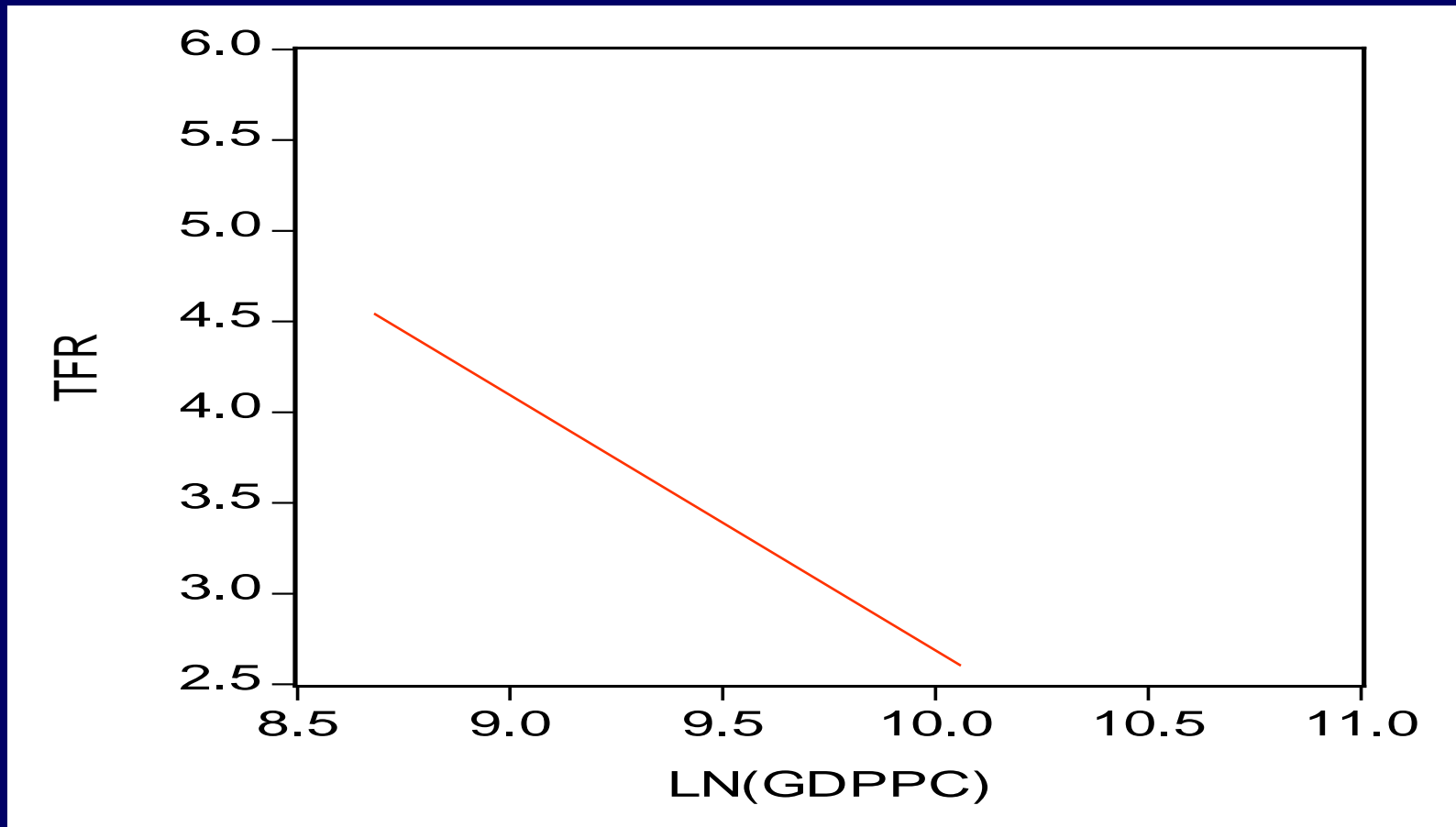
Determinants of TFR (Regional Data)

Variable	MODEL 1		MODEL 2 +	
	Estimate	s.e.	Estimate	s.e.
Log of Income	-2.51***	0.855	-2.78***	0.594
Education	-1.87*	0.998	-2.08**	0.964
Labor Force Participation	-1.85	2.673	-1.78	2.57
Constant	29.49***	7.54	31.77***	5.27
Overall R^2	0.50		0.48	

+ other control variables not shown;
 *significant at 10%;   ** significant at 5%; ***significant at 1%

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Simulation of TFR under 2 Scenarios (Preliminary Estimates)

- Scenario 1
  - business as usual
  - average per capita income growth of 2 percent per year

- Scenario 2
  - with government intervention to relieve pressure of unwanted fertility
  - 90 percent coverage on unwanted fertility
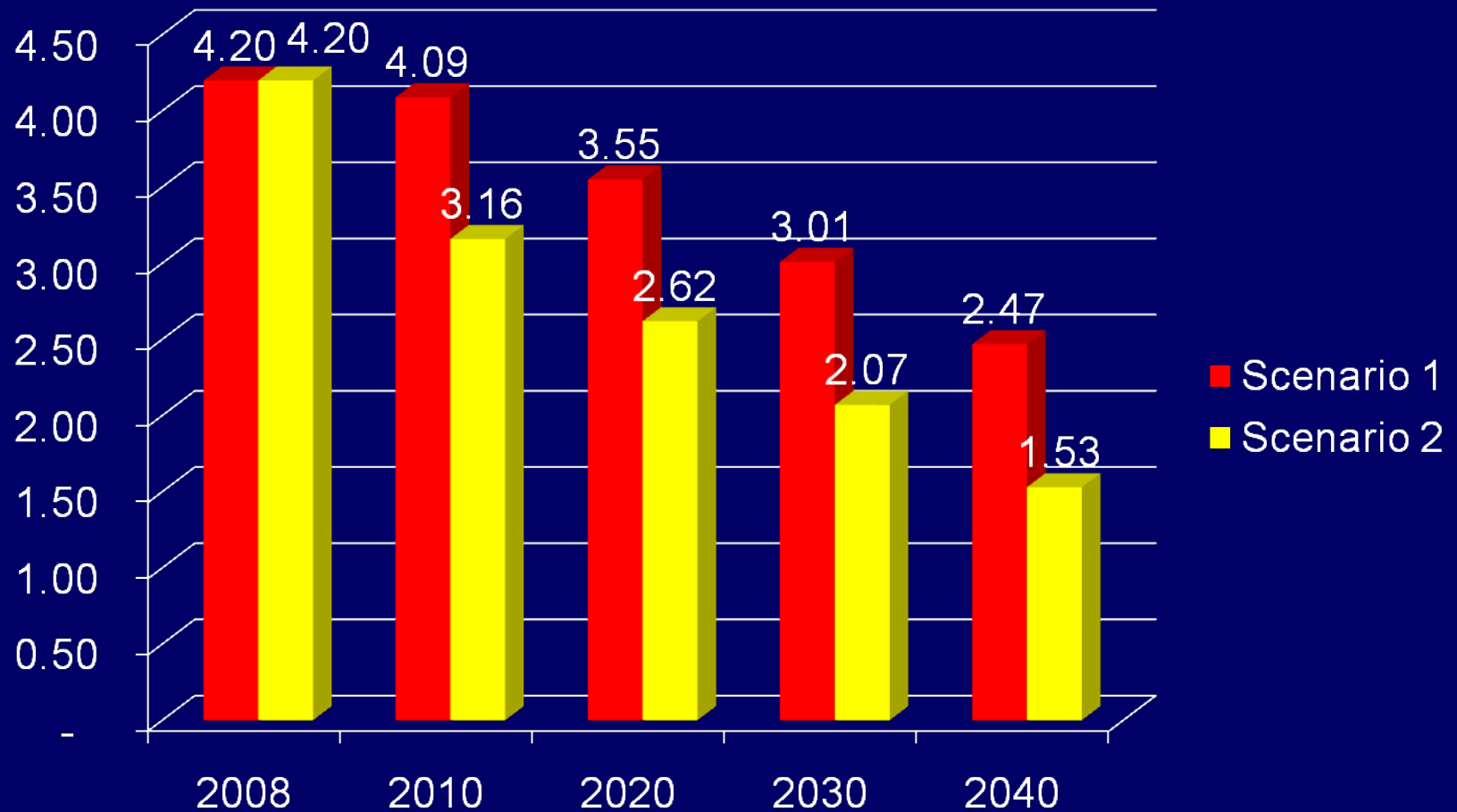 - average per capita income of 2 percent per year
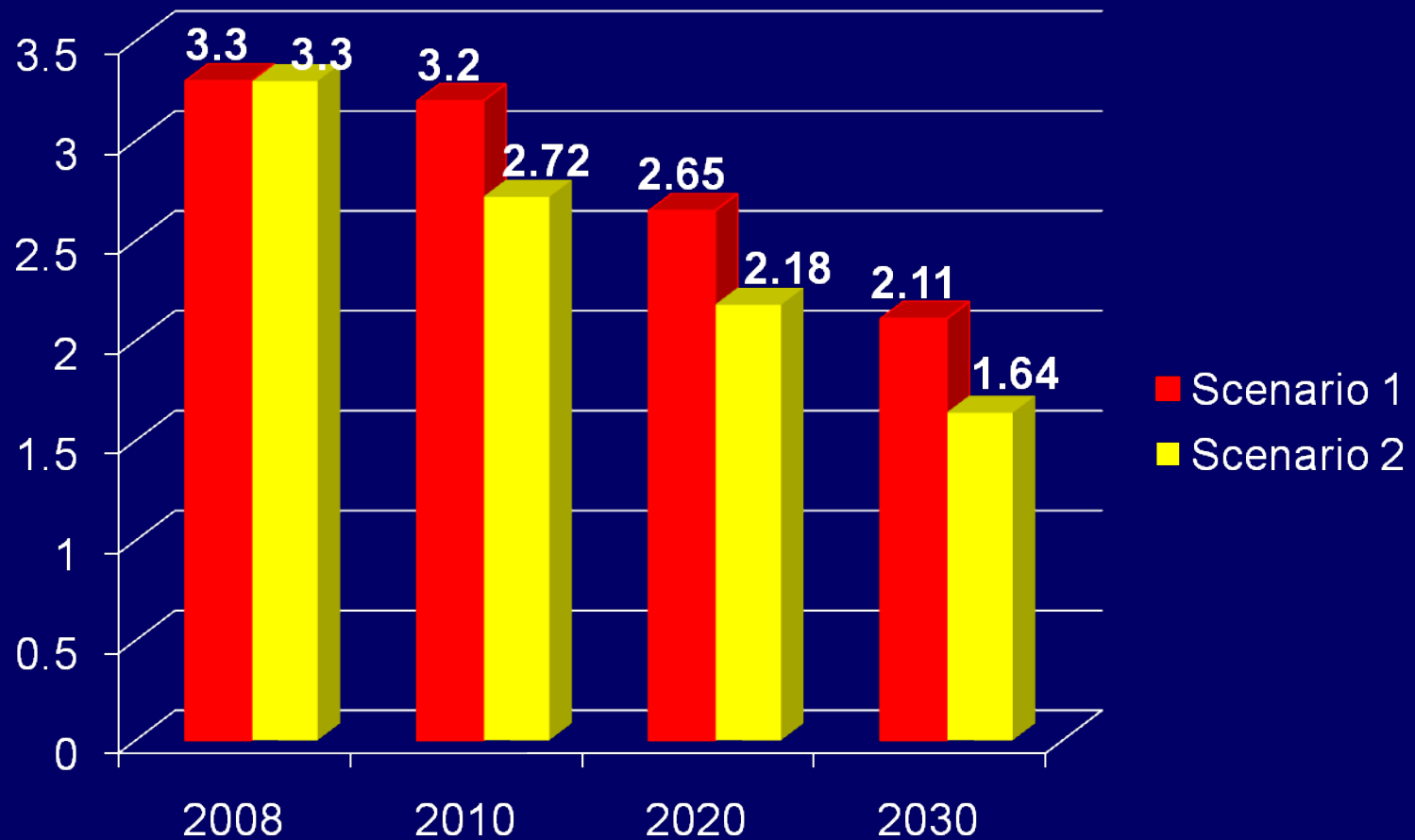
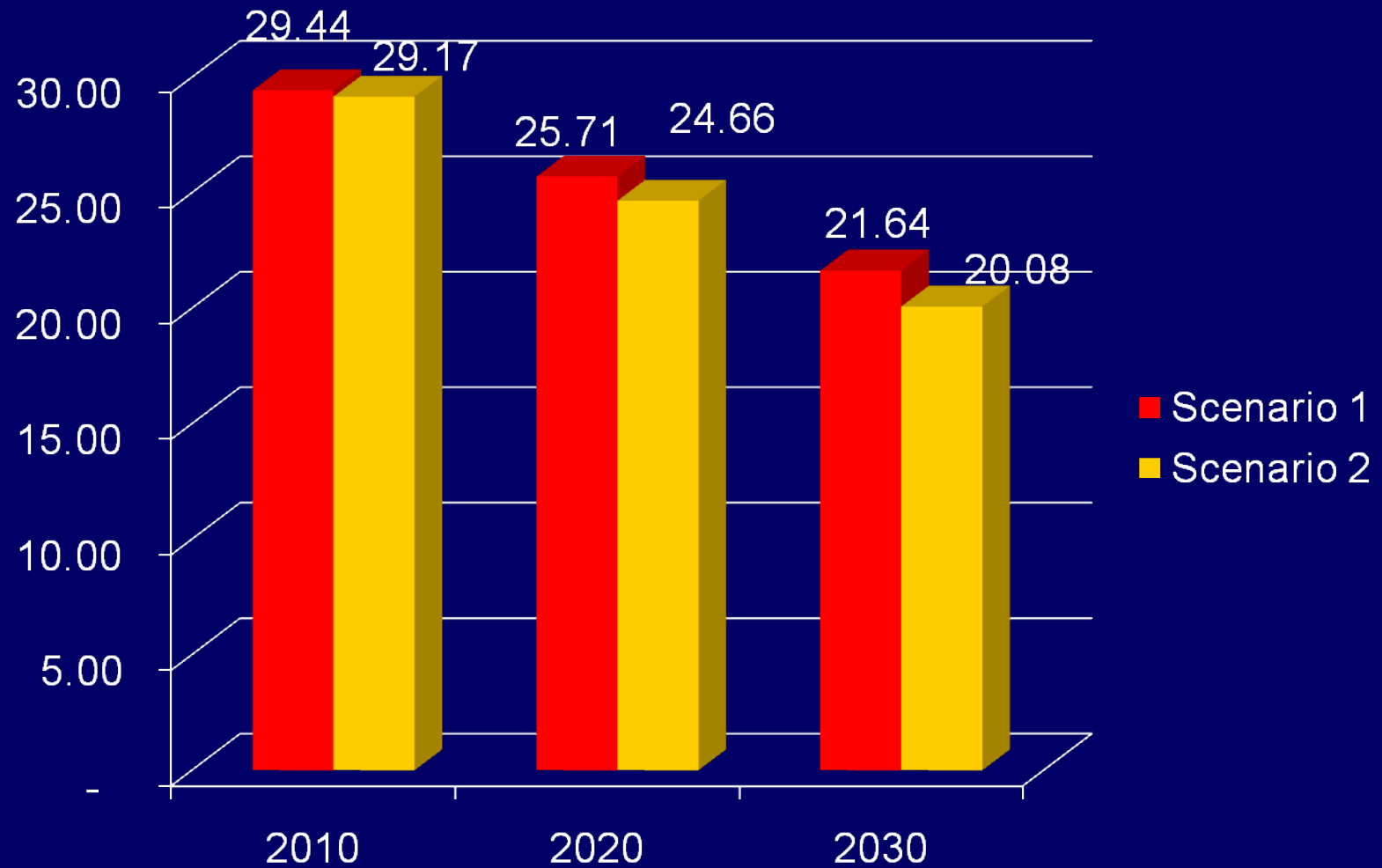# TFR of the Bottom Quintile under 2 Scenarios

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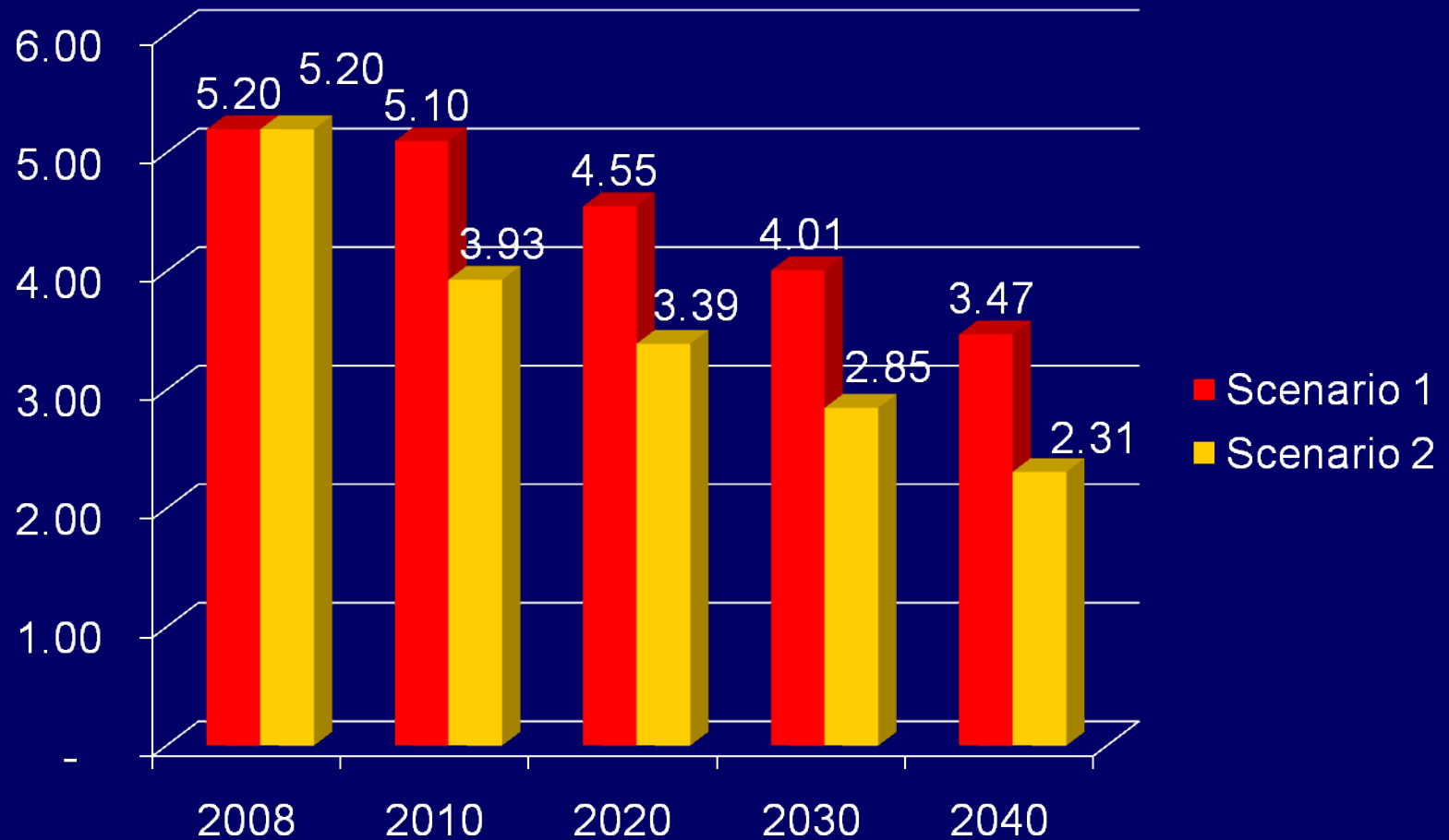
TFR of the Second Quintile under 2 Scenarios

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Thank you and good afternoon!