

Population Policy and Economic Growth: The Case of Thailand and Philippines



IDA MARIE T. PANTIG
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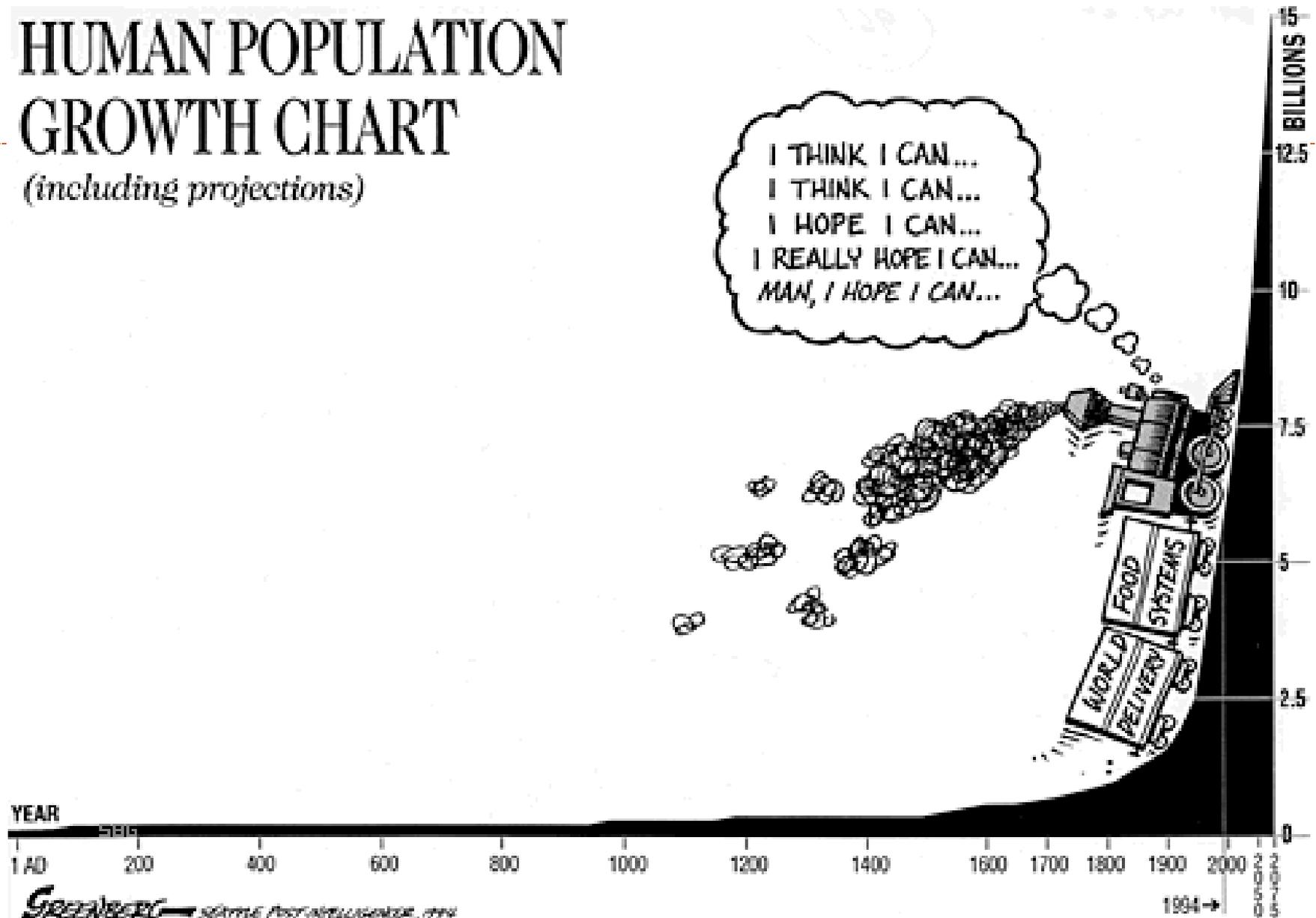
Outline of Presentation



- I. Introduction
- II. Literature Review
- III. Framework
 - I. Hypothesis
 - II. Dependent, Independent and Control Variables
- IV. Methodology
- V. Data
- VI. Summary and Conclusion

HUMAN POPULATION GROWTH CHART

(including projections)



GREENBERG — SEATTLE POST-INTELLIGENCER, 1994

Introduction



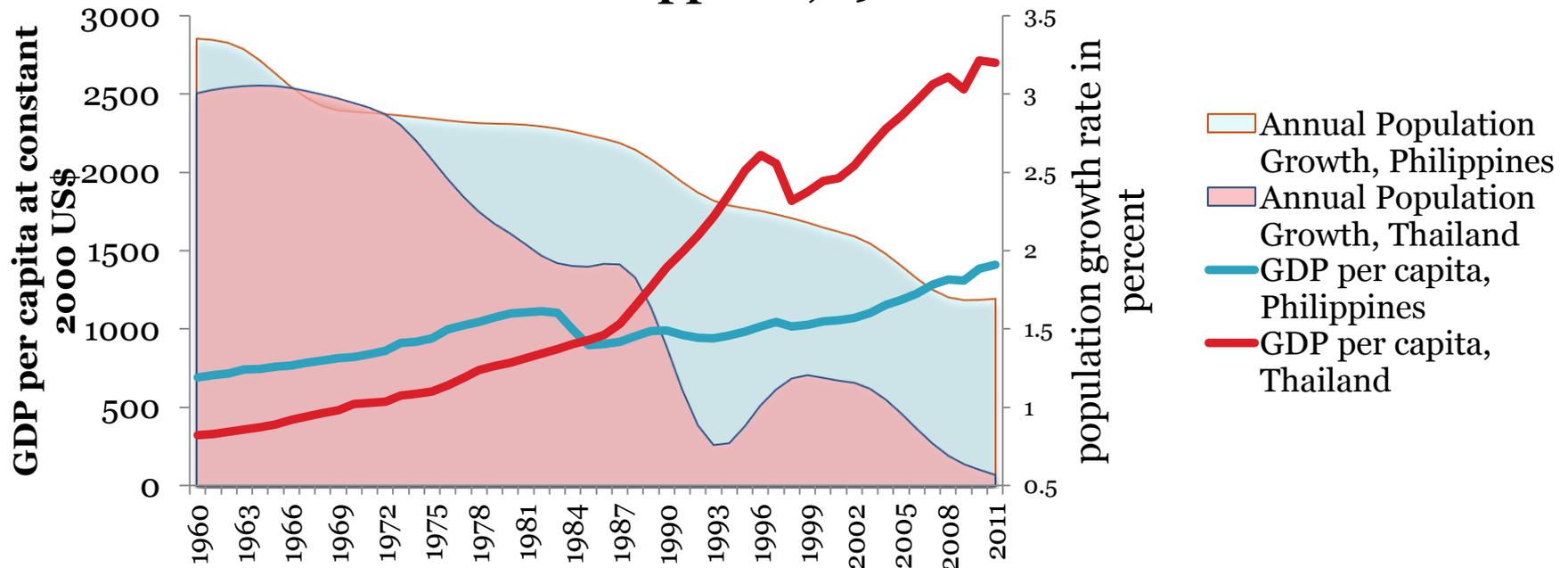
- The exponential population growth has triggered concerns on the available resources to support people's needs.
- This has prompted the United Nations, bilateral donor countries and multilateral agencies to start investing in population control policies in order to curb this anticipated problem.
- In the 1970s, countries in East Asia and the Pacific started to craft and implement their population control policies, with particular focus on fertility reduction.

Introduction



Thailand was strict in implementing their population control policy, while the Philippines only had it on paper...

GDP per capita and Population Growth, Thailand and Philippines, 1960-2011



Literature Review



- Population control is not directly linked to economic growth, but the enabling conditions leading to development that a smaller population creates.
- Jha, Deolalikar and Pernia (1993) identified four key areas of interaction between population and socioeconomic development: (1) Economic growth, (2) human capital investment, (3) poverty and (4) environment.

Literature Review



- (1) Economic Growth

- Kelly and Schmidt (1995): large negative effect of population growth on economic growth (higher crude birth rate decreases economic growth, while decreases in crude death rate increases economic growth)
- Bloom and Williamson (1997): a larger working-age population results to higher per capita output and income
- Orbeta (2003): high savings rate means higher investments, achievable through low dependency ratio

Literature Review



- (2) Human Capital Investment
 - Jha, Deolalikar and Pernia (1993): higher population means lower government spending for health and education; lower levels of child nutrition intake, poor nutritional status, higher infant mortality, smaller per capital health and food expenditures, poorer access to preventive and curative medical care, lower schooling expenditures per child, lower grades for children enrolled in school, lower child intelligence

Literature Review



- (3) Poverty

- Ahlburg (1996): high population growth may not be directly linked to poverty, but it has a direct impact on the correlates of poverty: low wages, lack of human capital such as education and health, lack of income-generating assets such as land, and in income inequality and loss of economic growth
- Intal (1994): there is more poverty for larger families compared to smaller ones

Literature Review



- (4) Environment

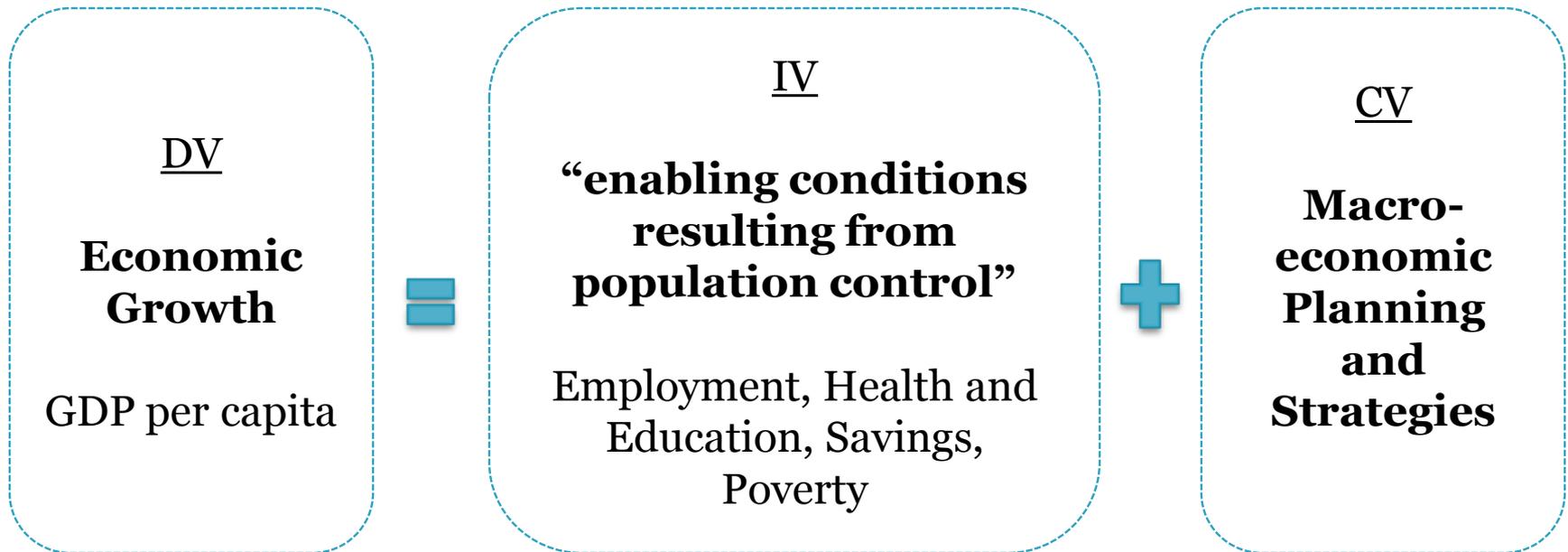
- Jha, Deolalikar and Pernia (1993): a larger population would mean larger demand for goods and services such as energy for household use, transportation, power and industry; high population growth also has an impact on deteriorating water quality
- Panayotou (1994): deforestation, soil erosion, destruction of local systems, and general environmental degradation are correlated to rapid population growth

Framework



- Hypothesis

- The implementation of population control policies will contribute to the economic growth of a country.



Methodology



- Since the arguments supporting the link between low population growth and economic growth are already established, this study will look into the evidences linking the two variables by comparing the cases of Thailand and the Philippines.
- Study will be descriptive; secondary sources and statistical databases will be used for this study.

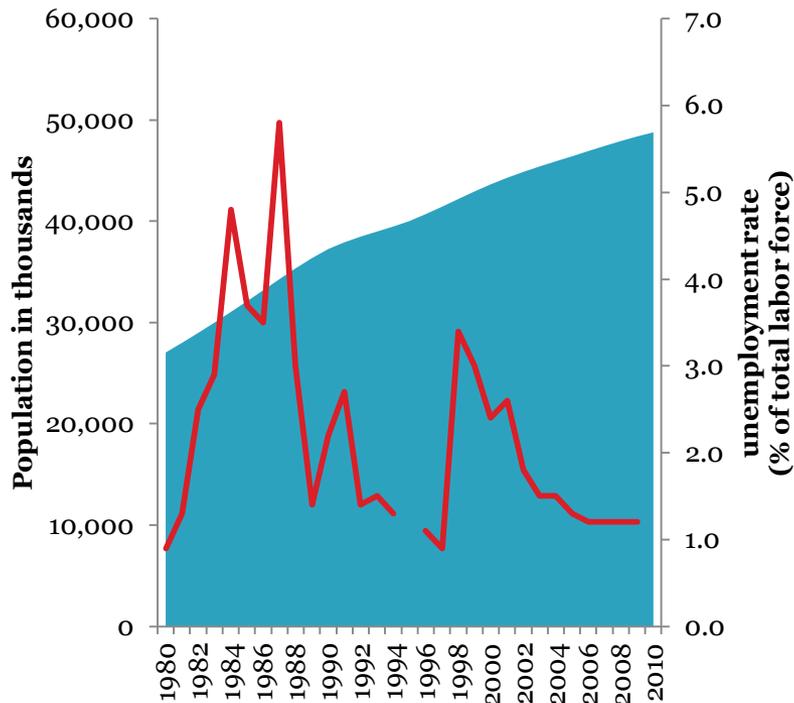
Control Variable: Macroeconomic Planning



	Thailand	Philippines
Development Planning First and Second Development Plans	Development of infrastructure such as roads, dams, etc	Post-war reconstruction, agricultural and industrial projects
Third Development Plan	Population control policy	Employment generation to support industrialization
Structural Adjustment (due to public debt and current account deficit)	Mid-1980s	Late 1970s

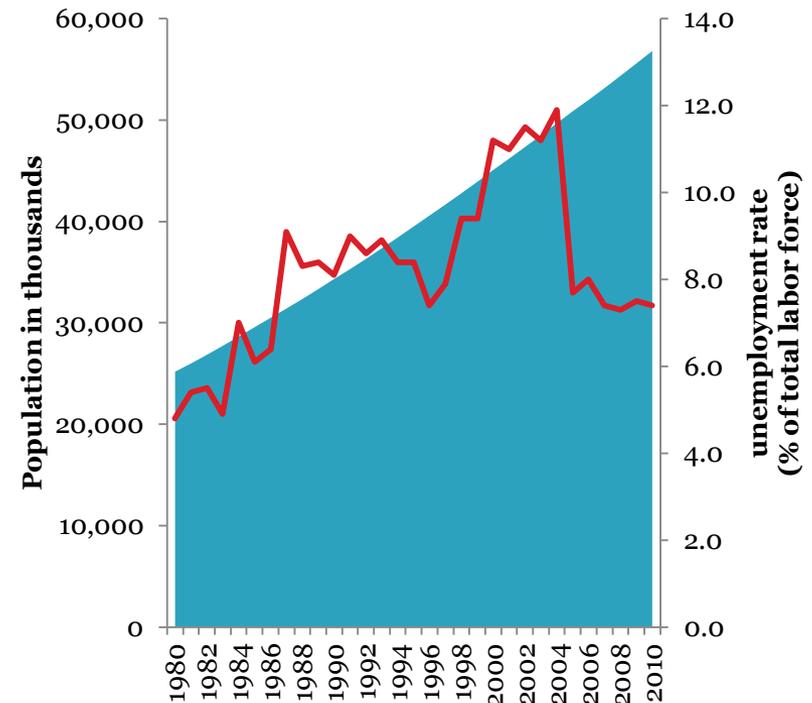
Data: Unemployment and Working-age Population

Thailand



Working Age Population Unemployment Rate

Philippines



Working Age Population Unemployment Rate

Data: Unemployment and Working-age Population

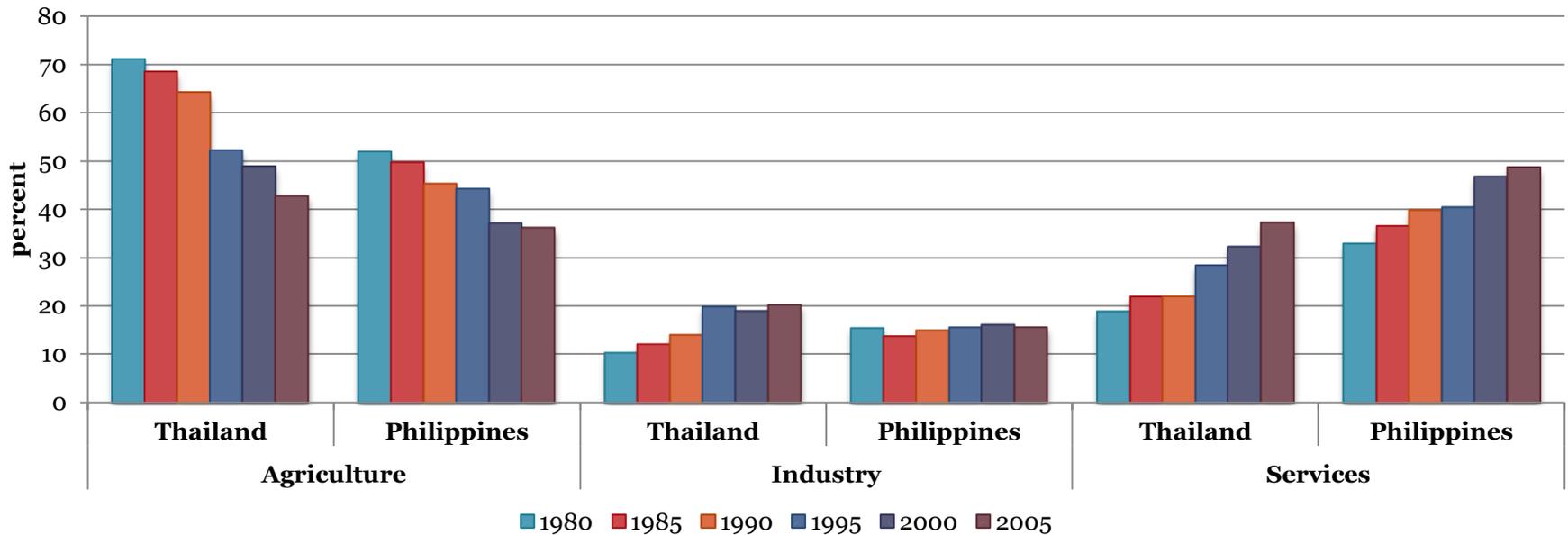


- Thailand has kept its unemployment rates low while the Philippines has a consistently high unemployment rate.
- Thailand's working-age population is growing at a declining rate, while the Philippines' is growing at an increasing rate.

Data: Employment in Sectors



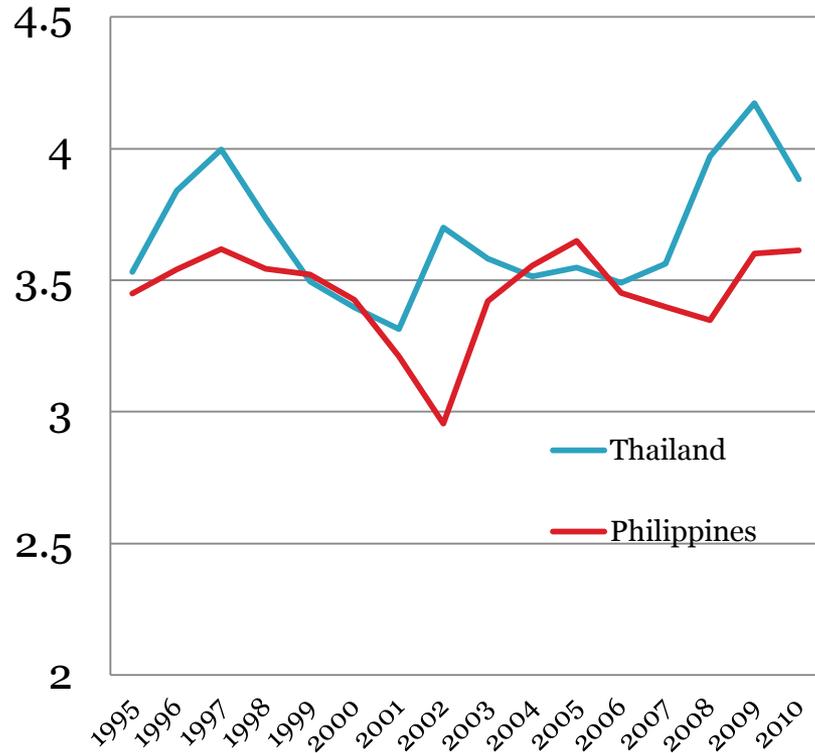
Employment in Key Sectors for Thailand and Philippines, 1980-2005



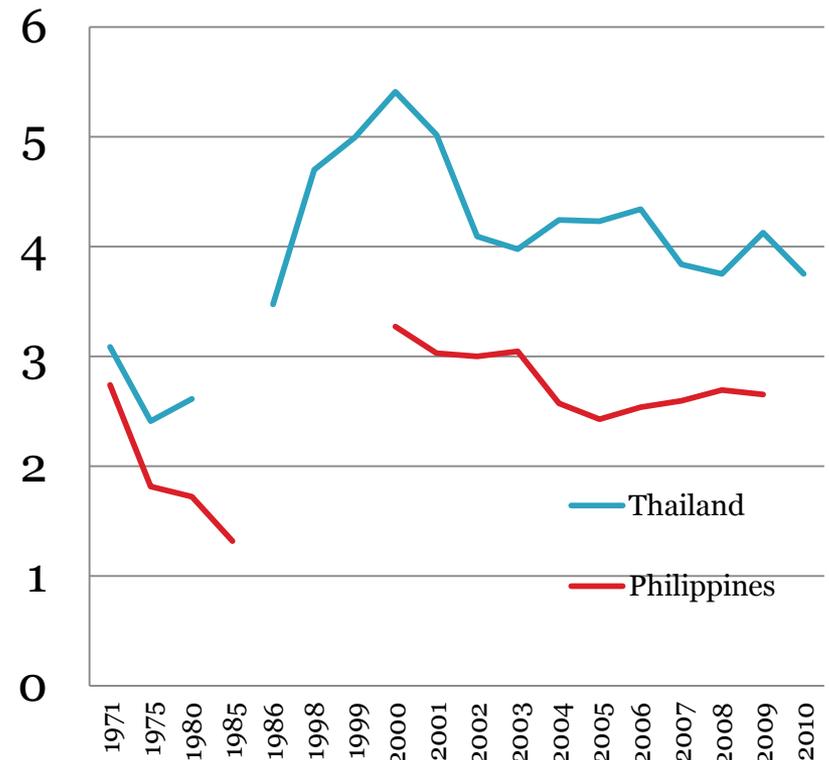
Industry's labor productivity is higher, compared to the services sector. Higher employment in the industry means higher propensity for economic growth.

Data: Government Spending for Health and Education

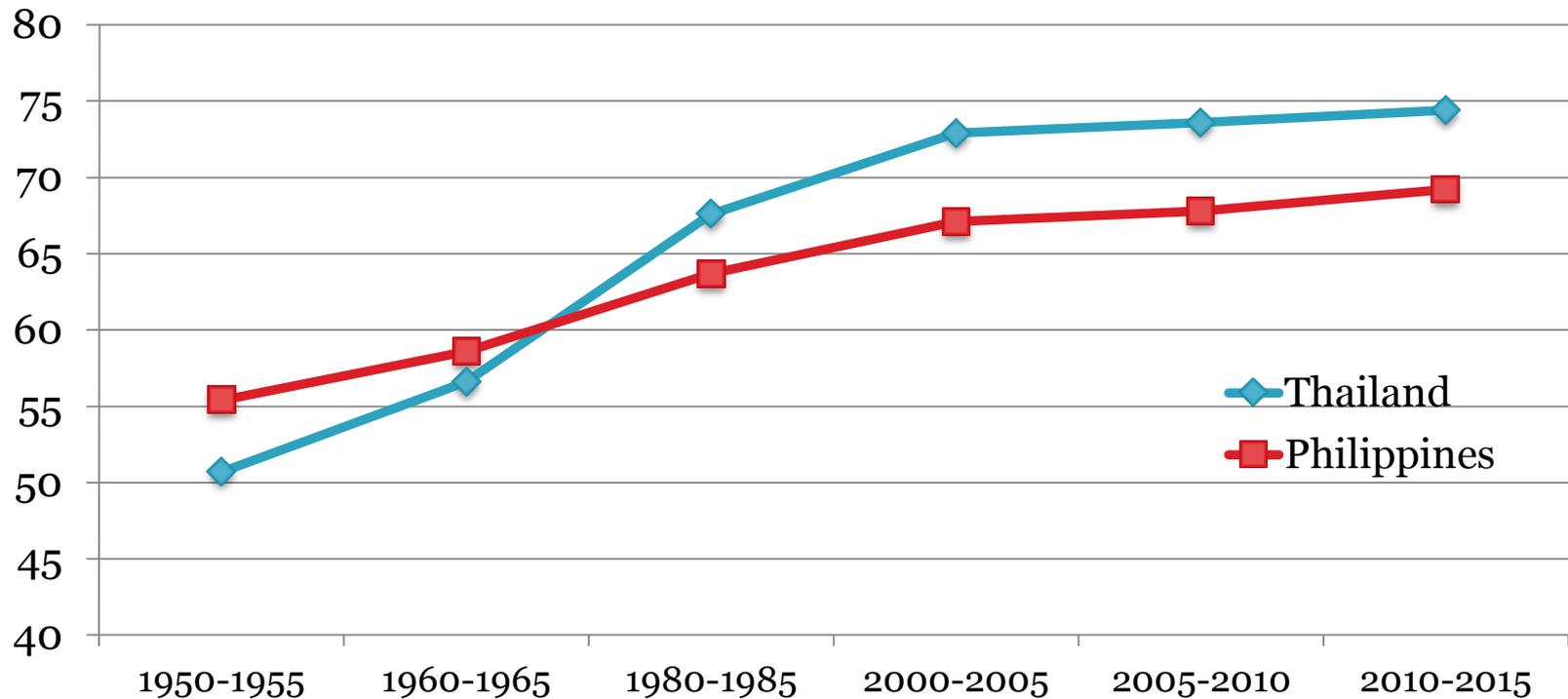
Health (% of GDP)



Education (% of GDP)



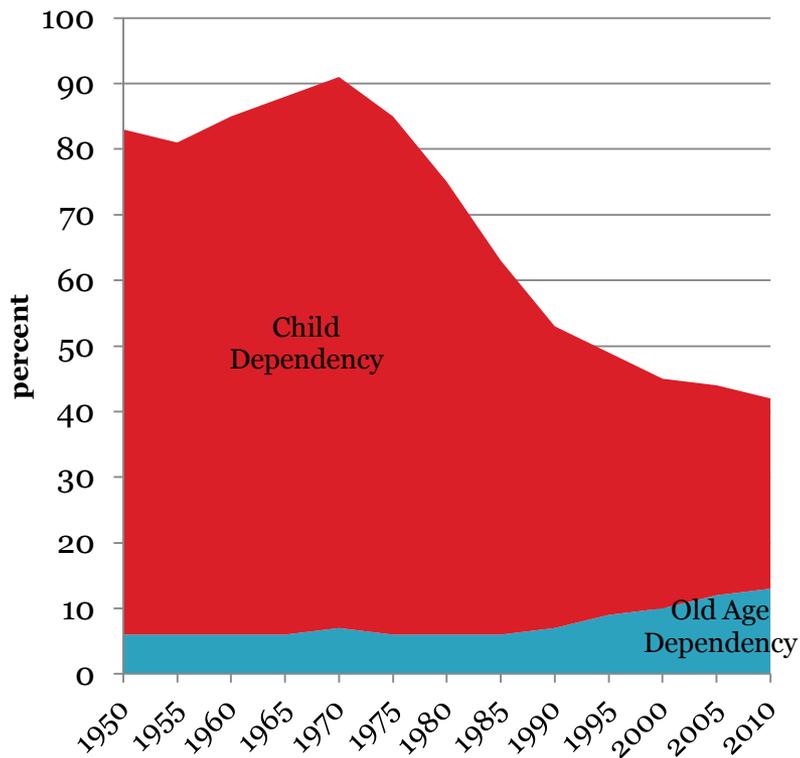
Data: Life Expectancy



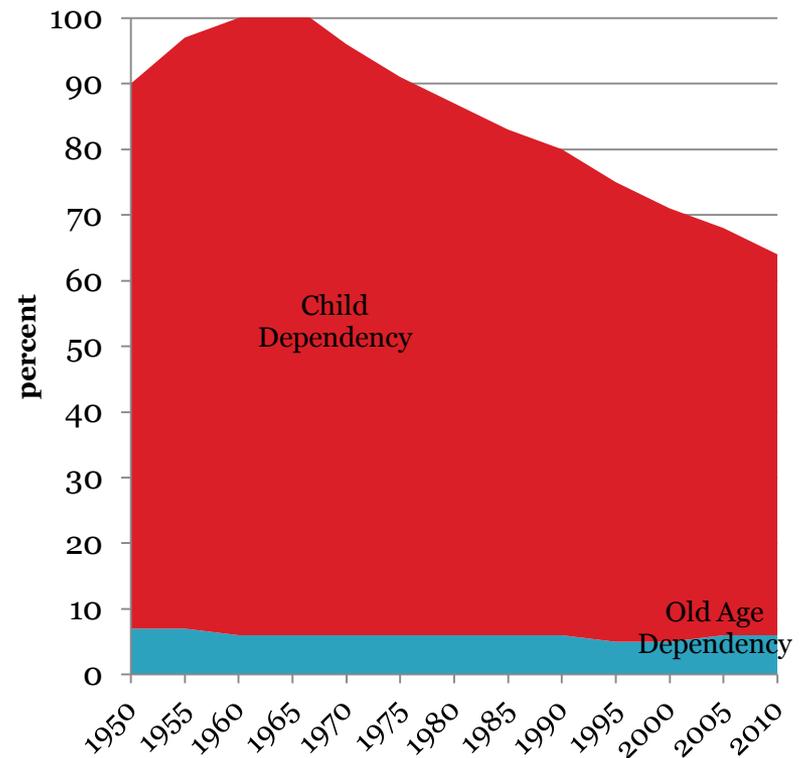
Thailand's life expectancy has surpassed that of the Philippines in the 1980s...

Data: Dependency Ratio and Savings

Thailand



Philippines



Higher dependency ratio means higher household expenditure, and less savings.

Data: Poverty Headcount Ratio



- Thailand has reduced its poverty headcount ratio dramatically from 1990.
- The Philippines, on the other hand, still has one-fourth of its population under the poverty line.

	Thailand	Philippines
1990	33.7	40.6
1994	19	36.8
1997		
1998	17.5	33
2000		
2002	21	24.9
2003	14.9	26.4
2006	9.6	26.5
2009	8.1	

Summary and Conclusion



- The sudden decrease in population growth experienced by Thailand corresponded to improvements in a number of economic and social indicators:
 - Unemployment rates have remained low; employment in the industrial sector has been increasing
 - Government allocation for health and education have increased; life expectancy has improved
 - Dependency ratio has decreased, implying an increase in household savings
 - Poverty has significantly dropped in the last two decades

Summary and Conclusion



- The Philippines, on the other hand, with its high population growth rate, had experiences opposite to that of Thailand's":
 - Unemployment rates have remained high, and this is accompanied by an increasing work-age population; employment in the services sector is increasing
 - Government allocation for health and education is lower compared to Thailand; life expectancy is improving but at a slower rate
 - Dependency ratio has remained high
 - One-fourth of the population is living below the poverty line in 2009

Summary and Conclusion



- The contrasts exhibited by Thailand and Philippines in the conditions resulting from the implementation, or absence, of population control policies support the arguments asserted by scholars in the population growth-economic growth discourse.
- To reiterate, there is no direct link between population control and economic growth, but it is the enabling conditions that result from its implementation that result to economic growth.



Thank you.
Questions? Suggestions?