



“Summary of article by Nancy Birdsall: Government, Population, and Poverty: A Win-Win Tale” in Frontier Issues in Economic Thought, Volume 6: A Survey of Sustainable Development. Island Press: Washington DC, 2001. pp. 128-130

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### **“Summary of article by Nancy Birdsall: Government, Population, and Poverty: A Win-Win Tale”**

Concern that rapid population growth may slow development has been reinforced by awareness of environmental stresses in developing nations which could be exacerbated by population growth. However, there is no consensus on whether government should intervene aggressively to lower population growth rates. Some question whether population growth is a fundamental cause either of slower economic growth or of environmental degradation. Others are concerned that government intervention in family-decision-making will have a high cost to human rights and well-being.

This article reviews the main concerns about the impacts of population growth in developing countries: slower economic development, greater environmental damage, and greater poverty and income inequality. It then describes the kinds of interventions which are justified by welfare theory. These interventions turn out to be “win-win” in the sense that they can be justified as having beneficial effects independently of the population issue. The main reason for this is the well-established link between high fertility and poverty. Breaking the vicious circle of poverty and high fertility is beneficial in terms of increasing the welfare of the poor, and is also effective in lowering population growth rates.

### **Concerns about Rapid Population Growth**

The negative effects often attributed to rapid population growth arise from *externalities* associated with child-bearing decisions. The decision to have a child has external effects including reducing the per capita allocation of publicly-owned and common-property resources such as fisheries and aquifers. Where such resources are already mismanaged or over-used, population growth makes matters worse. This is true for natural resources. It also may be true for social programs such as education. With high fertility and absolute increases in the size of the school-age population, it is more difficult for governments to maintain adequate educational spending. If the increase in social spending is insufficient (to maintain quality for example), society as a whole may lose out. – because higher levels of education augment growth..

In addition, population growth may depress wages, especially in rural areas, creating a *pecuniary externality* which reduces the incomes of the poor and exacerbates problems of poverty and income inequality. Also, to the extent that people seek larger families in order to increase their

relative status or security, the effort becomes self-defeating if all families do likewise, and average family size rises without any individual family gaining advantage.

### **What Kind of Interventions?**

The main criterion for effective population policy should be to seek interventions which simultaneously induce lower fertility and improve the welfare of the poor. Four of the following five policies satisfy this criterion:

- **Taxes on children and fertility-reduction incentives.** These are problematical because taxes will damage the welfare of the poor, and would penalize children born into large families. Incentives are less directly damaging, but could constitute a form of coercion on poor families desperate for additional income, and are therefore considered unacceptable in many countries (they have been used in China, India, and Bangladesh).
- **Education and other social programs.** Expanded educational opportunities for girls raise the opportunity cost of childbearing and reduce fertility while improving the income prospects of women. The availability of local education encourages families to invest in educated children (with greater income-earning potential), rather than in large numbers of children. Pension programs also increase the welfare of the poor while reducing the need for children as providers of old-age security.
- **Availability of contraception.** There is significant unmet demand for fertility reduction among women in developing countries. Poor information about contraception, fear of social sanctions, and high prices for contraception all contribute to this gap, which affects the poor more than the rich. Subsidized family planning services for the poor can close the gap, and improve the welfare of the poor by increasing their choices. In some cases, the issue is not so much the need for subsidy as the removal of government-sponsored restrictions on contraception. Examples from Latin America shows how, despite such government restrictions, the poor seek out modern contraception wherever possible.
- **Supply of information.** Higher returns to education, better health care and declines in child mortality, and improved employment opportunities tend to reduce desired fertility. To the extent that people are unaware of these factors, government educational policies can be effective in reducing fertility and increasing welfare.
- **Good economic management.** Poorly functioning capital markets, inflation, and economic insecurity increase the desire for children as one of the few dependable assets for the poor. Broad-based growth has led to dramatic reductions in poverty in Indonesia, Thailand, Botswana, Chile, and Costa Rica. Policies to promote broad-based growth include universal access to basic education, lower taxes on the agricultural sector and an emphasis on non-traditional exports, which encourage innovation and create employment opportunities.

The latter four of these five are all win-win types of intervention, which reduce the externalities associated with child-bearing while providing high social and economic returns. Public policies and programs to raise human welfare and reduce population growth can thus be fully consistent.