

## **Population Quantity, Quality, and Mobility -*Summary***

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Recent decades have seen unprecedented changes in the quantity, quality, and mobility of the population. The world population doubled from 3.5 billion in about 1970 to more than 7 billion in 2010—a rate of increase never experienced for a sustained period before and not likely ever to be experienced again. Almost everywhere, life expectancy is now longer and fertility lower than in middle of the 20th century. The extent of these trends varies significantly across countries, regions, and sometimes subpopulations. However, almost universally, the last decades brought about changes that resulted in significant increases in life expectancy, a reduction in the variance in the age at death and thus reduced uncertainty about survival at young and adult ages, and a reduction in the fraction of the life course that is closely intertwined with child-bearing and child-rearing.

Over the same period, population quality (as measured by schooling and other forms of education and by health, nutrition, and life expectancy) improved markedly, and cross-country inequalities in some important aspects of population quality (such as schooling attainment, preschool programs, life expectancies, and some related health measures) narrowed. Population mobility also increased, with substantial urbanization in most regions of the world as well as substantial international mobility.

Because of heterogeneity in stages of economic development across countries and regions as well as the timing and duration of the demographic transition, these changes have had differential effects on different regions. For example, despite decreases in global mortality and fertility levels—and the resulting recent declines in the rate of global population growth—the demographic transition remains an unfinished success story. High fertility and rapid population growth remain important concerns in many least developed countries, which may be most vulnerable to the consequences of population growth. The repercussions of these and other differences will be felt throughout the 21st century.

Looking forward, much of the more developed world (including middle-income countries) will experience relatively stable—or, in some cases, declining—population sizes, with rapidly aging

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populations and increasing aging dependency ratios. Many middle-income (and later current low-income) countries will experience declining dependency ratios and the challenges of accommodating “youth bulges.” These countries will have opportunities to exploit a potential “demographic dividend” of having a relatively large share of the population of working age rather than young or elderly. Countries that currently have relatively low income and high fertility rates will be the main contributors to world population growth during the 21st century. As a result, both the absolute and relative size of the population of Africa is projected to increase substantially throughout the rest of the century. Asia and Africa are likely to substantially increase their shares of their populations living in urban areas, their shares of the global labor market and global human capital, and their shares of the world’s total urban population.

Four policy areas are particularly important and promising:

1. *Enhancing the freedom to move, internally and internationally.* Increasing internal and international mobility could yield enormous potential gains, particularly for poorer citizens, with possibly few offsetting losses for more affluent citizens. Barriers to migration within countries should be reduced, but mechanisms should be introduced so that the incentives for migration more closely reflect social rates of return. Measures could include changes in transportation systems, quality of life measures, and the mandating of green spaces. These strategies have the potential to yield “win-win” outcomes, particularly given the relatively high prevalence of poverty in rural areas in most countries. As for international migration, one study (Kennan 2012) estimates that the gains from removing immigration restrictions are about as large as the gains from a growth miracle that more than doubles income levels in developing countries. Another study (Pritchett 2007) estimates that a 3 percent increase in the labor force in developed countries through migration would yield annual benefits larger than those from eliminating remaining trade barriers. Moreover, millions of people could move from developing countries to developed ones without reducing wages in developed countries, particularly if the pace of movement is slow enough to allow investment to adjust.
2. *Strengthening the foundation for life.* The private and the social gains from establishing a stronger foundation during the early years of life—through stimulation, nutrition, and health in the first five years—are substantial, particularly for children from poorer families. Programs to increase parental knowledge about the importance of and means of stimulating their children, particularly in the early years of life, are likely to yield high private and social rates of return and benefit particularly children from poorer families. Preschool programs for children three- to five-years-

old and nutritional investments are likely to have high social rates of return, with beneficiaries concentrated among poorer families.

3. *Supporting aging with dignity and equity.* As populations age, the potential private and social returns and equity gains from increasing the labor force participation and productivities of aging adults—and providing social support based on expected remaining life years rather than accumulated life years (age)—appear significant.
4. *Improving incentives for social service delivery.* Improving both markets for and policies regulating the delivery of services that provide essential inputs for achieving socially desired levels of human reproduction and child-rearing; mortality; schooling, preschooling, and other forms of education; health and nutrition; and internal and international mobility has substantial potential for enhancing productivities and well-being, with gains often largest for poorer citizens.

Improvements in these four policy areas have enormous potential to enhance future economic growth, improve the welfare of global citizens broadly, and in many cases ensure that poorer citizens share more extensively in such growth. The “win-win” characteristics of many of these policies—the fact that they both enhance economic growth and disproportionately benefit the poor—justify them both morally and economically

Other important policies include the following:

- In high total fertility rate (TFR) contexts, increased investments in programs providing family planning information, subsidies for contraceptives and a broader range of reproductive health services are likely to yield high payoffs. Distributional benefits are likely to be high because the highest TFRs tend to be in relatively poor countries and regions, such as Africa.
- More than 100 million girls, most of them in low- and middle-income countries, have never been enrolled in school. Increased incentives for enrollment of girls at all levels of schooling in contexts in which significant numbers of girls are not enrolled are likely to yield high social rates of return and benefit members of poorer families. But among children in school, boys tend to lag behind girls on average. So attention to incentives for improving the schooling for boys also is likely to be important.
- Institutions and labor market and related policies should be adopted in low- and middle-income countries that have experienced or will soon experience large increases in the working-age share of their population in order to permit exploitation of the “demographic dividend,” as a number of East Asian countries appear to have done through higher economic growth. For example, formal labor market flexibility should be increased and barriers to labor transitions reduced. Despite pro-

poor rhetoric, policies that reduce labor flexibility tend not to favor the poor, instead benefiting people who are better off and have claims to formal sector labor benefits

- Public transportation systems should be subsidized to reflect large positive externalities, and tolls should be used for private vehicles to reflect the negative externalities they generate. Both policies are likely to yield efficiency gains and positive distributional effects particularly for poorer and middle-income citizens.
- Megacities should be decentralized into independent districts with their own political leadership, but infrastructure planning should be centralized in order to increase efficiency. This combination would yield efficiency and distributional benefits, because it would increase the responsive of local leadership for many functions while recognizing the larger-scale and geographically interrelated implications of much urban infrastructure.
- Legislation on and enforcement of quality of life issues (air and water quality, noise reduction, sewage treatment, waste recycling, energy efficiency) should be strengthened. Doing so would increase efficiency by reducing negative externalities and improving the distribution of benefits, particularly for poorer and average citizens.
- Prevention of common chronic diseases should be promoted through behavioral changes (for example, stopping smoking); regulatory changes (for example, requiring that nutritional information be provided and restricting the use of certain ingredients, such as salt and trans fats); and structural changes (such as creating walkable neighborhoods).