Much that is new about the two themes of this Report has been revealed in the past ten years. In 1974, with oil prices quadrupled and the world sliding into recession, there was pessimism about the economic prospects of the non-oil developing countries. In 1974, at the World Population Conference in Bucharest, there was debate about the relative merits of development and family planning programs as alternative ways of slowing down population growth. Today, both these issues are viewed in a different light; neither economic pessimism nor the development-family planning dichotomy captures what has actually happened in developing countries. The achievements of the developing countries have been much more varied, but they do point to one general conclusion of great importance. In both economic growth and population, differences among countries are largely attributable to differences in policy.

Economic adjustment

Much attention has been paid to the difficulties of developing countries that borrowed heavily in the 1970s but then found that they could not service their debts. Many of those countries have had to seek the support of the IMF and the collaboration of banks and governments in rescheduling debts and arranging new credits. Most have also cut back on imports, a reduction that has improved their external accounts but at considerable cost to economic growth, investment, and employment. This short-term cost has underlined the priority of their longer-term task—to redirect their economies to earn more foreign exchange so that growth, along with external accounts, can be restored to healthy levels. Their efforts deserve the support of the international community, both in providing aid and trade credits and, above all, in resisting any protectionist measures that would hamper the debtor countries' exports.

Prominent though they are, the problems of big debtors should not obscure the achievements of another group of middle-income countries. Many of them, principally in East Asia, have managed to maintain rapid economic growth without running into serious balance of payments difficulties. The most successful—Korea and Hong Kong, for example—had GDP growth of more than 10 percent a year in 1974–79, slowing down to about 6 percent a year in 1980–83. Although they increased their external debt in the past ten years, they expanded their exports so rapidly that their debt service ratios never rose as much as did some in Latin America.

The contrasting performance of these two groups of middle-income countries is the result of their contrasting policies. East Asian countries have in general adopted policies to promote exports, largely by maintaining competitive exchange rates. This has enabled them to expand their exports rapidly, has restricted imports on the basis of price rather than by quota, and has not made foreign loans seem attractively cheap in domestic currency terms. East Asian countries have also tended to maintain positive real interest rates, which have encouraged domestic saving and have ensured that investment has been directed to the areas of highest return. Their future prospects depend largely on their maintaining the same successful mix of policies. But those policies will achieve their full potential only if the industrial countries eschew the trade barriers that would hold back exports.

A third group of developing countries has experienced only slow economic growth in the past ten years, and its future looks little brighter than its past. This group includes many of the poorest countries in the world, mainly in sub-Saharan Africa. These countries have been badly affected by slow growth in the industrial world, which has weakened the prices of many of the primary commodities on which they still depend for about 90 percent of their export earnings. They have had difficulties in servicing the little commercial debt they have; their capital inflows are largely in offi-
cial aid, which has risen in real terms at only 6.5 percent a year in the past ten years, not much above the rate of growth of population.

The problems of sub-Saharan Africa are of a different order from those faced by the middle-income countries. Most African countries still lack the institutions and human skills that are prerequisites for rapid economic growth. These resources need to be developed as a matter of urgency, and substantial foreign assistance must be forthcoming to finance the effort. Nevertheless, African countries could do much to improve their prospects by reforming their policies. Even among the poorest countries, some have done better than others, largely by raising producer prices to farmers, by maintaining competitive exchange rates, and in general by using prices rather than government directives to allocate resources.

The need for adjustment is not confined to the developing countries. Part I of this Report argued that many of the failings in the world economy have their roots in the industrial countries, whose financial and economic weight greatly influences economic prospects in the developing world. To varying degrees, the industrial countries have been unwilling to tackle the rigidities in their economies. They have maintained capacity in obsolescent industries, by subsidies or by restricting imports. Their macroeconomic policies caused, first, a rapid inflationary buildup in the 1970s and then, in the past three years of disinflation, high real interest rates resulting from the conflict between monetary restraint and relative fiscal laxity.

Until the industrial countries correct these underlying weaknesses, the prospects for the world economy will remain clouded. Some scenarios presented in Chapter 3 suggest that, without an improvement in the performance of the industrial countries, GDP in the developing world as a whole would grow at only 4.7 percent a year in 1985-95. Within that total, growth in sub-Saharan Africa would be as low as 2.8 percent a year. This is less than the likely rate of population growth, so that people in many of the world’s poorest countries would get steadily poorer. Among developing countries as a group, improvement in domestic policies could raise growth to 5.1 percent a year if industrial-country growth is weak. Even with faster growth in the industrial countries (and no change in domestic policies), Africa’s prospects would not brighten much; GDP growth of 3.2 percent a year in that region in 1985-95 would not be enough to raise per capita incomes. At the other end of the scale, middle-income major exporters of manufactures would enjoy GDP growth averaging 6.3 percent a year in 1985-95. The diversity that has been such a prominent feature of the world economy in the past ten years seems likely to persist.

Population change: success and new challenge

The accumulating evidence on population change in developing countries underscores the strong link between fertility decline and the general level of socioeconomic development, and the contribution that family planning programs can make to slowing population growth. Differences in fertility among and within countries are related less to income per person than to life expectancy, female literacy, and the income of poorer groups. They are also related to availability of family planning services. Thus Sri Lanka has lower fertility than India, and India has lower fertility than Pakistan. Colombia has lower fertility than Brazil, and Brazil has lower fertility than Peru. Egypt has lower fertility than Morocco. Countries which have made a substantial and sustained effort in family planning have achieved remarkable success; where education is widespread, the success is even more striking. The evidence accumulated in the past decade is especially convincing. Contraceptive use tripled and fertility fell by 30 percent in Mexico between 1974 and 1979. In Java, Indonesia, contraceptive use rose from 11 percent to more than 50 percent and total fertility fell from almost 5 to about 4 between 1974 and 1980. In Kerala state of India, the total fertility fell from 4.1 in 1972 to 2.7 in 1978; per capita income is low, but female literacy is high and family planning services are widespread.

But there is also evidence that further fertility decline, and the initiation of decline where it has not begun, will not come automatically. There are two points to bear in mind. One is that in most developing countries desired family size is about four. It is higher in rural areas and among the less educated. Without sustained improvements in living conditions, desired family size could remain around four—implying population growth rates at or above 2 percent. The second is that family planning programs, successful as they have been, have by no means reached their full potential. In virtually every country surveyed, many couples who say they want no more children do not use contraception—usually because they have poor access to modern services. In many areas where services are available, discontinuation rates are high—often
because few effective methods are offered, and because follow-up services are limited.

It has been almost two decades since the peak of population growth in developing countries was passed. But the turnaround to slower growth has been slow and has not occurred everywhere. Increases in population size are projected to mount for another two decades, and in many countries of the developing world, populations will triple in size by the year 2050, even assuming substantial declines in fertility. Two decades after the turn-around, the slow pace of change and its uneven incidence point more than ever to rapid population growth as a central development concern.

A development problem

The focus of this Report has been different from neomalthusian descriptions of population as a problem. World population has grown faster, to higher numbers, than Malthus would have imagined; world production and income have grown too. The future may be more difficult; in the very long run, history may seem to vindicate Malthus and the problem of population may indeed be one of numbers outrunning world resources. But for the next five or six decades, the problem goes beyond one of global resources and is less easily amenable to any technological fix. It is a mismatch between population and income-producing ability, a mismatch that leaves many of the world's people in a vicious circle of poverty and high fertility. In this Report rapid population growth is associated, at household and national levels, with slower progress in raising living standards, especially of the poor. At the national and the family level, rapid population growth exacerbates the difficult choice between higher levels of living now and investment, for example in children's schooling, to bring higher levels of living in the future. It is the poor who have many children; caught by the poverty of their parents, those children carry their disadvantages into the next generation. Still rapid population growth in most countries—2 percent to more than 4 percent a year—means up to 50 percent of populations are under age fifteen, so job creation for many years will be a formidable task. For some countries and many rural families, high fertility means extra resources must go into agriculture just to keep pace with food requirements. In many countries still largely dependent on agriculture, there is little or no unused land that can be cheaply brought under cultivation; raising production means increasing yields on existing land, which in turn means new investments just to maintain per capita output. In cities, rapid population growth heightens the organizational and administrative difficulties of managing urban growth; redistribution policies offer little relief at high cost.

Population growth would not be a problem if economic and social adjustments could be made fast enough, if technical change could be guaranteed, or if rapid population growth itself inspired technical change. But rapid population growth, if anything, makes adjustment more difficult. It brings at best only the gradual adaptation that is typical of agriculture, maintaining but not increasing per capita output. The money and research skills needed for modern technological change are overwhelmingly in the rich countries, where population growth is slow. If anything they produce labor-saving, not labor-using, innovations. In today's developed countries fertility was never as high as in developing countries now, and mortality fell more slowly. Population growth rarely exceeded 1.5 percent a year; rural population growth had virtually ended by the beginning of the twentieth century.

Appropriate policies

Part II of this Report dwells at length on the meaning and implications of a paradox. On the one hand, the social costs of large families are high, and in some families children suffer directly from having many siblings. On the other hand, poor parents make a reasonable choice in having many children. High infant and child mortality and poor educational and job opportunities mean that parents with few children cannot feel secure about their own future until they have had four or five babies—including, in some settings, two or three sons. The very idea of planning pregnancies may be unknown, and modern contraceptives may be unavailable or expensive. In such a context, each individual family's decision to have another child seems rational. Yet added together, these separate decisions make all families, and especially children, worse off in the end. There is a gap between the private and social gains to large families. The gap is caused in large part by poverty and the resulting lack of access to opportunities that would encourage small families.

The process of economic development itself generates new signals that lower fertility. Decisions change as women become more educated, as more children survive childhood disease, as children
become less valuable as workers and sources of old-age security, and as information about the possibility of birth control spreads. Parents time the births of children, have fewer of them, and spend more on their health and schooling.

The gap between the private and social gains to high fertility provides additional justification for governments to act in areas that already merit government action. This Report has emphasized policy measures to increase people’s welfare as well as (and as a means) to reduce fertility: education (particularly for girls) and more primary health care for mothers and children. But it has also noted that measures to raise living standards take time to lower fertility. On the one hand, this underscores the need to act now to improve education, to reduce mortality, and to improve women’s opportunities, so that a sustained decline in fertility can be realized in the long run. On the other hand, it also means that other actions with a more immediate payoff are desirable. Virtually no developing country is yet doing all it might to promote later marriage and to inform people of the health and fertility benefits of breastfeeding. And in countries in which parents have only as many children as they want, but the desired number of children is still high, carefully designed financial incentives provide an additional mechanism to encourage lower fertility.

At the same time, new data on fertility and contraceptive use show that many couples still have more children than they want and do not benefit from adequate family planning services. The gap between actual and desired family size means that a public policy to provide family planning information and services will bring fertility closer to socially desirable levels at the same time that it helps couples have the number of children they want. Though the private sector might be expected to fill this need, and has done so to some extent in urban areas, it cannot make much progress in rural areas, where backup health systems are poor and information about birth control spreads only slowly.

As Chapter 7 showed, if current public expenditures on family planning in developing countries were increased by 50 percent, it would be possible to meet the need that more than 65 million couples now have for family planning services. Quadrupling the funds by the year 2000 is necessary to bring the “rapid” fertility decline described in Chapter 4. These targets are ambitious but not hugely expensive: quadrupling the foreign aid spent on population programs would mean spending a total of about $2 billion (in 1980 dollars), equivalent to about 5 percent of all aid programs in 1982. A new generation of programs is now building on the past, emphasizing easier access through outreach programs, and, to reduce discontinuation, greater choice of methods, follow-up of clients, and better communication between providers and clients. These programs are not expensive but will require new financing to reach growing numbers of users.

This Report has shown that economic and social progress helps slow population growth; but it has also emphasized that rapid population growth hampers economic development. It is therefore imperative that governments act simultaneously on both fronts. For the poorest countries, development may not be possible at all, unless slower population growth can be achieved soon, even before higher real incomes would bring down fertility spontaneously. In middle-income countries, a continuation of high fertility among poor people could prolong indefinitely the period before development significantly affects their lives. No one would argue that slower population growth alone will ensure progress; poor economic growth, poverty, and inequality can persist independently of population change. But evidence described in this Report seems conclusive: because poverty and rapid population growth reinforce each other, donors and developing countries must cooperate in an effort to slow population growth as a major part of the effort to achieve development.