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The unexpected dividend

By K Jayshankar

For years these nations had been told that they would go under with the burden of burgeoning population. And then, they found that it was not going to happen!

I refer, of course, to the 'population explosion' panic that once ruled the airwaves at any public debate about the conditions of the developing nations. 'They are too poor to understand', 'they procreate like crazy', 'they have no sense of proportion', 'they cannot feed their teeming millions', etc. One can go on & on about the arguments offered as to why the root cause of under-development was 'excess population'.

But you may have noticed that this line of attack is no longer used & instead the virtues of size are being touted as a factor of growth. Why this change of line? A peep back into history is illustrative. The roots of this belief go back to the turn of the eighteenth century when an English clergy man surmised that 'that the power of population is indefinitely greater than the power in the earth to produce subsistence for man.' Thomas Malthus's conclusions won over a lot of people who worried about the population bomb exploding and for years the economic theory of Malthus was the primary platform upon which all the demographic logic was based.

Malthus had said that given rising population, and shortage of resources, societal growth would be severely impacted. The tumultuous years after the second world war and the sudden rise of many of new countries in the post-colonial world who seemingly were unable to chart a steady course of development for their large population (in particular, in China and India) seemed to make the Malthusian prophesy a self-fulfilling one.

But, as we now know, things turned out different. The votaries of population control had their way and many developing nations undertook multiple steps to rein in their population. While some nations chose the language of persuasion & incentives, the Chinese solution was dramatically different. In the early years of communism the government looked upon large families with favor under the argument that socialism could handle any level of population. However, things changed in the post - Mao era when the might of the state was put behind a massive thrust to control population, with a policy change that specified a single-child family. Deng Xiaoping implemented the new policy from 1981 along with his liberalization views & China has not been the same since.

Things moved at a different trajectory in democratic India. While a compulsory sterilization programme was mooted in some parts, the social resistance and the consequent backlash led to some quick rethinking. Thereafter, the gentle language of reason was the weapon of choice in the battle against population with incentives replacing compulsion & the might of the state.

Additionally, the disaster scenario was compounded by the brain-drain worry. Developing economies in Asia and in Eastern Europe have always worried that some of their best talent has in the past migrated to the Western countries, in particular to the United States. This has been a huge drain of resources as often these migrants were amongst the brightest minds who had received superior quality education at government institutions, at highly subsidized rates and tragically such minds (who were, in some cases even sent overseas at government costs for further education, often for technical education) would be lured by the immediate comforts of the Western world. This meant a constant skimming of the best talent from the society causing a loss to the home country.

While the Chinese industrial machine was being cranked up to newer efficiencies, which galvanized its entire economy to double digit growth, it is interesting to note that despite the dooms day pronouncements, India discovered that high population need not necessarily translate into famines. Scientific advancement in agriculture (a.k.a the Green Revolution) had put some unexpected steam into the sleepy system and the elephant was now viewing the Asian tiger economies with interest! This was also buttressed by the conclusions drawn by economists like Julian Simon that innovation and creativity would flower as population grew. Today the realization is that the only limiting factor is human imagination, which Simon called 'the ultimate resource'. In other words, suddenly they were being told that their old weakness is now their strength.

Thanks to the twin force of recession in the Western markets and the explosion of opportunities in the home country due to significant rates of growth, the brain-drain has been reversed and both China & India have seen a lot of prodigal sons returning to home base.

A closer look at global demographic data shows some revealing trends. Concerns have been voiced that China is aging rapidly and the replenishment rate is significantly lower given the one-child policy. This imbalance will lead to a situation whereby it will be by-passed by India as the most populous country by 2045. Also, estimates show that by 2020, the average age in Japan will be 48, whereas it will be 45 in Western Europe and 37 in the United States and China. Contrast this with India, where the average age of the population will be 29 years!

Thus, for reasons of history, when China moves into a 'post-transitional society' (as the demographers term it), India will begin to reap the benefit of the demographic dividend! This megatrend has major ramifications in multiple ways. Interestingly, studies for Africa too show that this dividend can be reaped for the continent, as population has been rising with commensurate drop in mortality, etc. in certain parts. However, statistics do not guarantee returns.

The benefits only accrue when the levers of governance are well employed to allocate resources judiciously, and there is true translation of paper plans into permanent benefits on the ground on a consistent & sustainable basis. The leadership task now is to realize the potential through wise & determined actions.

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