

Rising Population and Unemployment in South Asian Developing Countries

Raj Kumar Singh*

INTRODUCTION

Population growth is at once a stimulant as well as an obstacle to rapid economic growth. On the one hand it promotes, in several ways, quick economic development and on the other, it acts as a serious drag on economic progress. Colon Clark¹ and Everett Hagen² hold that a large and growing population is nearly always advantageous to a developing economy. According to them, people may so react to the challenge of population pressure so as to exercise all ingenuity to exploit the available resources and try to get large yields from limited resources and thus accelerate economic development.

To Contrast with this opinion-some thinkers are of the view that population growth adversely affects the economic growth rate and the increasing population swallows up the increased income during the growth process. Moreover, most of the resources of the country are utilized in providing the increasing population with food, clothing, housing and other necessities. This slows down the rate of saving and capital formation, which is the key to economic development. Increase in human number lowers the capital per capita, implements and other resources, which naturally brings down the pace of development. It is, therefore, evident that population growth, especially in those underdeveloped countries which are in the state of population explosion, is a great hindrance to rapid economic progress and unless it is effectively controlled by some suitable policy actions, there is no prospect for rapid economic development.

In South Asian Developing Countries³, as in most of the developing countries, a rapidly falling death rate and a high birth rate have resulted in a very high rate of population growth since the Second World War. One of the implication of the rapid population growth is a fast growing labour force at an average annual rate of 2.5 percent during the 35 years period, from 1950 to 1985, creating a number of important social and economic consequences. Among them, the most important is growing gap between the labour supply and demand, the supply has been increasing rapidly, overtaking the demand by about 1 percent per year. The result has been manifested in the rising number of unemployed and underemployed person.

NATURE OF UNEMPLOYMENT

A further manifestation of over population in the countries of South Asia is the serious and deteriorating problem of unemployment and underemployment, which poses

* *Dr. Singh is Lecturer at the Department of Rural Economics and Cooperation, Bundelkhand University, Jhansi-U.P., India.*

a threat to their political and social stability. Growing unemployment, especially unemployment among the educated, has created grave tensions and driven the unemployed persons into the fold of dissident and radical elements. Unemployment in the underdeveloped countries, including those in South Asia, can be classified into: open unemployment - comprising unemployed persons who are conscious of their unemployment and are actively looking for Jobs; and disguised unemployment, including underemployment (comprising unemployed or underemployed persons who are not aware of their unemployed status). Even when they understand that they are underemployed, they can't help it, given the socio-economic environment. They are seemingly working by sharing the work and income from the family farm or economic enterprise, but if their labour was withdrawn, the total output of the enterprise could remain more or less constant. In other words, the marginal productivity of disguisedly unemployed person is zero or negligible.

In the literature of economic development, the disguised unemployed labour force, known a labour surplus is considered a possible source of capital formation. Since these workers are already sharing the family income, with zero contribution to output, they can be put productive work at zero opportunity cost. To what extent surplus labour can be utilized for capital formation can be a matter of serious discussion but there is no denying that a fuller utilization of surplus labour can accelerate the process of economic development of that country.

In the countries of South Asia, the family is organised on the joint or extended family basis, in which family members representing two or more generations line together and work in the family enterprise and share the income from it according to their needs, rather than productive contribution. Thus, family members who continue to share work in the family enterprise without making any significant addition to total output are disguisedly unemployed.

PERSISTENT IMBALANCE BETWEEN SUPPLY AND DEMAND FOR LABOUR

The chronic imbalance that exists in the supply and demand for labour in most of the developing South Asian countries is continuously exacerbated, as every year ever increasing cohorts of children reach working age. Table 1 shows the percentage distribution of population in the working age group 15-64 years in South Asian countries. In all the countries, from 1950 onwards more than 50 percent of the population was in the age group 15-64 and it is expected that it will reach more than 60 percent in 2000 (Table 1).

Table 1

Estimated and Projected Population Aged 15-64 in South Asia and
South Asian Countries, 1950-2025

| year | (Percentage to the total Population) | | | | | |
|------|--------------------------------------|------------|-------|-------|----------|-----------|
| | South Asia | Bangladesh | India | Nepal | Pakistan | Sri Lanka |
| 1950 | 54.6 | 58.2 | 53.2 | 56.4 | 56.5 | 55.4 |
| 1960 | 54.5 | 55.1 | 54.6 | 57.7 | 51.8 | 54.3 |
| 1970 | 53.9 | 51.1 | 54.7 | 55.7 | 50.5 | 54.5 |
| 1980 | 55.9 | 50.4 | 57.6 | 53.5 | 52.1 | 59.0 |
| 1985 | 57.4 | 51.2 | 59.2 | 53.8 | 53.0 | 61.4 |
| 1990 | 59.1 | 52.7 | 60.9 | 55.0 | 54.1 | 62.4 |
| 2000 | 62.4 | 56.7 | 64.5 | 57.0 | 57.8 | 65.7 |
| 2025 | 68.7 | 67.3 | 69.9 | 66.9 | 68.0 | 69.1 |

Source: United Nations, *World Population Prospects: Estimates and Projections 1984*.

A marked increase is expected in India and Sri Lanka where during this period more than 60 percent of the population is expected to enter the work force. Further, a sharp accelerated increase is expected by 2025. Even when fertility begins to decline, there is no immediate lowering down in the growth of the labour force, which at such times well, other things being equal, tend to grow faster than the population. In almost every developing country, labour force growth has been and continued to be too rapid in relation to the capacity of the economies to generate employment⁴.

Rapid growth in the working age population does not necessarily lead to increasing unemployment, although it makes the attainment of full employment more difficult and costly. Full employment at times of rapid population growth can be achieved either through increased capital accumulation or through the generation of more labour intensive techniques. But as greater growth of working age population invites greater needs for additional job opportunities and demand for investment, creating sufficient urban industrial jobs to absorb the growing work force appears to be more or less impossible, given the overall low proportion of urban industrial employment. For example, if the share of industrial employment is 20 percent and labour force as a whole is growing at 3 percent per year, industrial employment would have to grow at 15 percent per year, to absorb the growing labour supply. It is unlikely that such rates can be achieved throughout most of Asia. Hence, agriculture will have to absorb most of the new entrants into the labour force, either through the expansion in the land and capital base or through the adoption of labour intensive technology. The evidence is mixed as to the potential for labour absorption in Asian agriculture. ILO studies suggest that the "success" stories of South - East Asia (Japan, the Philippines and the Republic of Korea) cannot be readily repeated in the most populous regions of South Asia.⁵

Rapid growth in the labour force also means that a large portion of working population is young and inexperienced. Unless accompanied by technological innovations and training, inexperienced workers may be less productive and as a result average productivity may be lower. This, in turn can depress per capita output and reduce the resources available for new investment. Moreover, if there are ever-increasing numbers of unskilled workers coming into the labour force, then there will be a tendency for wages to be depressed and wages of unskilled worker to fall relatively to those of skilled workers thereby increasing inequality in society.

Thus, rapid population growth can drastically reduce the resources available for human capital investments while increasing demand of such investment is persistent in built with population growth. It places greater pressure on the capacity of the South Asian economies to provide more jobs. It also affects the region's age distribution, and in turn, the ratio of dependent population (those of age 0-14 years or age 65 years and above) to the working population age (15-64) years. The South Asian experiences shows how rapid population growth can interact with severe resource constraints to deplete limited development funds. In these circumstances, development planning without population planning is highly unrealistic.

CONCLUSION

To conclude, rapid population growth poses a serious threat to development efforts in the underdeveloped countries in general and the South Asian countries in particular. All efforts for economic development are being thwarted by the vastly increasing numbers. Increasing population is thus neutralizing much of the gains from development efforts and consuming the savings needed for capital formation. Population, growing more rapidly than new employment opportunities, is swelling already the large numbers of unemployed and underemployed thereby adding to the misery, apathy, and alienation in these societies. Thus, population growth in South Asian countries is a great obstacle to their economic development on the one hand and away out of chronic unemployment on the other.

FOOT NOTES

1. Colin Clark, "Population Growth and Living Standards" *International Labour Review*, Lx VIII, 1953, pp. 99-111.
2. E.E. Hagen "Population and Economic Growth", *American Economic Review*, XLIV, 1959, pp. 310-311.
3. South Asian Developing Countries here includes India, Pakistan, Sri Lanka, Bangladesh, Nepal and South Asia on an average.
4. G.M.Farooq, "Population Growth, Manpower and Employment," in W.C. Robinson, ed *Population and Development Planning*, The Population Council, 1975.
5. ILO/ARTEP, "Labour Absorption in Agriculture: The Relevance of the East Asian Experience for Developing Asian Countries," *Occasional Paper*, ILO/ARTEP, 1981.