

The demographic Window: an opportunity to be seized



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Socio-economic Challenges and Opportunities”*
Beijing, May 2004

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1. The demographic window
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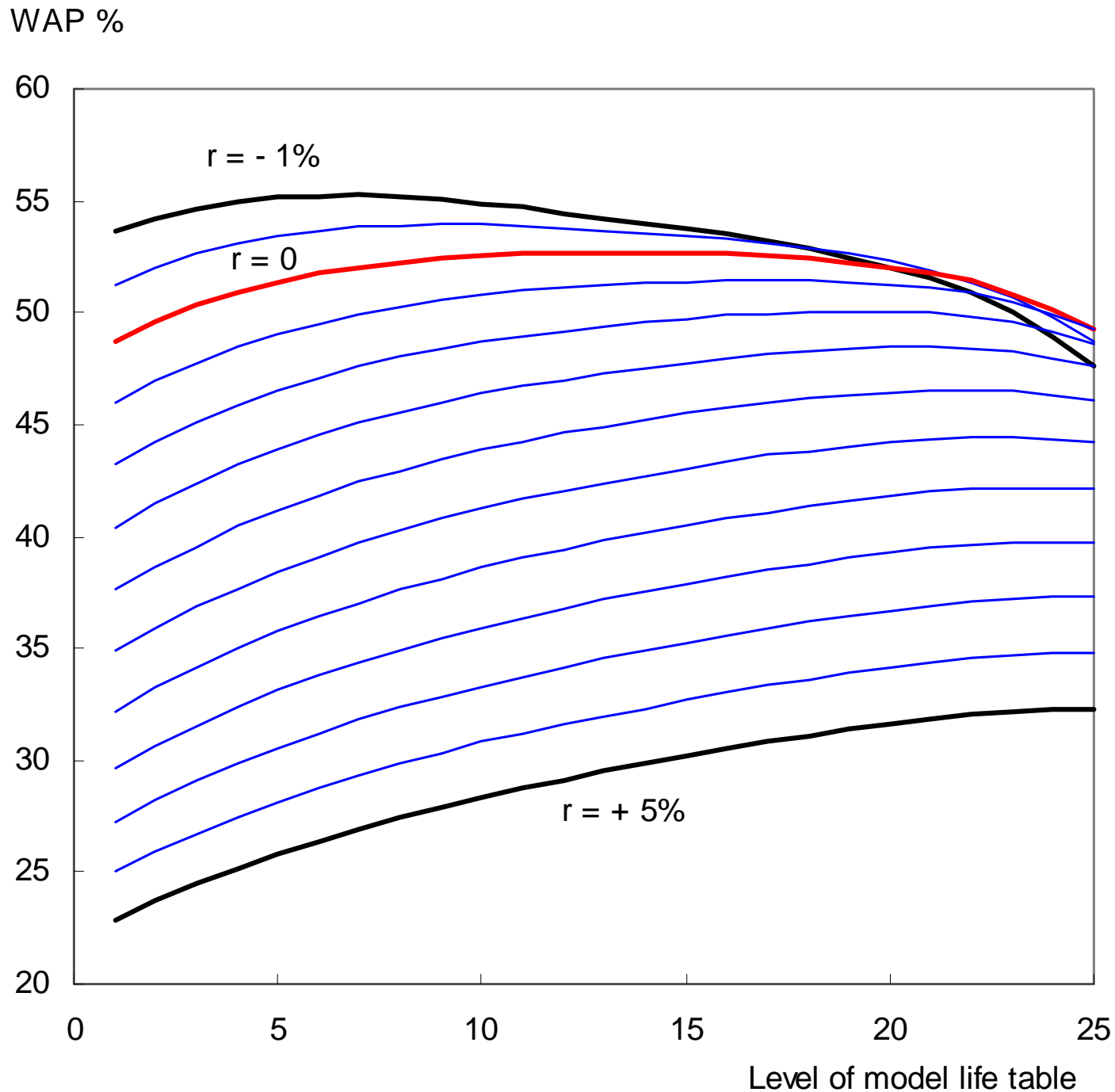
1. The demographic window

A) Focus on the share of working-ages in a population (WAP)

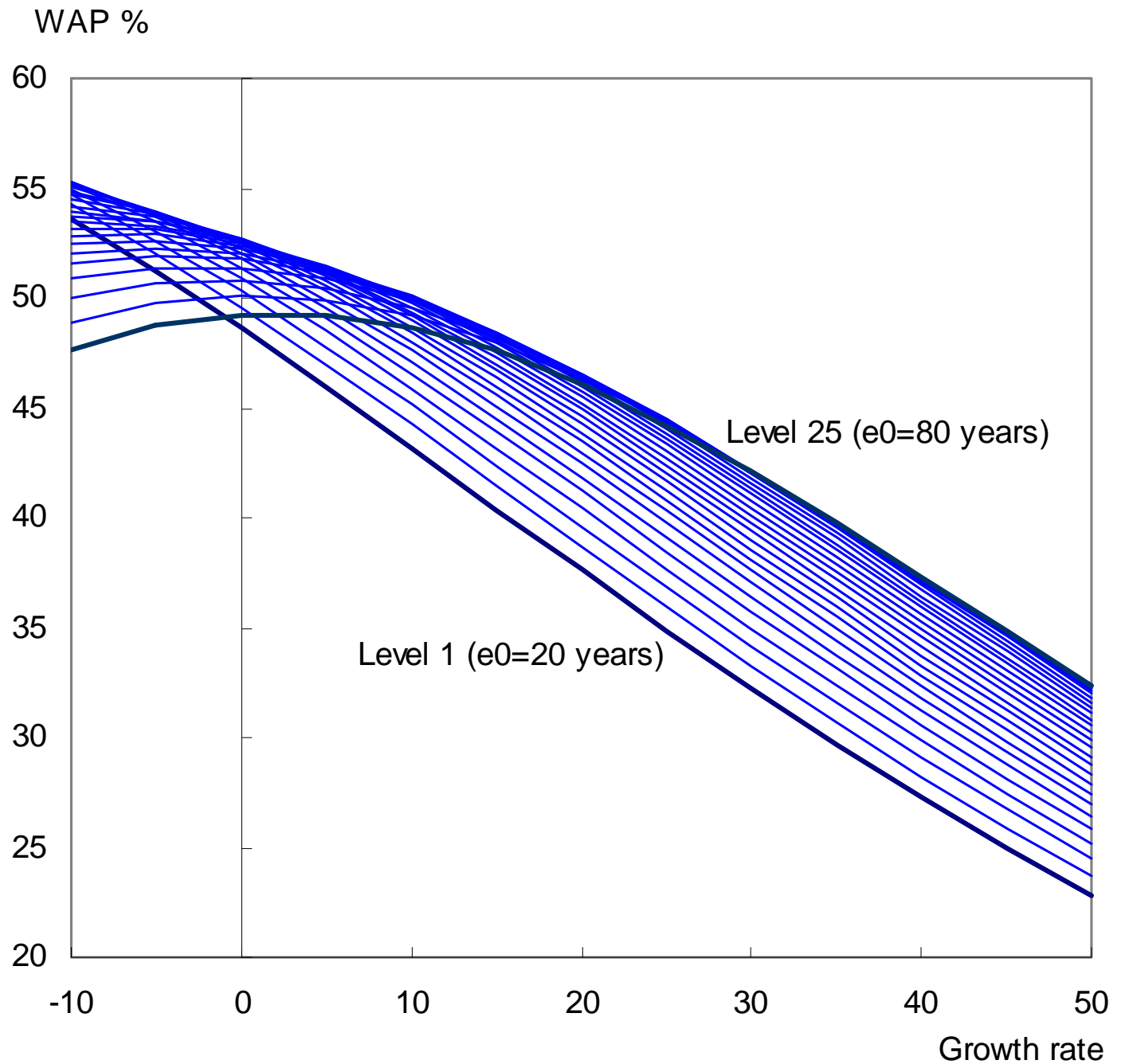
B) Mortality and fertility levels and share of 20-59 age group in stable populations

C) A schematisation of the Demographic Window

WAP (%) in
stable
populations,
according to
the level of
mortality for
various
population
growth rates



WAP (%) in
stable
populations,
according to
the growth
rates for for
various levels
of mortality

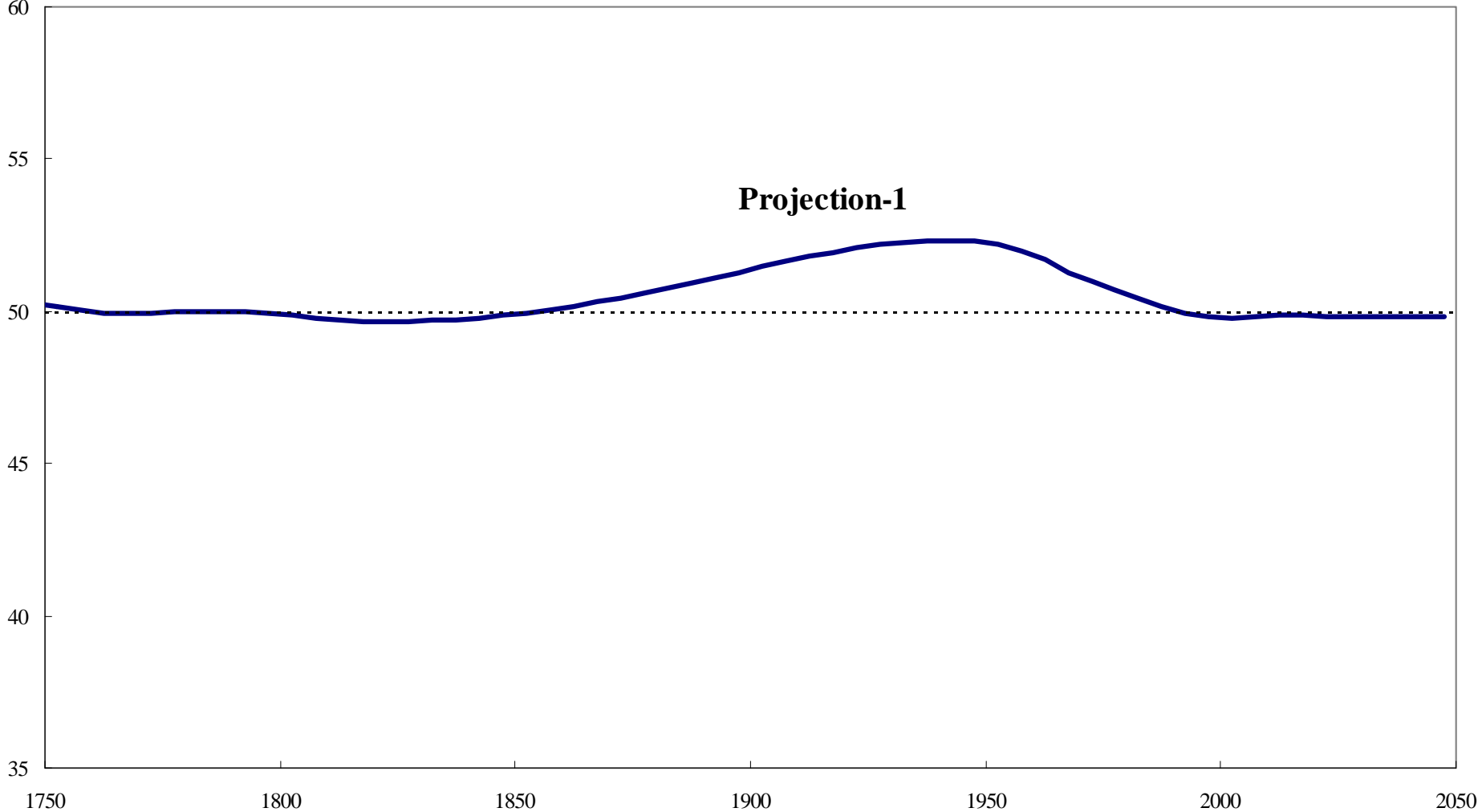


Hypotheses for Projection-1

- starting point: age specific mortality and fertility rates of France 1740 ($e_0 = 24$ years, TFR = 5,1),
- total duration of the projection: 300
- fertility decline: from 5.1 to 2.1 in 200 years, starting in
- life expectancy increase from 24 to 80 years in 200 years, starting in 1740.

Changes in WAP according schematic processes of demographic transition: Projection-1

20-59 population (%)

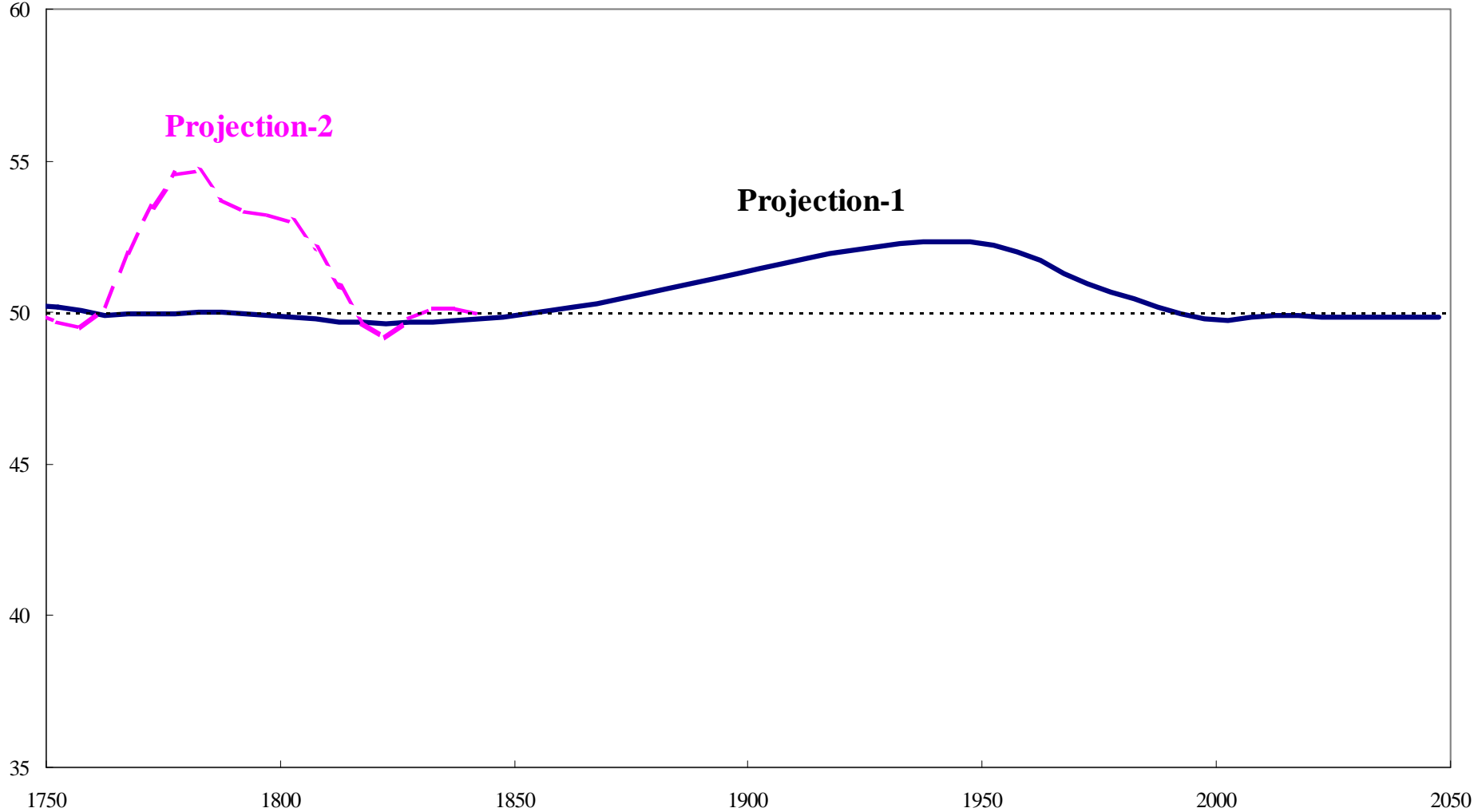


Hypotheses for Projection-2

- starting point: age specific mortality and fertility rates of France 1740 ($e_0 = 24$ years, TFR = 5,1),
- total duration of the projection: 100
- fertility decline: from 5.1 to 2.1 in 25 years, starting in
- life expectancy increase from 24 to 80 years in 25 years, starting in 1740

Changes in WAP according schematic processes of demographic transition: Projection-1 & -2

20-59 population (%)

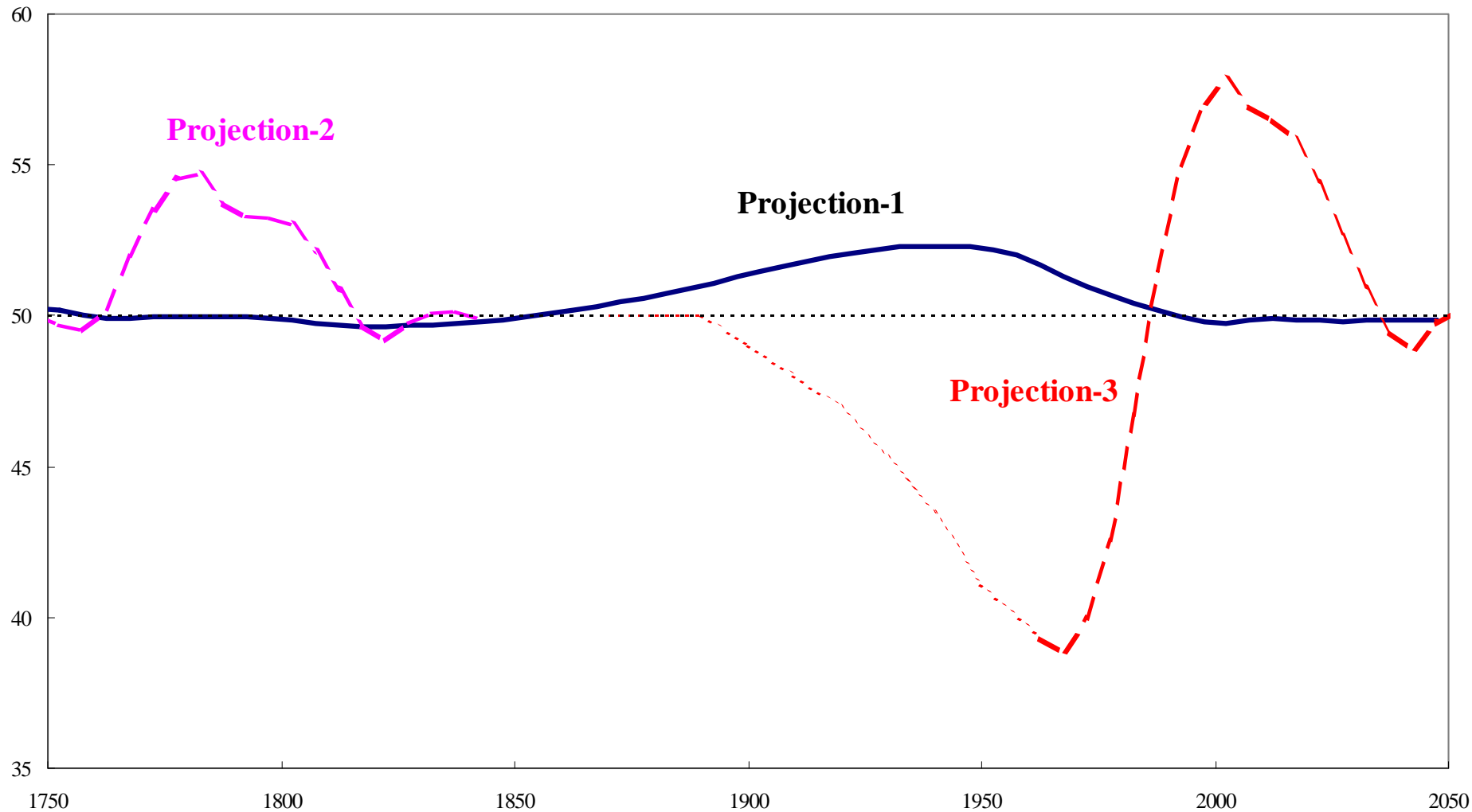


Hypotheses for Projection-3

- starting point of the projection: age specific mortality and fertility rates of Mexico 1960 ($e_0 = 58.5$ years, TFR = 6.8),
- total duration of the projection: 100
- fertility decline: from 6.8 to 2.1 in 25 years, starting in
- life expectancy increase from 58.5 to 80 years in 25 years, starting in 1960
- real Mexican trends before 1960 (estimated on the basis of published data (SEN, 1942 and 1948; Alba-Hernandez, 1974; United Nations, 2003),

Changes in WAP according schematic processes of demographic transition: Projection-1 -2 & -3

20-59 population (%)



2. The diversity of concrete situations

A) Cases of France and the United Kingdom compared to Projections-1 and -2

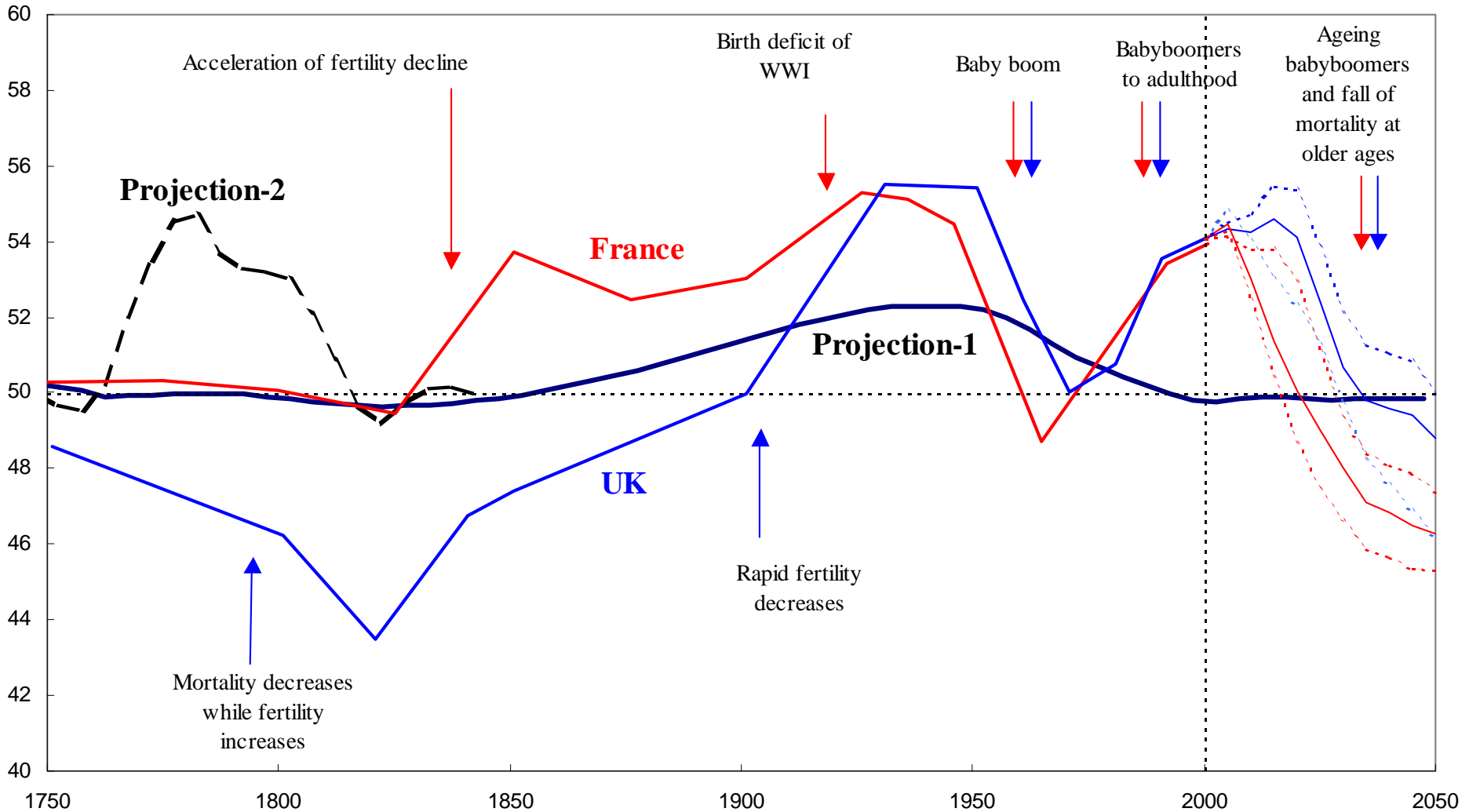
B) Developing countries as compared to developed countries and to Projection-3

C) The actual case of Mexico

D) A great diversity among developing countries

Historical trends of WAP in France and the United Kingdom as compared to Projection-1 and Projection-2

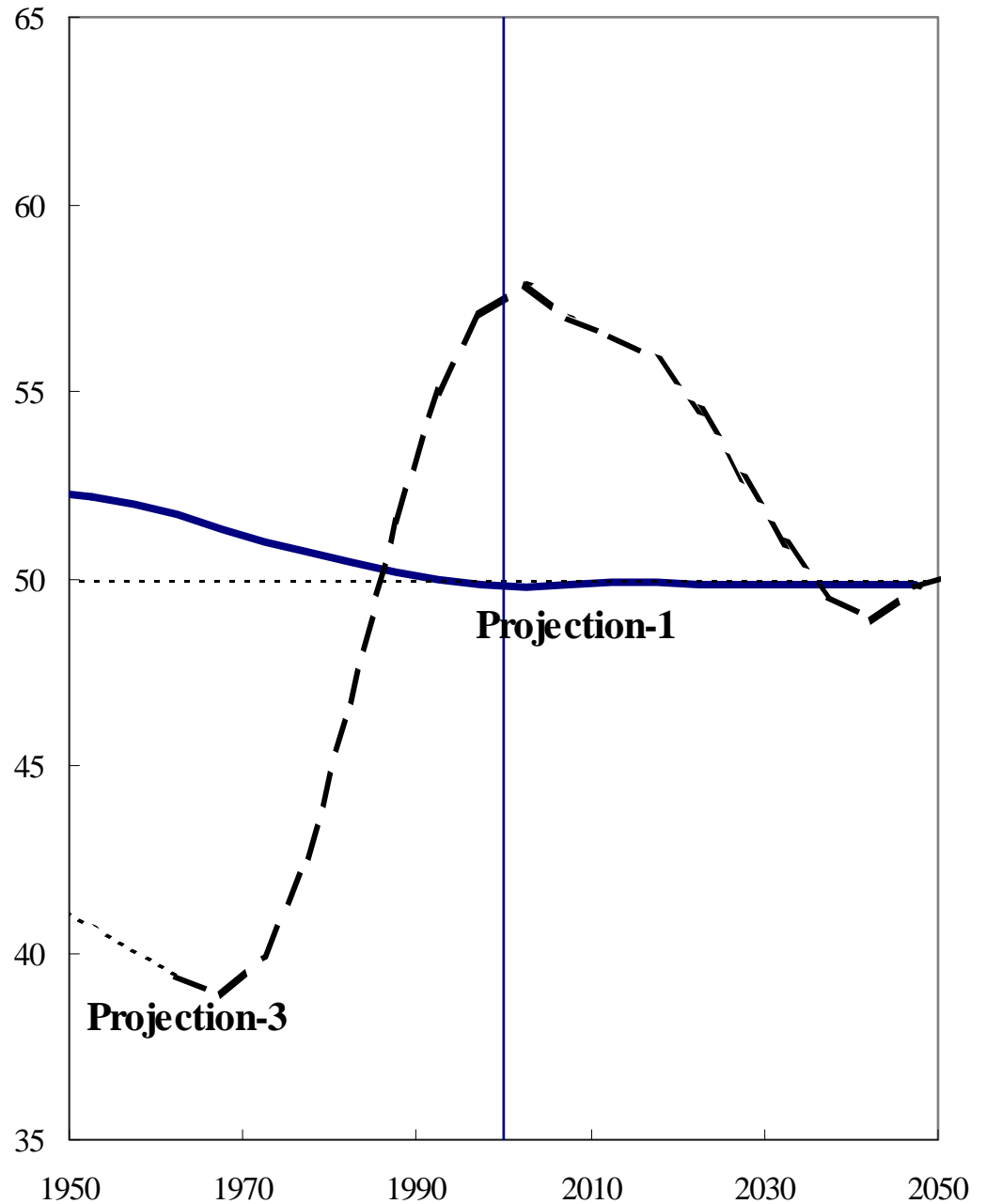
20-59 population (%)



B) Developing countries as compared to developed countries and to Projection-3

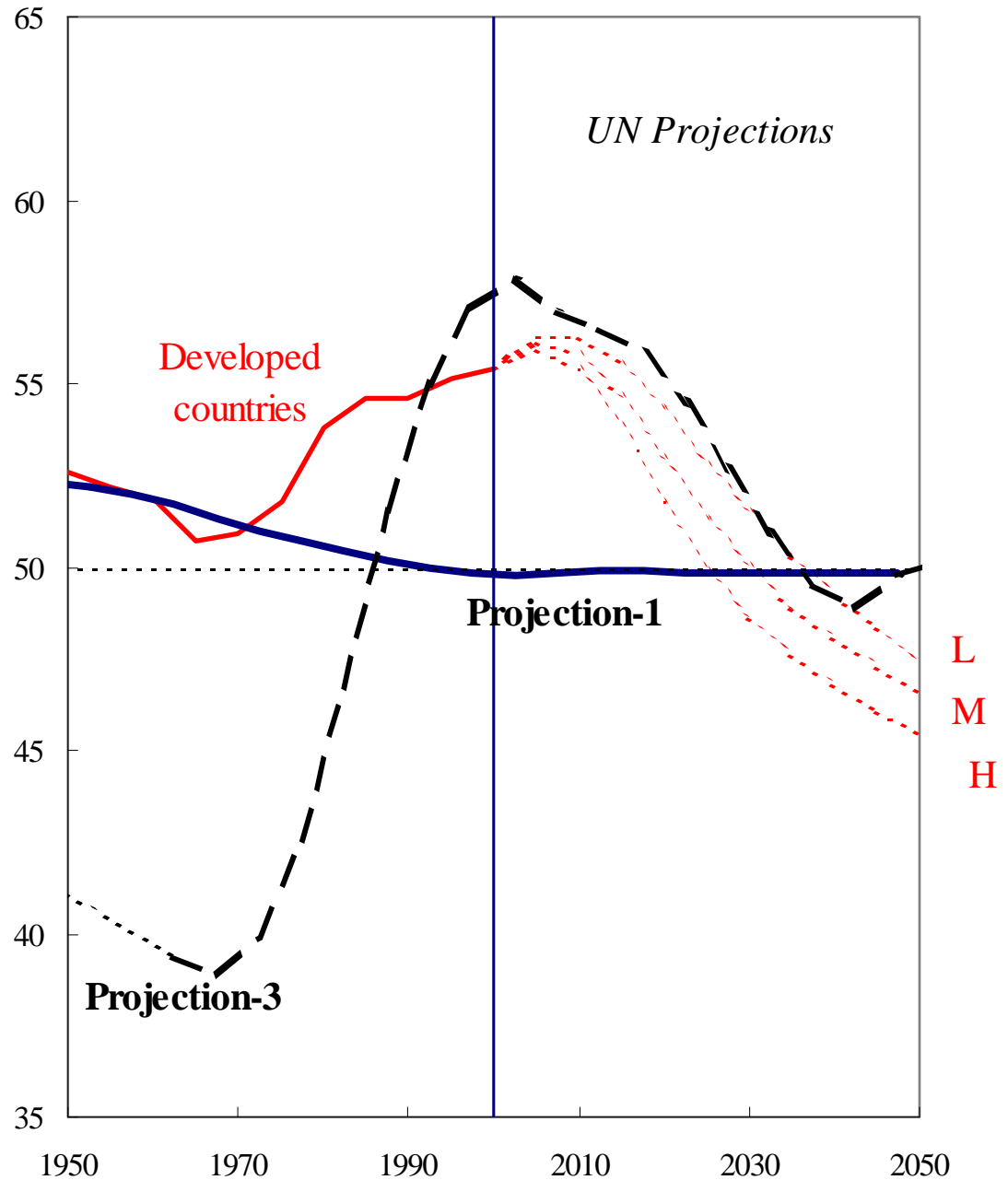
Recent trends and
UN prospects for
WAP in
developed
countries,
intermediate
countries and
least developed
countries as
compared to
Projection-1 and
Projection-3

20-59 population (%)



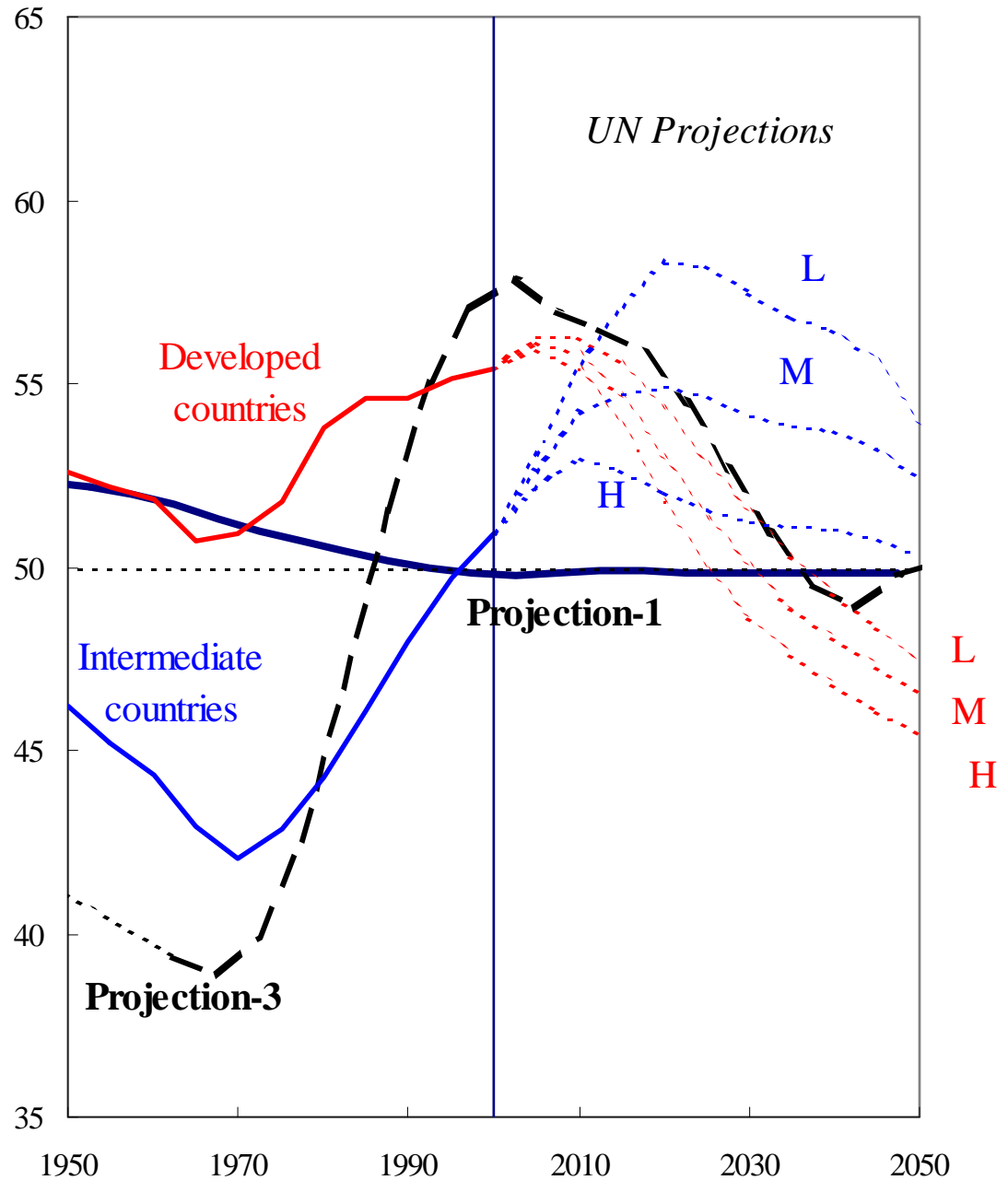
Recent trends and UN prospects for WAP in developed countries, intermediate countries and least developed countries as compared to Projection-1 and Projection-3

20-59 population (%)



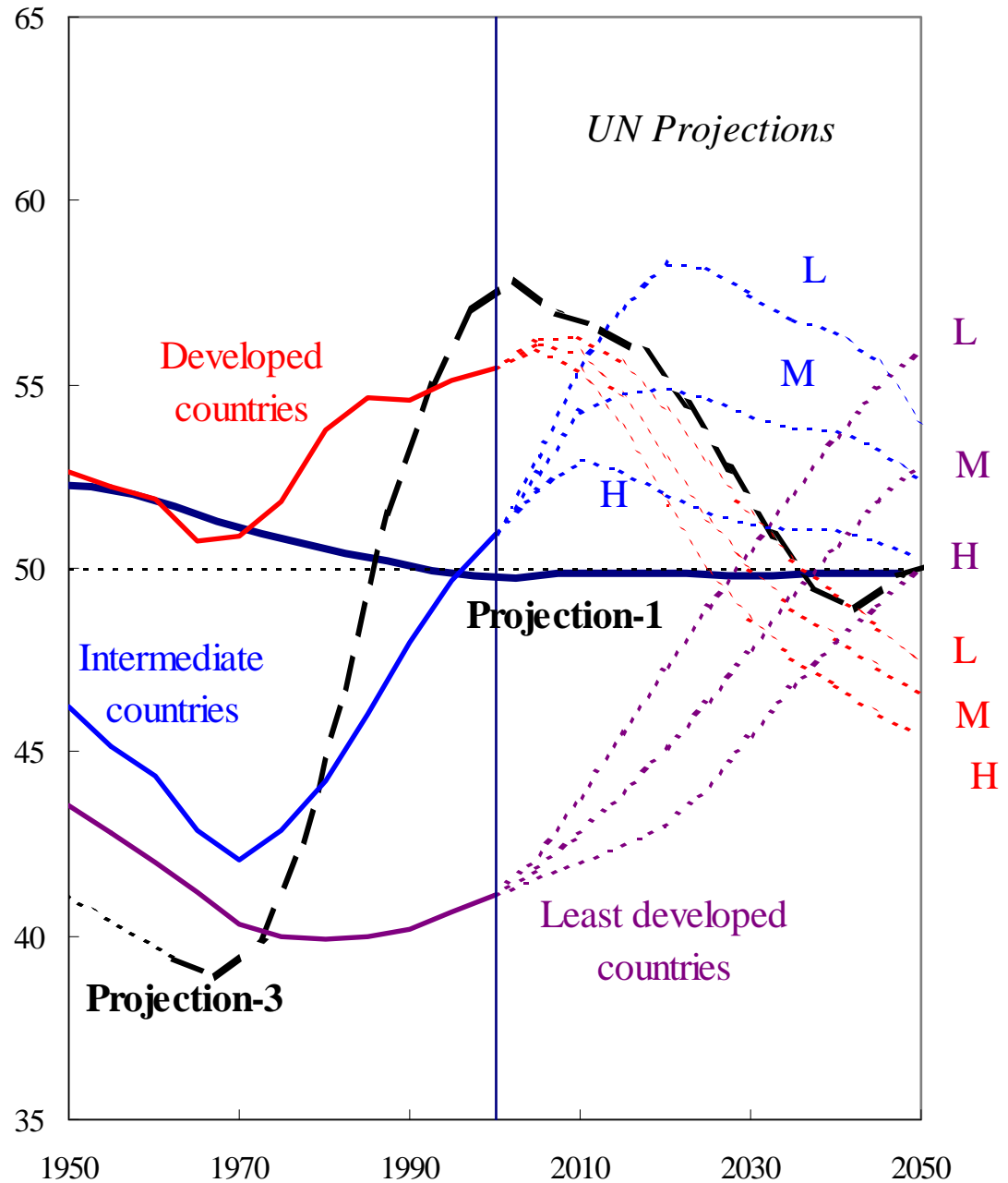
Recent trends and UN prospects for WAP in developed countries, intermediate countries and least developed countries as compared to Projection-1 and Projection-3

20-59 population (%)



Recent trends and UN prospects for WAP in developed countries, intermediate countries and least developed countries as compared to Projection-1 and Projection-3

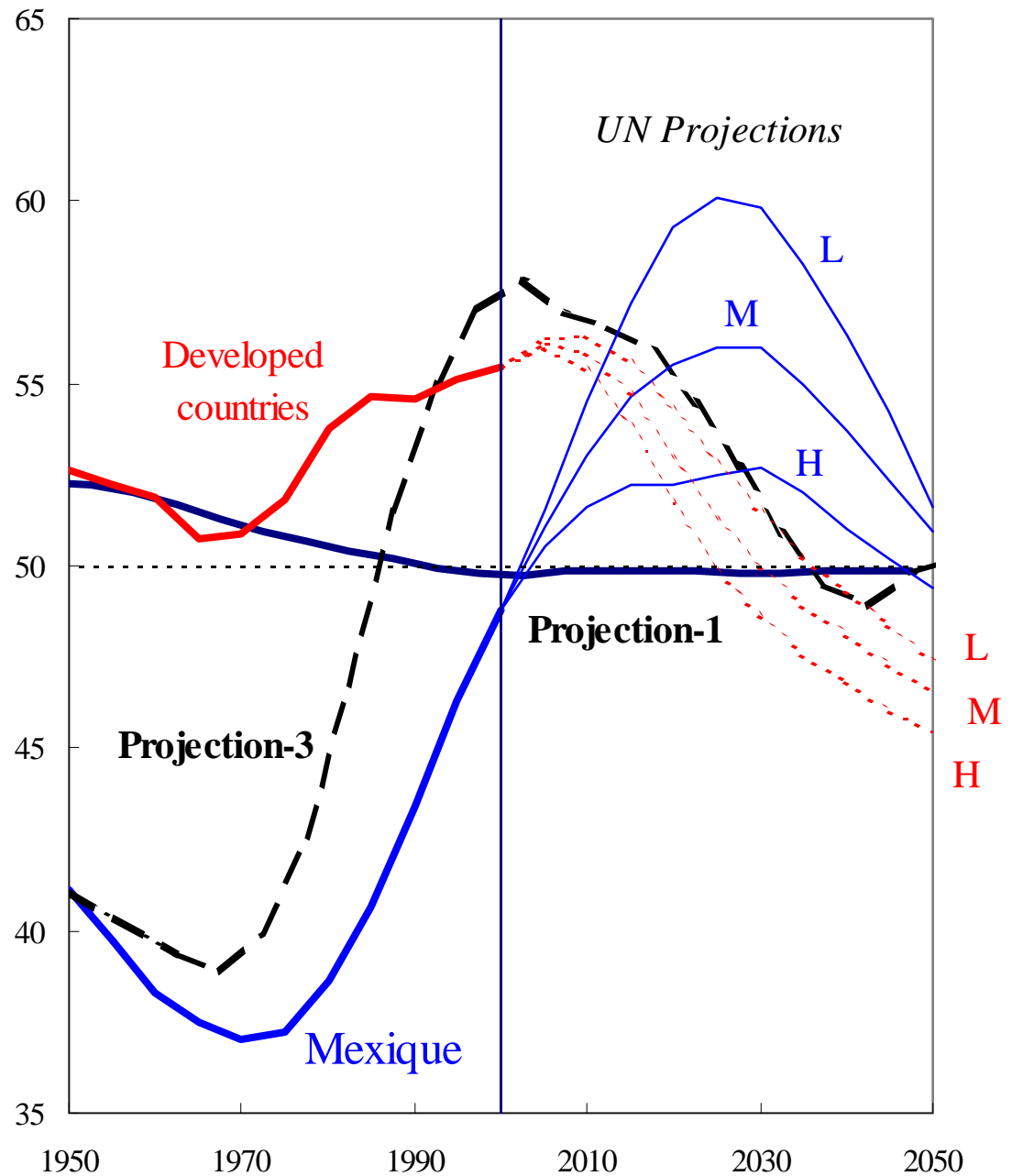
20-59 population (%)



C) The actual case of Mexico

Recent trends and UN prospects of the proportion of WAP in Mexico as compared to developed countries, and to Projection-1 and Projection-3.

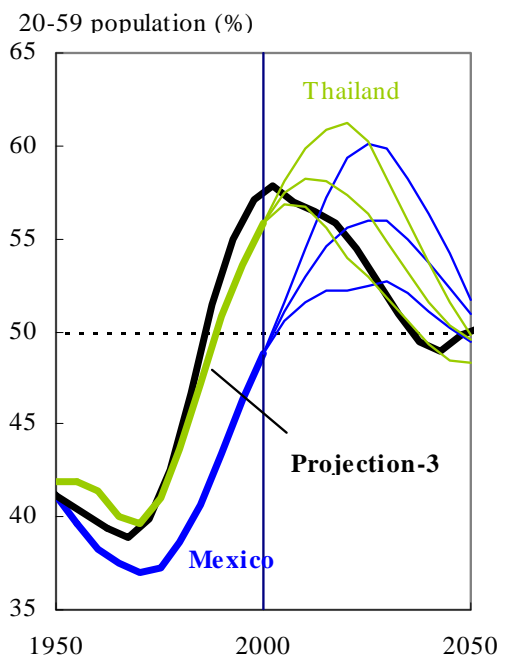
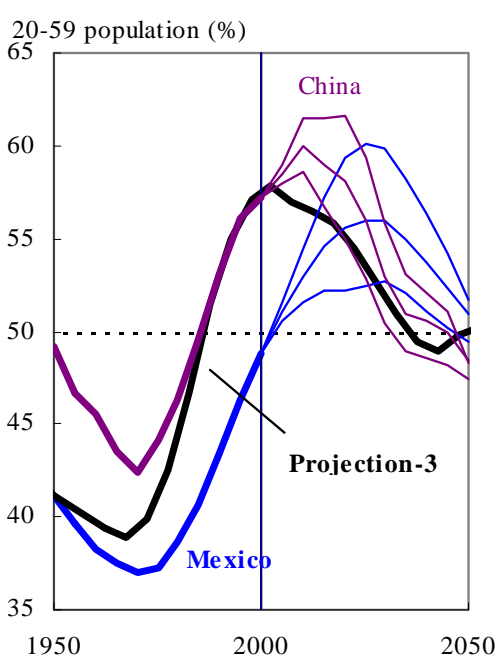
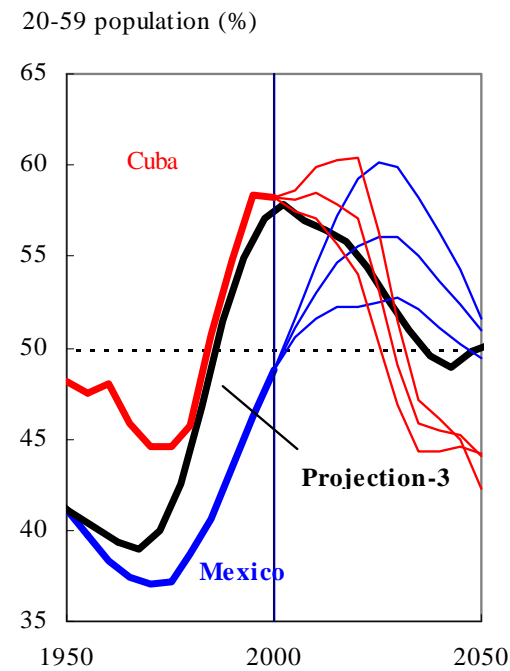
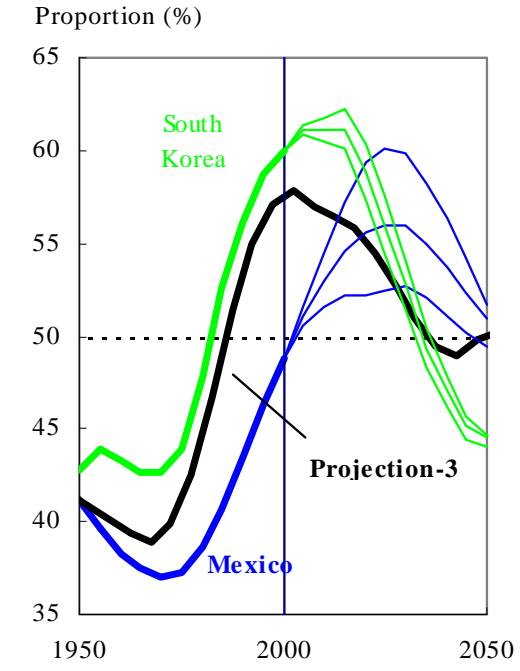
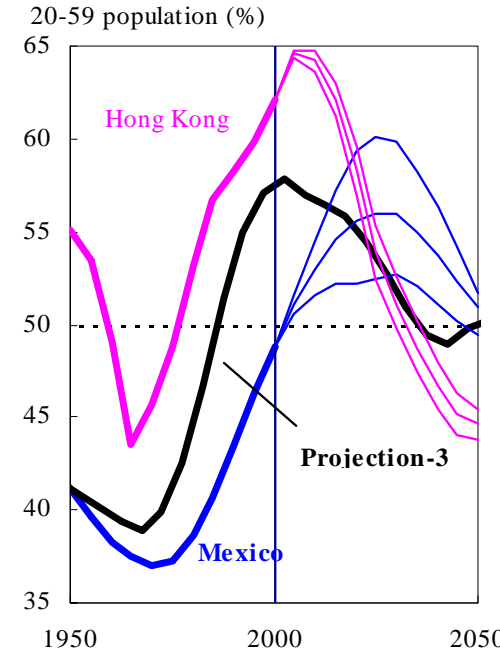
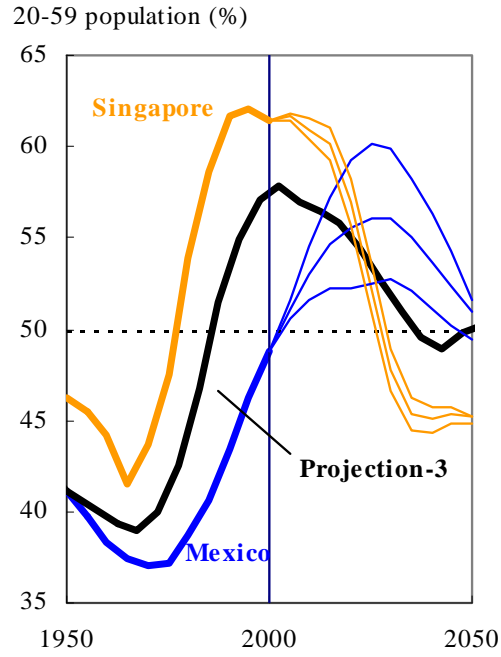
20-59 population (%)



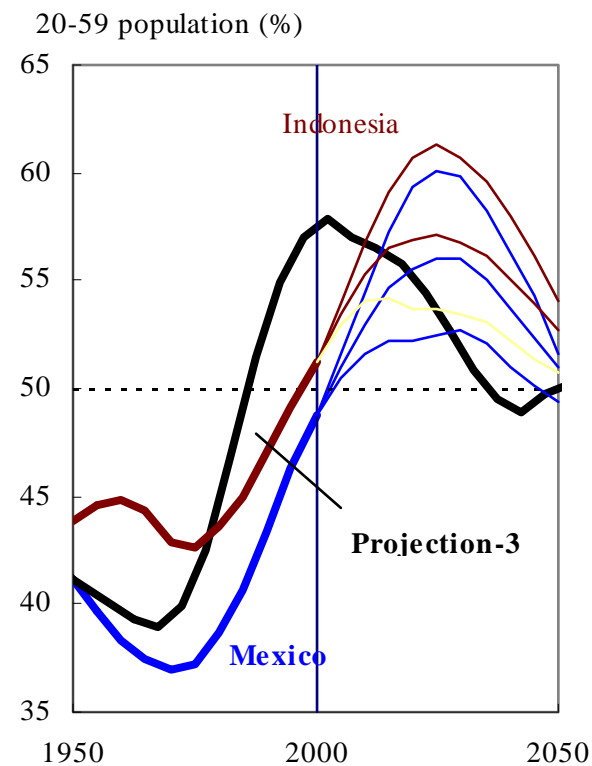
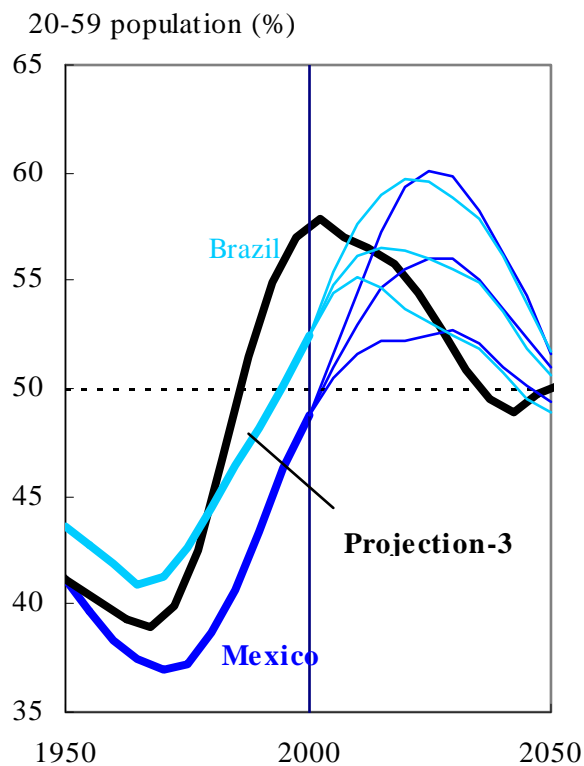
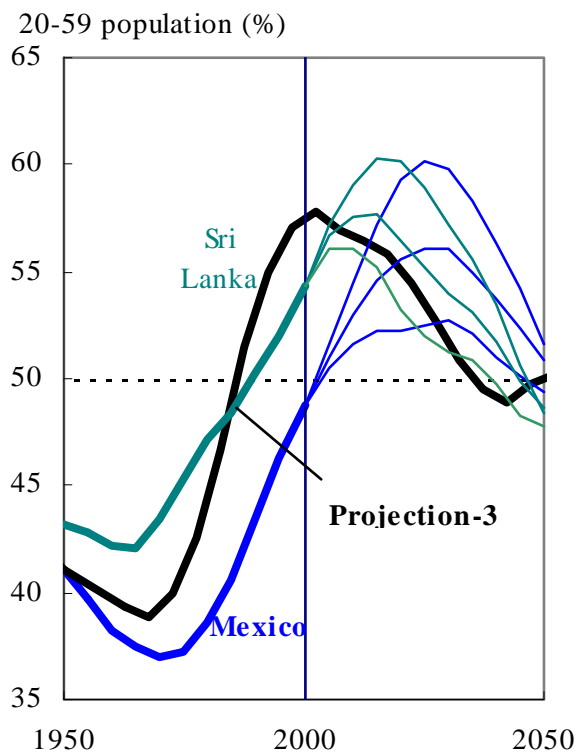
D) A great diversity among developing countries

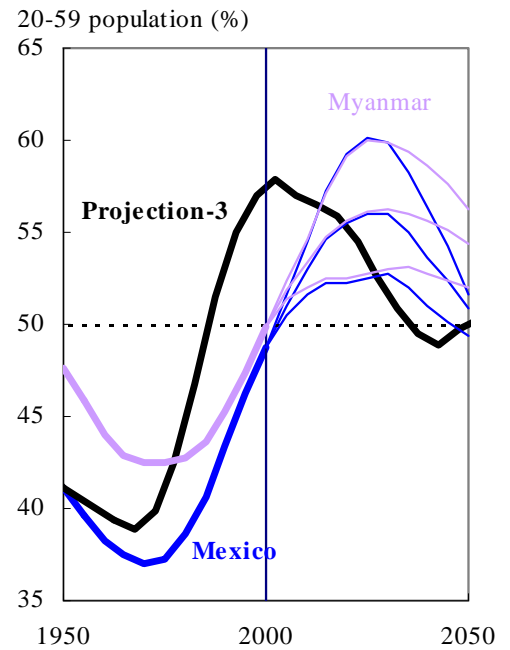
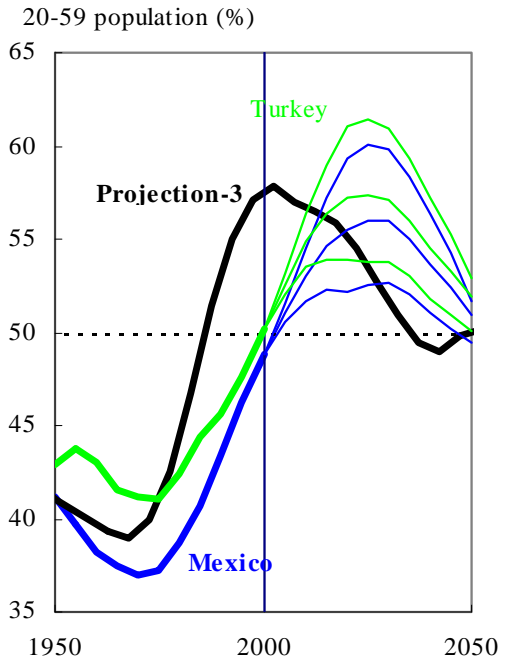
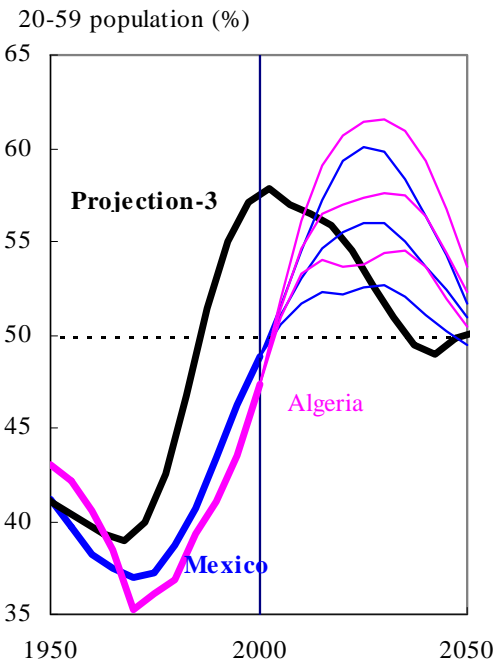
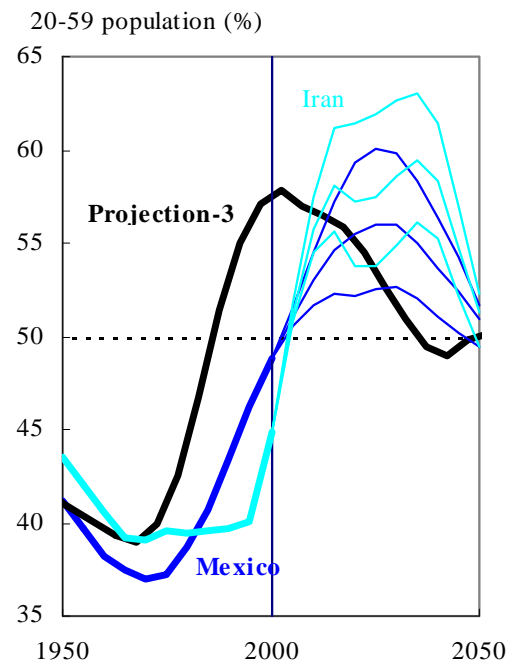
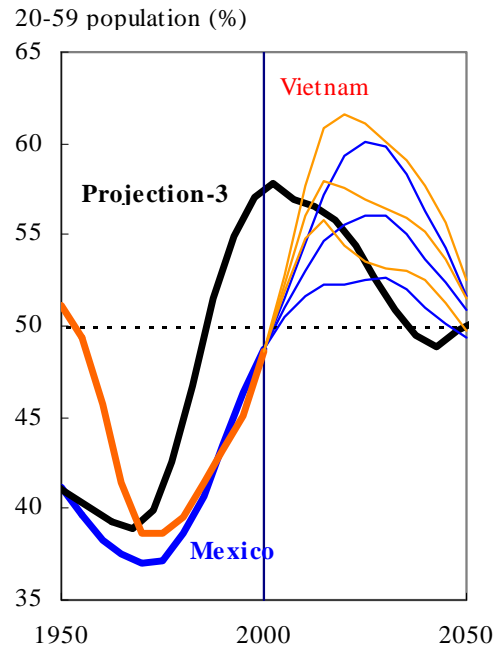
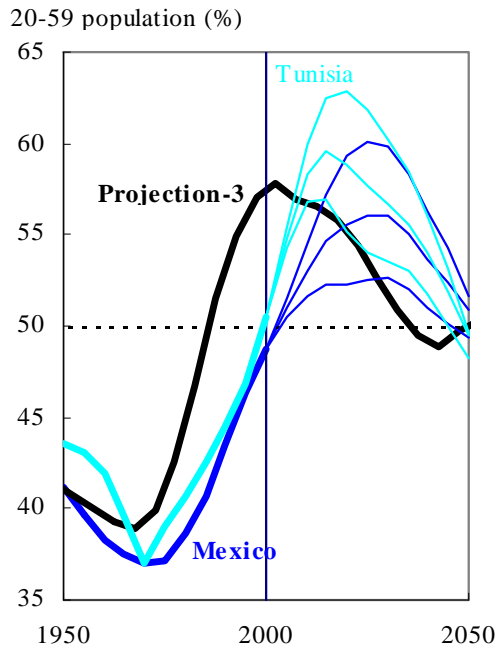
1. Very few intermediate countries will do better or sooner than Mexico
2. A greater number of intermediate countries will show trends rather close to those of Mexico but may experience more acute demographic windows
3. Many intermediate countries will experience later demographic windows
4. Demographic window will be very late in some intermediate countries and in most of the least developed ones

WAP in
six
advanced
develo
ping
countries
as
compared
to Mexico
and to
Projection
-3



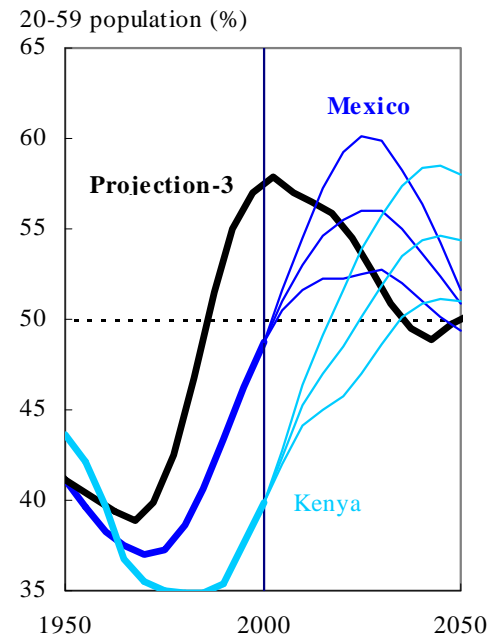
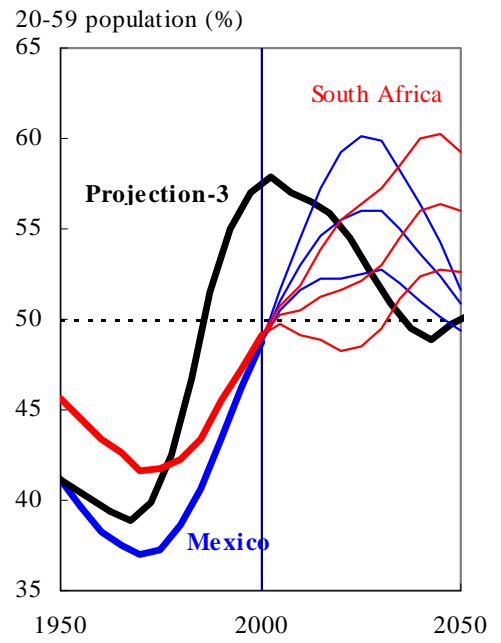
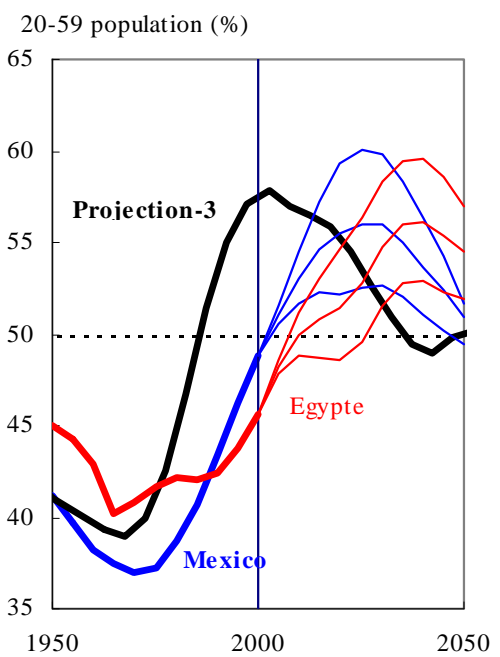
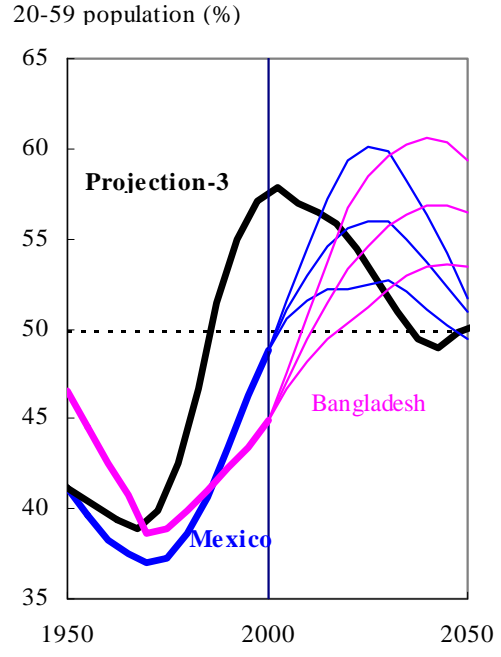
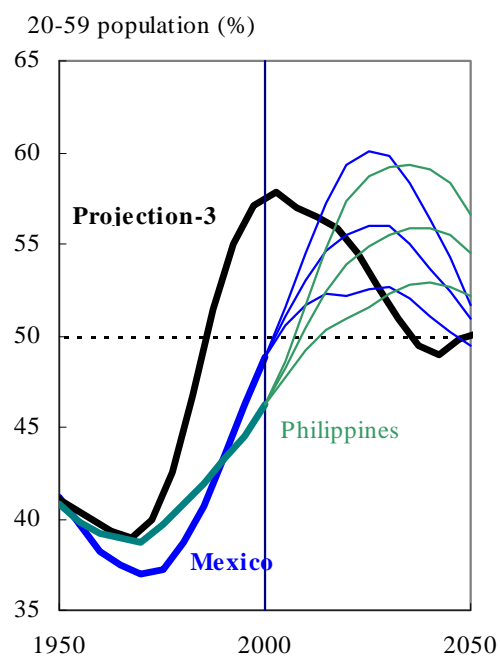
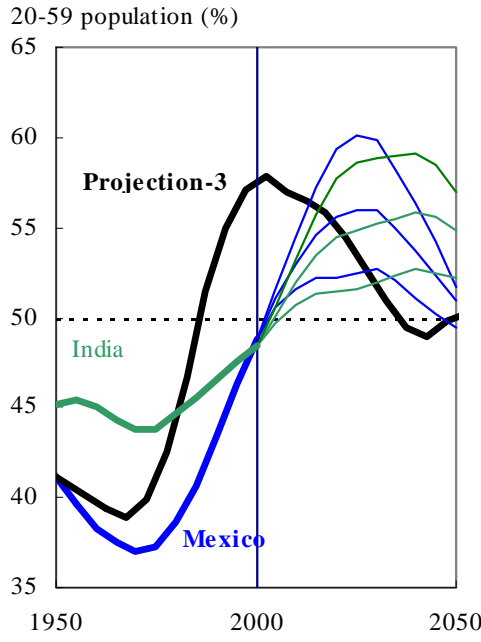
WAP in three less advanced developing countries as compared to Mexico and to Projection-3



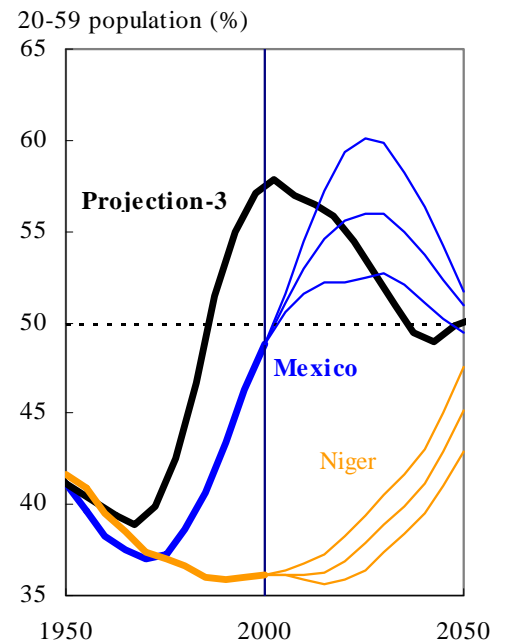
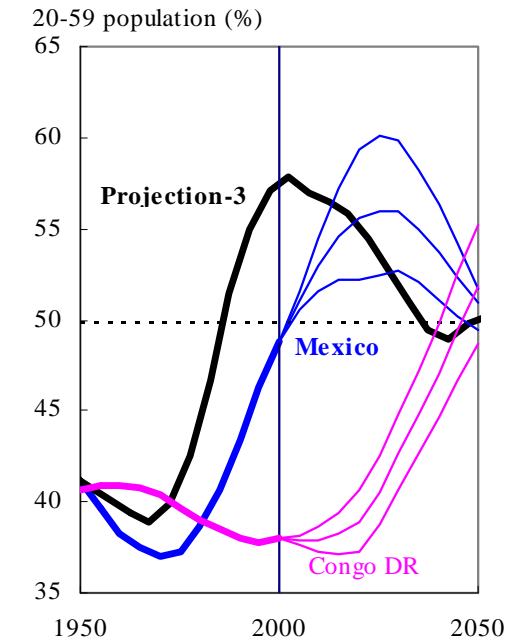
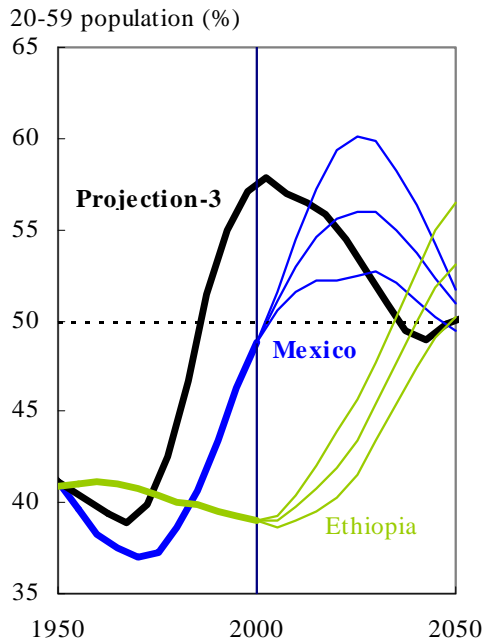
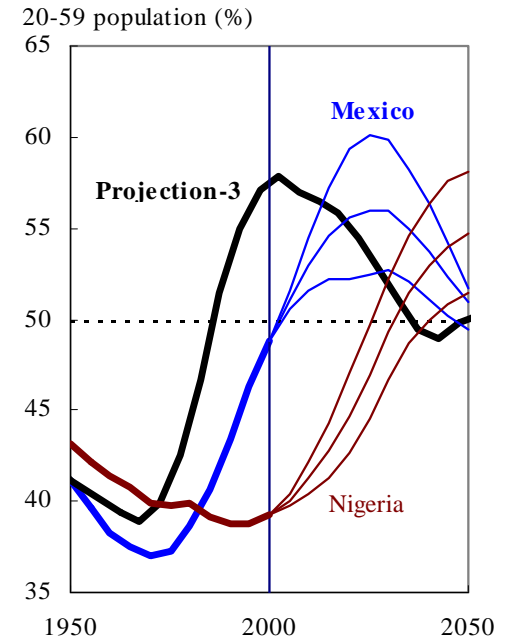
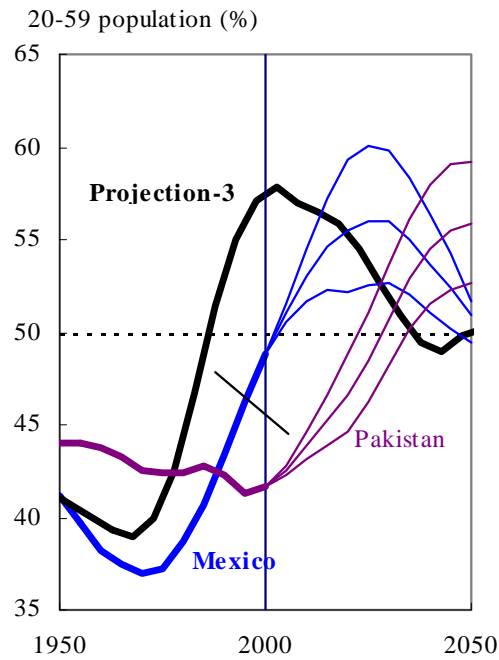
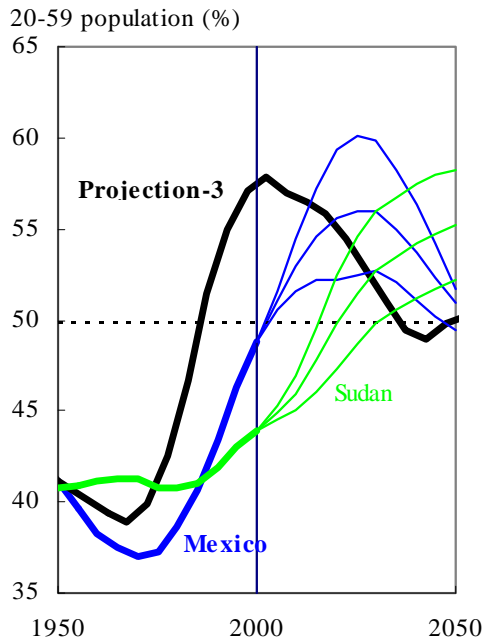


WAP in six
developing
countries
very
comparable
to Mexico

WAP in six developing countries were demographic window will occur later, as compared to Mexico and to Projection -3



WAP in six developing countries were demographic window will occur much later as compared to Mexico and to Projection -3



Conclusion

No doubt that extraordinary dynamism seen in the recent decades first in countries such as Singapore, Hong Kong, and South Korea, then in countries such as China, Thailand, Indonesia, etc., is strongly related to the rapid increase in the WAP and to the first consequences of an exceptional demographic situation that offers great opportunities for economic and social development. The demographic window is a reality on which many developing countries can rely to escape from their past or present desperate fate. However, I would like to stress a series of facts observed here.

1. The advantage thus gained, is not necessarily as significant as it is sometime claimed, when compared to developed countries, and many developing countries are unlikely to be allowed to enjoy as important a demographic dividend as that recently enjoyed developed countries as a result of the post-WWII baby boom.
2. Prior to enjoying a demographic window, developing countries have had to pay for severe WAP depression, which was than in any developed countries. This can be an advantage, since population used to be submitted to severe restrictions would perhaps find it easier to continue accepting low incomes in order to invest for future development, but it could also be the reverse, people being in a hurry to take immediate advantage from the new promising situation.

Conclusion (cont.)

3. The demographic window is not at all likely to be as favorable in most developing countries as in Singapore, Hong Kong, etc. The size of the dividend depends greatly on past trends in both mortality and fertility, without forgetting migrations. And it is not even guaranteed that the greater the WAP decline in the previous decades, the larger the demographic dividend. On the contrary, many examples are progressing in the opposite direction.

4. Even if that point has not been discussed as such in this paper, it is clear that in most cases, the demographic window will be immediately followed by a new severe WAP depression, where the burden of elderly will replace that of young, which was the cause of the previous WAP depression. In most developing countries, ageing is very likely to occur more rapidly than was ever experienced in developed countries. And, while the more rapid the WAP increase up to the occurrence of the demographic window occurs, the more rapid the aging process, it does not mean that more rapid the ageing processes will occur in countries where maximum WAP would have been the highest ones.

Conclusion (end)

Thus, not always the advantage of the demographic window will be so great. This is also an important reason to develop policies, which could allow countries to make better use of this transitory advantage to implement programs able to cope with the very fast ageing process that they will experience. Of course, the main priority of such policies is to guarantee full employment, since demographic dividend is only a theoretical one, which assumes that working age population is actually working population, to the maximum possible extent. There are indeed two urgencies for developing countries that are experiencing or will soon experience a significant demographic window : to ensure that demographic dividend is actually used (and not wasted in underemployment) and to ensure that it is used mainly to prepare societies to face the unavoidable ageing process. But it is urgent also that the developed world takes in account the needs for economic help of countries that will experience very significant WAP declines within the next 2-to-4 decades.