

Population and Poverty: The Real Score*

Executive Summary

The public debate on the population issue – long settled in most of the developing world – remains unresolved in the Philippines. We aim in this paper to contribute to the debate, in particular to highlight the role the government must play to face up to this development challenge.

On one extreme, there are those who say that there is no population problem and, hence, that there is nothing the government needs to do about it. On the other, some view population growth as the principal cause of poverty that would justify the government resorting to draconian and coercive measures to deal with the problem (e.g., denial of basic services and subsidies to families with more than two children).

We consider these extreme views and arrive at what we think is a balanced, more reasoned and, hopefully, more widely acceptable position. Our review of the extensive literature and our analysis of relevant empirical data lead us to the following **key messages**:

- Poverty is a complex phenomenon, and many factors are responsible for it. Rapid population growth alone cannot explain poverty. Bad governance, high wealth and income inequality and weak economic growth are the main causes. But rapid population growth and high fertility rates, especially among the poor, do exacerbate poverty and make it harder for the government to address it. The government's target of reducing poverty incidence to 20% or lower by 2010 would not be feasible, given historical growth rates of population and the economy.
- Time and again, Filipino women across all socioeconomic classes have expressed their desire for fewer children. But many, particularly the poor and the less educated among them, have more children than they want and are unable to achieve their desired number of children. Moreover, an overwhelming majority of Filipinos have affirmed the importance of the ability to plan one's family or control one's fertility, and believe that rapid population growth impedes the country's development.

* By: Ruperto P. Alonzo, Arsenio M. Balisacan, Dante B. Canlas, Joseph J. Capuno, Ramon L. Clarete, Rolando A. Danao, Emmanuel S. de Dios, Benjamin E. Diokno, Emmanuel F. Esguerra, Raul V. Fabella, Ma. Socorro Gochoco-Bautista, Aleli P. Kraft, Felipe M. Medalla, Nimfa F. Mendoza, Solita C. Monsod, Cayetano W. Paderanga, Ernesto M. Pernia, Stella A. Quimbo, Gerardo P. Sicat, Orville C. Solon, Edita A. Tan, Gwendolyn R. Tecson. U.P. School of Economics, December 2004.

- An unequivocal and coherent national population policy – backed by an adequately funded family planning program that provides accurate information and enables access to methods of contraception of choice – is pro-poor, pro-women, pro-people, and pro-life. Any government that cares about the poor cannot be blind to the fact that many of them have no access to effective family planning services.
- Good population policy and programs are not costly and, based on the results of surveys, are likely to be widely welcomed. But political will and commitment are needed to make them effective.
- The threat of the so-called “demographic winter” (birth dearth, aging, etc.) for the Philippines is greatly exaggerated, and using it as an argument against a sensible population policy is a plain and simple scare tactic.

What macro data show

Population growth in the Philippines declined slowly from 3.0% per annum in the early 1970s to 2.5% in the mid-1980s, then leveling to 2.36% in the 1990s and remaining at this rate today. By comparison, Thailand’s and Indonesia’s population growth rates, which were similar to the Philippines’ in the early 1970s, are down to 1.4% and 1.5%, respectively. Likewise, while Thailand’s poverty incidence is down to 9.8% and Indonesia’s to 18.2%, the Philippines’ poverty incidence remains high at 33%.

These comparisons are instructive in understanding the links between governance, population policy, and poverty. Thailand is arguably the best among the three countries on all three counts, suggesting that good population policy combined with good governance results in rapid economic growth and poverty reduction. Meanwhile, the experience of Indonesia, where governance and corruption ratings are worse than those of the Philippines, suggests that good population policy by itself can contribute to significant poverty reduction. In short, population policy does matter.

What household data reveal

The Philippines’ total fertility rate (TFR or the number of births a woman would have on average at the end of her reproductive years) declined from 6.0 in 1973 to 4.1 in 1993, and more slowly to 3.5 in 2003. By comparison, Thailand’s and Indonesia’s TFRs, starting at about the same level in the early 1970s as the Philippines’, are currently 1.7 and 2.6, respectively.

Again, this is instructive. Contrary to claims that significant fertility declines can happen only in countries at high income levels, Indonesia with lower per capita income and lower literacy rate was, in fact, able to reduce fertility faster than the Philippines. The same can be said of Bangladesh, Sri Lanka, and India’s Kerala state.

There is a close association between poverty incidence and family size, as borne out consistently by data over time. For example, data for 2000 show that poverty incidence rises monotonically from 9.8% for family size of one to 57.3% for family size of 9+. Moreover, poverty incidence declined the slowest for family size 9+, from 59.9% in 1985 to 57.3% in 2000 compared with 19% to 9.8% for family size 1. Further, family size is directly related to the vulnerability to poverty or the likelihood of falling into poverty owing to exogenous shocks (e.g., typhoons, droughts, and price increases).

As expected, mean per capita income, expenditure and savings fall monotonically as family size increases. Likewise, mean education spending per student drops from P5,558 for family size 1 to P682 for family size 9+, and average health spending per capita falls from P1,700 to P150 over that family size range.

National government expenditure on social services per capita has fallen sharply in real terms from P2,487 in 1997 to P1,999 in 2004. For education the decline has been from P1,789 to P1,415, and for health from P266 to P141 over the same period. More specifically for education, annual real spending per student in public elementary and secondary schools has dropped precipitously from P8,439 to P6,554, with negative annual average growth rate, over that seven-year interval.

The prevalence of child labor rises, and school attendance falls, with the number of children in the family. Moreover, the odds of a child becoming underweight and stunted are greater if he/she belongs to a household with 5 or more members (FNRI 1998). This partly explains why poverty tends to be transmitted and perpetuated from one generation to the next.

The average TFR masks the wide variance across wealth (or asset) groups: 5.9 children for the bottom quintile, 3.5 for the middle quintile, and 2.0 for the top quintile. Likewise, wanted fertility declines monotonically from the bottom to the top asset class: 3.8 for the bottom quintile, 2.6 for the middle, and 1.7 for the top. The large gap between actual and unwanted fertility among poor households (2.1 bottom quintile versus 0.9 middle and 0.3 top) suggests that family size adversely impacts on their living standards. As expected, the actual-wanted fertility gaps are also evident by education level and urban/rural location.

Behind this gap is high unmet need for family planning services: 26.7% bottom quintile versus 15% middle and 12.4% top. Hence, low contraceptive use or contraceptive prevalence rate (CPR) (any method): 37.4% bottom versus 52.7% middle, and CPR (modern method) of 23.8% versus 35.7%. Poor households mostly depend on public sources of modern family planning methods (88% versus 74% among the middle quintile).

Higher-order pregnancies are more likely to be unwanted and, as would be expected, unwanted pregnancies often result in abortions. Indeed, 70% of unwanted pregnancies are aborted intentionally, accounting for a large part of about 400,000 abortions yearly (estimated in 1994 and must have risen over time).

What people say

The latest survey carried out by Pulse Asia (February 2004) shows that people's views on family planning have not changed much over time since previous surveys. Virtually all Filipinos nationwide and across the broad regions affirm the importance of the ability to control one's fertility or plan one's family. Moreover, 7 out of 10 Filipinos believe that rapid population growth impedes the country's development. Further, a vast majority (82%) are of the opinion that candidates favoring family planning should be supported rather than rejected in elections.

Is the government's poverty goal achievable?

The government aims for a poverty incidence of below 20% in 2010 from about 33% currently. Is this goal achievable? Estimating a simple functional relationship shows that a GDP per capita growth rate of 1% is associated with drop in poverty incidence of 0.95%. This suggests that a poverty incidence of 20% by 2010 would require a GDP per capita growth of at least 3% per annum.

Such economic growth rate is significantly higher than the Philippines' historical average since the early 1980s and even higher than the more recent average of at most 1.8% from the mid-1990s to the present. This suggests that even for more modest reductions in poverty than the government's objective, it's not realistic to rely on economic growth (already severely constrained by fiscal deficits) while benignly neglecting the population issue.

The government does aim for a population growth rate of 1.9% by 2010. However, this target is simply not feasible with the government's current stance on the population front. To achieve such a target, contraceptive use – now at 49% (any method) – would have to increase by 0.48% yearly and would require a drastic shift in contraceptive method mix from predominantly traditional to predominantly modern, costing P1.25 billion per annum. The amount is actually just a sliver of the Internal Revenue Allotment (IRA) or of the Priority Development Assistance Fund (PDAF or pork barrel). But will our political leaders spare such precious tiny slice?

Why the need for population policy?

The rationale for an active public policy on population essentially stems from three considerations: (a) externalities, (b) imperfect information, and (c) poverty reduction.

First, externalities refer to costs imposed or benefits conferred on other people outside private contracts and the market place. They are often associated with the environmental effects of economic activities and of population, such as congestion, environmental degradation and resource depletion (“the tragedy of the commons”). But in developing countries like the Philippines which obligate the state to help the poor, population growth also generates externalities of a fiscal character: the greater the

number of poor people, the higher the taxes that the non-poor must pay in order to prevent the quality of education, health, infrastructure and basic services from deteriorating. With weak tax administration, high population growth means that poverty will be perpetuated.

Second, information about and access to family planning services are inadequate. Low-income or less educated couples are often ill-informed about the health risks to both mothers and children of many and closely-spaced births. And even those who are sufficiently informed about the advantages of family planning may not know how to operationalize the information they have or often do not have access to suitable services. In which case, the government must provide the needed information and access.

Third, the large gap between wanted and actual fertility, the high unmet need for contraception, and the low contraceptive use particularly among the poor constitute cogent justifications for the government's provision of effective family planning services. Further, there is a compelling case for the provision of free services to the poor. Population policy should be an integral component of a poverty reduction strategy.

From the above, the need for a coherent population policy is obvious. There is, however, the deep-seated opposition to such a policy from some religious groups. The Catholic Church's official position allows natural family planning (NFP) as the only method in the exercise of responsible parenthood. However, NFP as practiced has not been an effective method for family planning and for slowing the country's population growth. For many poor and less educated couples, in particular, learning and adopting NFP is too complicated and cumbersome and requires extraordinary discipline. A more humane stance would tolerate the use of modern and more effective methods of family planning, besides NFP, provided they do not result in abortion. "This moral position is also pro-life, in the sense of pro-quality-life. Each life brought into this world deserves to be raised in a dignified, human way that the parents are capable of, according to God's design, and not left to a 'bahala-na' attitude" (Tanseco 2004, p. 16).

Perhaps it is time, therefore, that the Catholic Church hierarchy and other religious groups listened to the people and took a more tolerant and humane position on the need for a state-supported population policy backed by a responsive family planning program. This type of mutual understanding has happened after all in other countries, including many where Catholics predominate. A more tolerant stance on the part of the Church would be in keeping with the Second Vatican Council's teaching that the final arbiter of moral decision is one's informed and responsible conscience.

"The Catholic Church, as is well known, is opposed to contraception, but not to family planning. The Second Vatican Council insists that parents-and parents alone-should decide on the number of children whom they will bring into the world, and that they should do so in view of the good of the family and of the society in which they live ("The Church in the Modern World" No. 50). It also recognizes the right and obligation of individuals to follow their consciences. Thus, it should be possible for responsible elements in the Church and the state, and other religious groups as well, to ignore the

extremists on both sides, to end the cold war that has been going on for too long, and to work out a modus vivendi for the good of the Filipino people” (Carroll 2004, p. A15).

Why must population policy be national in scope?

The national government’s current approach of leaving the adoption of population policy and implementation of family planning programs to local government units (LGUs) is ill-advised and is doomed to fail. It represents poor governance, to begin with.

In the first place, local government leaders typically wait for signals or directives from the national leadership in terms of policy objectives and instruments. In other words, if national leaders don’t care, why should they? Even worse, controlling population growth at the local level is incentive-incompatible with internal revenue allotments, which increase with population size, as well as with politicians’ electoral chances. Indeed, there are only a handful of LGU executives who take the population issue seriously.

Second, there are negative spillovers involved, since LGU boundaries are not closed and population is mobile across these boundaries. Thus, a town or province with successful population management, good economic performance, and adequate infrastructure and social services would find itself swamped with migrants from poorly performing towns or provinces. This is a case where success breeds its own failure.

Finally, population policy cannot be local in scale or scope because varying fiscal resources and technical capabilities among LGUs militate against its success and consistent application.

For these reasons, the national government cannot simply shift this important responsibility to LGUs. It must assume leadership in coming up with an unequivocal and coherent national population policy, backed by adequately funded family planning programs that provide accurate information and enable easy access to all methods of choice, especially for the poor. Then, it should enjoin all LGUs to implement effective programs in the field.

What are the elements of an effective population policy?

The sources of future population growth and their respective contributions are: unwanted fertility – 16%; desired family size – 19%; and population momentum – 65%. This suggests that the key objectives and instruments of an effective population policy are:

- First is to reduce unwanted fertility (or to meet unmet needs for contraception) through a strong national family planning program, i.e., one that allows a choice among both traditional (“natural”) and modern (“artificial”) methods of contraception. Family planning services, comprising information and contraceptive means, should be made readily available to low-income couples

who want such services. Lack of education and low incomes should not be barriers to availing of quality family planning services.

- Second, raising the quality of basic education, reducing infant mortality, fostering women's empowerment, and increasing employment opportunities for women are desirable goals in themselves. In time, as the empirical evidence suggests, the effect of these changes should contribute to a smaller desired family size and reinforce the downward trend in fertility and population growth, resulting in a virtuous circle.
- Third, women's empowerment and job opportunities are also likely to result in later childbearing and wider birth spacing that slow population momentum. Slowing population momentum, like the first and second objectives, also requires fully responsive and effective family planning programs.

These measures are mutually reinforcing and, if backed by appropriate policy reforms in the economic and other social sectors, would bring about the best results.

What about the prospect of a “demographic winter”?

The prospect of a so-called “demographic winter” – birth dearth, aging, etc. – while occurring in varying degrees in highly advanced countries, is as distant as about 100 years from today for the Philippines. Projections indicate that, if TFR continues to decline by 0.2 children every five years, replacement fertility of 2.1 children per woman would be reached only by 2040. However, the effects of population momentum would persist for another 60 years before population ceases to grow, by which time the Philippines' total population would be 240 million. For example, Thailand's population, which has reached below-replacement fertility for some time, continues to grow owing to population momentum.

Therefore, much of the talk of a demographic winter is greatly exaggerated and can only be regarded as a plain and simple scare tactic to instill fear in people's minds. It appears to be peddled by people who are simply unaware of population dynamics or, worse, who intend to mislead.

Conclusion

Rapid population growth is a critical national concern. It impedes economic growth, worsens inequality, and exacerbates poverty.

A sound population policy must be part of good governance to promote faster economic growth, lower inequality, and hasten poverty reduction. A national population policy, at the core of which are well-funded family planning programs that provide accurate information and access to all methods of contraception, is pro-poor, pro-women, pro-people, and pro-life.

The responsibility for formulating, financing and implementing a population policy cannot be left entirely to local governments because of spillover effects and incentive incompatibilities. The national government must take the lead.

The country would benefit if Church and State were to arrive at an *entente* on this critical issue – an understanding on the need for a sound national population policy – as has long happened in other countries.

A “demographic winter” is not in the cards – not in the next 100 years, anyway.

Ultimately, the majority of Filipino women across all socioeconomic classes have spoken: they want fewer children. And Filipinos in general have affirmed the importance of addressing the population issue. Good governance requires that the government listen to the people’s voice.

Salus populi suprema lex – the welfare of the people is the supreme law.