



Shifting Population Paradigm to attain Economic Prosperity in Pakistan

Global evidence shows that improving human capital including educational levels, skills, health status, and providing employment opportunities, especially those for females, lead to development and progress, along with effective family planning programming, and changing parental perceptions of the cost and benefits of having children. In Pakistan, the population paradigm still revolves around the idea that only population size, and its growth impeded socio-economic progress and exacerbating issues like unemployment and poverty; this narrative is incomplete nor comprehensive. A change in how the population agenda is perceived and programmed for in the country, by shifting the focus to improving the quality of the population, and not just be anxious about the quantity is key to achieve economic prosperity.

Introduction

The population paradigm in Pakistan appears to be stuck in the Malthusian Trap – that is, the idea that there is an inverse relationship between the population and living standards, and that population growth invariably outgrows resources. The notion does not take into account the complexities of the issue, which makes population growth just a part of the broader development agenda, and where more than size it is the quality of the population that matters. It would not be wrong to state that in many cases high fertility rates are not the cause but a consequence and symptom of poverty, unemployment, and lack of education and healthcare. The development of a population, therefore, depends on addressing a myriad of factors, including economic, social, political, and

gender-related issues along with family planning initiatives.

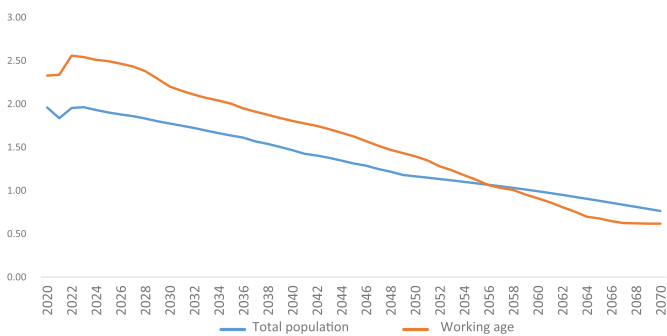
With a current population exceeding 242 million, Pakistan faces huge challenges in providing quality life to its citizens. The rapidly growing numbers have repercussions for all units of governance and should be seen beyond the lens of health and population. The huge numbers are outpacing employment creation, and opportunities to save and invest, and overburdening basic services. But is the population size the actual problem or is it the inability and failure to have a more educated, skilled, and healthier population that can contribute more productively to society? Does everyone get gainfully employed by being fewer in number or it depends more on a vibrant economy that generates employment opportunities?

The Current Scenario

It is ironic that at a time when the country can reap the demographic dividend by improving the quality of the population through better education, health, skills, and employment, and increasing savings and investment, the population discourse is mainly about the growing numbers.

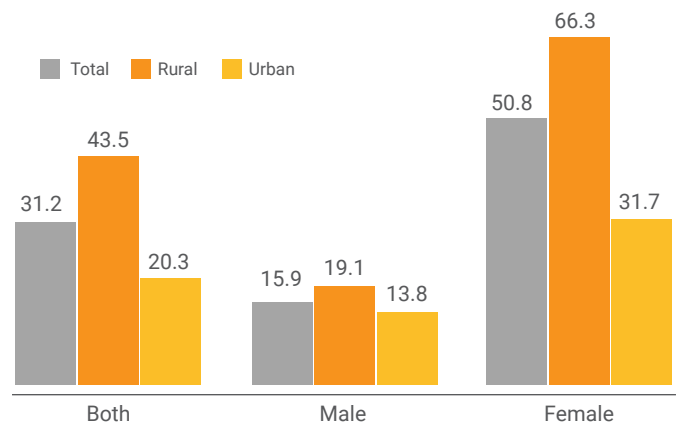
There has been talk of demographic dividend, and the potential it offers, since 2006¹. Earliest estimations put the window to be open till 2045, but the slow pace of fertility decline in the country has added years to this opening. The UN projections (2023) show that the proportion of the population in the working ages, age 15-64 years, will continue to increase till 2050. The stagnation in the fertility decline in Pakistan, thus, prolongs the timing of the potential demographic dividend in the country till 2056 (see figure).

Timing of the 'Demographic Dividend'



The quality of education and skills provided to the youth in the country is not of the quality or relevance that is required in the labour market today. Education, which is generally

Unemployment Rates Young Graduate

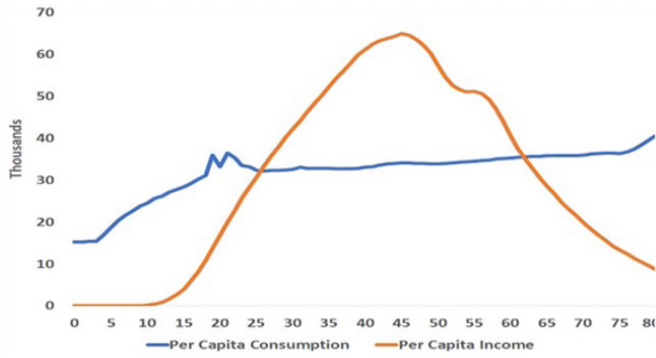


considered a panacea to all problems, is not helping the young people to get employment because of the poor quality of education, accompanied by limited employment opportunities available to them. Among the youth (aged under 29 years) with a college degree or above, nearly one-third are unemployed. The situation for female graduates presents an even grimmer picture.

The current proportion of the population in the working ages should be a source of increased savings and investment, which can lead to the demographic dividend. The lack of focus on improving the socio-economic condition of the population is exhibited by the limited surplus income produced by the working ages in Pakistan. The labour income is not sufficient to fulfil the deficits experienced by the young and the elderly and must be fulfilled by asset income². The current inflationary pressure, accompanied by

¹ Nayab, D. (2006) Demographic Dividend or Demographic Threat in Pakistan?. Islamabad: PIDE.

Per Capita Income and Consumption by age



a lack of gainful employment opportunities and poor-quality human capital, makes the probability of higher income, leading to more savings and investments, very bleak.

Populations do not develop only on the basis of economy and human capital as the cement that binds them is the social capital. Without trust and bonding, no society can progress. PIDE study (2023)³ shows a very low level of trust among people and of citizens towards the various institutions. Volunteerism is rare, and community feeling is low in the country. In the absence of trust, economy/businesses cannot flourish. Likewise, in the absence of a vibrant community, familial relations would always be very important leading to larger family sizes.

Any discussion on population is not complete without looking into the family planning practices of the population, and the contraceptive prevalence rate (CPR) in Pakistan shows very slow progress. The CPR of 38% in 2023 shows an

increase of less than 1% each year over the last two decades. Likewise, if we look at the modern-traditional mix in the use of contraceptives in Pakistan over the years, we find traditional methods to constitute over one-fourth of the total use. This trend tells us that many women and men in Pakistan are still not able, ready and/or convinced to adopt modern contraceptives.

The current population scenario is marked by a vague legal and constitutional framework in the country that is adding to the complexity of the issue. The National Finance Award (NFC) best exhibits this lack of clarity in the way the government conceptualises the population issue in the country. On one hand, there is heightened population anxiety about the growing numbers, while the country's finance award incentivises population size. With population being a provincial subject, all the incentives for the federating units are tilted towards a bigger population as it brings more finances and a larger representation in the parliament as well. NFC formula should be transformed from response-driven to target-centred. Provinces should be incentivized to achieve the targets population (e.g., better gender equality, better skills, increase modern CPR, better human capital etc.)

The above discussion shows the multisectorality of the issues linked to population, and thus, confining it to just family planning, as many do, is misleading. Because of this multisectoral nature of the issue, the population should be at the core of policymaking at all relevant ministries, which include ministries of finance, education, agriculture and food security, labour, and health.

NFC Formula			
Population	Poverty/ Backwardnes	Revenue Collection	Inverse population density
82%	10.3%	5%	2.7%

The Way Forward

A paradigm shift is needed in how the population is perceived in Pakistan. The number of people is not a problem per se, but it is their quality and attributes that are of significance. A focus on the quality of a population also contributes to a more inclusive society by providing access to resources and opportunities, including opportunities for economic, social and self-development.

The recent discourse on having a population-resource balance is timely but needs to go a step further and consider the population as one of the resources. And like any resource, human resources need to be invested in, polished, trained and improved to make them into a quality unit. We have examples of China and India which despite their billion-plus populations are now seen more as a 'billion-plus market' instead of over-populated countries because of their economic growth and quality of human capital.

² Nayab and Siddique (2020) National Transfer Accounts for Pakistan: Estimating the Generational Economy. Islamabad: PIDE and UNFPA.

³ Nayab (2023) PIDE BASICS Study: Belief, Attitudes, Social Capital, Institutions, Community and Self. Islamabad: PIDE.

Poor socio-economic milieu and high population growth are a vicious cycle that Pakistan is caught in, with each contributing to the other. Certain measures, if adopted, can go a long way in remedying the situation. These include:



Mainstreaming population dynamics in all sectors:

From a fringe topic, the population should be made the core of all policymaking. Because of the multisectoral nature of the issue, policymakers at every ministry/department need to be sensitised that the population size, structure and its dynamics have a direct link and bearing on whatever they plan, and improving its quality would bring benefits to them.



Improve employability to enforce gainful employment:

Unemployment and underemployment rates are increasing in the country showing a lack of jobs, and more so of quality jobs, especially for the educated and the females. The availability of quality jobs is important for prompting the income-savings-investment cycle – the very essence of the demographic dividend. At present the lifetime income surplus is small, and to improve it availability of quality jobs is imperative. This especially includes employment opportunities for females that can be a source of empowerment and gender equality, along with increasing the opportunity cost of having children for them, lowering fertility levels.



Provision of quality education:

The high unemployment rate among graduates not only shows a lack of job opportunities but also an issue with the skills and relevancy of education. Policies need to be in place to cater not just to educational infrastructure but also to provide quality teachers and relevant curricula with 21st century pedagogy that speaks to future labour market needs not only educational supply. Without investing in quality education and skill development, youth bulge would not translate into a demographic dividend.



A much-improved family planning program:

An efficient FPP - one with easy access, ready provisions, and good advice and counselling, needs to be in place to help couples make more informed decisions and act on them.



Reform NFC towards a population and gender equality target-driven formula:

Although difficult, a conversation needs to be initiated on the NFC award in Pakistan. The current distribution is very pro-natal and incentivises high population growth. The need to focus on quality does not imply that size does not matter, and the current formula to divide finances encourages larger size, which also has consequences for quality.



Improving social capital:

Contrary to physical capital (like roads, underpasses, and bridges), social capital is hard to build, and there is no ready formula for how to do it. But for vibrant societies and flourishing economies, social capital is an essential ingredient. Volunteerism and community activities are a good way to start it and as a first step local administrations, businesses and/or educational institutions can be encouraged to organise such activities.

Countries prosper when there is capital deepening-including both human capital and physical capital. In Pakistan, population growth is invariably outpacing resource creation, resulting in capital widening instead of deepening. It is time, the conventional population paradigm shifts to one where people are considered a resource

and investment is made in improving their quality. After all, human 'resources', or labour, was declared the most important source of a country's wealth by Adam Smith in his seminal "The Wealth of Nations", and Pakistan needs to invest in and utilise this resource prudently and efficiently.