Population Growth and Economic Development in Southern Mediterranean Countries:
A Comparative Focus

Wai Mun Hong*
Alejandro Lorcor**
Eva Medina***

Abstract

The Southern Mediterranean (SM) countries, nine North African and Middle Eastern partners and one permanent observer which border the Mediterranean Sea (MS) as defined in the Euro-Mediterranean Partnership (or Barcelona Declaration) launched in 1995, form one of the slowest growing regions in terms of economic and social development. Many development economists blame the slow development of SM countries on high population growth. Others, however, defend the view that high population growth could encourage economic growth through expansion of the labour force. The myth of Asia’s miracle of the newly industrialised economies (NIEs) was unmasked by Krugman (1994), demonstrating that the impressive economic growth was in fact fuelled by high population growth. This phenomenon gives SM countries hope with regards to exploring possibilities for achieving economic development through high population growth. However, the governments of SM countries have failed to tap demographic dividends but instead turn to migrants to further economic development.

Keywords: Population Growth, Demographic Transition, Demographic Dividends, Migration and Economic Development****

* Researcher, MERIGG, Universidad Autónoma de Madrid. Spain. fenghuimine@gmail.com.
** Jean Monnet Chair, MERIGG, Instituto Universitario de Predicción Económica L.R. Klein, Universidad Autónoma de Madrid. Spain.
**** The authors thank MAPFRE Asistencia for its generous support.
1. Introduction

Population size is a determining factor of economic powerhouses and population growth is an indicator of economic potential. In late 18th century, Malthus presented the pessimistic view that population growth could impede development in his book “The Principle of Population”. Some economists share this pessimistic view that if the population grows faster than can be sustained by resources this will result in catastrophe. Population growth could also lead to lower individual wealth (per capita gross domestic product (per capita GDP)) if the population grows faster than economic output (gross domestic product (GDP)).

Other economists, however, take an optimistic view, suggesting that population growth has multiplying effects on development. A labour force expansion increases economic output, strengthening demand and improving efficiency through scale economy benefits and a larger pool of human capital to generate innovations and intensify production systems (Boserup 1965, 1993 quoted in Potter et al. 2004; Kuznets 1960, 1967 quoted in Bloom et al. 2003). While population growth does not necessarily mean economic growth, the optimists’ view of the effect of population growth on development is fundamentally ideological yet undeniably pragmatic.

Sen (1999) argues that scarcity of resources has never been a problem in a functioning democratic society regardless of population growth and Sirinivasan (1988) suggests that “deleterious consequences” result more from “inappropriate policies and institutions” than from rapid population growth (quoted in Bloom et al. 2003, 15-16). Krugman (1994) went further in his analysis of the Asian Miracle demonstrating that the source of rapid economic growth in the newly industrialised economies (NIEs) was in fact an effect of demographic transition. Economic development fuelled by population growth is also exemplified by today’s developed countries which grew tremendously during the post World War II (WWII) reconstructions. These

1) Realistically, a population growing faster than GDP is rare due to the fact that continuously learning equipped human beings, in general, produce more efficiently, although adverse situations such as war or economic crisis could result in a detriment to overall economic output and individual wealth.

2) The newly Industrialised economies (NIEs) are Hong Kong, Republic of Korea, Singapore and Taiwan.