Missing the boat on population management and economic development

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The Philippines has missed a number of opportunities toward long-term economic development. While the country was in pretty good shape in the 1960s through the late 1970s — and certainly highly competitive with other developing countries in Asia — it began to falter at the turn of the decade. By early 1980s it started to miss the boat in terms of sustaining its comparatively strong education and healthcare systems, besides introducing key economic policy reforms, which the four other founding members of ASEAN (Indonesia, Malaysia, Singapore and Thailand) were beginning to undertake. Such policy reforms included ditching the well-worn import substitution industrialization strategy and in its stead opening up the economy to international trade and foreign direct investments (FDIs).

As regards population management, the Philippines adopted family planning (FP) program in 1970 which was off to a good start, as were the programs of the other ASEAN countries. However, while these neighbors resolutely sustained their FP programs, adamant opposition from the Philippine Catholic Church hierarchy and conservative pro-life groups induced then President Marcos to drop the program ca. 1980 for political expediency. A move that would spell a major difference in the economic growth trajectories of the Philippines vis-a-vis other Asian developing countries, given that population management matters to education and healthcare services delivery apart from employment of the work force and household incomes.

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To illustrate how population management can, inter alia, make a considerable difference, it's instructive to compare the Philippines and Thailand often regarded as erstwhile quasi-twins. Both introduced their respective FP programs in 1970 when their population sizes were practically the same at around 37 million. Additionally, the Philippines' gross national income (GNI) per capita was US$220 and Thailand's was US$210, and both countries had identical poverty incidence at 13 percent.

Fifty years thereafter, the above numbers have been drastically set apart, with the Philippines' population ballooning to 110 million and Thailand's at only 70 million. GNI per capita was $3,430 in 2020 ($3,850 in 2019) for the Philippines, and $7,050 in 2020 ($7,407 in 2019) for Thailand. On the other hand, poverty rate was estimated at >20 percent in 2020 (16.7% in 2018) for the former, and 8.8 percent in 2020 (6.2% in 2019) for the latter. Evidently, the drop in GNIs and the increase in poverty rates were due to the COVID-19 pandemic.

An important adverse impact of the Philippines' failed population management was on its healthcare system capacity that surfaced in bold relief during the COVID pandemic, what with a large population and poverty incidence arguably the highest in ASEAN. Likewise, given that the education especially of the youth has been severely set back, the scarring of society and the economy is likely to take several years to cure and reverse.

The ultimate objective of population management is typically to reach a desirable level of population stability vis-a-vis a country's economy and resources which can be achieved through replacement fertility at roughly 2.1 children per couple (the global average). Five ASEAN countries have achieved this — Singapore in the mid-1970s, Thailand in 1990, Vietnam in 2006, Malaysia and Brunei Darussalam in 2013 — while the others are still above 2.1, with Indonesia at 2.3 and the Philippines highest at 2.7 along with Lao PDR. The Philippines may achieve replacement fertility between 2025 and 2030 yet.

Fertility reduction is a necessary condition for demographic transition toward demographic dividend resulting in higher income per capita and poverty reduction, given the right policy environment and flexible labor market facilitating employment of the workforce. Replacement fertility sets the inflection point for demographic dividend to rise sharply as exemplified by the Philippines' more dynamic and progressive ASEAN neighbors — Singapore, Thailand, Malaysia, and Vietnam. Unfortunately, our country's demographic transition and consequential demographic dividend have been much delayed.

Moreover, the country has lagged behind its ASEAN neighbors in introducing key economic policy reforms, such as opening up the economy to FDIs. For instance, in 1985 the Plaza Accord enabled the US to devalue the dollar vis-a-vis the Japanese yen and the German mark to deal with its large trade deficit. The appreciation of the yen led to a tsunami of Japanese FDIs in Asian countries which bypassed the Philippines as it was ill prepared to host them, given the political and economic uncertainties then prevailing coupled with its restrictive FDI policies. It's only very recently (first quarter 2022) that three policies that languished in Congress for some time — namely, the Foreign Investment Act, Retail Trade Liberalization Act, and the Public Service Act — were sighed into law by the President. These are likely to be implemented contingent on the next administration with lagged effects.

Had the Philippine not missed the opportunity of sustaining population management cum-family- planning complemented with the right policies, the economy would have been much better off — higher investment in human and social capital, hence, better healthcare and education systems, more productive workforce and lower unemployment rate, higher GNI per capita, much lower poverty incidence and inequity. In other words, the country would be at par with its dynamic and progressive ASEAN neighbors, resilient and better equipped for pandemics.

Unfortunately, the population issue seems to have become passe and, though still highly relevant, it is hardly discussed in public fora. However, if one thinks hard about the country's socioeconomic woes, s/he would realize that population management is an overriding policy and, in combination with other policies, significantly impinges on many facets of the economy and society.