THE **JOURNAL** OF **EUROPEAN**
ECONOMIC HISTORY

Reviewing the Demographic Dividend Internationally Through the Lens of Economic Gains Across

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Abstract
Just about one fourth of the world's population is between 10 to 24 years old. It must be understood that the aspirations and achievements of these young segment will shape the future of the world. Another consideration is that the fertility rates in many parts of the world are declining rapidly. A country with increasing number of young people and declining fertility reaps a 'demographic dividend' – a boost in economic productivity that occurs when there are an unprecedented growing numbers of people in the workforce relative to the number of dependents.

The total number of young people in the world today is higher than it has ever been – there are about 1.8 billion people between ages of 10 to 24 years old. It is expected to increase 2070, according to most of the moderate population projections.

While many of the developed countries face steadily shrinking populations of young people it is the least developed countries that have large and rapidly growing population currently, however, about 60 percent of the population in the least developed countries is under 24 years of age. Their ranks will increase by another 60 percent by the middle of the century. These rising numbers of young people, accompanied by falling fertility rates, offer a critical window of economic opportunity that has been termed the 'Demographic Dividend'.

Key Words: Economy, youth, working age, productivity

Introduction
The demographic dividend, therefore, is the economic growth potential that can result from shifts in a population's age structure, mainly when the share of the working-age population (15 to 64 years of age) is larger than the non-working-age share of the population (14 years old and younger, and 65 years old and older).

The potential for economic gains can be enormous, provided the right policies are in place and investments in human capital, particularly among young people, are substantial and strategic. To realize a demographic dividend, a country must undergo a demographic transition – a shift from high fertility and mortality to low fertility and mortality. Mortality generally falls as child survival rates improve, mainly because of improved health and sanitation standards. Declines in fertility often follow, and as families have fewer children, household resources are freed up to make investments in their long-term well-being. Over time, the children born during the early stage of this transition enter the labour force. When the labour force grows more rapidly than the population dependent on it, resources become available for investment in economic

THE *JOURNAL* OF **EUROPEAN**
ECONOMIC HISTORY

development. This offers an opportunity for rapid economic growth – if the right social and economic policies and investments are in place.

During the 1950s and 1960s, there were several East Asian countries invested heavily in their youth and expanded access to voluntary family planning, enabling people to start families later and have fewer children. As fertility rates fell, there were fewer dependents and more resources available to create or expand businesses, build infrastructure and make productive investments. The result was unprecedented economic growth.

Benefits Accrued Across the Demographic Dividend
To make the most of a demographic dividend, countries with falling fertility rates must undertake specific actions to empower young people to fulfil their potential. This includes encouraging decent employment, investing in education, and ensuring access to adequate nutrition and health – including unrestricted and universal access to sexual and reproductive health care.

When women are empowered to plan the number and spacing of their children, fertility levels tend to fall. Sexual and reproductive health care also reduces disease and injuries, ensuring people are better able to contribute to the economy. And women with access to these services are better able to continue working, strengthening the financial well-being of their families and communities. With their surging populations of young people, the least developed countries have the greatest opportunity to realize a demographic dividend. They also tend to confront the greatest challenges as well.

It is estimated by population of the least developed countries will have doubled in size, adding 14 million young people to the working-age population every year. Creating conditions for decent livelihoods will be an enormous task, especially given that, currently, about 80 per cent of the people who work in these countries are unemployed, underemployed or irregularly employed. Additionally, the shortage of financial resources makes it all the more difficult to maintain, let alone increase, spending on health, education and nutrition.

There is a large gap between the demands that countries place on their young people and the large numbers of young people are not able to complete school or find productive, remunerative employment.

International Scenario on the Demographic Dividend
UNFPA is collaborating with the African Union to enhance the demographic dividend in Africa. The extent to which African governments are able to transform education and skills development, health and wellbeing, empowerment as well as employment and entrepreneurship would then lie at the heart of their march towards progress and gain consequently sustainable peace and development. Significant challenges to development with profound effects on the economic, social and demographic changes. With one third of the region's population under 15 years of age, youth aged 15-24 years increased from 49 million in 1995 to nearly 73 million in 2020. This youth bulge is the result of high fertility rates in the region. Those who are in the working age group an aged 15-64 reached 63% in 2020.

The UNFPA works to eliminate the barriers to economic and social empowerment facing young people – especially adolescent girls, who too often suffer discrimination and inequality

THE *JOURNAL* OF EUROPEAN ECONOMIC HISTORY

at all levels. Preventing child marriage, keeping girls in school, and ensuring they have access to sexual and reproductive health care has greatly improved the lives of their families and communities.

The Arab countries are home to 9.2 million refugees, or about 2.2 per cent of the population. Conflicts and situations of displacement usually increase the occurrence of violence against women, including early marriage, child marriage, and trafficking, especially for girls.

Most states in the region are yet to adequately invest in education, health, skills and opportunities accessible to young people aged 15-24 however, so as to turn this burgeoning youth population from a challenge to a great opportunity.

Most studies show that the majority of Arab states are still in the pre-transition mode, notably Iraq, Mauritania, Sudan and the Comoros, or in early transition, where the percentage of the young is just increasing, as in Egypt, Jordan Palestine, Algeria, Syria, Libya, Yemen, Djibouti, Bahrain and Saudi Arabia. Some countries have managed to reach the later stages of the transition like Qatar, Kuwait, the UAE, Tunisia, Morocco, Lebanon and Oman, where lower fertility rates have allowed the youth segment to be larger than that of children and elderly combined. This trend, if facilitated by adequate social policies, allows for more savings in households and better living standards.

The Cairo Declaration 2013 emphasized the benefits of the demographic opportunity and gave the follow recommending:

- Improving the quality of and access to education to adequately respond to labor market needs;
- Ensuring the right of young people to decent work through effective policies that generate stable, safe, secure, non-discriminatory employment, especially with regard to gender;
- Developing youth capacities for interaction and building healthy social relations, prevent social isolation, promote conscious sexual and reproductive health awareness;
- Committing to prioritizing the creation of jobs and skilled work force by increased investment that foster youth entrepreneurship and provides capacity building to young people;
- Actively involving young people in policies and national and regional programs;
- Enabling effective participation of youth as volunteers and leaders of social change without being subjected to exploitation, violence or deprivation of rights;
- Activating various mechanisms and joint institutions dealing with youth issues for enhanced networking in support of greater efficacy and feasibility.

Age Structure and Demographic Dividend in Bangladesh: Trends and Potentials
The detailed age structure of the population depicted in Figure 1 indicates that at the moment the population of Bangladesh is largely dominated by the young. In 2019, 36.2% of the total 164.7 million population was aged below 20, 54.3% below 30, and 70.4% below 40. It also implies that 96.43 million people (58.5%) belonged to the working-age groups of 20–64 years.

Figure 1: Age Structure of the Population in Bangladesh, 2019 (%)

THE **JOURNAL** OF **EUROPEAN**
ECONOMIC HISTORY
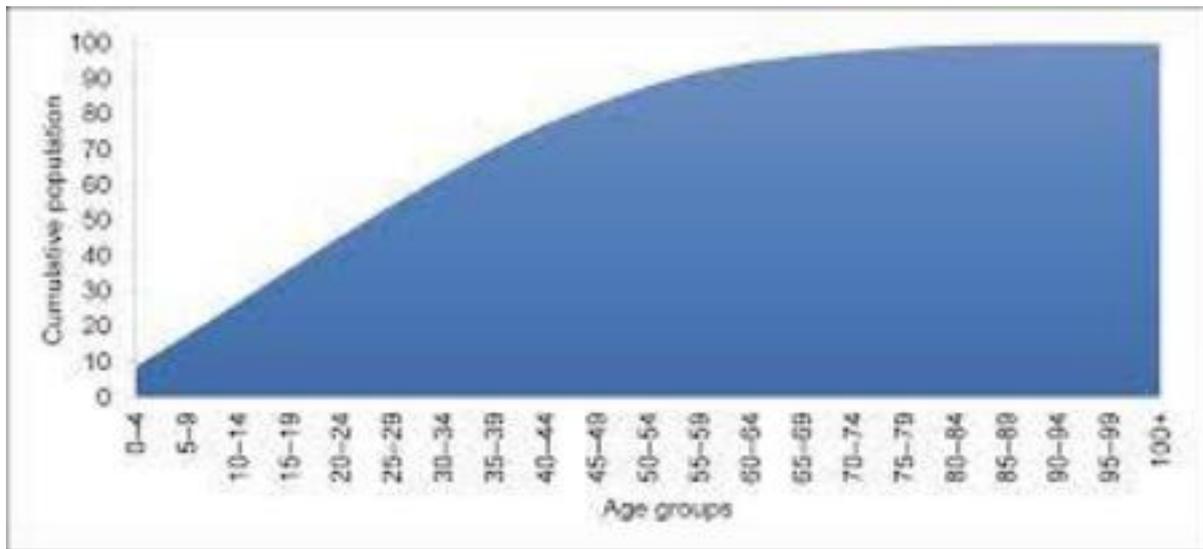
Source: UNDESA (2019); Authors' compilation.

Depending Ratio as a Qualifier

One global standard measure of demographic transition is the dependency ratio, which refers to the ratio of the non-working age population to the working-age population. According to the Population Division of the Department of Economic and Social Affairs of the United Nations, the nonworking-age population is considered to refer to age groups below 20 years along with the age group of above 65 years. Therefore, the age group of 20 to 65 years is considered the working population.

$$\text{Dependency Ratio} = \frac{\text{Population aged } 0-19 \text{ and } 65+}{\text{Population aged } 20-65}$$

The lower the value of the dependency ratio, the higher the dividends be the economy is assumed to gain out of it as proportionately a greater number of people are expected to be involved in economic activities than in the non-working population.

In the global context, the countries, having the potential of extracting the demographic dividend gains, use to compete with each other in this connection. For example, despite some challenges from other regions of the world, Bangladesh could enjoy the highest potential benefits compared to the rest of the regions until 2070 as shown in Figure 2 illustrates. Africa, Oceania, and other parts of Asia will take over the benefits after that.

Figure 2: Dependency Ratio in Different Regions, Medium-Fertility Variant (2020–2100)

THE **JOURNAL** OF **EUROPEAN**
ECONOMIC HISTORY
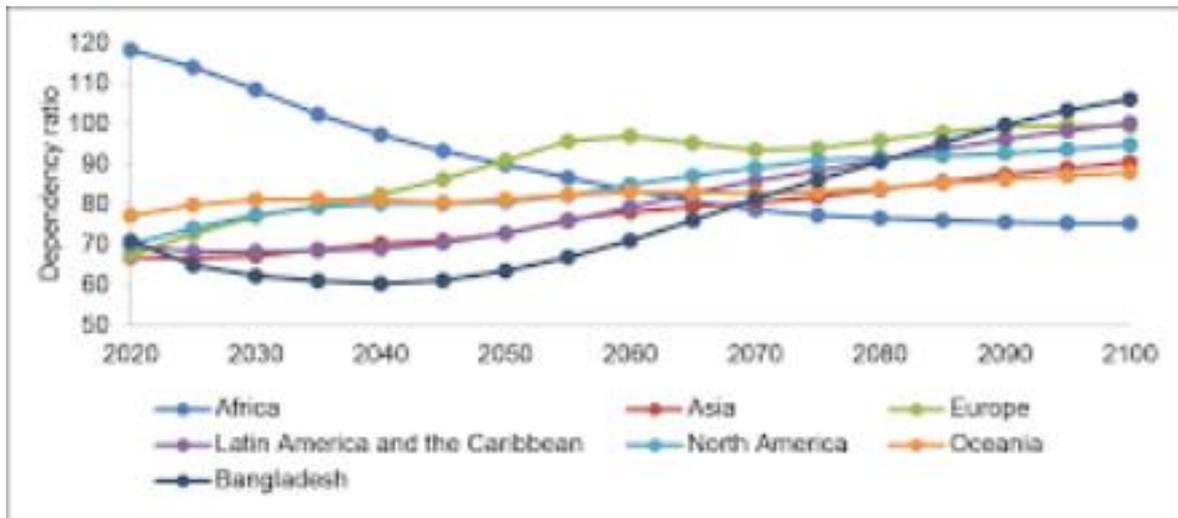
Source: UNDESA (2019); Authors' compilation.

Key Factors Facilitating Demographic Transitions and Digitization
Some key factors are pivotal in facilitating the demographic transition are faster urbanization, education, and structural transformation (i.e., moving away from agriculture towards industry and service sectors). For example the urbanization rate almost doubled from 19.8% in 1990 to 37.4% in 2019. Moreover, the expected years of schooling (i.e., the total years of schooling a child can expect to receive throughout his/her life under the prevailing context when he/she enters into the school) also rose from 5.6 years in 1990 to 11.6 years in 2019, revealing that an educated young population is getting prepared to attain the demographic advantages.

Figure 3: Urbanization and Expected Years of Schooling Trends (1990–2019)
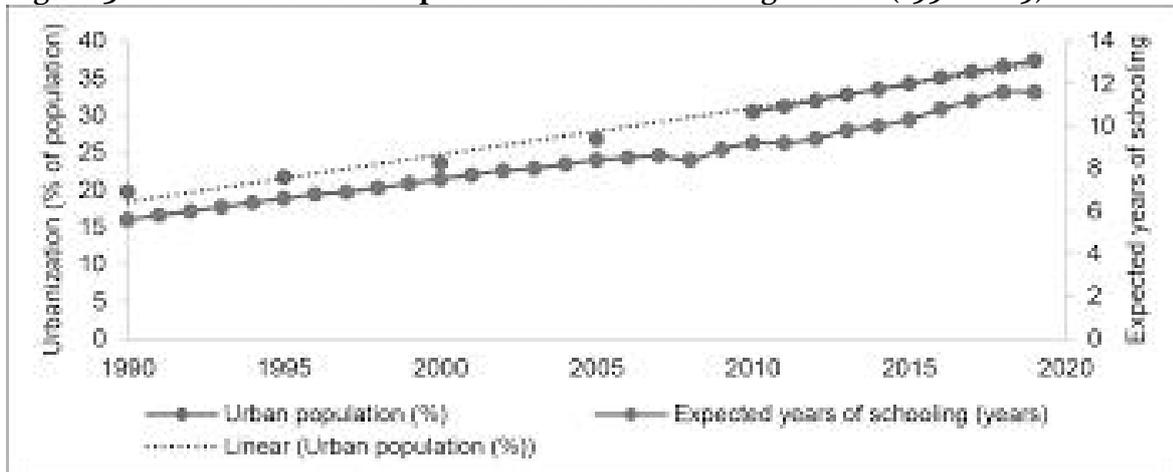
Source: Source: UNESCO (2020); UNDESA (2019).

Determinants of Dependency Ratio
The Human Development Index is found to have a significant impact on the dependency ratio. The result implies that a 10-basis point increase in HDI score, would decrease the dependency ratio by 0.24 percentage points all other things being equal. With the progress in life expectancy, education level, and social indicators, people usually focus on maintaining their standard of living. As a consequence, the birth rate drops in one time frame, and eventually, the dependency ratio drops for the next time frame.

THE *JOURNAL* OF **EUROPEAN**
ECONOMIC HISTORY

Urbanization is found to have a negative effect on the dependency ratio, implying that as more people move from rural to urban areas, the share of the working population should increase. Life in urban areas is more competitive and expensive. Hence, to support livelihoods, a greater proportion of people join the workforce, and the dependency ratio comes down.

An increase of 1 percentage point in urbanization therefore, would result in a 0.4-basis point decline in the dependency ratio.

The female participation rate in the labor force, is found to have a positive association with the dependency ratio. This is an interesting aspect of this demographic transition. On the one hand, if a female member joins the labor force, the probability of having children usually goes down as creating a good balance between the family (i.e., children's grooming) and employment becomes difficult. On the flip side, a female member taking a job also indicates that the family is sufficiently well-off in terms of income to support a greater number of children. Hence, there is a probable implication of seeing the dependency ratio rise as female participation in the labor market increases. The estimation implies that an increase of 1 percentage point of the female participation rate in the labor force, would probably result in a 0.7-basis point increase in the dependency ratio.

Conclusion

This study has been comprehensive in its approach to understanding the links between the demographic dividends and economic growth.

This study shows that has significant implications in identifying the determinants as well as the potentials of digitization and the demographic transition towards the economic progress of Bangladesh. It empirically reveals that both digitization and the demographic transition can play a momentous role not only in creating enormous employment opportunities for the young and educated labor force but also in sustaining the existing high economic growth trajectory of any country experiencing the dividend.

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THE **JOURNAL** OF **EUROPEAN**
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