

## WHY POPULATION MATTERS TO **EDUCATION & LABOR**



Population's effects on education and the labor force will influence the opportunities available for the current generation of young people, the largest in history. The demographic transition—the combination of falling mortality rates followed by falling fertility rates—provides countries with a growing number of youth who can be educated and productively employed. With effective government policies and investments, this transition can create an engine for economic growth.

Fertility, education and labor are also related at the individual level. Smaller family size may improve girls' access to school education for girls, and educated women are more likely to have smaller families and healthier children.<sup>1</sup> When family planning services are not available, early pregnancy can decrease a woman's educational and economic potential.

### **The State of Education and Labor**

Education is necessary to foster national economic growth because it increases levels of human capital by strengthening the abilities and knowledge of individuals. In countries with large youthful populations, universal primary education and

widespread secondary education can be a huge boost to economic growth. In such countries, ensuring that half of the population attains some secondary education could more than double annual economic growth rates.<sup>2</sup> In South Korea, the rapid expansion of education among the population beginning in the 1960s contributed to

economic growth rates much higher than otherwise projected.<sup>3</sup>

Globally, unemployment rates for young people are on average three times higher than for adults, and the number of unemployed youth has grown dramatically in recent years. Regionally, the highest rates

of youth unemployment—above 20 percent—are found in the Middle East and North Africa (Figure 1).<sup>4</sup> There are a number of reasons for high youth unemployment. Countries with youthful populations may have difficulty absorbing the large numbers of job-seekers. Younger people are more likely to be placed in part-time or temporary work, and can lack the training and skills sought by employers. Employers are also more likely to lay off younger employees due to their relatively low seniority.<sup>5</sup>

In addition to widespread education and opportunities for youth, employment for women is important to achieving full potential in the labor market. In 2008, women represented about 40 percent of the global labor force, despite comprising 49 percent of the working-age population.<sup>6,7</sup> The proportion of working-age women who are employed lags behind men in all regions. Globally, males are employed at a rate of 25 percentage points above females. In the Middle East and North Africa, less than one-quarter of women of working age are employed compared to more than two-thirds of men. The gender difference in employment-to-population rates is smallest in East Asia (See Figure 2 below).<sup>8</sup>

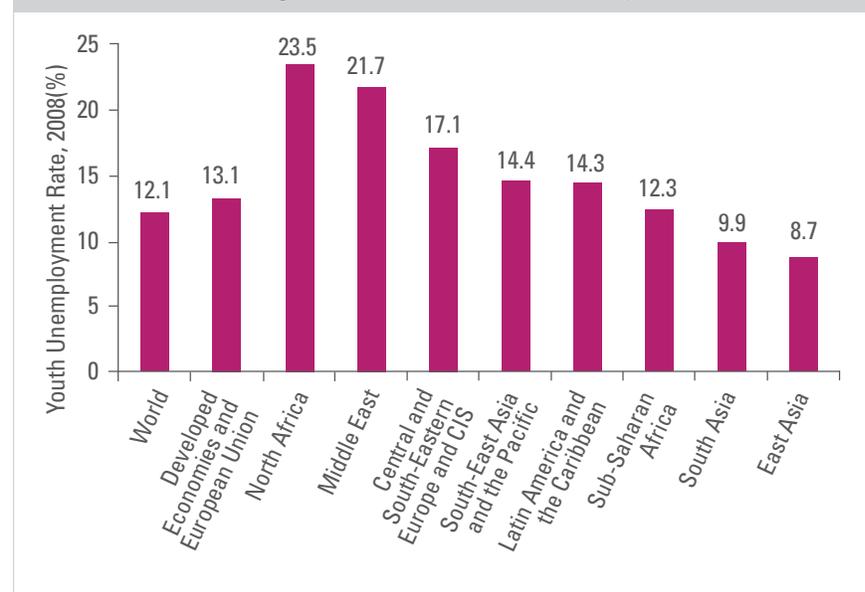
### Links between Population and Labor

Over the course of decades, many countries around the world have made a transition from high fertility and mortality rates to lower death rates and, later, smaller family sizes. During the beginning and end of this shift, the population is relatively stable as births and deaths cancel each other out. But during the early transition period, mortality rates decline while fertility rates remain high, creating rapid growth and a larger share of young people within a population.<sup>9</sup> Then, as fertility begins to decline, there is a short “window of opportunity” when there are more working-age people and fewer children and elderly dependents.<sup>10</sup>

A large working-age population and fewer dependents can increase savings and spur economic growth. However, education and stable employment opportunities for young people are essential for this to occur. Several non-demographic factors are important, including a diverse economy, equitable opportunities, investment, and access to credit.<sup>11,12</sup>

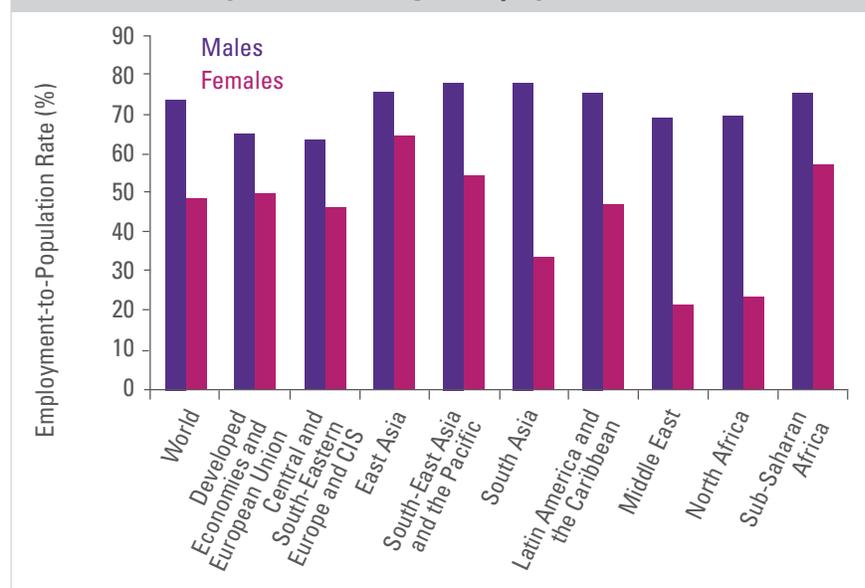
On the other hand, at the beginning and end of the transition period, there are greater numbers of young and old people depending on each person of working age.<sup>13</sup> Large numbers of dependent household members can reduce family well-being among the poor because more household income is spent providing for children and the elderly.<sup>14</sup> When labor markets are unable to keep pace with rapid growth

**FIGURE 1: Youth Unemployment Rates Vary Across Regions**



Source: International Labor Organization (ILO). 2010. *Global Employment Trends*. Geneva: ILO.

**FIGURE 2: Globally, Men Have a Higher Employment Rate than Women**



Source: International Labor Organization (ILO). 2010. *Global Employment Trends*. Geneva: ILO.

among the working-age population in the early stages of the demographic transition, unemployment can become a serious challenge. For example, if fertility rates in Uganda continue to average above six children per woman, by 2037 the economy would need to produce 1.5 million new jobs annually. Yet in 2009, only 100,000 new jobs were available.<sup>15</sup>

One factor that keeps women out of the labor force is an unmet need for family planning. By preventing unintended pregnancies, giving women access to family planning can enhance women's educational and employment opportunities and increase their financial contribution to their families and communities.<sup>16</sup> Women's labor force participation can foster women's empowerment: Women who earn their own income or have access to credit are likely to have more say in household decision-making, maintain more assets, and experience reduced levels of domestic violence.<sup>17</sup>

### Links between Population and Education

Smaller family sizes allow more children to be educated<sup>18</sup> and can promote girls' education. Family size has the greatest impact on educational achievement in households where schooling is available, but expensive.<sup>19</sup> The links between poverty and education are especially relevant for girls. Girls from large families with relatively limited resources are the least likely to attend school.<sup>20</sup>

It is also true that educated women often have fewer children. Education helps couples to achieve their desired family size by enhancing their ability to use effective contraception and by increasing women's confidence in demanding health care. Educated mothers may be more supportive of sending their children to school, and since they also tend to be employed, these mothers have more resources to invest in education.<sup>21</sup> When

young women do not have access to comprehensive sexuality education or family planning, they are more likely to become pregnant and drop out of school. This is particularly true in Africa and Latin America, where in many countries up to 10 percent of women ages 20 to 24 reported dropping out of school because of pregnancy.<sup>22</sup>

Surveys show that women with no education often desire a larger family than their educated peers. In Kenya and Uganda, for example, women with no education prefer two to three more children than women who have completed secondary school.<sup>23</sup>

### Policy Considerations

Large youthful populations entering the labor market can be an economic asset, or a challenge in countries with economic troubles and high unemployment. Policymakers must provide education that prepares youth to enter the labor force, and family planning to meet the growing desire for smaller family sizes. Access to family planning can keep young women in schools and allow them to enter the global labor force. These services, along with other efforts to address gender inequality, are critical to ensure that women and girls are able to access the same employment and education opportunities as men and boys.

Special attention also needs to be paid to providing services to ease the burden on household caregivers at both ends of the demographic transition. This means making sure women and young people, who are often the primary care-givers of children and elderly relatives, have access to high quality, affordable child and elder care so they can take advantage of higher education and employment opportunities.

Younger, educated populations are particularly well-positioned to adapt to new industries and changing technology, but need the support



*Meeting the unmet need for family planning gives women the opportunity to explore education and vocational opportunities.*

of a government willing to invest in education at all levels and retraining when necessary. As demand for primary education decreases with declining fertility, policymakers can shift funds to broadening access to secondary and tertiary education to create a better-educated labor force.<sup>24</sup> For the demographic dividend to provide economic benefits, human capital, equitable access to employment, and a diversified economy are critical.

When large population groups reach retirement, policymakers must cope with a shrinking labor force and aging population that requires adequate pension and health systems. Aging reflects relatively recent improvements in public health and lower fertility rates, and governments' responses are still developing. Numerous policy responses have been proposed, including extending the tenure of working years, importing labor through immigration, addressing the underlying causes of low fertility rates, and modifying health care and social welfare systems. In cases where fertility rates are extremely low, existing policies and norms may not enable women to balance a career and family responsibilities.

