

THE RECURRING POPULATION HYPOTHESIS

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ABSTRACT

As the countries grow richer, their population undergoes a transition. The death rates and birth rates fall and eventually reach a phase where is a zero rate of population growth. The aging population creates shortages in efficient labour, capital intensive techniques of production reduces further surplus in production and it ends up in a stagnant state. Due to shortages in labour supply, the government would itself persuade the people to increase the birth rates. Added to that is the problem of migration. As the migrant population invades the domestic territories of a country, the domestic population loses it's job opportunities and would necessitate protectionist policies from the government.

Keywords: Recurring Population, Protectionism, Demographic Tire, Post industrial phase of population.

1. INTRODUCTION

As per the theory of demographic transition, the birth rates and the death rates of a country would fall and the population would be stagnant after the post industrial service sector phase. The problem with service sector growth is that it creates a demand side growth only. There is no tangible or consumable productive commodity produced. During the post- service sector phase, there would be paradigm shift in the global population as a whole. The old age population would overpower the working age population.

2. ASSUMPTIONS

1. There is free flow of goods and services.
2. There is free flow of capital and technology.
3. There is free flow of labour.
4. The economy is in a post-service sector phase.

5. The pattern of population growth is not uniform everywhere.

3. THE RECURRING POPULATION HYPOTHESIS

The growth of an economy would remain stagnant after the final stage of demographic transition due to political, economic and psychological reasons. Barring the initial stage of demographic transition i.e. a stage of high birth rate and high death rate; all the other stages would be recurring. Since we cannot increase death rates by natural means, death rate would be constant at a minima with slight fluctuations. The birth rate increases, then falls, become stable for some time and then increase once again. The increase in birth rate is to meet labour demand. Since there is a demand side growth in the economy and shortage in the supply of goods, there is an increasing pressure to increase production. There is a limit to which capital intensive techniques can be used. This is because capital intensive techniques absorb more and more rate of interest from the net output. The surplus from production falls and there would be no further capital accumulation and investment in productive activities. The only way to solve this problem is to use labour intensive techniques of production. The initial shortage of labour can be met through immigrant workers. During this phase, the domestic population can be increased Labour can be met through increasing the birth rates through government intervention.

$$N = f(n, M, e); 0 < e < 1.$$

where N is the net Population, n is the natural rate of growth i.e. birth rate- death rate, e is the elasticity of population growth. It is the responsiveness of the rate of change of population due to social, political and behavioral factors.

3.1 TWO PHASED MIGRATION AND DEMOGRAPHIC TIRE

The shortage of labour would force the capitalists to bring in cheap labour from outside. This is the primary wave of migration. This is not that harmful to the domestic economy as the productivity of labour is high. Due to the demonstration effect, more and more people would migrate in. More often, unskilled workers also come in and they have a low marginal productivity They migrate with their families this is the secondary migration. More and more immigrants would further add pressure on production. The domestic population would be employed and all the jobs would go to the migrants. This would create a dissatisfaction among the domestic population. The ratio of dependent population increases and this would be an economic burden. This phenomenon is known as Demographic tire. The only way to escape from this is to enhance the birth rate.

4. RISE OF PROTECTIONISM

There is a great divergence in the growth rate of population between the domestic population and the immigrants. The immigrants have a higher birth rate compared to the domestic population. The government would relax birth control norms and persuade the domestic population to increase their birth rates. To prevent further immigration, the borders would be strictly controlled. A wave of uncertainty, populism and protectionism spreads. A short wave of anti-globalization peeps. For all this to happen, it would take another 30-40 years.

5. CONCLUSION

We can conclude that the rigid population policies that we follow would surely back fire on our future generation. Except the first stage of higher death rate, all other stages would be recurring in nature. The increasing demand for labour due to increasing the old age population would attract migrants. Initially these immigration is a blessing in disguise for the domestic country. But when the migration continues in the form of a never ending wave, the government would have to move back from an open economy to a closed one.

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