

Century's biggest challenge and Bangladesh

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While the debate continues if the Earth can accommodate 10 billion inhabitants, for Bangladesh high density of population is a reality that the nation faces every day. According to a recent article published in the National Geographic Magazine, "we may be seven billion specks on the surface of Earth, but when you are in Bangladesh, it sometimes feels as if half the human race were crammed into a space the size of Louisiana, USA." Hence, the demographic challenge for Bangladesh is enormous. Nevertheless, there is a silver lining.

With nearly 1033 people per square kilometre, Bangladesh is one of the most densely populated countries in the world. Its population density is 2.8 times higher than India and 4.7 times that of Pakistan. However, this high population density is a historical burden that Bangladesh has been carrying since the territorial partitions in 1947 and 1971. It took half a century to increase Bengal's population by merely eight per cent in the period of 1751-1801, whereas in the span of five years (1950-55), the erstwhile East Pakistan witnessed an 11 per cent population growth. Its population increased approximately 60 per cent between 1947 and 1971, when the nation witnessed two political divisions. These divisions drew new boundaries without changing Bangladesh's population density. In the past four decades (1970-2010), Bangladesh and India's population increased 122 per cent and Pakistan witnessed a 190 per cent growth.

This high density of population often leads to misapprehension about Bangladesh's demography. Unlike the global population trend, Bangladesh's total population which is currently roughly 150 million (medium variant) is projected to peak by the middle of this century (194 million) and by the end of 21st century its population is likely to be 157 million due to the net effect of crude birth rates and crude death rates, the United Nation's Population Prospects 2010 database reports. Total fertility

rates (TFR) in Bangladesh have declined, from 6.91 children per woman in 1970-75 to 2.38 in 2005-2010. The TFR is projected to approach a replacement level (2.16) in the period 2010-2015.

The age structure of Bangladesh's population and associated changes also offer an encouraging picture. While China sees half its population approaching 35 years and older, with a median age of 24, Bangladesh is one of Asia's youngest countries. Bangladesh's dependency ratio has declined, from 97 in 1975 to 56 in 2010. A nation's demographic window generally opens when the dependency ratio (non-working to working age population) goes below 50. In South Asia, Bangladesh and India are projected to enjoy a large demographic window (2015-2055). China enjoyed an extended period of high growth thanks to its low dependency ratios, among other factors.

The 'demographic window' is considered a once-in-a-lifetime opportunity for a nation that lasts for 30-40 years depending on the country. However, it can be a double-edged sword. Economic benefits largely depend on how a country's public policies are designed to exploit its 'demographic window'. In this regard, higher investment in human capital and physical infrastructure and other growth ingredients such as technology transfer, competition and structural change, financial sector development, industrial policies and urbanization policies, inter alia, are of importance.

Moreover, another encouraging news for Bangladesh is that recent economic literature indicates that high density may prove to be a blessing if economies can get 3Ds (density, distance and divisions) right. Countries can increase the 'density' by concentrating economic activity in a few areas — coastal areas are prime candidates. The 'distance' between markets can be shortened through an expansion of transport services. Correct policies

should be adopted to reduce barriers to the movement of goods and services, helping to eliminate 'divisions'.

On the flip side, if the job creation rate lags behind the growth of the working-age population, it could generate huge economic imbalances and political stress. The higher working-age population and soaring savings partly, if not largely, explain why so much money is chasing too few shares in the stock markets in Bangladesh and why thousands of youth are considering equity trading as a profession.

Sadly, demography's lasting contribution to growth is largely missing in current economic and policy thinking in Bangladesh. The policymakers, the masses and the media see the country's growing population as a looming danger. Its large population should rather be seen as a

springboard for growth, as two-third is of working age and this is a unique opportunity for the nation to join the Asian 'catch-up' game.

I end here by leaving a message for the policymakers (more precisely, politicians) of Bangladesh. The exponential increase of young population in the country gives them two choices: either do the needful, particularly in terms of creating jobs for millions of youths in line with East Asian public policy making or face growing political tensions or upheavals like what we are currently witnessing in the Middle East.

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