

Population Resource and Economic Development

Population growth helps the process of development in the following ways:

First, an increasing population means an increase in the number of working population who can function as active participants in the process of economic growth and development.

It is to be noted that labour, assisted by necessary tools and implements, was always and still is the greatest productive asset of nations. A growing population leads to an increase in total output. The sheer arithmetical increase in population creates work as well as incentives for production that impacts upon output and productivity quite favourably. Indeed, this argument is empirically important in addition to theoretical reasoning.

Secondly, a growing population means a growing market for most goods and services and we know that division of labour is limited by the extent of the market. A potentially expanding market may stimulate entrepreneurs to invest more and more in capital goods and machinery. Business activity will be spurred as a consequence. And more income and employment will be created in the process. Moreover, it will provide an outlet for the products of efficient, large scale, mass- production industries. The net effect may be favourable to the country.

Of course the size of the domestic market of country does not only depend on the number, but also on the per capita income level. But given the same low level of income per head, a country India offers a more favourable environment setting up heavy capital goods industries which depends so much on the economies of scale their success. In contrast, a thickly populated country with a small population base such as Sri Lanka seems to be especially handicapped by the all size of its domestic market.

Population growth has been a favourable factor in stimulating growth in many a country in; last two centuries, when vast areas remained largely unsettled. Even in the USA, in the 1930s, was apprehended that a slowing down of the rate population growth would lead to long run secular) stagnation. The vast secular boom in the post-industrial revolution England had been largely induced by the unparalleled rise in population’.

Thirdly, an arithmetic increase in population permits in reaping economies of scale in production, greater division of labour, extension of the market, etc.