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Demographic Transition and Its Consequences

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The volume *Demographic Transition and Its Consequences* collects a selection of the papers presented at The Long-Term Implications of the *Demographic Transition Meeting*, held in Madrid, Spain, in September 2009. The meeting was organized and sponsored by the Fundación Ramón Areces and the Grupo de Estudios “Población y Sociedad” (GEPS), a multi-institutional research group whose main aim is to support and encourage educational, research and scientific activities on the themes of population and society, using a multidisciplinary approach.

The Introduction, which is written by the two editors, goes far beyond simply explaining the main goal of the volume, namely “to discuss the long-term implications of the demographic transition throughout the world”. Instead, the authors provide a comprehensive overview of the transition process and its effects, identifying the demographic transition as “a pathway to change”, both in modern industrial societies and emerging economies. Moreover, they suggest that “the fact that various parts of the world are at different stages of the demographic transition” should help demographers “chart at least part of the future course among the relative newcomers to it”.

Since it deals with the demographic transition and its consequences “from a variety of angles” (i.e. disciplines), the editors have organized this volume into four parts.

Part I is entitled “Implications of the Demographic Transition Past and Present” and “reviews and analyzes the medium - and long-term social, economic and evolutionary implications of the demographic transition”.

In Chapter 1, David Reher suggests that little attention has been paid to the demographic transition “specifically as a cause rather than a consequence” of social and economic change that “occurred in Europe and elsewhere between 1850 and 1975”. It was actually one “of the many constituent causes of that period of enormous change and by no means an insignificant one”. Many of Reher’s arguments refer to the transition among “the forerunners of the process”, where “the cycle of beneficial effects of the demographic transition appears to have run its course”; but the author also wonders if “countries with more recent demographic transitions, just now seeing their own window of opportunity”, will have enough time “to fully transform their societies, as was done in Europe and elsewhere”, before the negative consequences of the demographic transition (aging and shrinking labour supply) would start.

In Chapter 2, Tim Dyson aims “to provide an integrated explanation of urbanization (and urban growth) within the context of the demographic transition”. In recent decades, traditional economic interpretations which suggest that these two processes are consequences of industrialization and modern economic growth, have faced difficulties “because processes like fertility decline and urbanization have been occurring in settings where sustained economic growth and urbanization are largely absent”. The author asserts that “any account of the demographic transition that fails to include urbanization as one of its major components is seriously incomplete” and that “while many scholars see the process of urbanization as resulting from sustained economic growth, there is probably at least as much reason to see sustained economic growth as resulting from urbanization”.

According to Michael Murphy (Chapter 3), the “demographic transition is usually analyzed in terms of period effects rather than cohort or generational effects, while “period changes in demographic regimes may act differently across generations: for example, reduced fertility and mortality will simultaneously tend to increase the number of living grandparents a child has through improved survival, but reduce the number of living grandchildren older people have through lower fertility”. For these reasons, the author tries to describe “how the family and kin constellation of cohorts in Britain have changed between 1850 and 2010”. The main indicator he uses is the estimated average number of people’s living kin of various types (whether co-resident or not) at different ages and over the whole lifetime. Using a microsimulation model, Murphy shows “some reductions in the proportions of kin of the same generation and increases especially in older generations (as suggested by “the emergence of a beanpole family structure”). He finally explains why kin availability is so sensitive to long-term population trends and suggests that, as a consequence of population aging, in most industrialized societies kin relations will age (since “events that formerly occurred early in life now usually occur later in life”) and become more partial (as a result of the widespread patterns of re-partnering).

In Chapter 4, Rebecca Sear and David Coall focus on the social effects of the changing frequency and availability of kin. Although evidence from pre- and post-transition societies suggests that “relatives are clearly beneficial to mothers in raising children”, in contemporary industrial societies social networks are changing compared to the past and individuals “associate more often with non-kin”, especially when they have to move away from kin to increase their job opportunities. “This reduction in kin-based social support may raise the perceived costs of childbearing, since mothers and parents have to shoulder far more of the burden of childcare in the absence of helpful kin”. It may then in turn affect fertility, shifting the emphasis from the quantity of children to their quality. “But parents may instead have to rely on non-kin-based help, whether purchased in the market or provided by the State”; as a result, today a different

set of individuals takes care of children, who for their part “require much less intense care in order to survive to adulthood”. According to Sear and Coall, evidence would suggest that humans act as “cooperative breeders” in their reproductive strategies, i.e. “evolved to rely on others beside parents for reproductive success”.

Part II, entitled “Aging and Intergenerational Transfers”, explores some aspects of population aging.

Using data from the National Transfer Accounts Project they directed (involving 23 country teams all over the world), Lee and Mason in Chapter 5 show that “the direction of intergenerational transfers in the population has shifted from downward (i.e., from older to younger generations, which is consistent with evolutionary theory) to upward, at least in a few leading rich nations”. Resulting in part “from the changing economic role of the elderly and in part from population aging brought about by the demographic transition”, this change especially alarms those rich countries that are investing in generous welfare state programs for the elderly. In fact, “as populations age further over the next few decades”, their current systems of public transfers to the elderly “will not be sustainable”. The authors highlight the necessity of structural reforms of public pension and health care programs.

In Chapter 6, Luis Rosero-Bixby, using estimates from the above-mentioned National Transfer Accounts Project for five Latin American countries (Brazil, Chile, Costa Rica, Mexico, Uruguay), points out “some surprising or little-known circumstances” on the profile of intergenerational transfers in Latin America. He in fact shows that “far from being a net economic burden to their families, elderly Latin Americans are relatively wealthy and receive large net transfers from governments (especially pensions)”, and that, as a result, they definitely can allow themselves to save and to transfer wealth to other family members, especially when they co-reside with younger generations. Then, the National Treasury in Latin America appears to be “the most important, maybe the only, economic casualty of population aging”; but, as Rosero-Bixby suggests, “the eventual burden of an aged population for taxpayers will probably be compensated by the greater contribution of the elderly to the well-being of families, since the elderly provide on average more than they receive from children”.

The question discussed in Chapter 7 is whether in Sweden, “the world leader in population aging for a good portion of the twentieth century”, where the share of elderly is estimated to increase to 26 percent by 2050, “the next step toward population aging will continue as smoothly as the first step” or whether the welfare state will face “increasing challenges to financing benefits at their current levels”. Since population aging is a demographic process, Tommy Bengtsson and Kirk Scott examine its potential demographic solutions, namely the internal solution “of reversing the downward trend in fertility” and the external solution “of altering the age structure through immigration”, concluding that

“immigration is not likely to offset population aging significantly, and even unexpected substantial increases in fertility will not have any impact until after population aging levels off in the 2040s”. They then explore possible financial solutions to population aging, seeing an increase in the tax-base (mobilizing the potential workforce and/or raising the retirement age) as the most likely, particularly given the political opposition to a decrease in welfare provision.

As the title “Regional Perspectives” suggests, local perspectives on the demographic transition represent the main issue of Part III.

In Chapter 8, Wang Feng focuses on the relevance of China’s demographic transition “not only for its magnitude, but also for its speed”, since in the second half of the twentieth century it took place “at an almost unparalleled pace”. He suggests that this success was firstly based on “the willingness and the acceptance of Chinese families and individuals”, i.e. a cultural tradition of proactive mortality control and reproductive regulation, even before the significant role played by the Chinese state through its three-decade-long one-child policy. Wang Feng wonders if China, as an “overachiever” in the global demographic transition, is now destined to face a faster unfolding of the main implications of this process. These include a rapid end of the era of abundant supply of inexpensive labour, a rapid population aging and an increase of social risks for Chinese families, due to the prospect of loneliness in old ages resulting from the widespread lack of children and kin.

The subject of Chapter 9 is the current economic and demographic divergence between Indonesia and Nigeria, in spite of their similar placement in development levels and prospects in the 1950s (both populous, relatively resource-rich and culturally diverse). Having evolved to a certain degree in “forms of democracy” after experiencing political turbulence, secessionist struggles and authoritarian governments in their early years of independence, from the 1970s on these two countries have had radically different demographic and economic performances. While Indonesia has moved toward “an East Asian style of growth” and has made “considerable strides in reducing poverty”, the Nigerian economy has become “increasingly dominated by oil and natural gas” and poverty has remained “almost undiminished”. As a result, “Indonesia currently has a life expectancy close to 70 years and fertility averaging little over two births per woman, while “Nigeria’s life expectancy is still below 50 and its fertility is above 5”. Looking more closely at this divergence, Geoffrey McNicoll suggests some possible explanations, each one appearing to have played some part: “differences in governance and policy choices, differences in inherited resources and institutions (particularly significant in the case of trends in fertility) and differences in external conditions”.

Part IV, entitled “Past and Future in the Long Perspective”, includes contributions from David Coleman and Robert Rowthorn and from Paul Demeny.

Chapter 10 “examines the prospect of population decline in the modern world and its relationship with population aging” and evaluates “the likely con-

sequences for economy, society and environment". "Low birth rates are the key" for the population decline that will affect the Western world in the short or medium term, given the current levels of fertility and in the absence of migration. As generally assumed, population decline inevitably brings some disadvantages to societies, e.g., slower output growth and reduced productive capacity, reduced size of the armed forces, smaller representation in international bodies. However, the authors conclude that "a smaller stationary population, once achieved" could even produce some relevant social, economic and environmental advantages, such as lower population density, a more knowledge-based economy, accelerated processes of retirement age reform and lower emissions and pollution of all kinds.

The final Chapter (11) provides an overview of Western government policies affecting reproductive behaviour during the last three centuries, that is from 1700 until the Second World War was over. After the war, the baby boom intervened "at least temporarily dispelling any talk about prospects of population decline" and "refocusing policy ambitions in the domain of population" on rapid population growth in countries "at an earlier phase of the transition". From the mid-1960s until the end of the twentieth century, population policy in the developing world became synonymous with family planning programs (whose "effectiveness in reducing fertility remains a matter of controversy"), while toward the end of this period "a quite different demographic phenomenon began to attract attention: aggregate fertility levels that are inadequate for the long maintenance of the population", and that "in the absence of large compensatory immigration would not only lead to rapid population decline but also result in very high proportions of the population at old ages". As Paul Demeny suggests, "in very-low fertility countries, a search for potentially more effective pronatalist measures would receive high priority on the public policy agenda".

Briefly, the excellent job done by the two editors in terms of quality and range of the papers collected makes this book a unique contribution to the literature on the long-term implications of the demographic transition. Highly recommended.

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