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**The Family and Economic Development:  
Socioeconomic Relevance and Policy Design**

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Is the family relevant for economic development? Some argue that the family is an obstacle to sustainable economic development, key because marriage, the union of a man and a woman, generates children. In this view it is necessary to regulate the family because the earth's resources are limited. The more we are, the poorer we will be.<sup>i</sup> Others see the family as a hostile place for woman and children. Consequently, they argue, if poverty and abuse of women is to be eradicated, the family has to be monitored and regulated by national and international laws as well as by institutions.<sup>ii</sup> Finally, others see the family as a problem for development because they believe that large populations, by perpetuating poverty, threaten government stability in developing countries and in other parts of the world as people fight to gain access to scarce resources. Poverty also, these people believe, causes resentment toward developed countries because they are rich.<sup>iii</sup>

The opposite view argues that, rather than an obstacle, the family is key precisely because it is an enabler; it makes “sustainable” development possible. This is so because healthy families are needed for the economy to fulfill its purpose.<sup>iv</sup> Population growth does not necessarily equate to poverty; these authors maintain that poverty is the result of poorly structured families and societies as well as bad economic policies.<sup>v</sup> Finally, others consider that the family makes sustainable development possible precisely because of its connection with population. They believe that population control policies, by hampering human generation, undermine families and economic development, and that it leads them toward an “aging population trap” as opposed to the “population trap” predicted by Malthus.<sup>vi</sup> How people perceive the connection between the family and economic development is critical, for it is by these perceptions that domestic and international economic and social policies are formulated and implemented. Thus, it is equally critical that people ensure their perceptions are grounded, not in rhetoric and emotions, but in established scientific and empirical data.

I argue that the focus on family and population is not necessarily incorrect, but that population control policies used and the approach of some international organizations and countries toward the family are mistaken. This is so because: 1) healthy families are essential for a country as they have a direct impact on human, moral, and social capital, and therefore, on resource use, economic activity, and economic structures; and 2) resources are used inefficiently when directed towards policies that weaken families instead of policies that strengthen them. This, in turn, hampers the sustainability of real economic growth and perpetuates poverty.<sup>vii</sup>

Section two presents a framework of the family’s role in economic activity. Section three discusses the socioeconomic relevance of the family. Section four addresses some of the main economic living conditions of families in developing countries. Section five examines policies most often proposed together with some policies that have proven helpful to the family in developed countries. Section six reviews two useful initiatives introduced in

developing countries as tools to strengthen poverty-stricken families. The paper then describes my conclusions.

## How Does the Family Fit in the Economy and What Are Its Socioeconomic Implications?

Elsewhere I have argued that when addressing the relationship between family and economics, it is important to consider the characteristics of the family and how the economy relates to these characteristics.<sup>viii</sup> One characteristic of the family is that it is the first form of society. A person normally comes into the world within a family, and it is within a family where the child first develops and matures as a human person. Also, members of the family are human beings and, therefore, need material things to survive and develop. It is this need to obtain and to consume goods and services that explains the reason for economics and the role that the family plays therein. In this sense then, we can say that the family is the first and most fundamental place where production and spending acquire their meaning. It follows that it is precisely in the ability to foresee both the needs of families and the optimal allocation of the inputs of production to satisfy those needs, which constitute an important characteristic of a well functioning economy.

Table 1, presents a sketch of how the economy operates and why a well-functioning family is necessary for sustainable economic growth. The economy has three fundamental activities: production, exchange, and consumption (Table 1, Column 1). In order to produce, the economy needs to use resources. These resources or factors of production are labor, capital, land, and entrepreneurship.<sup>ix</sup> It also needs to optimize the use of these resources because, at any given point in time but not over time, the resources available are limited. Households or associations of households that take the form of corporations or some other type of institution provide these resources. In this process, human capital plays a key role as it affects not only the quality of the labor force, but the manner in which these resources are used to obtain the desired production to cover the basic needs.<sup>x</sup>

In order to obtain the income or retribution for their contribution of resources, each person and/or institution need to exchange. This exchange takes place in the market.<sup>xi</sup> In order for the market to last, a necessity to exchange and some basic economic institutional and structural conditions, such as competitive terms of trade or openness to trade, need to exist. It also requires other fundamental features such as trust, communication, order, and political stability.<sup>xii</sup> It is for this reason that human, moral, and social capital play a fundamental role.<sup>xiii</sup> How and which goods and services get produced and how those contributing with their resources are paid depend on the choices made by those producing them. When income and profit are not obtained, production is typically stopped and, often, corrupted structures of individuals and institutions take over.<sup>xiv</sup>

To consume, one needs first to obtain goods and services. To obtain these goods and services, one needs purchasing power and a distribution system that will allow consumers to reach them. The distribution of purchasing power typically takes place through income and profits, but it is redistributed. There are three ways this transfer from one person to another takes place: by voluntary payments, by theft, or through taxes and benefits organized by the government. In addition to history, nature, and luck, each player in the economy influences how the redistribution will take place by the way they behave and the way they vote.<sup>xv</sup> Thus, for an appropriate distribution to take place, i.e., for this distribution to actually meet the needs of the family and by doing so to contribute to both the welfare and wellbeing of its members, a fair and equitable distribution system for goods and purchasing power are fundamental. It is within the family and through its influence that it exercises in the decision processes of individuals that this appropriate distribution is ensured or disrupted.<sup>xvi</sup>

The grounds on which capitalist theories have defended private property have been the economic agent's work. These theories propose that because it is a given economic agent who carries out work, he is the owner of it. Thus, they conclude, he has the right to keep and enjoy its fruits. However, this justification is incomplete since no one could work having not first received some type of education and/or training. Furthermore, no one can work without the help of

others. Thus, to some extent, any input of production or product is not due solely to the work of the economic agent. Other members of that society have rights upon the same product, beginning with the members of his family. This implies that while it is possible to find support for the right to private property based on a person's work, it does not mean that this right is absolute. Private property encourages production and belongs to someone, but the product of this property to a degree transcends the owner since he does not work in isolation or for himself alone.

Using the previous analysis, we can understand why several elements of the economy degenerate if they are not ordered towards the family: What is the motivation to work without a family? What is the point of an economic agent saving or investing beyond retirement (i.e. future consumption) or even death without the family? What moderation would there be in consumption and spending if there were no family? What is the role of government if not to meet, at least in a subsidiary manner, the needs of the family? An economy that is based exclusively on profit and selfish individualism could be successful for a period of time, but it would not last (among other reasons because it will not produce enough population to sustain a viable economy). It is the human person, the economic agent, that works, and this person naturally belongs to a family. Since it is also the case that persons develop within the family, then it follows that the person, as the economic agent, will be better fitted to contribute the most to society and vice versa when the family is being promoted by the economy within which he or she works.

So far we have seen that family consumption needs give rise to economic activity, and that the family affects economic production, exchange, and consumption by the influence that it exercises on each of its members. At the same time, as the members of these families contribute to the economy, private property and other institutions and services such as factories, health and hospitality services, housing, education, social securities, national security, etc., develop to complement and meet the needs of these families. Therefore, if we are to understand any economic issue, the way in which that given issue affects the family as a whole, or a given member of it, must be evaluated carefully. This is directly and indirectly the most important reason for economic activity.

## Socioeconomic Implications

Today, there is a large body of scientific evidence that clearly indicates that human beings develop in the best way within a family that is functional, i.e., with his biological or adoptive mother and father in a stable marriage.<sup>xvii</sup> The academic and social performance of a child is very closely related to the structure of the family in which he lives, and this is important for the quality of the human and social capital.<sup>xviii</sup> The psychological stability and health of a child is closely related to healthy families and this is important for worker's productivity and government finances.<sup>xix</sup>

Social science research also shows that the breakdown of the family is a symptom of a sick and weak society. Women are twenty five times more likely to be abused in irregular families,<sup>xx</sup> and child abuse is six times higher.<sup>xxi</sup> Men who have witnessed domestic violence are three times more likely to abuse their own wives and children.<sup>xxii</sup> Non-maternal care increases children's aggressive and violent behavior<sup>xxiii</sup> and substance abuse and teen-age pregnancy are higher in broken families.<sup>xxiv</sup>

In addition, broken families breed poverty. Women and children of broken families have a higher probability of living in poverty.<sup>xxv</sup> Figures 1 to 3 present the percentage of families, women, and children in poverty by race and family structure for the U.S. In all cases single parents are significantly worse off than married couples. This is especially revealing, because in the case of the United States one can make a parallel between races and levels of education and income. In general, whites are better educated and have a higher income than blacks. Hispanics, on the other hand, often not only do not command the language but they are illegal. This is reflected on their level of education and income, but marital status is a stronger predictor of poverty than any of the other factors.

It is true that European countries, which have various family support and income maintenance programs in place, show a less damaging povertization of women and children as a consequence of family breakdown. However, this fact is only an indication of the effectiveness of these programs to lighten the effect of the impoverishment of women and

children. They have yet to solve the social problems that the breakdown of the family brings, or the financial burden that it imposes on government finances.<sup>xxvi</sup>

In fact, empirical evidence shows that when the family is disrupted, the individual and social costs are very large.<sup>xxvii</sup> Furthermore, the experience of many years of population control policies has led many developed countries to serious finance problems.<sup>xxviii</sup> Figure 4, depicts the welfare expenditures of some developed countries *vis a vis* foreign debt from the two largest debtor countries in Latin America and the second largest debtor in Sub-Saharan Africa. Welfare expenditures include all social programs plus social security pensions.

The combination of social security plus family and health welfare expenditures for developed countries were on the order of \$2,120 billion dollars for the U.S., \$728 billion for Germany, \$462 billion for France, and \$393 billion for the UK, in 2002.<sup>xxix</sup> Brazil, Mexico, and Nigeria's expenditures are smaller but significant considering the size and economic conditions of these countries. It is instructive to note that the welfare expenditures for the U.S., Germany, France and the U.K. are bigger than any of the less developed countries' foreign debts, which is particularly interesting in light of the difficulties these countries have in repaying these debts. With the exception of the U.S., these developed populations are significantly smaller than the developing countries of Mexico, Brazil, or even Nigeria. For example, as shown in Figure 4, the U.S. welfare expenditures are nine times the foreign debt of Brazil, the largest debtor, and 58% bigger than Brazil's 2002 GDP. Similarly, it is eleven times the foreign debt of Mexico and 2.3 times the size of Mexico's GDP. Nigeria's debt, the second largest in Sub-Saharan Africa, equals 68.2% of its own GDP but is still more than eight times *smaller* than Brazil's debt, yet Nigeria still finds it difficult to pay off the debt despite its oil exports. U.S. welfare expenditures are sixty-six times Nigeria's debt.

Even after adjusting for the difference in population sizes, the combination of social security plus family and health welfare expenditures for developed countries remain much higher than the debt of these developed countries. Population in the U.S. (288 million) is only 1.65 times that of Brazil (174 million), 2.87 times that of Mexico (100.5 million), and 2.44 times

that of Nigeria (117.8 million). The population in the UK (58.9 million), France (59.6 million), and Germany (82.3 million) is roughly less than half of the size of the population of Brazil. When analyzed in per capita terms, the numbers are more revealing, welfare expenditures per capita are \$ 8,850 for Germany, \$ 7,750 for France, \$ 7,360 for the US, \$ 6,670 for the UK, \$ 1,440 for Brazil, \$ 700 for Mexico, and \$ 140 for Nigeria.

It is obvious that developing countries are unable to afford expenditures of such magnitude as developed countries are now facing. These numbers demonstrate why it is very important for all countries, but especially for developing countries, to protect their families and thereby their populations. Their present economic situations are too fragile to allow for the same mistakes that developed countries made and are now trying to repair. If developing countries are to experience real economic growth, both their families and their populations must be protected against breakdown and implosion, respectively.

#### The Status of the Family in Developing Countries

Families in the developing world face graver health and poverty problems than elsewhere in the world. They often lack income and assets to attain basic needs: food, shelter, clothing, and acceptable levels of education and health. They lack access to human assets as they do not have skills, training, and, at times, even good health. They also lack access to natural assets such as land.<sup>xxx</sup> Often, families do not have access to infrastructure or physical assets such as housing, sewers, electricity, etc. as well as to financial structures such as banks and access to credit. They also have diminished access to social assets, such as networks of contacts and reciprocal obligations that can be called on in time of need, and political influence over resources. Finally, families are without aging security, as they have no access to sound social security systems. In most developing countries, the social security system is provided by the extended family, yet, these family networks are becoming smaller as population control policies are imposed either by their own governments or by developed countries.<sup>xxxi</sup> Furthermore, these policies are often targeted on the poor as they are considered the ones in most need of such policy.<sup>xxxii</sup> Access to and the return on these assets not only depend on the

behavior of the market, but also on the performance of governmental and private institutions. Their performance, in turn, is closely linked to human, moral, and social capital.<sup>xxxiii</sup> These problems make families in developing countries highly vulnerable to adverse shocks, as they are less able to cope with them.

Table 2 presents an overview of the environmental, primary health, welfare, and living conditions in low-income countries compared to developed countries. Two characteristics are clearly shown: 1) developing countries' populations live under much worse conditions than developed countries and 2) the type of access available to the different services, for the most part, is of better quality in developed countries. Close to 50% of the population in developing countries lacks basic water and sanitation. Although access to improved water and sanitation fare better than house connections, they are still below the population access of developed countries by almost 40%. While improved water availability is significantly higher in urban cities than in rural areas and access to affordable essential drugs has improved significantly, developing countries still fall well behind developed countries.

Paved roads as well as access to water and electricity are an important part of rural and market development. Paved road access is very low in developing countries, but these countries fare better in access to electricity. However, this level of access is mainly in urban areas, not rural. When telephone and cellular accesses are considered, we find that about 8% of the population has access to these means of communication. However, when looking at these statistics over the past ten years, one sees a trend towards the expansion of cellular phones over telephone landlines.<sup>xxxiv</sup> Developing countries are moving directly into wireless services, which, in turn allows them to access the Internet without the need of a large infrastructure. In China, for example, it is estimated that about 480 million youth will have access to the Internet before 2005. This implies access to a wealth of information that before was banned or not available for a large part of the population. Yet, while these means provide access to information, education, and potential markets, and in doing so open new opportunities for economic

growth, infrastructure is required for it to be sustainable. Developing countries still have significant portions of their populations without access to adequate infrastructure.

The family faces serious health problems, especially in the developing world, due to infectious diseases and poor quality health programs and sanitation access.<sup>xxxv</sup> The main health risks and causes of death for men and women are:<sup>xxxvi</sup>

- Cardiovascular diseases (kills 16.7 million per year)
- Malignant neoplasms (cancer) (kills 7.1 million per year)
- Injuries (kills 5.2 million per year)
- Respiratory diseases (kills 3.7 million per year)
- Perinatal conditions (kills 2.5 million per year)
- Respiratory infections (kills 3.9 million per year)
- HIV/AIDS (5 million new cases and kills 2.8 million per year)
- Diarrhoeal Diseases (kills 1.8 million per year)
- Tuberculosis (TB) (8 million new cases and kills 1.8 million people per year.)
- Malaria (300-500 million new cases and kills 1.2 million per year)
- Maternal condition (kills 540,000 per year)With the exception of the first three listed

causes of death and HIV/AIDS, all of these diseases are relatively rare, and treatment is accessible in developed countries at a remarkably low cost. (Table 3). WHO (1999a) reports that the majority of deaths from infectious diseases can be prevented with existing cost-effective strategies. Bed-nets can prevent 50% of all malaria deaths; Directly Observed Treatment (a short course) can prevent 60% of all TB deaths; and oral rehydrations therapy can prevent up to 95% of deaths from diarrhoeal diseases. Most of those who die due to diarrhoeal diseases are children. Furthermore, the cost of treatment per capita of malaria is \$0.05, for TB is \$0.60 and for diarrheas is \$1.60.

Gallup and Sachs (2000) have estimated that malaria alone has wiped \$74 billion from the economies of 31 African countries between 1980 and 1995. The productivity of a worker

with malaria is reduced by 60% and to this must be added indirect costs associated with the disease such as hospitalization. This same study argues that if the rich countries were to provide \$1 billion a year for an indefinite period, they could help pay not just for drugs, insecticides, and bed-nets, but also for a fund that could be drawn upon once any malaria vaccine were developed. The economic gains of such investment for sub-Saharan Africa's combined gross domestic product (GDP) would be between \$3 and \$12 billion a year. It is also known that 75% of TB infections and deaths occur in the 15-54 year age group, which economically is the most productive group in the population. A treatment course costs only \$20, and successful treatment returns productive people to jobs and to normal life in the community.<sup>xxxvii</sup>

AIDS, which places seventh among the leading causes of death, has captured the attention and the funds of almost the entire world. Although the number of cases is high, it is significantly lower than the reported new cases of malaria and tuberculosis every year. According to the 2003 UNAIDS report, the main modes of the transmission of this disease vary across regions but are mainly three: homosexual activity, injected-drug-use, and heterosexual activity.<sup>xxxviii</sup> This means that, in most cases, the transmission of AIDS is a matter of behavior, and high-risk behaviors should be discouraged and replaced by healthier lifestyles. Furthermore, it means that without addressing those behaviors, the response to prevention strategies will always be limited, as proven in Uganda.<sup>xxxix</sup> It was not until the ABC program was implemented that Uganda began to make significant strides in reducing the spread of AIDS.<sup>xl</sup> Clearly, the \$1.60 per capita cost of condoms was put to more effective use. The statistics indicate what few officials are willing to admit, that the AIDS epidemic is a crisis of shattered mores, where sexuality is no longer guided by traditional norms but by promiscuity. The message is clear: the only way to avoid acquiring HIV through sexual contact is abstinence from sexual involvement or restricting sexual activity to a mutually faithful, monogamous, life-long relationship with a similarly uninfected heterosexual partner. In most cultures and for all recorded history, this relationship is known as *marriage*.

A worker with AIDS costs business in sub-Saharan Africa around \$200 a year in lost productivity, treatment, benefits and replacement training, i.e., about a year's salary, and the cost for treatment is approximately 10% of the GDP.<sup>xli</sup> A number of economic studies also conclude that the AIDS epidemic is slowing the pace of economic growth and depleting the wherewithal to deal with the leading causes of death such as diarrhea, malaria and tuberculosis.<sup>xlii</sup>

The majority of deaths due to maternal conditions are caused by poor access to health care. Most of these maternal deaths occurred in developing countries (mainly Africa and South East Asia) and account only for 1.9% of female deaths.<sup>xliii</sup> For the most part, they could have been avoided with a simple delivery kit package or medical attention (the cost per package is \$1.60).

#### Solutions Often Proposed

The positive correlation between human capital and economic growth, infrastructure and economic growth, healthy institutions and economic development, as well as health and income per capita, are well-known relations in international economic development. These correlations are commonly thought to reflect a causal link running from human capital and infrastructure to economic growth, from healthy institutions to economic development, and from income to health. Recent economic analyses, however, indicate that human capital is essential to the development of healthy institutions (social capital) as well as for infrastructure and technology to allow economic development.<sup>xliv</sup> Furthermore, these economic analyses also indicate that health status (as measured by life expectancy) is a significant predictor of subsequent economic growth as it contributes to human capital growth.<sup>xlv</sup>

The approach that international organizations have taken towards dealing with the problems of poverty and the lack of economic development that families face in developing countries have been outlined, among other places, in the eight UN Millennium Development Goals defined in the UN Millennium Declaration.<sup>xlvi</sup> These include:

1. Eradicate extreme poverty and hunger

- Reduce by half the proportion of people living on less than a dollar a day
  - Reduce by half the proportion of people who suffer from hunger
2. Achieve universal primary education
    - Ensure that all boys and girls complete a full course of primary schooling
  3. Promote Gender Equality and Empower Women
    - Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015
  4. Reduce child mortality
    - Reduce by two thirds the mortality rate among children under five
  5. Improve maternal health
    - Halt and begin to reverse the spread of HIV/AIDS
    - Halt and begin to reverse the incidence of malaria and other major diseases
    - Reduce by three quarters the maternal mortality ratio
  6. Combat HIV/AIDS, malaria and other diseases
    - Halt and begin to reverse the spread of HIV/AIDS
    - Halt and begin to reverse the incidence of malaria and other major diseases
  7. Ensure environmental sustainability: land and air
    - Integrate the principles of sustainable development into country policies and programs; reverse loss of environmental resources
    - Reduce by half the proportion of people without sustainable access to safe drinking water
    - Achieve significant improvement in lives of at least 100 million slum dwellers, by 2020
  8. Develop a global partnership for development: development assistance and market

- Develop further an open trading and financial system that is rule-based, predictable and non-discriminatory. Includes a commitment to good governance, development and poverty reduction—nationally and internationally
- Address the least developed countries' special needs. This includes tariff- and quota-free access for their exports; enhanced debt relief for heavily indebted poor countries; cancellation of official bilateral debt; and more generous official development assistance for countries committed to poverty reduction
- Address the special needs of landlocked and small island developing States
- Deal comprehensively with developing countries' debt problems through national and international measures to make debt sustainable in the long term
- In cooperation with the developing countries, develop decent and productive work for youth
- In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries
- In cooperation with the private sector, make available the benefits of new technologies—especially information and communications technologies

Two of the main means promoted to achieve these goals have been population control and popularizing the use of condoms as a means of managing the crisis of AIDS and poverty. Proponents of these means contend that this leads to "safe sex."<sup>xlvii</sup>

Population control has been mainly promoted, as previously mentioned, on two main premises: the existence of an inverse relationship between population growth and development derived from the law of diminishing returns as proposed by Malthus (1798), and the Neo-Malthusians' view of people as destroyers of resources and violators of environmental limits. The basic argument of these positions can be reduced to four main points. First, rapid growth in population means the *spread of poverty* and rapid growth aggravates conditions such as poor health, malnutrition, illiteracy, and unemployment.<sup>xlviii</sup> Second, population *threatens government stability* in developing countries and encourages confrontation between developed and

developing countries.<sup>xlix</sup> Third, population *pushes future generations to scarcity*, and an *unsustainable environmental carrying capacity*.<sup>1</sup> Fourth, population growth is *symptomatic of the larger problem of women's oppression*—the more children a woman has, the less opportunity she has for her own self-actualization and development.<sup>li</sup>

In summary, assuming a fixed level of resources, this position predicts a decrease in per capita income in two ways: 1) more consumers divide any given amount of goods, and 2) each worker produces less because there is less capital, private and public, per worker. In addition, the growing number of young children poses an additional burden in the reduction of consumption because they consume but they do not produce. Finally, population growth hinders economic growth because, by reducing savings and education, it reduces investment. A key assumption of this theory is the initial *ceteris paribus* condition, the assumption that resources are given and therefore constant.<sup>lii</sup> The problem, of course is that the scientific evidence points in the other direction,<sup>liii</sup> suggesting that economic theories used to support population control policies are unfounded and may actually be inhibiting the development of less developed countries.<sup>liv</sup> In fact, empirical results suggest that population control policies actually hamper a country's most important resource, its population, and sets the country on a path towards the aging population trap.

An aging society is characterized by a growing proportion of the retired population compared to its active working population. The reversal of the traditional age pyramid already affects several countries today, primarily developed countries, although developing countries are beginning to be affected as well. The causes of the present aging population trend are complex. Some sources have been found in living conditions and in socio-cultural changes.

Among these are included:

- Decreased infant mortality.
- Sharply increased mean age at which women first give birth.
- Labor codes that do not facilitate women's desire to harmoniously integrate their family life and professional activity.

- In developed countries, a widespread attitude that keeping a certain quality of life is more important than having children, posing a paradox that Wattenberg describes in *The Birth Dearth*: “In the wealthier age of history many youth say that they cannot afford to have more than two children.”<sup>lv</sup>
- A divergence between pessimism and hope experienced by the population. Implosion and the consequent aging in population brings serious problems for developed, and even more so for less-developed and developing, countries. Some of these problems include:
  - A smaller working population must support an aging population that is less active and has a greater need for healthcare and medical services. If one adds to this the fact that most social security systems are predominantly the pay-as-you-go type, the absence of younger generations endangers the ability to support the elder population.<sup>lvi</sup>
  - Savings rates affected by a society's age structure, mirroring the change in an individual's saving rate over the life cycle. This, in turn affects investment.
  - Solutions proposed to alleviate the situation which include resorting to euthanasia. In fact, some EU countries have already taken steps to legalize it.
  - Tension between the young and the somewhat older people, within the active population, as the latter try to protect their jobs while younger generations enter into reduced job markets.
  - An impact on education: in order to provide for the economic burden of the elderly. There is a great temptation to cut down on the money allocated for training new generations. Consequently, the transmission of cultural, scientific, technical, artistic, moral and religious common goods is endangered.
  - The danger of ‘moroseness’, or a lack of intellectual, economic, scientific, and social dynamism and reduced creativity, resulting in systemic stagnation.
  - The problem of increasing illegal immigration into population-imploding countries,

accompanied with a significant impact on the countries receiving the immigrants.<sup>lvii</sup>

- Increasing loneliness among the population because of small families and the reduction of extended family (Eberstadt, 1995).

It is clear that the promotion of population control to obtain sustainable economic development will not help solve any of the above problems and in fact only worsens them.

The cost of malaria to African countries is 1-5% of GDP.<sup>lviii</sup> Direct and indirect costs of malaria in sub-Saharan Africa exceed \$2 billion. The World Bank lending at the end of 2003 amounted to \$300 million for malaria and \$560 million for tuberculosis. The WHO funds allocated for these diseases totaled \$369 million in 2002- 2003. At the same time, the World Bank allocated \$1.5 billion in grants, loans and credits to fight HIV/AIDS over the past five years. The cost of antiretroviral regimens has decreased significantly (\$12,000 per year to \$500) in the past five years thanks to the efforts of many institutions providing affordable medicines to those who suffer from HIV/AIDS in developing countries. Although malaria and tuberculosis constitute a much larger economic problem in many developing countries, these diseases are systematically marginalized when it comes to actual funding. None of the amounts allocated for malaria or tuberculosis compare to the annual population assistance levels of \$2 billion a year given for HIV/AIDS. Yet, scientific data reports that access to family planning (condoms) increases both adult and adolescent sexual promiscuity and therefore actually *increases* the risk of contracting AIDS.<sup>lix</sup>

This misuse of funds affects not only health but also other fundamental elements of economic growth. Figure 5 depicts the expenditures on grant-financed development activities of the UN system between 1990 and 2001. While population assistance significantly increased, expenditures on grant-financing allocated towards transportation, science and technology, energy, employment, industry, and trade and development expenditure initiatives decreased significantly.

The contrast is even more striking when the use of grant-financed development activities on education versus population are examined. (Figure 6). As previously described,

such a misallocation of funds directly hampers human capital and, in doing so, hampers economic development. This simple change in allocation of funds would save billions of dollars in countries across the world that could be allocated, instead, towards areas such as the increase of human capital (education), basic infrastructure and health services, among others.

Developed countries seem to realize the consequences that the breakdown of the family has had in their society and are seeking policies that will help reverse this trend. They seem to know that redistribution of income towards the victims of such disruption is not enough, and have begun to develop and implement legislation that supports families *vis a vis* other types of arrangements. Great Britain for example, in 1999 released a report entitled *Supporting Families*, advancing a proposal to create an Institute for Family and Parenthood to advise parents in matters regarding the education of children. It also proposed to eliminate the 24-hour notice of civil marriage and introduced preparatory classes to encourage couples to become aware of their rights and duties in marriage.<sup>lx</sup> Similarly, the U.S. supported a marriage initiative, which aims at strengthening marriages by preparing couples to marry and by assisting those in need.<sup>lxi</sup>

France has also shown a significant shift in family policies, which are directed to reinforcing family supports. For example as of 1999, all families with at least two children receive family subsidies independent of their income level. These subsidies also extend child-support to parents until their children reach 19 years of age, or 20 if the dependent is a student. It also expands credits and subsidies for family housing.<sup>lxii</sup> Holland and the U.S. have both introduced, as a labor right, parental leave for family needs, giving rise to ‘family days’ benefits. The goal is to facilitate parents balancing family and work obligations.<sup>lxiii</sup> In summary, we can say that industrialized economies as a whole are supporting new efforts to reinforce this basic unit of society, reversing the negative effects of weakening the family.<sup>lxiv</sup>

At the private sector level, businesses are also responding to the need to strengthen the economy. They feel first hand the consequence of its disruption. Some of these initiatives include flexible work hours for men and women, work sharing, providing facilities which allow

women to work part-time from their home, in-house child care, and the extension of maternity leave with an option to work on a part-time basis for some additional time.

(BALANCE OF PAPER DISCUSSING MICROCREDIT, DEBT RELIEF, AND CONCLUSIONS OMITTED – See published work, Fall 2006)

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Endnotes

<sup>i</sup> Historically, economists holding this position based the relationship between population growth and real growth on Malthus' *Theory of Population and Income*. Thomas Robert Malthus (1798) theorized a relationship between population growth and what he termed subsistence. The first grew geometrically while the second increased only at an arithmetic ratio. Thus, he proposed the existence of an inverse relationship between population growth and development derived from the law of diminishing returns. This law is the belief that more people mean fewer goods for each person; thus, as population grows, poverty inevitably increases. Brown (1999) captures the typical arguments used in this position. A further corollary of this perspective, sometimes is identified as Neo-Malthusianism. This view construes people as destroyers of resources and violators of environmental limits. Among the leading representatives of this group are Ehrlich and Brown. Their seminal works are Ehrlich (1968) and Hardin (1968). For a more recent presentation of their position see Ehrlich and Ehrlich (1990) and Hardin (1998) and for a detailed analysis of their views see Simon (1996 a-b), Furedi (1997), Wolfgram (1999), Johnson (2000), and Aguirre (2002).

<sup>ii</sup> See de Beauvoir (1949), Friedan (1963 and 1997), Millet (1971), Amoros (1997), and Coomaraswamy (1997) for this perspective. For a review of this position see Aguirre and Wolfgram (2002).

<sup>iii</sup> Memorandum 200 of the National Security Council states this position clearly. For a more thorough discussion of this view see Kennedy (1993) and Eberstadt (1995).

<sup>iv</sup> Since the seminal work of Gary Becker on human capital, many other economists have supported this position. Among them is another Nobel Laureate, Amartya Sen. For their positions on human capital and the family, see Becker (1991) and Sen (1994).

<sup>v</sup> See Sen (1981 and 1998), Fukuyama (1999), Aguirre (2001), and Kilksberg (2000 and 2001). There are also those who attribute the present problems not to population but to the distribution of resources given the present structures. Some of these authors include Dobson (1997), Matson (1997), Rabkin (1997), and Kiester (1999).

<sup>vi</sup> See Simon (1992 and 1996, a-b), Eberstadt (1995 and 2000), and Aguirre (2002).

<sup>vii</sup> On this point, I have good company: Gary Becker, Nobel Laureate 1992, stated that “No discussion of human capital can omit the influence of families on the knowledge, skills, values, and habits of their children and therefore on their present and future productivity.” (Becker, 1991) Similarly, Amrtya Sen, Nobel Laureate 1998 has reminded us that “[t]he human development approach must take full note of the robust role of the human capital, while at the same time retaining clarity about what the ends and means

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respectively are. What needs to be avoided is to see human beings as merely means of production and material prosperity.” (Sen, 1994)

<sup>viii</sup> See Aguirre (2001).

<sup>ix</sup> In economics, land captures all natural resources, and labor includes the work time and work efforts that people devote to producing goods and services. This includes both physical and mental efforts. The quality of this work depends on human capital. Capital includes tools, instruments, machines, buildings, and other constructions that business use to produce goods and services. It does not include financial capital (money, stocks, bonds, or any other type of financial instruments) because, although they enable people and business with financial resources, they are not used to produce goods and services. In this sense they are not productive. Finally entrepreneurship is the human resource that organizes all the other resources. It is the resource that coordinates the ideas generated about how and what to produce, makes business decisions, and bears the risks that arise from these decisions.

<sup>x</sup> Human capital is generally understood as the physical and technical efficiency of the population. For a clear presentation human capital and the family see Becker (1991.)

<sup>xi</sup> Here the market is understood as any arrangement that enables buyers and sellers to get information and to do business with each other.

<sup>xii</sup> Fukuyama (2000), Kliksberg (2000),and Sen (1998)

<sup>xiii</sup> For a definition of human capital see note. 9. Social capital has been defined in several ways. One definition that encompasses most of them is “an instantiated informal norm that promotes cooperation between two or more individuals. These norms can range from a norm of reciprocity between two friends, all the way to complex and elaborately articulated doctrines like Christianity and Confucianism.” (Fukuyama (2000, p.3.) Human capital is generally understood as the physical and technical efficiency of the population. For a clear presentation of social capital see Fukuyama (2000) and for human capital and the family see Becker (1991.) Already Coleman (1999) in his seminal paper on social capital had emphasized both the interrelation that exists between social and human capital as well as the fundamental role that the family plays on their development. Specifically, Coleman states: “[T]here is one effect of social capital that is especially important: its effect on the creation of human capital in the next generation. Both social capital in the family and social capital in the community play roles in the creation of human capital in the rising generation” (p. 109).

<sup>xiv</sup> Recession, capital flight, black markets, and other types of disruptions in the economy are typical features of political and economic instability in developing countries.

<sup>xv</sup> Concerning the issue of luck, history, and growth see Easterly, *et al* (1993), Barro and Lee (1993), and Long and Summers (1993). For how choices affect economic growth see Becker (1974 and 1993).

<sup>xvi</sup> Elsewhere I have argued that it is within the family that the need for distribution is mainly felt and that it is for this reason that it is through the family that the economy transcends the mere individual level. Distribution within the family is usually carried out through the women. One can see, therefore, the importance of the women’s role in the economy. Women, because of their characteristics, have the capacity to distribute goods in a just manner, according to the specific needs of each member of the family.

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This is an important idea when thinking on income distribution theory and policy as well as on sustainable real economic development. See Aguirre (2001).

<sup>xvii</sup> Among other see Bisnaire *et al* (1990), Amato and Keith (1991), Featherstone *et al* (1992), Neighbors *et al* (1992), Downey (1995), Aquilino (1996), Teachman *et al* (1997), Fagan and Johnson (2002), which present some of this evidence. For a review of the literature regarding this subject see Rector *et al* (2003 and 2004).

<sup>xviii</sup> Among other studies see Grissmer *et al* (1994), Bolger *et al* (1995), US Department of Education (1994, 1996), Fuerst and Petty (1996), Fagan (1999), and Fagan and Rector (2000).

<sup>xix</sup> Among other see Houseknecht and Sastry (1996), Evans *et al* (1997), Sun (2001), Kubrin (2003), and Zwaanswijk (2003).

<sup>xx</sup> U.S. Department of Justice (1998). McCloskey (2002) reports that in the United States, the mothers and children not living in a traditional family were particularly vulnerable to abuse: "41% of the Anglo and 48% percent of the Mexican-American women had ever been married to their abusive partners." Data available for other developed countries report the same trend.

<sup>xxi</sup> Fagan (2002). Here also, data available from European countries and Canada report similar results.

<sup>xxii</sup> APA (1996).

<sup>xxiii</sup> Smith and McVee (2003).

<sup>xxiv</sup> Jeynes (2001), Dube (2003), and NCASA (2003)

<sup>xxv</sup> Rector *et al* (2003).

<sup>xxvi</sup> Farley (1995) presents detailed data.

<sup>xxvii</sup> Among others see Duncan (1994), Montgomery *et al* (1996), Houseknecht and Sastry (1996), Mirowsky (1999), Kubrin (2003), and Schramm (2003). For a review of the literature see American Medical Association (1992), Fukuyama (1999), Fagan (1999), Fagan and Rector (2000), and Aguirre (2001).

<sup>xxviii</sup> An extensive study of the effects of aging population on the public pensions of developed countries can be found in Chand and Jaeger (1996). Also see UNFPA (1998), which is dedicated to this topic, and Longman (1999). Japan and some countries in Western Europe are already in crisis.

<sup>xxix</sup> Social security expenditures in the U.S. constitute 27% of this amount, while for France is 25%, for Germany is 21%, and for the UK is 17%. (OECD Statistics)

<sup>xxx</sup> With the expansion of urban population, the poor and the near-poor, often live in crowded urban settlements where heavy rains can wipe out their homes, where access to clean water and basic sanitation is also low and they are at high risk of diseases such as malaria, tuberculosis, and diarrhoeal. In addition they have precarious employment, in the formal or informal sector. If they are located in rural areas, they typically live and farm on marginal lands with uncertain rainfall. (UNDP, 2002)

<sup>xxxi</sup> Among others, the United Nations has encouraged compulsory population control programs, through their own institution or through other international organizations, as a condition for international aid. Such links are clearly stated in the UN international conferences' programs of action such as ICPD '94 and its follow up, Beijing (1995) and Copenhagen (1995). In September of 2000,

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the UNFPA presented a strategic approach entitled *A Global Strategy for Reproductive Health Commodity Security*. The report emphasizes the importance of responding to the present crisis in developing countries by increasing access to reproductive health commodities in developing countries, especially contraceptives and condoms, and states that “all partners must work together to expand their efforts on global and national levels. These broadened efforts, which include improving advocacy and resource mobilization, strengthening national capacity, reinforcing programme sustainability and coordination, have already started.”

<http://www.unfpa.org/news/features/rhcs.htm>.

<sup>xxxii</sup> In some countries, regulation of fertility includes compulsory measures such as forced sterilization or sterilization performed without proper informed consent, contraception, and abortion. Introduction of chemical contraception techniques and frequent legalization of abortion have been widespread, while policies in favor of welcoming new lives have been weakened. In recent years, Mexico, Peru, Brazil, Guatemala, India, Pakistan, Uganda, Zambia, and several other developing countries have denounced forced sterilization. However, such sterilization measures have not been limited to less developed countries; cases have been found in Sweden among handicapped women as well as in several refugee camps. Based on the information available, the first victims of these programs seem to be innocent and helpless populations. Some of these matters have been described in Sen (1996), CLADEM (1998), Mosher (1983).

<sup>xxxiii</sup> See note n. 11.

<sup>xxxiv</sup> Access to cellular telephones, per 1,000 people, was almost-null for Developing countries in 1990. Telephone mainline access, on the other hand was 6 and 21 respectively. (WHO (2003), Table 11.)

<sup>xxxv</sup> The “burden of these diseases is highest in deprived areas where there is poor sanitation, inadequate hygiene and unsafe drinking water.” WHO (1999b), chapter 2, p.2.

<sup>xxxvi</sup> WHO (2003), Annex Table 3. The diseases are presented in order of magnitude.

<sup>xxxvii</sup> Johns Hopkins Center for Tuberculosis Research, <http://www.hopkins-tb.org/news/index.shtml>, p. 2.

<sup>xxxviii</sup> While in developed countries, Central Europe and Central Asia, and South Asia transmission is mainly due to homosexual activity and injected-drug-use, in the other regions this is not the case. In fact, the principal source of the spread of HIV is heterosexual transmission and poor health services with the exception of China, where the main cause is injected-drug-use and blood transfusion. (UNAIDS, 2003) The use of condoms does not solve either injected-drug-use or blood transfusion or heterosexual transmission when the one infected is the men.

<sup>xxxix</sup> Although condoms give the best protection against HIV, the risk of infection is reduced by 87% for men, the risk reduction for women is not as high because of physical differences. David and Weller (1999) point out that while the principle is the same in both HIV and pregnancy prevention, important differences prohibit the simple assumption that condoms will perform as well for HIV. First, there are more routes of transmission for HIV, second HIV can be transmitted at any time of the woman’s cycle, and third, HIV particles are smaller than the male cell and can easily leak through condoms. Thus, they recommend for the prevention of sexual transmitted HIV infection abstinence or long-term monogamy with a seronegative partner (For a complete list of references on this

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evidence see the same article.) In addition, it must be added that certain condoms increased the risk of HIV infection on women because of the use of certain chemical components such as nonoxinol-9, which diminishes the immune system and causes vaginal infections (UNAIDS, 2000). This explains why the use of condoms in developed countries have been, to some extent, successful in decreasing the rate of spread of AIDS but it has not been the case in developing countries and China, in fact it has made it worse. Condoms in cases of heterosexual transmission when the one infected is the man do not help but only fosters more promiscuity. For a more detailed analysis see Green (2003). At the recent meeting of UNAIDS in Thailand, this country case was used as an example of the success of condom use to reduce the spread of AIDS. It is noteworthy that, according to the June UNAIDS 2004 *Thailand Country Profile HIV/AIDS Situation in Thailand and National Response to the Epidemic*, over half of the prevalence of HIV in Thailand is due to drug transmission (IDUs), on which condoms have no preventive effect. The past “success” of the “100 percent condom performance” can only be attributed to the pervasive nature of prostitution within Thailand (where it is women who are infected and therefore the main source of AIDS transmission). Instead of fighting prostitution or discouraging it in any way, UNAIDS’s report specifically states that “[a] generally tolerant approach was taken towards sex work.” In fact, sex work is supported by the strong push for condom use. Looking at other factors within the country, condoms seem to have actually failed the Thai people. Statistics from the World Health report 2003 illustrates that mental illness as well as divorce, common indicators of social health, are on the rise. In fact, the same UNAIDS report acknowledges that the “mental health of the Thai people is going downhill.” One needs to question how any institution or government can call such a state of affairs a “success.”

<sup>xi</sup> The ABC program emphasizes and encourages abstinence and marital fidelity rather than the use of condoms. It is relevant to note, that before Uganda incorporated the ABC program, the country had a widespread condom supply. In spite of this, AIDS continued to spread rapidly during this period. Studies show that after the ABC program was instituted, from 1991 to 2001 HIV infection rates in Uganda declined from 15% to 5% and among pregnant women, HIV prevalence dropped from 30% to 10%. (Ministry of Health of Uganda (2001)).

<sup>xii</sup> <http://www.unaids.org/publications/documents/epidemiology/determinants/saepsp98.html>.

<sup>xiii</sup> Bell *et al* (2003.)

<sup>xiii</sup> WHO (2003), *Annex Table 2*.

<sup>xiv</sup> See note 11.

<sup>xiv</sup> Bloom and Canning (2004) and for a more extensive list of citations see WHO (1999b).

<sup>xvi</sup> United Nations Millennium Declaration, A/55/L.2, 2000.

<sup>xvii</sup> Examples supporting this assessment are numerous, but a good summary is given by Dr. Nafis Sadik, UNFPA Executive Director who stated that “UNFPA’s work is guided by the Cairo agreement, which called on governments to provide universal access to reproductive health by 2015, especially family planning.” UNFPA, Press Release, POP748. Similarly, USAID spent a total of \$848 million on domestic and international HIV/AIDS programs—including research, surveillance, interventions, and evaluation

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and another \$871 million in 2002 (<http://www.state.gov/g/oes/rls/fs/2001/3547.htm>.) In a press release on July 9, 2000, USAID announced that up to that point they have provided one billion condoms through their AIDS prevention efforts.

<sup>xlviii</sup> This argument was incorporated in the 1974 UN Bucharest Document (United Nations, 1974).

<sup>xlix</sup> This argument is clearly stated in the Memorandum 200 (see note 3).

<sup>l</sup> This argument was incorporated in the 1992 UN Rio Declaration on Environment and Development (Agenda 21) (UNEP 1992).

<sup>li</sup> This argument was incorporated, among other documents, in the UN 1994 Programme of Action of the International Conference on Population and Development (Cairo) (United Nations, 1994) and in the UN 1995 Platform for Action of the Fourth World Conference on Women (Beijing) (United Nations, 1995).

<sup>lii</sup> For more details see note 1.

<sup>liii</sup> Analyses at both levels suggest that there is no statistically proven simple relationship between population growth and economic growth, population size and economic growth, population size and resources, or population growth and environment. The absence of a correlation contradicts the conventional Malthusian deductive conclusion. The only persuasive argument in the face of this absence of correlation, as Simon (1996b) points out, is a plausible scenario in which one or more specified variables that have been omitted from the analysis would, in fact, lead to a negative relationship between population growth and economic growth. Thus, results suggest that population growth is not the only relevant variable for development, and empirical evidence suggests that Malthus' dynamic growth theory has failed. These works include Denison (1985), Rosenberg and Birdzell (1986), Scully (1988), Barro (1989), Simon (1992), Birdsall (1995), Eberstadt (1995), and Agenor and Montiel (1999), and Agenor (2000).

<sup>liv</sup> It has been almost fifty years since China implemented its one child policy. Yet it was not until China began to open its economy that its gross GDP showed steady growth. Similarly, life expectancy has increased. Infant mortality has decreased more than 64% since 1970, malnutrition has been reduced by more than 20%, and the number of children receiving vaccination has increased by 79%. Literacy among adults has increased from 48% to 85.8% between 1970 and 2001. Primary education has increased from 60% to 97% while secondary education has moved from 45% to 70% during the same period, and tertiary education reached 54%. Once again, the main improvements have taken place since the middle to late 1980s, when China had begun to implement policies that foster a more open and market economy.

<sup>lv</sup> Wattenberg (1987), p. 25.

<sup>lvi</sup> See footnote 28. In recent years we have witnessed the central focus taken by social security in elections all over the world. The debate was not about whether to fix Social Security but on how to fix it. Equally, in the EU a heated battle is being joined on several fronts. Germany has undergone a reform that reduces government-provided retirement benefits while encouraging private savings. France has begun the implementation of a restructure of their pension system, and the EU is debating how to make pension funds more attractive in all 25 of its member nations.

<sup>lvii</sup> Europe is a prime example of this.

<sup>lviii</sup> Africa Malaria Report, 2003. [Http://www.rbm.who.int/amd2003/amr2003/ch6.htm](http://www.rbm.who.int/amd2003/amr2003/ch6.htm)

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<sup>lix</sup> Kaiser 2000, Paton 2002, USAID 2003. For the spread of AIDS through the use of condoms see *UNAIDS 1996 and NACHD 1999*.

<sup>lx</sup> *Supporting Families*, LGH 39/99. This document can also be found in a publication of a Department for Wage and Pension as *A New Contract for Welfare, Children, Rights and Parents Responsibilities, White Paper*, 1999, HMSO Cm 3449. Similarly, also in the United Kingdom, the Government's Green Paper *Meeting the Childcare Challenge* (Cm 3959, May 1998) established a National Childcare Strategy covering children up to 14 years.

<sup>lxi</sup> For details in this initiative see <http://www.acf.hhs.gov/healthymarriage/> . Similarly, the US Department of Health and Human Services longed the National Campaign to Encourage to Adoption on July 2004. For more details in this initiative see <http://www.acf.hhs.gov/opa/spotlight/ncea.html>.

<sup>lxii</sup> For complete details of French family benefits see, [http://europa.eu.int/comm/employment\\_social/missoc2001/f\\_part9\\_en.htm](http://europa.eu.int/comm/employment_social/missoc2001/f_part9_en.htm).

<sup>lxiii</sup> Women work more hours than men in both developed and developing countries and spent more hours in non-market activities, mainly their homes. The 2003 *Human Development Report* indicates that on average, women in developing countries work at least 20% more hours per day than men and they allocate about 60% of their time towards the family. In developed countries, the difference is 5% but they still allocate 64% of their time towards they family.

<sup>lxiv</sup> It is worth noting that the European Union Parliament has denied homosexual couples the right to marry and to adopt children, in this manner sending a clear message of support towards protecting marriage and children.