Economic Development and Fertility Decline: Lessons from Asia’s Newly Industrialized Countries

During the past 25 years, Asia’s newly industrialized countries, Hong Kong, Korea, Singapore, and Taiwan, have experienced rapid economic growth and achieved dramatic reductions in fertility. That these accomplishments have occurred over the same time period has raised a critical question for policymakers: Have the fertility declines of the past 25 years been the result of rapid economic development, or have effective family planning programs played the key role?

The evidence is strong that investments in economic and social development have combined with effective family planning programs to reduce fertility rates. Several recent studies conclude that, in the words of demographers John Bongaarts, W. Parker Mauldin, and James F. Phillips, “investments in socioeconomic development and family planning programs operate synergistically, with one reinforcing the other.”

In Hong Kong, Korea, Singapore, and Taiwan, rapid economic growth rates have allowed more investment in social development, including family planning, education, and health care. Lower fertility has helped stimulate the economy by reducing the number of dependents relative to the productive population, lightening the burden on educational facilities, and encouraging women’s labor force participation.

In developing countries, reports demographer Ronald Freedman, “On balance, the evidence is that family planning programs can have an effect that is interdependent with, but not merely reflective of, social and economic development.” Demographer Andrew Kantner observes, “A consensus appears to have emerged: Family planning effort can greatly accelerate the pace of fertility change, especially in environments undergoing rapid socioeconomic change.”
Population and Development

The experience of Asia’s newly industrialized countries, Hong Kong, Korea, Singapore, and Taiwan, is of great interest to policymakers because these countries have been successful in reducing fertility rates, implementing effective family planning programs, and achieving rapid economic growth.

If their experience demonstrates that fertility rates inevitably fall as a result of economic growth, then policies to stimulate the economy should also help achieve fertility reduction goals. If effective family planning programs have been an essential element in achieving fertility reduction, then other countries should maintain their investments in family planning and strengthen these programs, rather than relying on economic and social development to reduce fertility.

The policies of Hong Kong, Korea, Singapore, and Taiwan governments reflect the recognition that rapid population growth drains resources that could go to stimulating economic growth and achieving social development. In the mid-1960s, when their national family planning programs were launched, fertility was high in these countries. The total fertility rate of each country was nearly five children per woman. By 1988 the total fertility rate had dropped to under two children per woman, a level as low as in the developed world. If sustained over several generations, such a low level would bring an eventual halt to population growth.

By the mid-1980s at least 70 percent of married couples were using contraception, primarily modern methods. These levels are similar to those found in Western Europe or the United States. Age at marriage also rose dramatically, in part because contraception became more widely available, and also because opportunities for education and employment increased.

Over the same period, the economies of Hong Kong, Korea, Singapore, and Taiwan grew at an astonishing pace, and the countries made rapid gains in such economic indicators as gross national product, capital formation, and per capita consumption. During the 1980s their economic growth rates averaged 6 to 10 percent annually, exceeding those in many developed nations.

Economic growth has been centered in the manufacturing and service sectors and has been largely export driven. While their economic policies have been different from each other, the governments generally have worked closely with the private sector, a pattern quite different from the experience of Western economies.

Rapid economic growth, combined with lower fertility, allowed governments to invest heavily in social development programs. Education has been a high priority and a key to a more productive economy and better living standards. Investments in health care and nutrition have also increased well being and productivity and lengthened life expectancy.

Achieving Lower Fertility

Many studies recognize the important role of economic and social development in reducing fertility, through improving health and living conditions, increasing educational opportunities, and raising women’s status. Studies also find that effective family planning programs have a direct effect, by encouraging awareness and use of contraceptive methods.

Demographer Ronald Freedman notes that fertility probably would have fallen anyway in such countries as Korea and Taiwan, even
without family planning programs, but that “it is doubtful that the decline would have been as rapid without the family planning programs, especially among the disadvantaged masses—the poor, the uneducated, and the rural.”

Had modern contraceptives been available during the demographic transition in Europe and the United States before World War II, Freedman believes fertility might have fallen more rapidly, more equally among social groups, and with less suffering from unwanted births and abortions.

Less developed economies face many more obstacles to achieving family planning success than do rapidly developing economies, but the Matlab program in Bangladesh demonstrates that even in the absence of a growing economy, an effective family planning effort can reduce fertility rates. (See Asia-Pacific Population & Policy, No. 13.) “One is hard-pressed to identify any developing country that has experienced major reductions in fertility without the presence of an effective family planning program,” writes demographer Andrew Kantner.

According to one major study, without family planning programs the world’s population would be over 400 million higher than it actually is. The fertility rate in developing countries would have been 5.4 births per woman, instead of 4.2 for the period 1980-85.

Measuring Relative Importance

ALTHOUGH a number of studies have tried to specify the relative importance of development versus family planning in achieving lower fertility rates, the results have been inconclusive. One general finding is that countries with more effective family planning and health delivery systems are also more highly developed, an observation that suggests a strong interaction between economic growth and family planning in reducing fertility.

Demographers Robert Retherford and James Palmore believe the impact and importance of a family planning program change as a country’s fertility transition progresses. As modernization occurs, such factors as child survivorship rates, the costs of children, and alternative uses of family resources combine to reduce fertility. If the government introduces a
family planning program, making it less costly and more acceptable for couples to practice contraception, fertility can fall rapidly. By the time low fertility levels and a developed economy have been achieved, the national family planning program no longer plays such an important role in fertility reduction.

Demographers Andrew Mason and Lee-Jay Cho observe that in Korea, as a consequence of economic development, education has risen, child mortality has fallen, cities have grown, and incomes have increased, causing fertility to decline. Socioeconomic development in itself, however, accounts for less than half of Korea’s total fertility decline. The national family planning program has been responsible for a large share of the decline. According to Mason and Cho, “Korea’s population policy has facilitated the family planning impact of development by providing contraceptive services to millions of women who have chosen to limit their childbearing over the last 25 years.”

Policy Implications

Hong Kong, Korea, Singapore, and Taiwan all represent “success stories” in family planning, as well as examples of success in economic growth. The lesson of their success is that development planning and family planning can work closely together to reduce fertility rates. Over the long run, the modernization process will bring down fertility. Countries with rapidly growing populations, however, cannot afford to wait for the long run. As many developing countries recognize, rapid population growth threatens economic and social development.

An effectively managed family planning program appears essential to success in achieving rapid fertility decline. Concludes Andrew Kantner, “Asia’s newly industrialized countries might not have implemented effective family planning programs without having achieved their current pace of development. On the other hand, development would not likely have occurred as quickly without strong family planning efforts to reduce the rate of population growth.”

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Editor: Bryant Robey
Correspondence Address: Population Institute East-West Center
1777 East-West Road
Honolulu, Hawaii 96848 USA

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