

# Adolescents and Youth: Their Numbers and Economic Roles

Commission on Population and Development

Forty-fifth session

23-27 April 2012

Andrew Mason

Professor of Economics, University of Hawaii

Senior Fellow, East-West Center

# Overview of Presentation

Part I. Three important demographic trends

Part II. Economic status - adolescents and youth

- Disparity in spending on health and education
- Drivers of disparity
  - Poor countries have limited resources
  - Children in poor countries depend heavily on their families. These children cannot access national or public resources
  - Quantity-quality tradeoff: more children means less health and education spending per child

Part III. Conclusions

# Sources of Information

- Population estimates and projections

UN Population Division, *World Population Prospects 2010*. Projections based on medium variant.

- Economic estimates

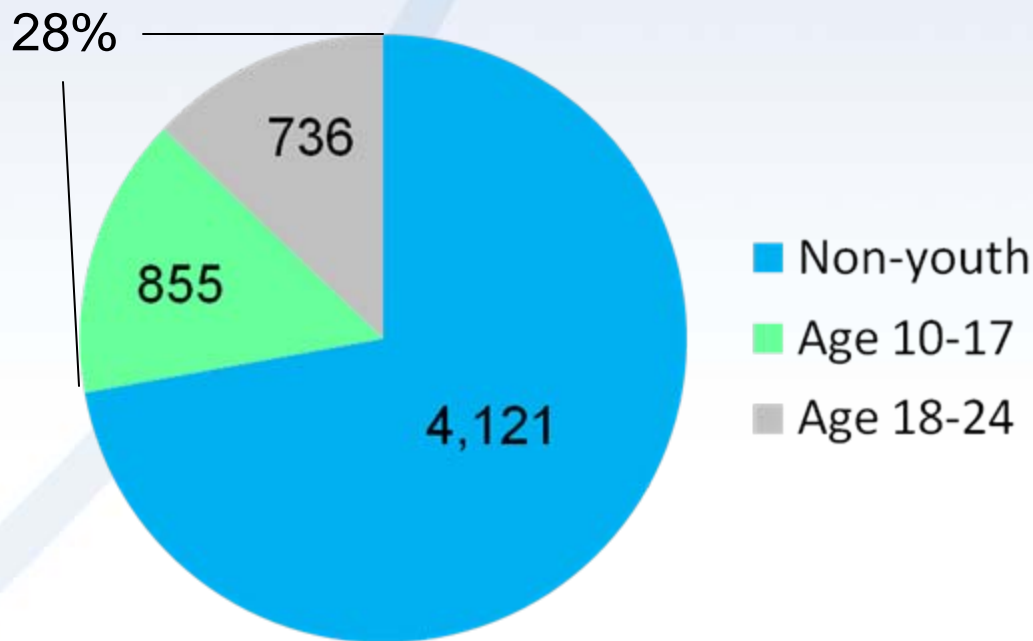
National Transfer Accounts ([www.ntaccounts.org](http://www.ntaccounts.org))

Ronald Lee and Andrew Mason 2011. *Population Aging and the Generational Economy: A Global Perspective*.

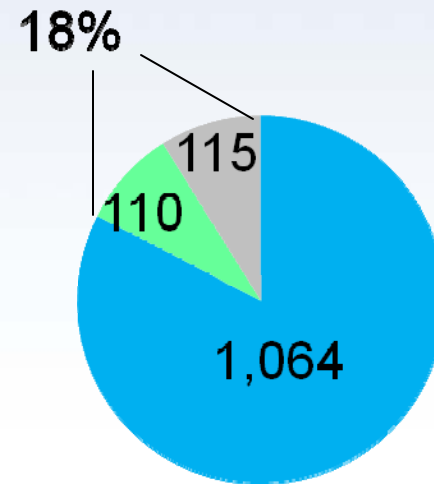
# Baseline for Adolescent and Youth Population

Estimates for 2010

**Less developed countries**



**More developed countries**

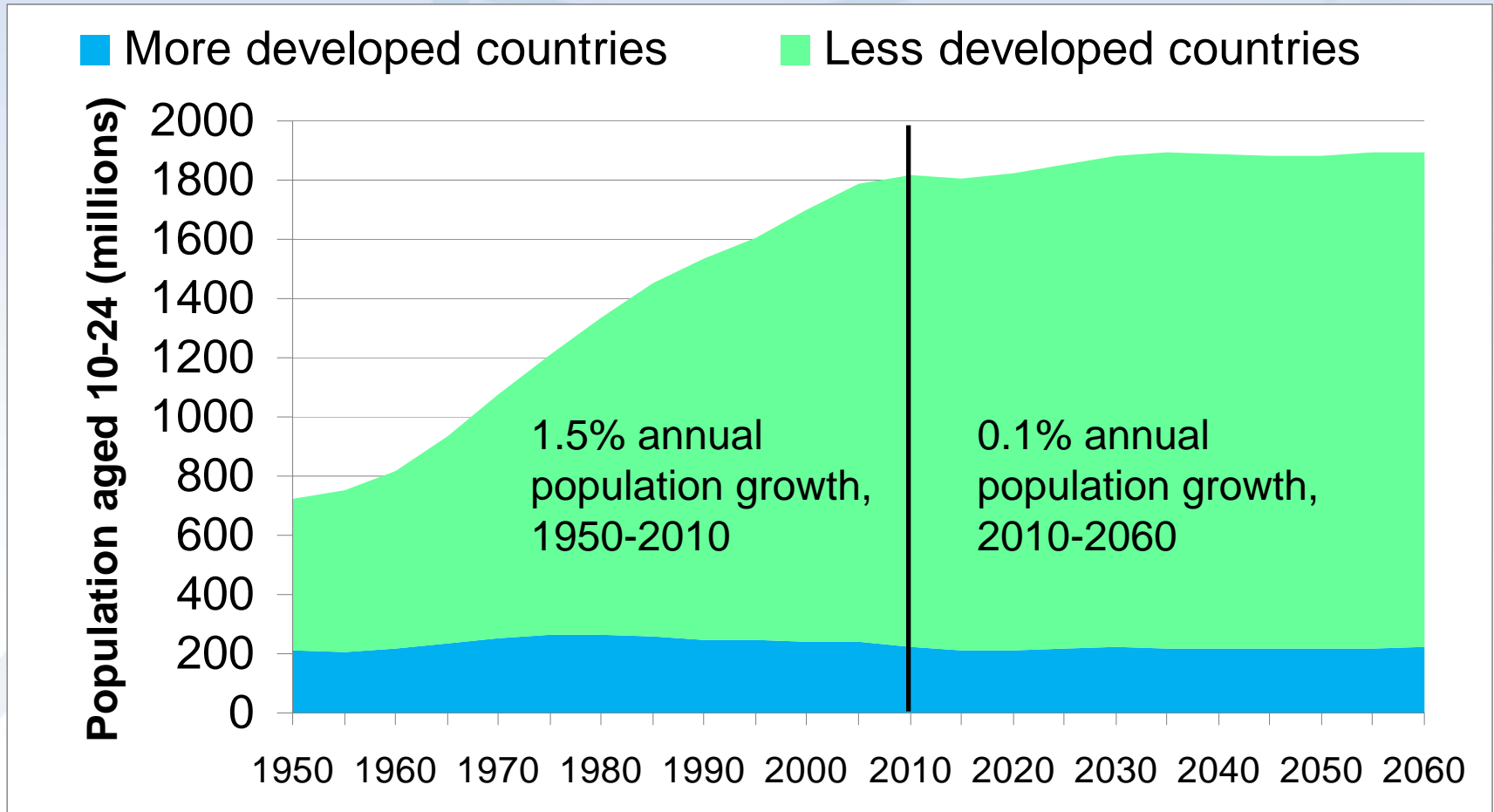


Population numbers in millions

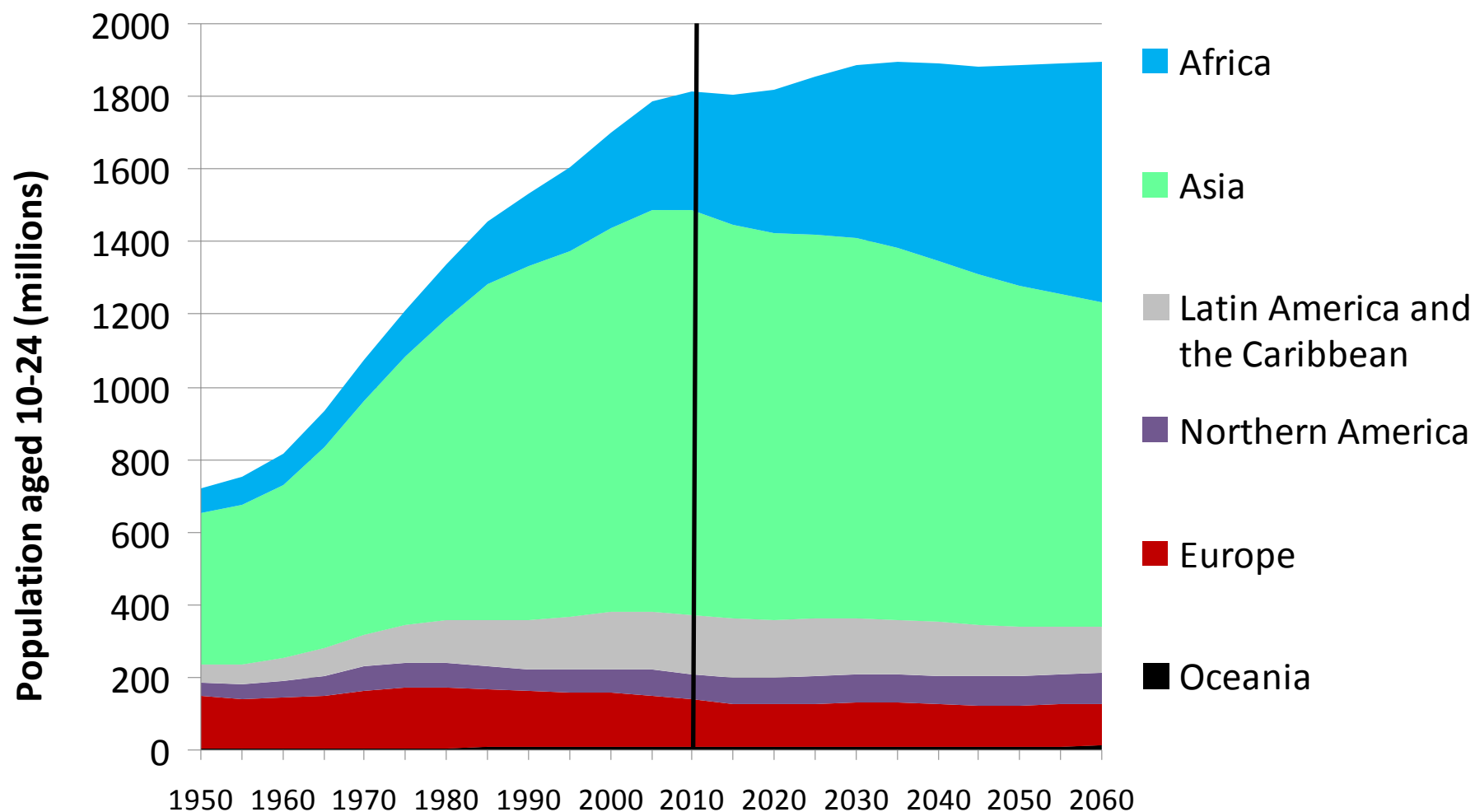
# Part I. Three Important Demographic Trends

- Worldwide, rapid growth of the adolescent and youth population is ending and an era of stability is beginning.
- In Africa the adolescent and youth population will grow substantially, while in Europe, Latin America, and many countries in Asia it will decline significantly.
- The share of the adolescent and youth populations will remain high in Africa for the foreseeable future, but decline elsewhere.

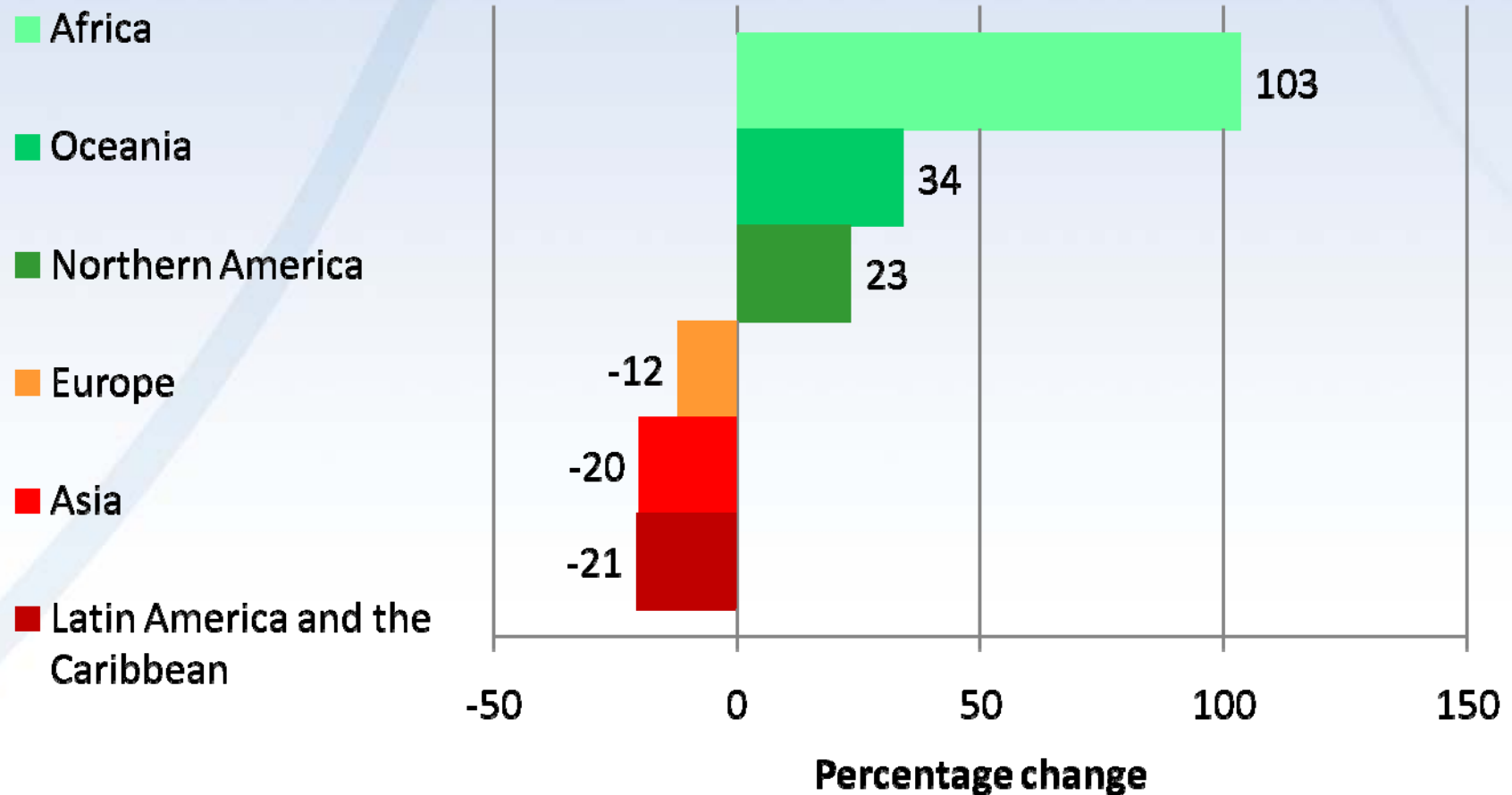
# Global Growth has Ended



# Adolescents and Youth by Region

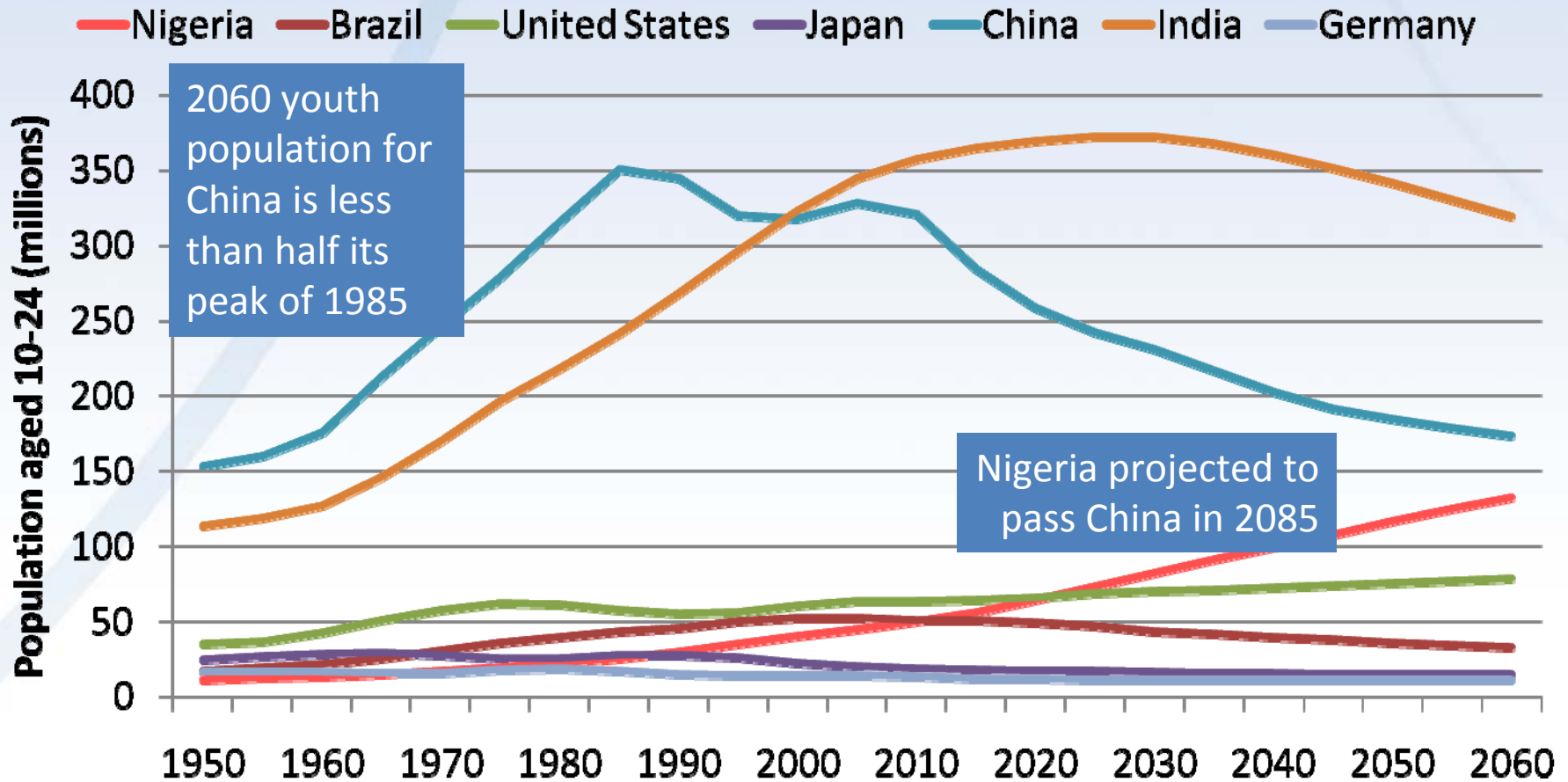


# Percentage Change, Adolescent and Youth Population, 2010 to 2060

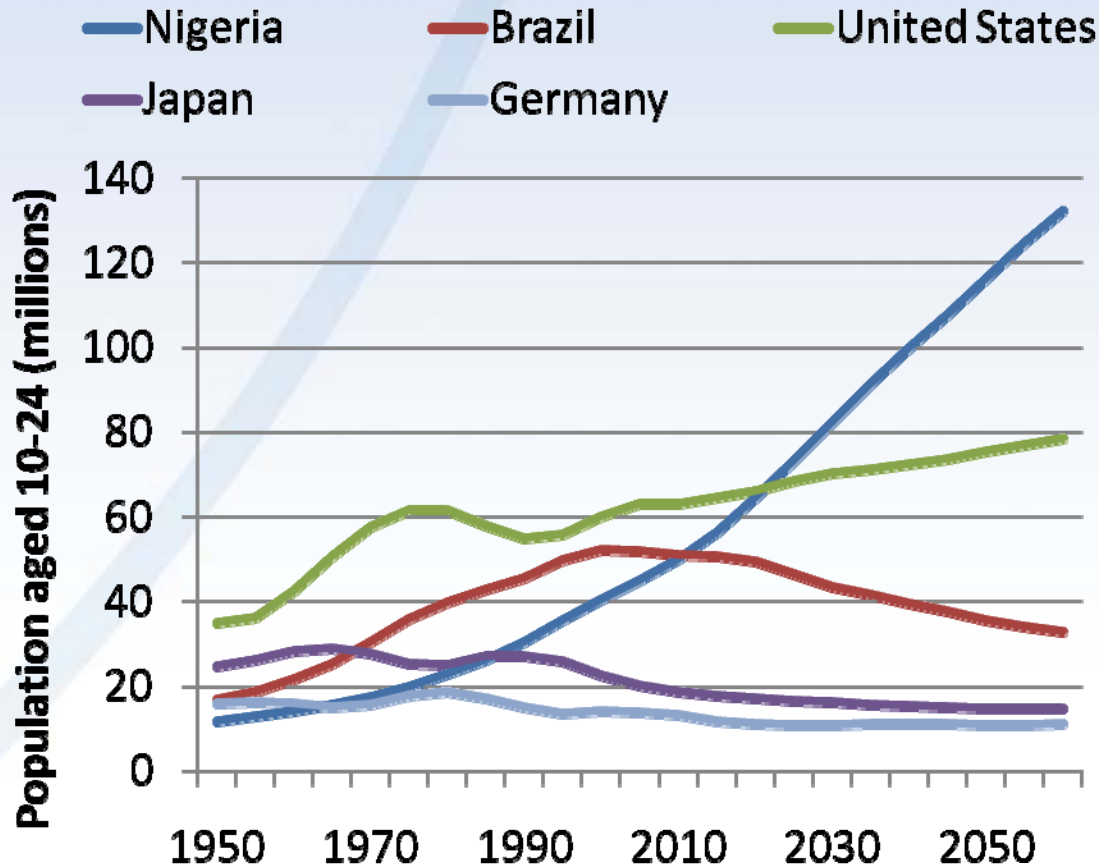




# Adolescent and Youth Populations, Selected Countries

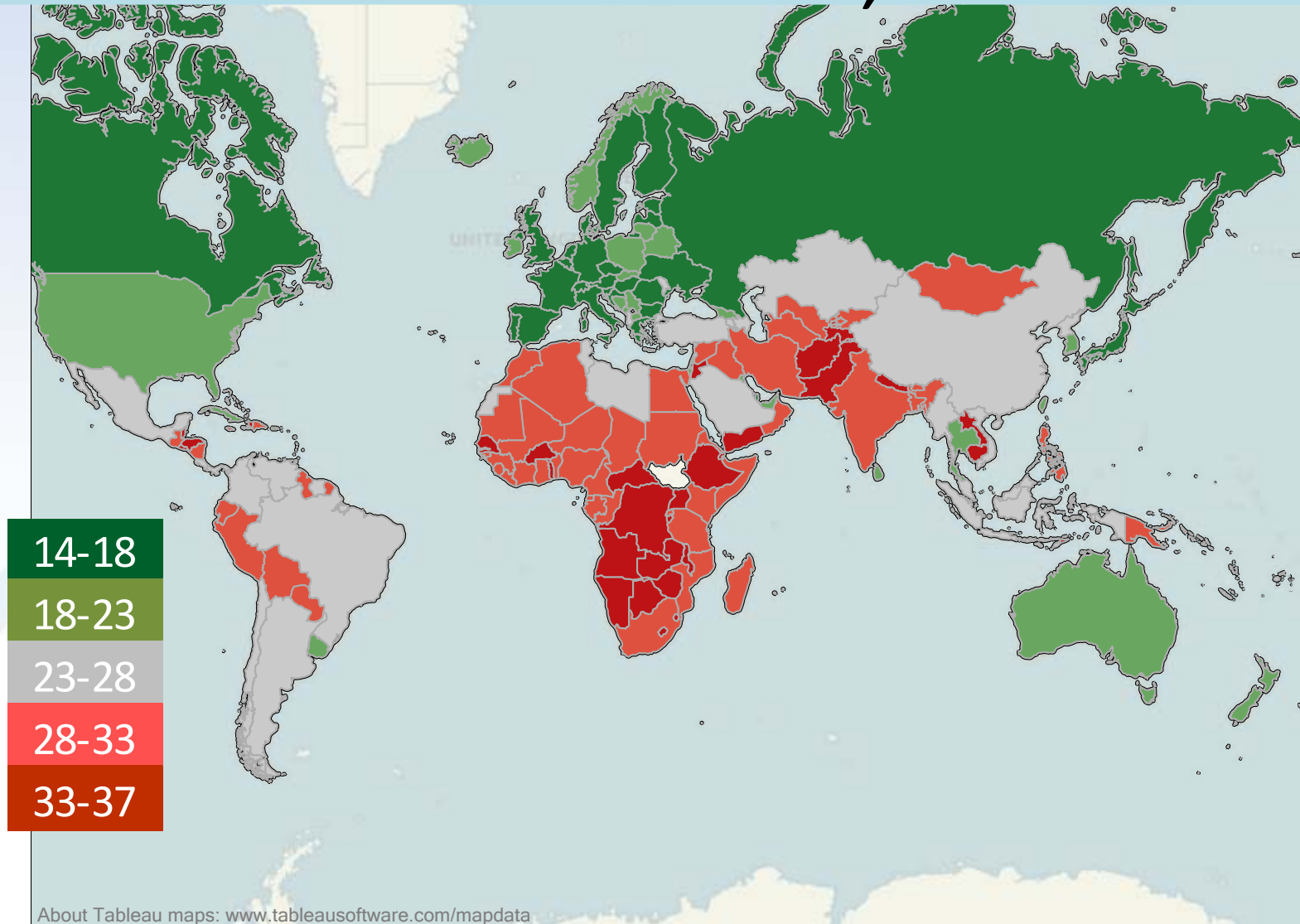


# Adolescent and Youth Populations, Selected Countries

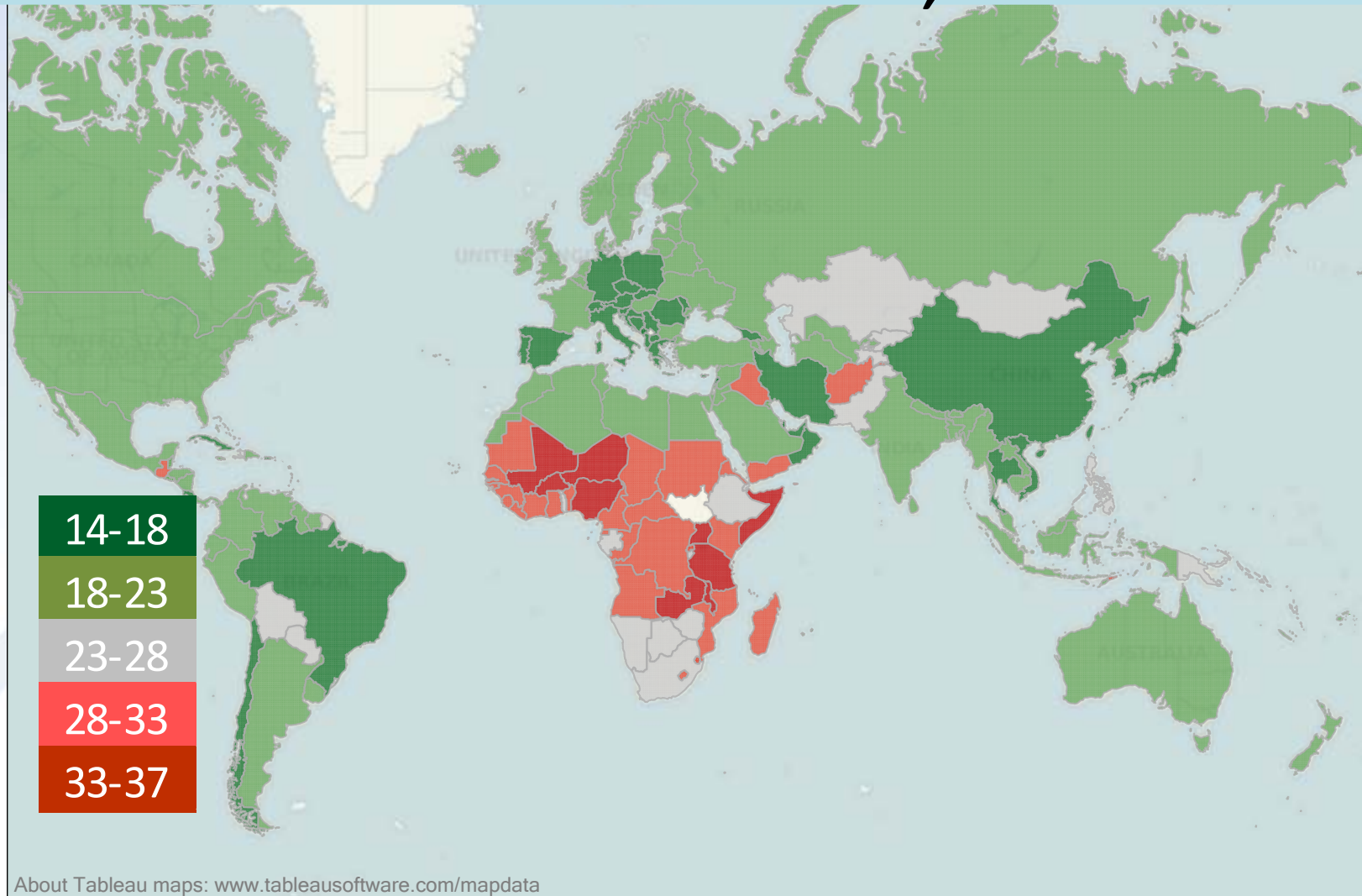


- Rapid growth for Nigeria
- Substantial growth for the US
- By 2060, decline from peak of:
  - 37% for Brazil
  - 40% for Germany
  - 50% for Japan

# Adolescent and Youth Populations Percent of Total, 2010



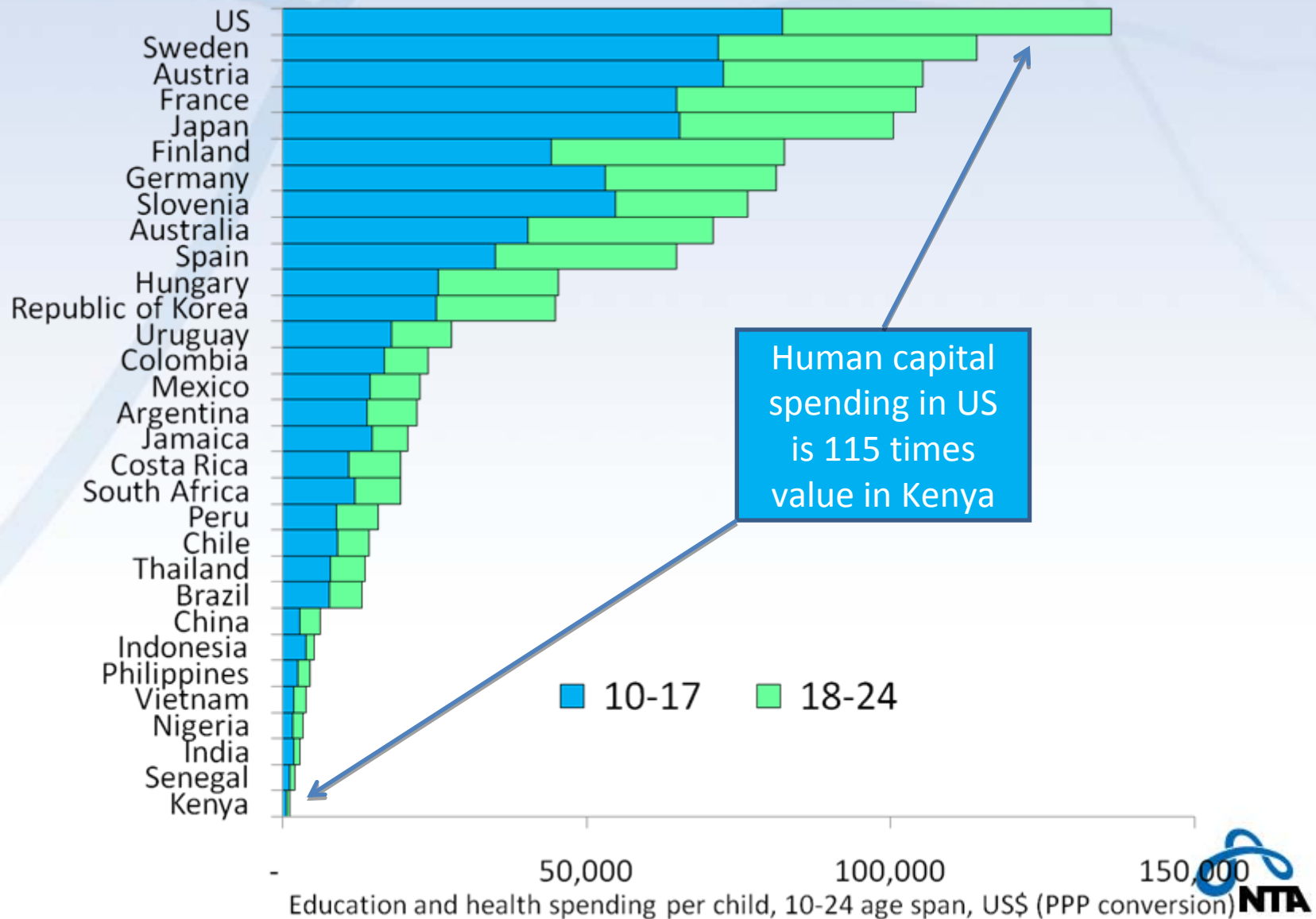
# Adolescent and Youth Populations Percent of Total, 2060



# Part II. Economic Status of Adolescents and Youth

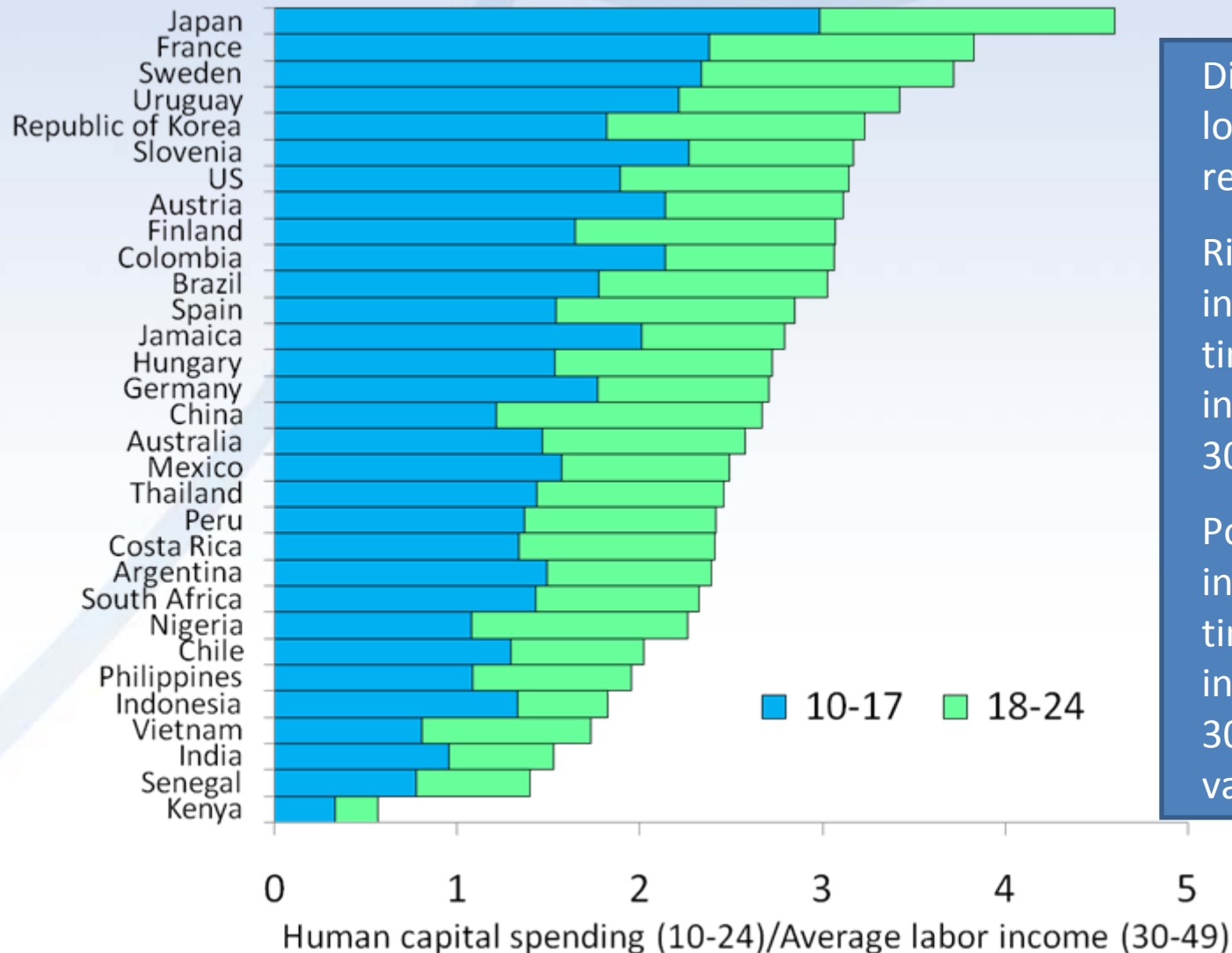
- Employment opportunities
- Disparity in spending on health and education
- Drivers of disparity
  - Poor countries have limited resources
  - Children in poor countries depend heavily on their families. These children cannot access national or public resources
  - Quantity-quality tradeoff: more children means less health and education spending per child

# Disparity in Human Capital Spending





# First Driver of Disparity: Differences in Income



Differential is much lower if expressed relative to income.

Rich countries investing 3 to 4 times annual labor income of persons 30-49.

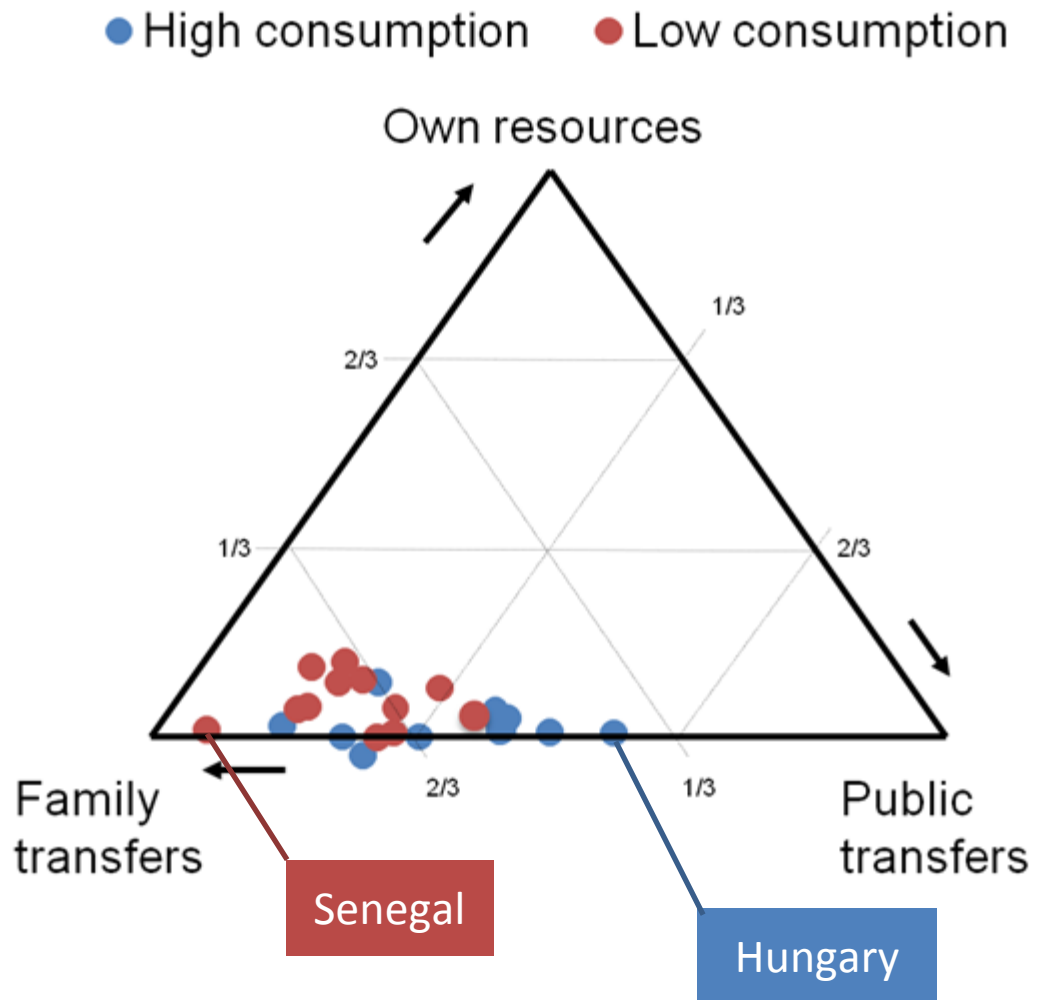
Poor countries are investing 1 to 2 times annual labor income of persons 30-49 with lower value for Kenya.

# Second Driver: Dependence on Families, 10–17 Year Olds in 24 Countries

Own resources  
include labor income,  
asset income, and  
credit

High consumption:  
average for 10-24 >  
\$5000

Low consumption:  
average for 10-24 <  
\$5000.



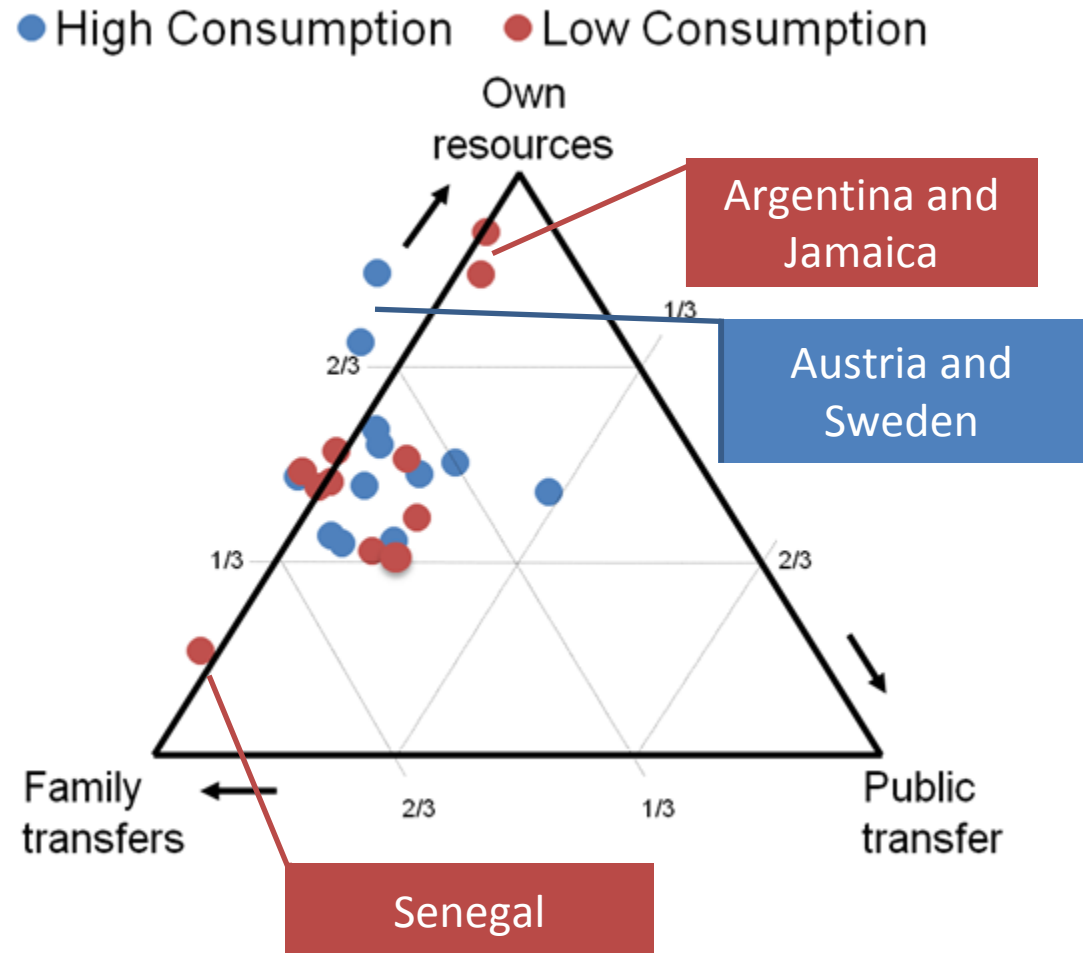


# Second Driver: Dependence on Families, 18-24 Year Olds in 24 Countries

Consumption for 18-24 year olds is funded from own resources and family transfers

Net public transfers are very small in all countries

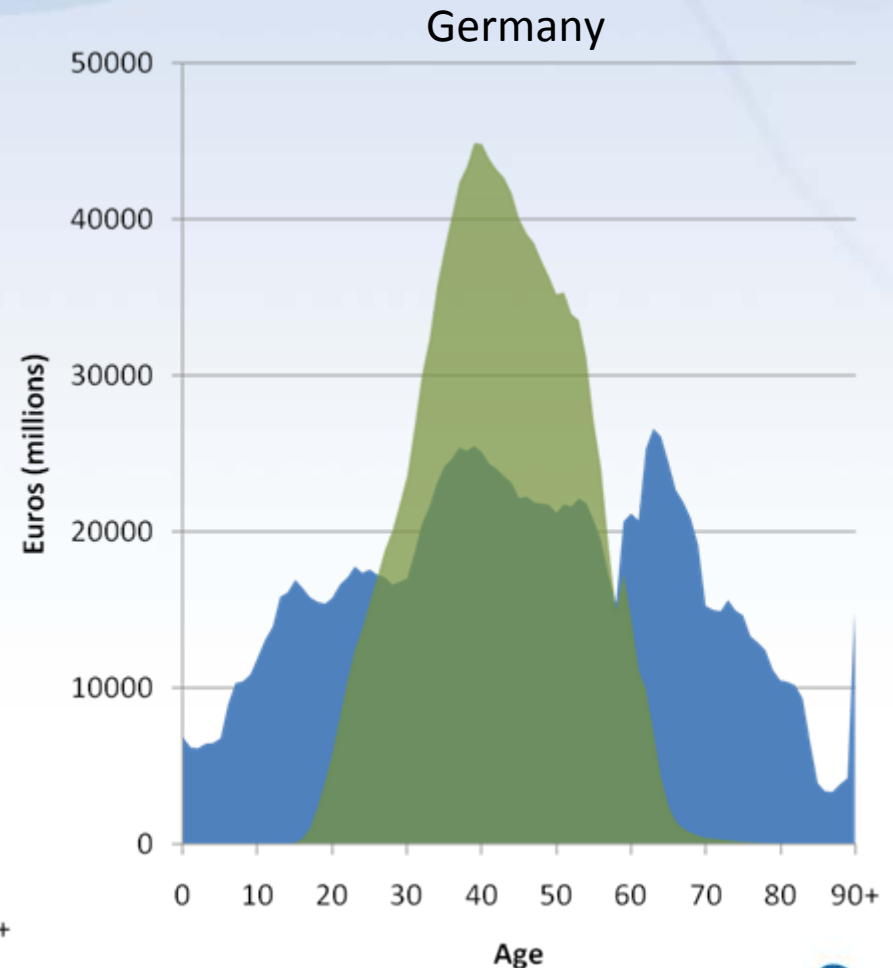
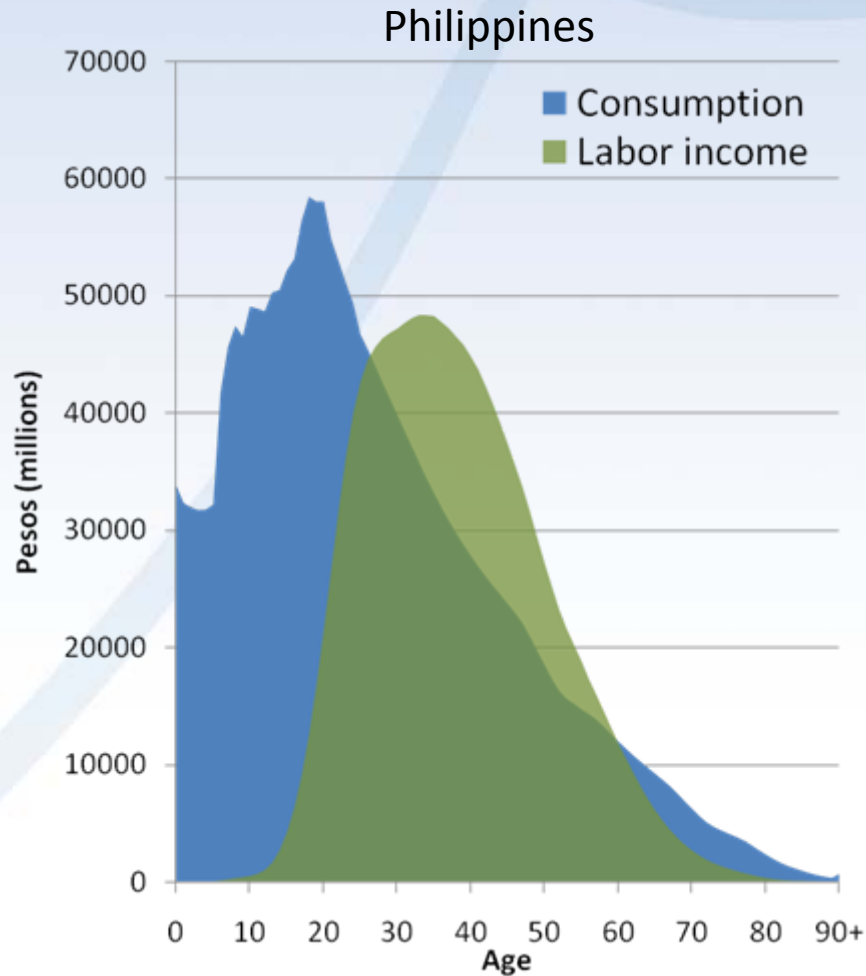
For countries to the left of the triangle taxes paid exceed benefits received.



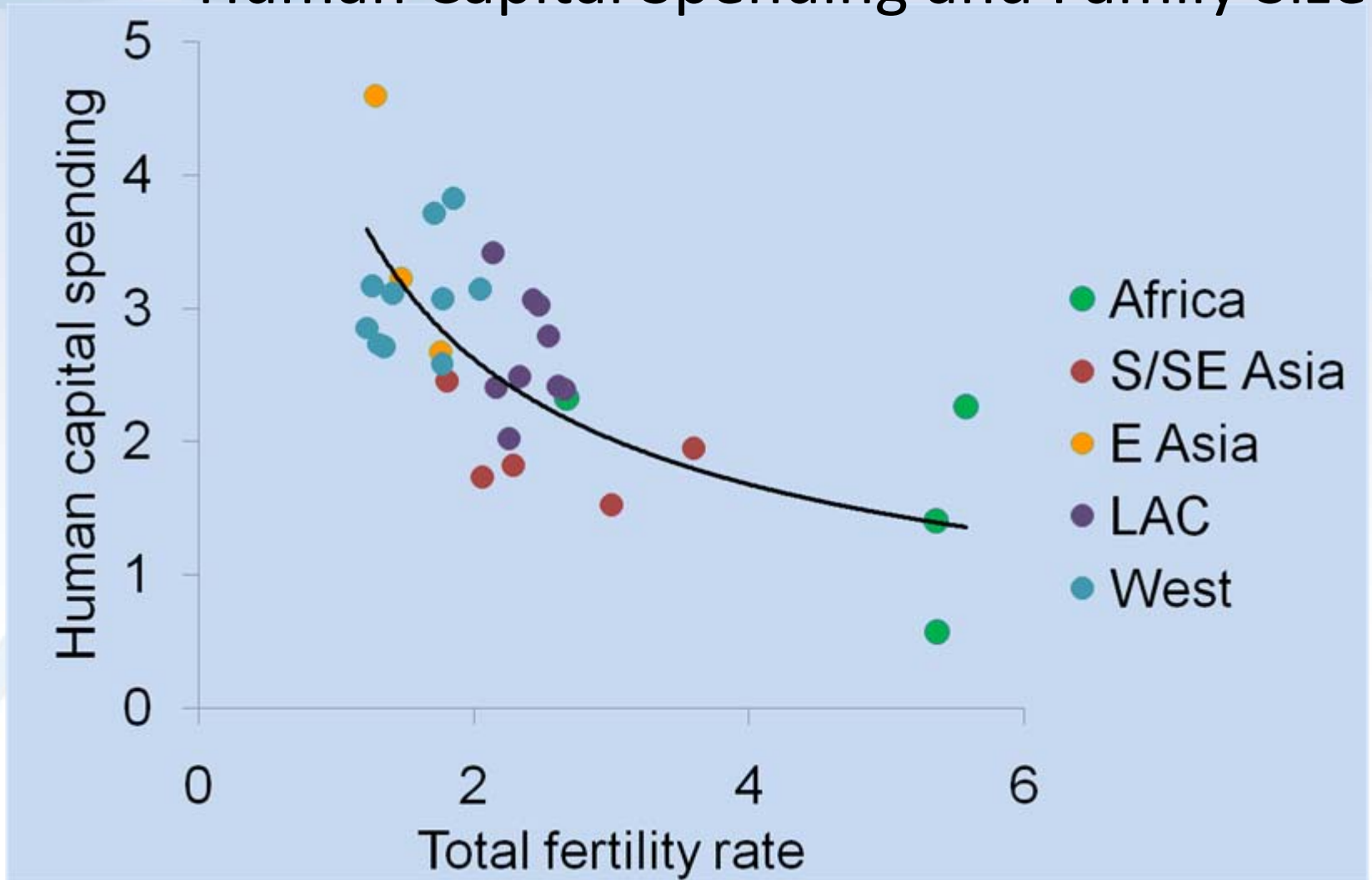
# Third Driver: Quantity-Quality Tradeoff

- Quantity-quality tradeoff: countries and families with more children spend less on each one.
- National transfer account estimates show that countries with a large youth population devote a large share of their resources to the material needs of those children.
- However, human capital investment is affected by the quantity-quality tradeoff.

# Aggregate Consumption and Labor Income by Age



# Quantity-Quality Tradeoff: Human Capital Spending and Family Size



Note. Human capital spending is health and education spending per child over the 10-24 age span relative to labor income of those 30-49.

# Part III. Conclusions

- In many low income countries in Asia and Africa, adolescent and youth populations are large and growing.
- The young are a potentially valuable resource for these countries but only with:
  - Dynamic, job-creating economies
  - Strong investment in human capital

# Conclusions

- Many countries are struggling to provide resources needed by adolescents and youth.
  - Their own resources are limited
  - External resources are inadequate
  - Governments are doing too little to create access to resources for adolescents and youth
  - Too many youth and adolescents are competing for too few resources

# Conclusions

- Success is possible
  - Poor countries can turn struggling economies into dynamic ones
  - External resources can be increased and targeted at adolescents and youth
  - Governments can engage more in health and education
  - Poor countries can emphasize smaller families and greater investment in every child