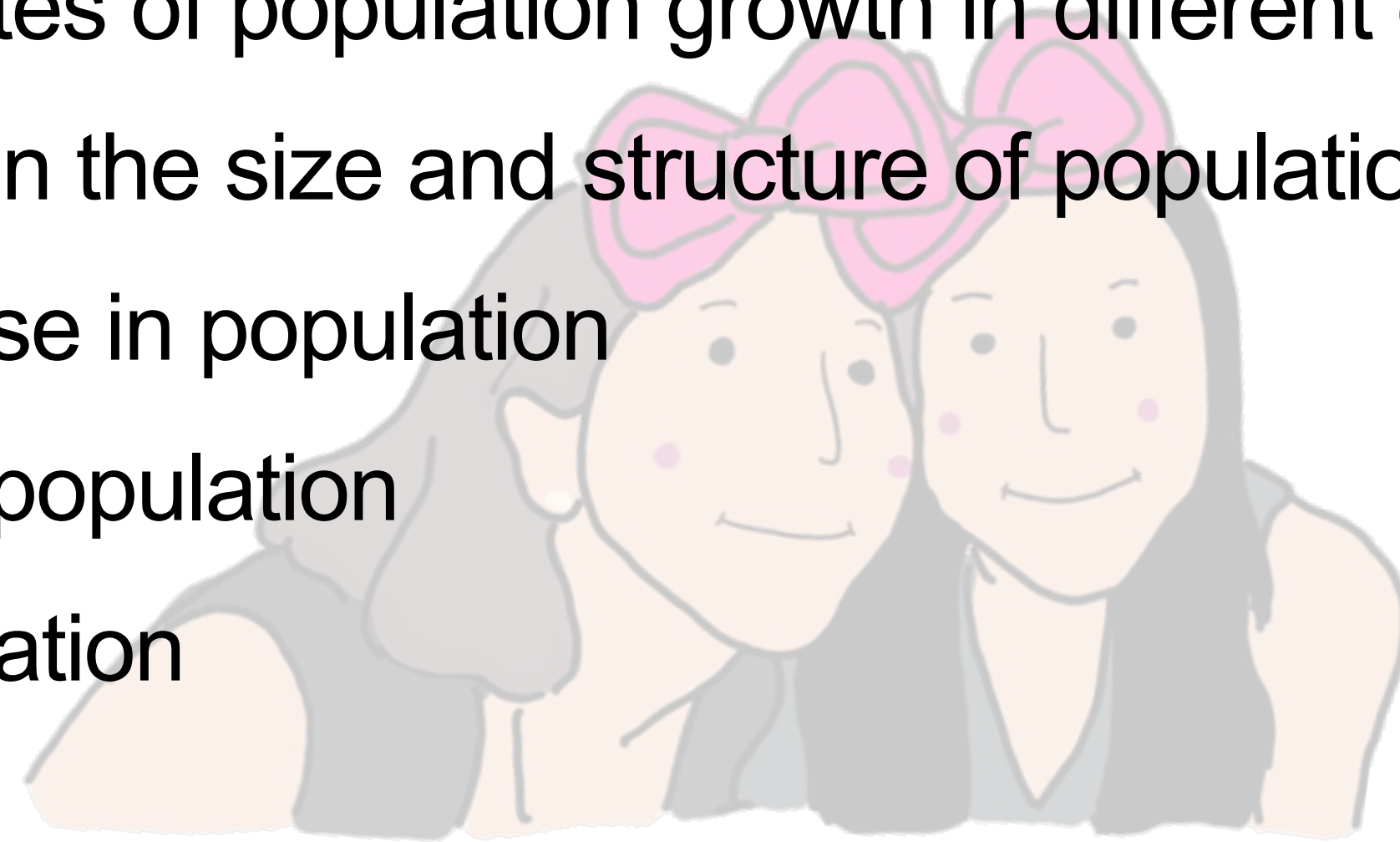


MACROECONOMICS - Population

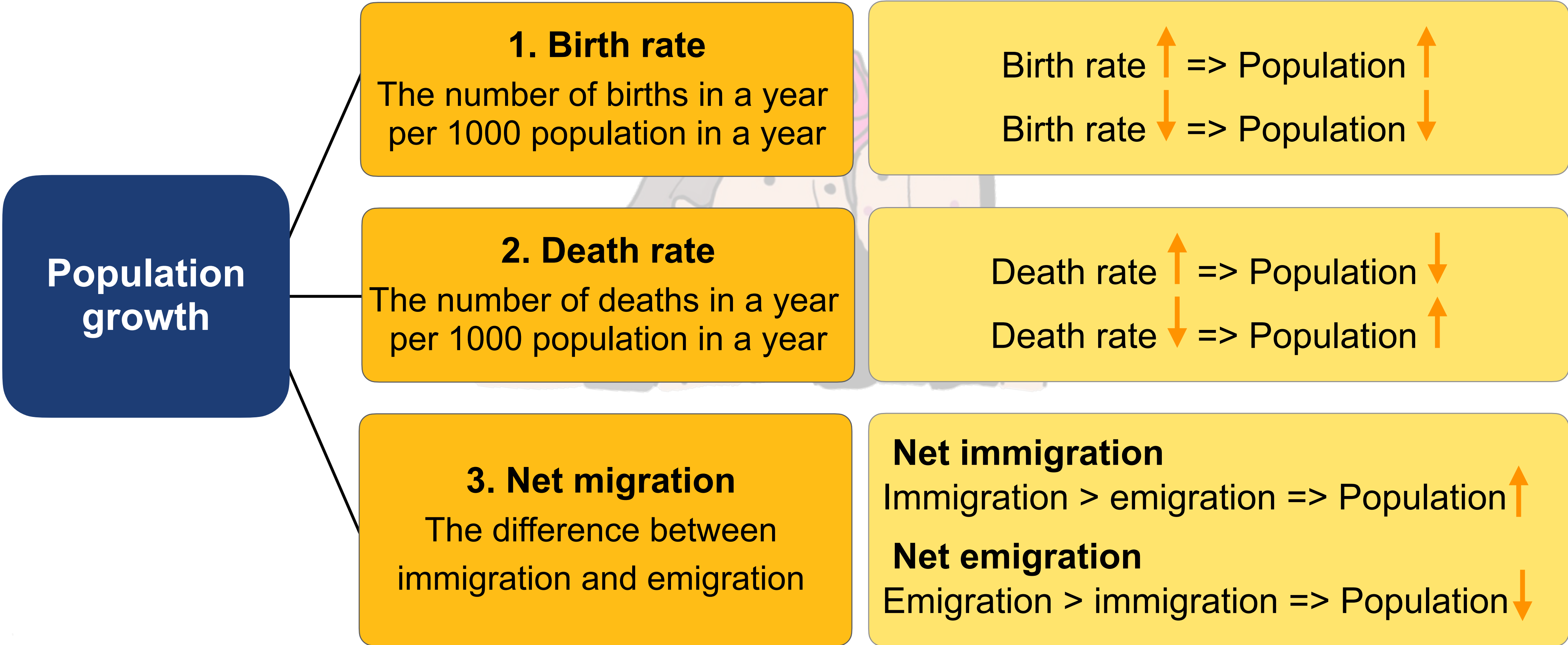
By Kru P'Da and Kru P'Eve Knockout.Economics

Overviews

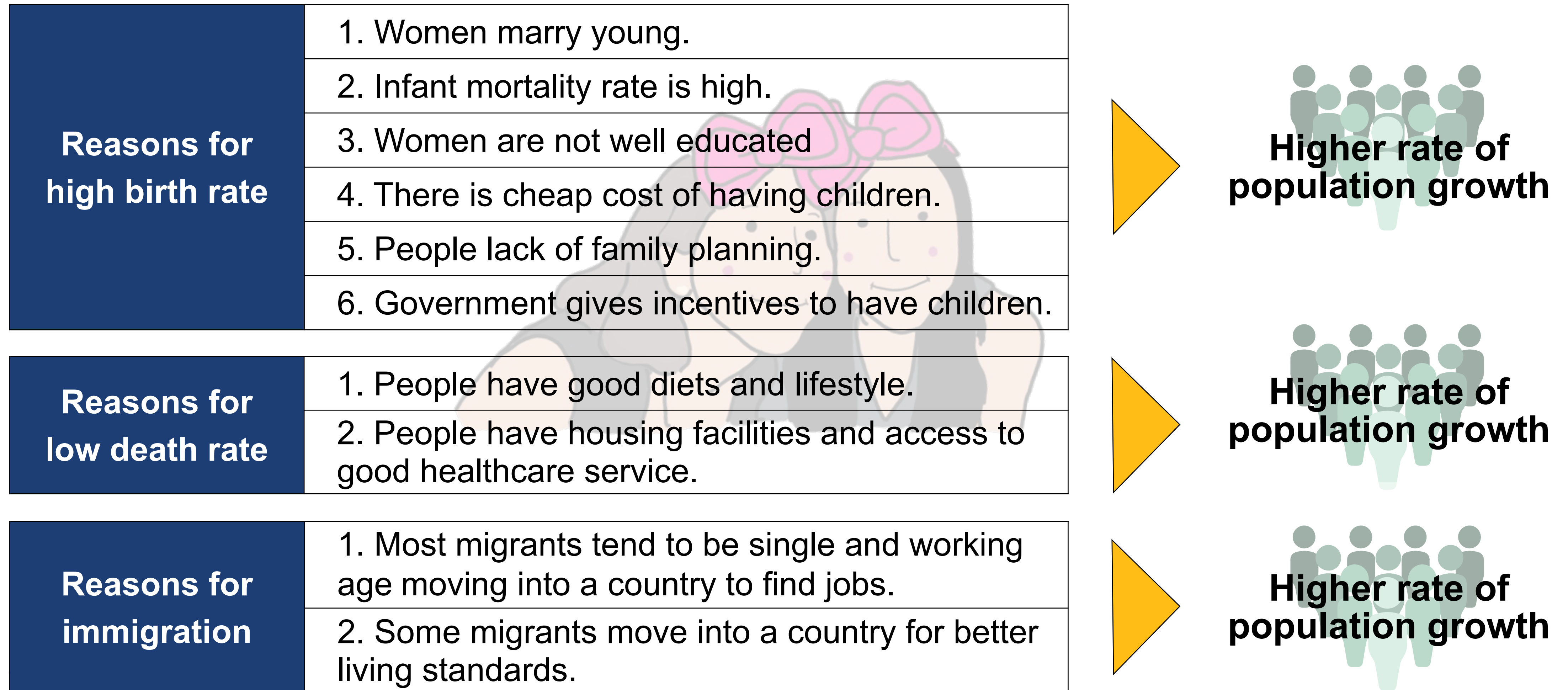
1. The factors that affect population growth
2. Reasons for different rates of population growth in different countries
3. The effects of changes in the size and structure of population on different countries
4. The effects of an increase in population
5. The effects of an aging population
6. The effects of net emigration



1. The factors that affect population growth



2. Reasons for different rates of population growth in different countries



3. The effects of changes in the size and structure of population on different countries

3.1 A country with high development is likely to have a low birth rate and low death rate.

⇒ It might result in aging population problems.

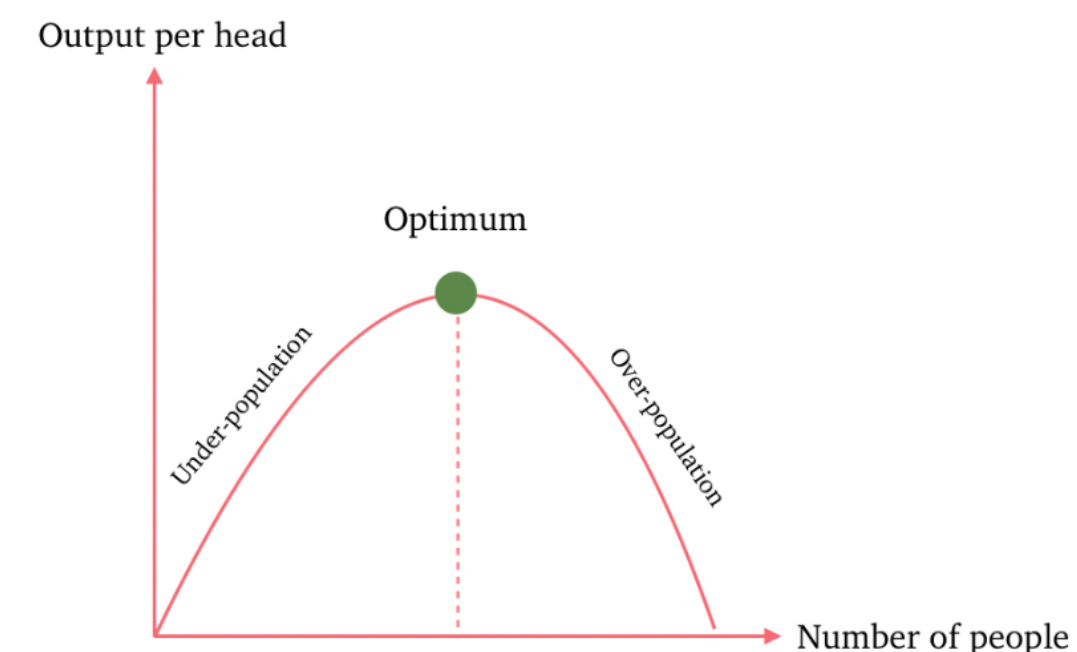
3.2 Dependency Ratio :

$$\text{Dependency ratio} = \frac{\text{Number in dependent age groups}}{\text{Number in labour force}} \times 100$$

⇒ High dependency ratio leads to high tax burden to working age

3.3 The optimum population

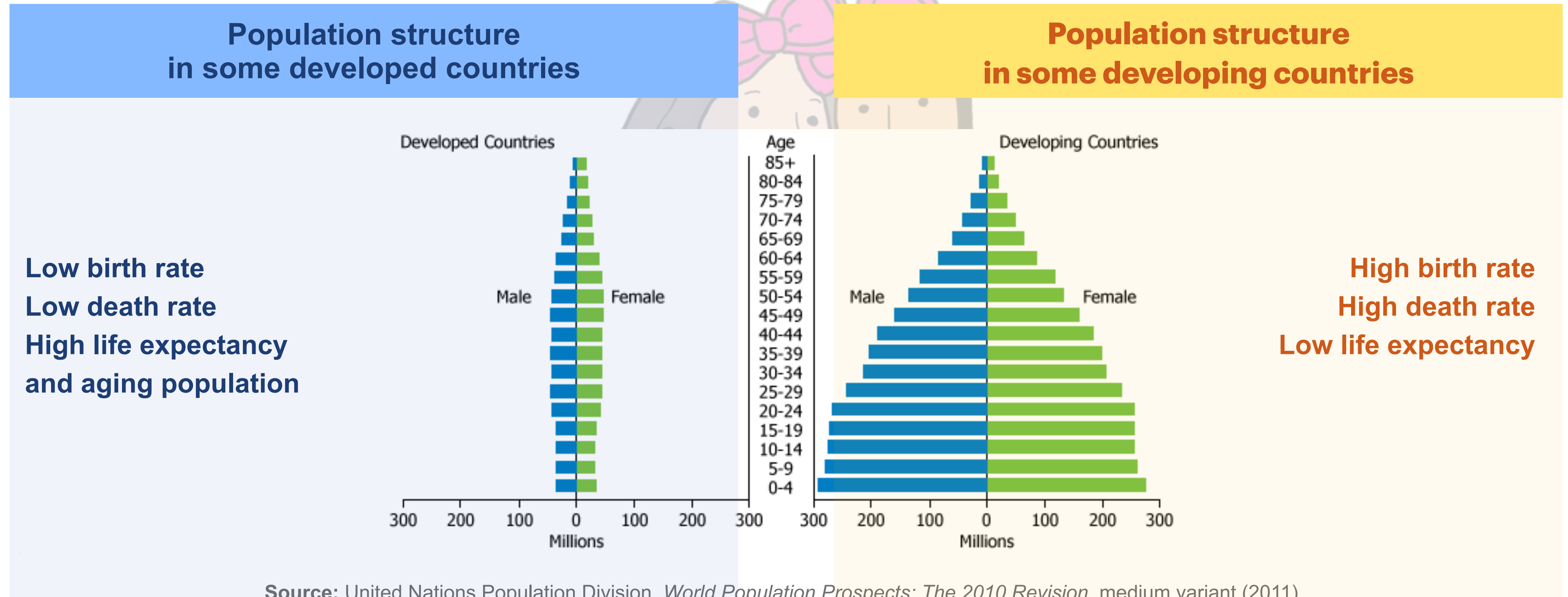
⇒ refer to the number of population which generates the maximum national output per head.



3. The effects of changes in the size and structure of population on different countries

Population structure :

Population pyramid is a diagram showing the age and gender structure of a country's population.



4. The effects of an increase in population

Advantages	Disadvantages
1. Higher population increases total spending in an economy. Firms produce more outputs, resulting in higher economic growth .	1. It can cause overpopulation problems . Resources are not enough for population.
2. Higher population may increase supply of labour. Higher supply of labour increase country's productivity and economic growth .	2. It can cause overcrowding .
3. If extra people are well educated, it could increase country's productivity .	3. If jobs are limited, it leads to high competition in labour market and high rate of unemployment .
	4. If the extra population is elders and children, it can cause high dependency ratio and higher tax burden to working age .
	5. High population can cause resource waste and environmental damage .

* Dependency ratio = $\frac{\text{Number of dependent people}}{\text{Number of labour force}} \times 100$

5. The effects of an aging population

Aging population : where people are living longer and therefore the average age of the population is rising

Aging population is a serious problem	Aging population is <u>not</u> a serious problem
1. It increases dependency ratio causing higher tax burden to working age.	1. It means that life expectancy is rising and people have better standard of living.
2. Government has higher expenditure on healthcare , welfare services and pension. The budget could be spent on something else to develop country.	2. There may be labor immigration which can help to overcome the problems of falling in the supply of labour.
3. Older workers may lack the required skills such as computer skills, resulting in lower national output and income.	3. If older workers are skilled and have a lot of experience , they can generate lots of outputs.
4. Older workers may be less geographically and occupationally mobile .	4. The government can increase the retirement age to increase supply of labour.

* Dependency ratio = $\frac{\text{Number of dependent people}}{\text{Number of labour force}} \times 100$

6. The effects of net emigration

Net emigration : emigration > immigration => reducing population

Net emigration is a serious problem	Net emigration is <u>not</u> a serious problem
1. Most emigrants are likely to be working age. Net emigration may reduce supply of labour and country's productivity.	1. Emigrants may send money home to help their families called workers' remittances.
2. Net emigration may reduce labour force and increase dependency ratio. It causes higher tax burden to working age.	2. Emigrants may bring new skills back to home country which improve country's productivity.
3. There may be shortage of skilled workers or brain drain in the country skilled workers leave.	3. Net emigration reduces problem of overcrowding.
4. It may cause under population problems and under utilization of labour.	4. Net emigration reduces problem of overpopulation.

* Dependency ratio = $\frac{\text{Number of dependent people}}{\text{Number of labour force}} \times 100$

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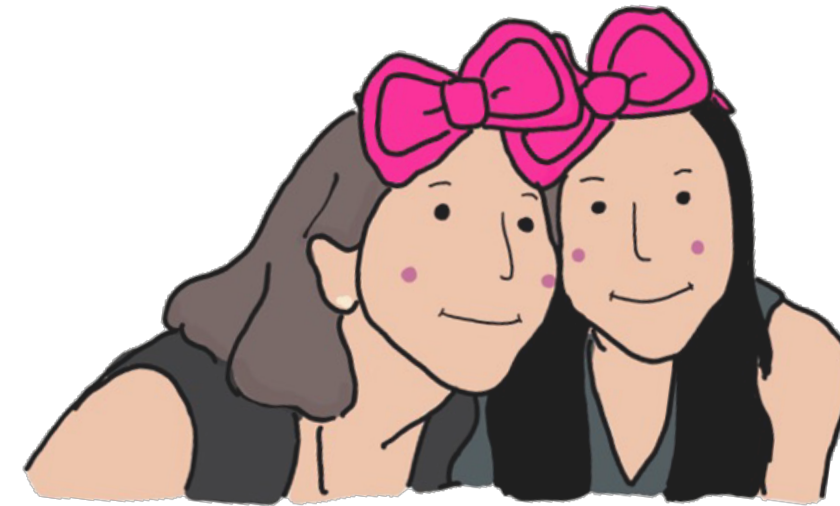
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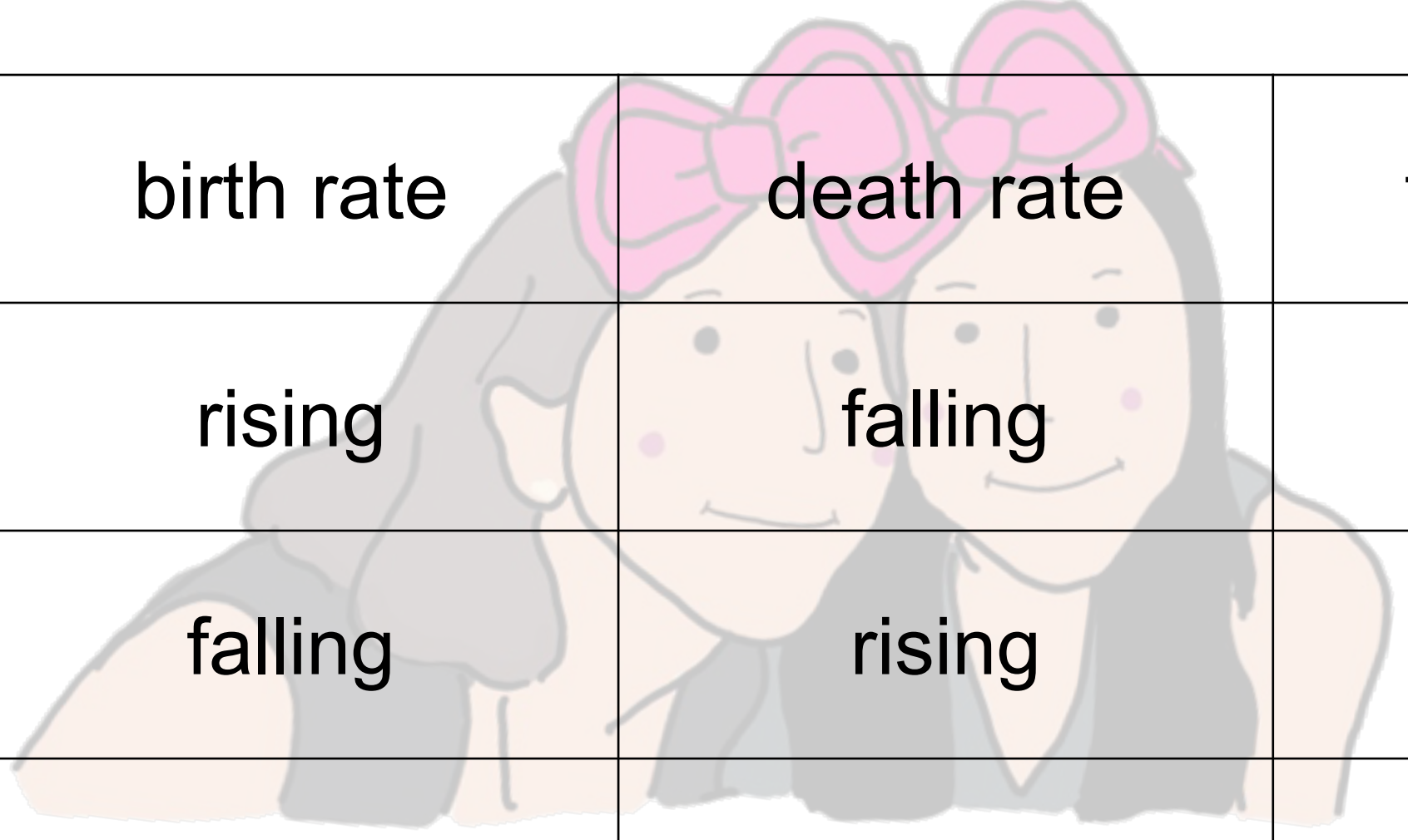


MACROECONOMICS - Exercise Population

By Kru P'Da and Kru P'Eve Knockout.Economics

Exercise: MCQ

1.) Which combination will increase the number of population when there is no migration?



	birth rate	death rate	fertility rate
A	rising	falling	falling
B	falling	rising	falling
C	falling	rising	rising
D*	rising	falling	rising

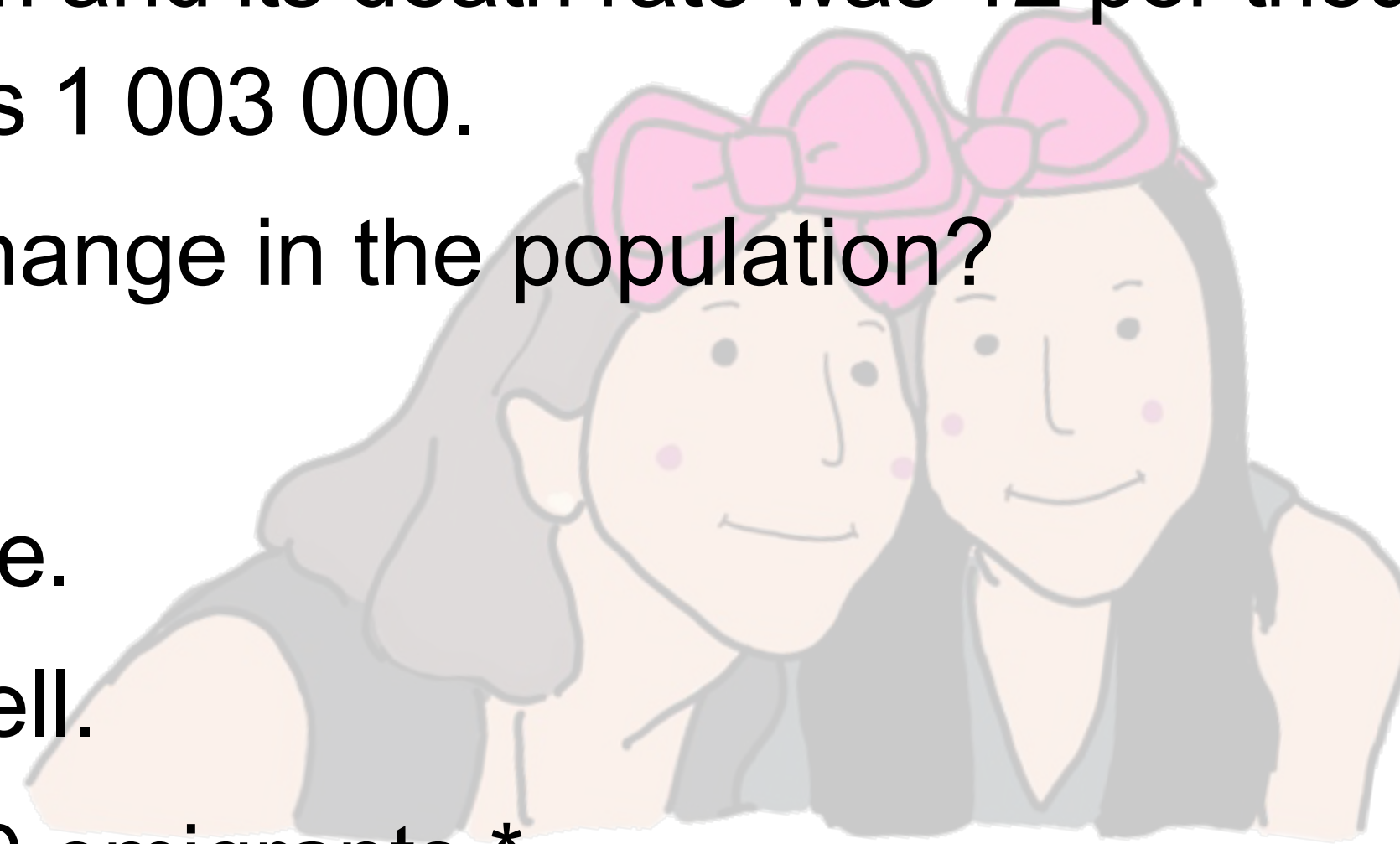
*Fertility rate is the number of children a woman has on average/over her life time.

Exercise: MCQ

2.) At the beginning of the year a country had a population of 1,000,000 and its birth rate was 20 per thousand per annum and its death rate was 12 per thousand per annum. At the end of the year the population was 1 003 000.

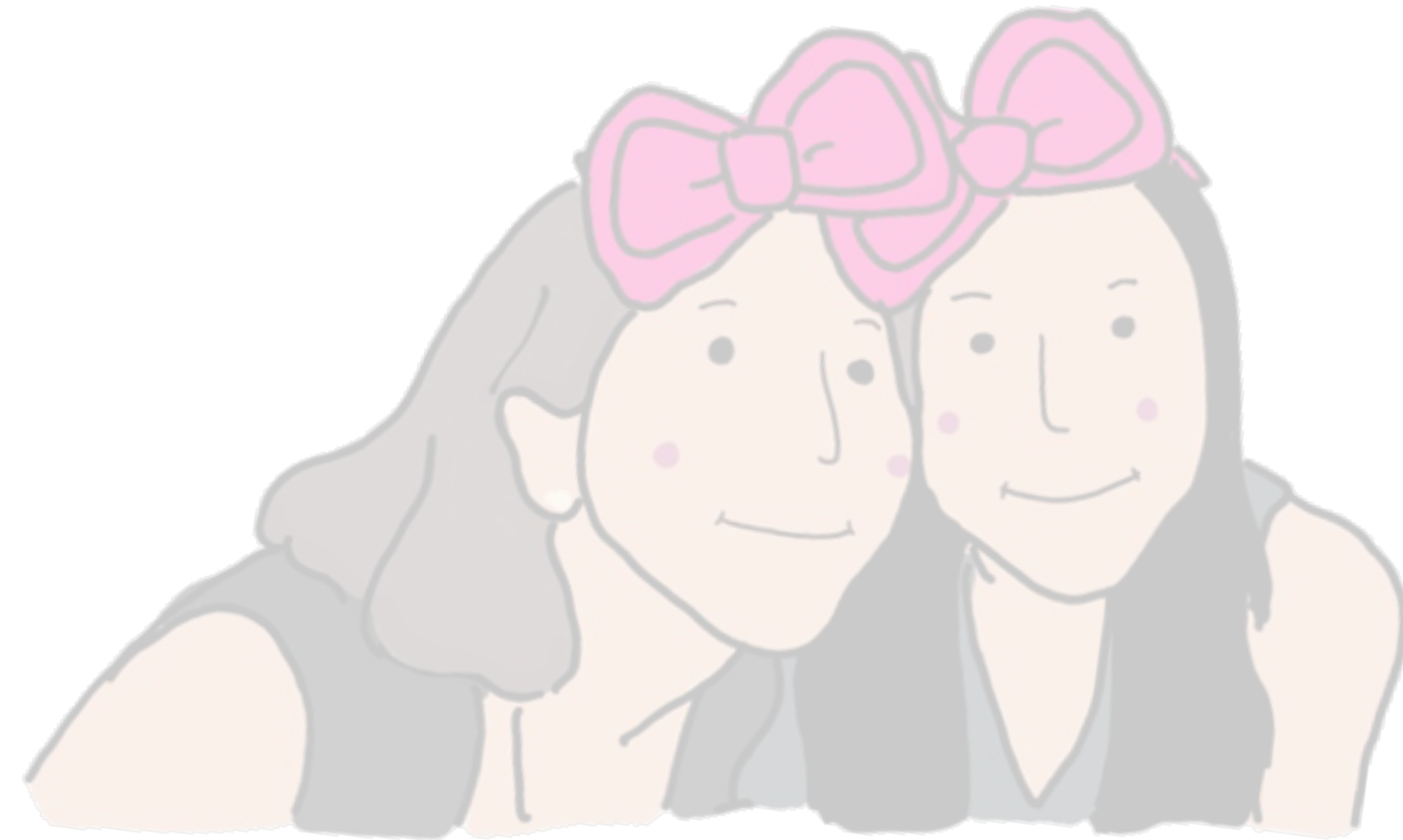
What could explain this change in the population?

- A. The birth rate rose.
- B. The death rate fell.
- C. There were 5000 emigrants.*
- D. There were 5000 immigrants.



Exercise: Essay

1.) Explain the possible reasons why the rate of population growth in a country is greater than another country. [5]



Exercise: Essay

1.) Explain the possible reasons why the rate of population growth in a country is greater than another country. [5]

A country with higher population may have . . .

- **A higher birth rate** => because of marry at young / a high infant mortality rate / lack of availability of contraception / low cost of raising children
- **A lower death rate** => because of better health care / housing / nutrition
- **Net immigration** => because of higher incomes, higher job opportunities



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