

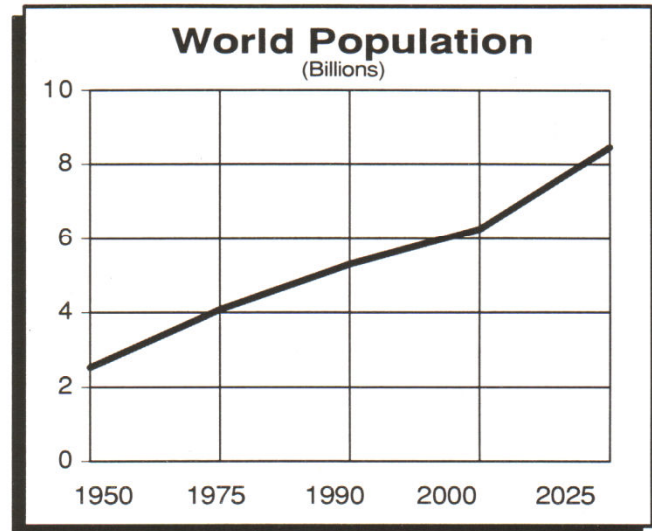
# The Economic Impact of Population Growth

POPULATION  
ENVIRONMENT

Ver 1.0

Real economic progress is the result of increases in productivity and the ability of a society to distribute the resultant wealth to all of its people. Merely making the economy larger by accommodating more people is meaningless growth since real income declines for most people.

As the population grows, more capital is required for the roads, schools, factories and other facilities needed to accommodate more people. In order to upgrade facilities and improve productivity, investment must outstrip population growth. If the population doubles, then facilities must be doubled to stay even. Improvement requires more than double the investment. Few nations have managed to capitalize their population growth while upgrading their facilities so that high labour force growth results in lower investment per worker.



## Population Growth Costs Progress

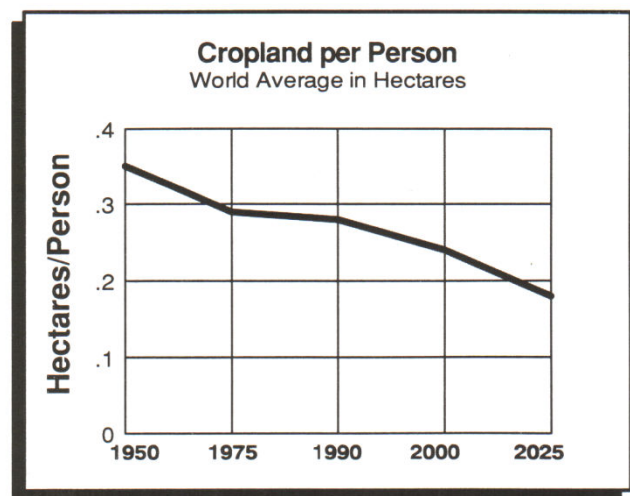
The World Bank explains the effect of population growth as follows: "First it exacerbates the difficult choice between higher consumption now and the investment needed to bring higher consumption in the future. As population grows more rapidly, larger investments are needed just to maintain current capital per person, both physical capital and human capital - that is to say, a person's education health and skills. Otherwise, each worker will have less equipment and skills to work with, and productivity and incomes will stagnate or even fall. Every effort is thus required simply to maintain the status quo. And where it is hard to raise the level of capital and skills per worker, it is even harder to raise the incomes and living standards."

"While the effects of rapid population growth may vary widely, depending on the institutional, economic, cultural and demographic setting, the evidence points overwhelmingly to the conclusion that it slows development. And conversely, that slower population growth can help accelerate development."

## Declining Per Capita Resource Base

The resource base is essentially finite and as population grows, the environmental assets per person declines. Technology and cheap energy (fossil fuels) have overcome this decline in the past century but have created the long term costs of climate change and other forms of pollution. Growing populations also displace environmental assets (e.g. farm land lost to urban expansion) and degrade the productivity of those remaining through pollution and overuse.

As far as environmental assets are concerned, population growth produces negative economies of scale as more people put more stress on a diminishing environment. This is reflected in an increased cost of living.

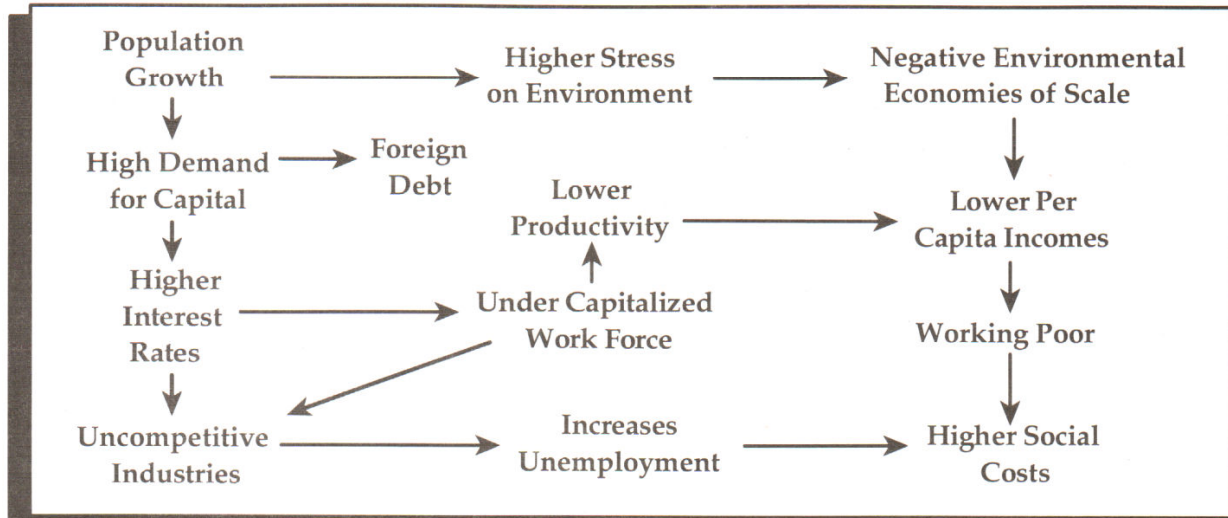


## Full Cost Accounting Needed

As we destroy natural assets, we are forced to replace them with human-made systems. By polluting water we are forced to install pollution control systems as well as cleansing systems when the water is reused. The more we use water and air, the more we must pay to keep them usable. Environmentally, Canada has been experiencing negative economies of scale for several decades. The "bigger is better" theory no longer applies.

Our current measure of economic well-being is cash flow (GNP) while assets are seldom considered. A full accounting of our economic well-being should include both environmental and human-made capital to avoid drawing down productive assets to generate misleading gains in GNP.

## Linkages



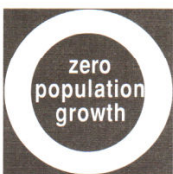
*Population growth puts unsustainable pressure on the environment. This pressure is reflected economically in higher costs, lower per capita incomes and a growing percentage of working poor. These people are working just as hard but either their productivity has fallen due to an eroded capital base or the increased cost of living has outstripped their incomes.*

## Population growth increases GNP but decreases GNP per person

Population growth is a basic economic force which expands the economy at the price of individual well-being. Our economic policies must centre on improving the well-being of individual Canadians, not simply making the system larger. The dependence of the economy on the environment and the negative effects of population growth on economic well-being must be recognized and given first priority in our economic strategies.

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### Aims and Objectives



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To establish a population policy for Canada based on the sustainable environmental and economic potential of the country.

To develop awareness of the strong linkages between human numbers, human activity and the environment and human well-being.

To make it clear that Canada is no longer an untapped frontier capable of accommodating a larger population but a nation with a declining environment that must now work toward long term solutions for its environmental and economic problems.

Population and environmental problems must be dealt with in the nations in which they occur.

Canada contributes disproportionately to global environmental degradation. Canadians must reduce their consumption of natural resources as rapidly as possible to levels that can be sustained by our diminishing environment.

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*Please help us to establish a stable population and an environment strategy for Canada. Annual Membership is \$20.00.*

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