

ACKNOWLEDGEMENT

I take this opportunity to express my thanks and gratitude to my supervisor, Mr. Karvalder Johansen, of the Faculty of Economics and Administration, University of Malaga, for his help, advice and guidance, without which, it is not possible for me to present this graduation exercise.

Mohammed Shukry bin Abdul Hamid

SYNOPSIS

Most underdeveloped countries, characterised by low per capita incomes, are facing an imminent problem of population explosion. Their population is not only increasing, but increasing at a faster rate of growth year by year, with a high rate of acceleration. This rapid population growth, averaging 3 per cent per year, is the consequence of high birth and low death rates. The sudden decline in mortality, a postwar phenomenon in the underdeveloped world, is caused solely by the introduction of public health measures which has been imported from the west.

High birth rates result in many dependent children per adult, thereby lessening savings and hindering formation of capital. In addition, they create a shortage of adult manpower, and aggravate the difficulties of educating the increasing young population. Rapid population growth aggravates the shortage of capital, and leads to an excessive density of agricultural population in relation to the area of cultivated land. In short, the rapid upsurge in population retards economic development in the underdeveloped countries.

The immediate solution to the problem is to cut down the birth rates by adopting birth control or family planning. With the decline in fertility, savings and investments are likely to improve as a smaller portion of the income would be now spent on consumption. The adult manpower would be solved. With low birth and death rates, population is no longer increasing at a fast rate. This implies that there would be less human pressure on capital and land. Fertility control would thus create a climate conducive for economic development.

Other solutions include industrialisation and the development of agriculture. Industrialisation is a remedy to the agricultural labour surplus and helps to cut down birth rates in the long-run. Agricultural improvement facilitates industrial growth by providing raw materials for the industries, markets for the manufactured products, and food for the industrial workers.