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Book review of:

***Population Economics*, by Assaf Razin and Efraim Sadka,
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Population economics has grown rapidly in the last ten years or so and has now become a recognised economic specialism. The number of undergraduate and graduate courses in the subject is still small compared with other economic specialisms, but it will almost certainly increase. As yet there are few if any books available that cover recent work in population economics and could be used as textbooks. This book seeks to rectify the situation by drawing together some of the literature on population economics to give a cohesive, up-to-date account of the subject.

The book consists of seventeen short chapters; the first two contain introductory material describing the modern microeconomic approach to population economics and setting out some background stylised facts; the remaining fifteen, grouped into six parts, constitute the core of the book. Part I deals with the microeconomic analysis of fertility. It stresses two key influences on fertility: the altruism of parents towards their offspring, which creates a trade-off between the number ('quantity') and well-being ('quality') of children, and the old-age security motive, which leads to children being seen as capital investments because of their future role as carers for their elderly parents. Part II addresses the social evaluation of population size. It compares the implications of average and total utilitarianism and examines the use of taxes and subsidies to try to influence fertility so as to attain an optimum population by non-coercive means. Part III considers the possibility of externalities and market failures in endogenous fertility models and looks at the case for policy intervention to remove these externalities. The focus of interest is the externality effect of parental decisions to transfer resources to children, both by direct bequests and by indirect transfers through investments in human capital that expand future consumption opportunities. Part IV is concerned with income distribution and social security. It sets up an endogenous fertility model and then assesses the impact of social security schemes on the distribution of income between generations (within families) and within generations (between families). Part V is a brief theoretical and empirical survey of the relationship between economic growth and population growth. Finally, Part VI broaches the topics of migration and international trade, concentrating in particular on the connections between the mobility of labour and the mobility of goods and capital.

All six parts of the book rely primarily on theory, and the empirical content is confined to a few general observations. Population economics is viewed by Razin and Sadka as a branch of public economics; their central argument is that the discussion of population and related policy issues should be based on rigorous microeconomic foundations. The theoretical content of the book is derived largely from Becker's work on the economics of fertility and later developments of his work by other authors. This governs the range of topics covered: they are the ones most susceptible to rational-choice methods. Other important topics in population economics, such as mortality and population ageing, receive little or no attention. The approach is exclusively neoclassical, so that contributions from non-neoclassical economics and the other social sciences are ignored. Consequently, the book is narrower in scope than its title suggests, and anyone hoping for a broadly based, interdisciplinary treatment of all aspects of population economics is likely to be disappointed. Razin and Sadka have written an account of the microeconomic analysis of population, not the whole of population economics.

The book does, however, fulfil a useful function in summarising the recent neoclassical literature on population. Results from numerous articles are brought together and presented in a clear, concise fashion. Nearly all the chapters in the book involve mathematics, and students without a strong mathematical background would have difficulties in coping with much of the material. The book may therefore have limited value as a textbook, although it could serve as the basis of a graduate or advanced undergraduate course in the microeconomics of population. The book's chief value is probably to practising economists rather than students: it is a convenient entry point into the recent theoretical literature on population economics for those who are unfamiliar with this new economic specialism.