

# Population Growth and Economic Development: The case of Libya

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## Abstract

The majority of the Libyan population is already living in cities but still, with a fast natural population growth the urban population will expand by 50% over the coming 25 years. In addition, the country is facing macro-economic changes and rapid economic growth. These two phenomena are creating opportunities and challenges to guide the development of Libyan cities towards first class level urban areas. Different propositions regarding this relationship are considered and the consequent effects seen either to impede or enhance the living conditions of people. The problem of population and development viewed as having spatial consequences. Therefore, human resource development are crucial for growth and development. It concluded that population growth in Libya is an important factor for development and economic growth.

**Keywords:** Growth, Economic Development, Population, Urbanisation.

## Introduction

Libya is a large nation of entity with a small population located on the North African shore of the Mediterranean Sea. The country has undergone important changes in the last five decades from a relatively poor desert land and having the lowest standards of living in the world to one of the world's greatest oil producing nation and geographically the country divided into the sub – regions:

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A narrow coastal plan in the western region extended from 3 to 7 miles deep. Where the most populated zone in the country where the largest urban exist the capital Tripoli, with its pleasant climate, relative rainfall, and the most favored physical environment for productivity and living condition and the land rise in a series of plains extend for about 100 Km until the mountain of jabal nafusa. In the Easter region the coastal zone is narrow; the area is characteristics of the Mediterranean climate and covered by forest trees and natural vegetations. In the middle region, lie the Sirte plains, by its marches and crescent sand dunes, which reach the coastline in certain sections of the shore zone. The plains are sparsely populated with semi- arid climate suitable only for permanent pastures (Gannous,s. e al 1999).

### Population Growth

Libya has experienced dramatic demographic changes in the last five decades, the population increased rapidly with average annual growth rate of 3.8 percent. According to the 1995 census, the total population reached 4.4 millions with annual growth of 2.8 percent (2.5 percent from natural increase and 0.3 percent from immigrations). In the last general census of 2008 the Libyan population reached 5,320.000 millions. This rapid growth is part because of its young age structure where more than one third of the country population under the age of 15 years.

**Distribution of the Libyan Population according to age structure**

Year	1984		1995		2010		2013	
Sex	M	F	M	F	M	F	M	F
Less than 15 y	819485 49.62%	791454 50.11%	870342 39.0%	843921 39.09%	879.076 50.52%	844603 49.48%	976665 52%	914412 48. %
More than 15 y	832.077 50.38%	788043 49.68	1360737 60.99%	1314739 39.01	1834123 58.48%	1762197 51.52	1987.8 54%	1654.6 46%
Total	1651562	1579970	2231079	2158660	2713199	2606800	2964465	2569.012

National organization for information and documentation. Annual reports, various issues.

Although the country is characterized by population fast growth, the rapid increase is almost matched by the balance of extra and intra – regional

migration resulting from the deterioration of the sub- regional structure.

In general, Libya suffers from under-population, with an outstanding feature of its distribution of its marked coastal concentration. Increasing temperature and scarcity of rainfall and water resources make the coastal plains the most favored physical environment for productivity and living conditions.

The population concentration can be identified in northern Libya 92.4% particularly in the coastal of Tripoli and Benghazi, which contained over 62% of the total population, while the rest of the country land accounting for only 38% (UNDP,2010).

The population changes from 1978-2010, and it was marked by unevenness between urban and rural areas. While the large towns grow rapidly with an average of 7.8% annually, the population of the small towns and rural areas even along the coast has declined. Places that had rapidly gained population in 1978, 1995, and 2006 censuses were, Tripoli, Benghazi, Misrata, Zawia, Tobrug, Beida, and Derna.

The last four decades, Libya has fitted incomes and the standards of living to high levels matching the oil exports. Despite that dramatic economic change, there are few indications that lower the rate of natural population (NAID,2008).

### **Urbanization**

Nearly 97.5 % of the Libyan population lives in a limited urban center's along the coast, and the country conceded to be one of most rapidly growing urbanizing regions in North Africa.

According to the last census of 2008, the population of small towns and rural areas declined, to feeds a pool of potential rural- urban migrations. With the country had already embarked on policy of industrialization and modernization, depending on oil revenue, the people had little desire to participate in many sectors of modern economy. Thus, the country found itself relying on foreign labor with substantial proportion from their work force needs.

Because of the high rates, the national population experienced rapid increases, reduced mortality rates. The great population density in the urban areas both from national and non- national within very limited area, may

enable the state to invest with high cost of socio-economic programs, because people living in urban areas tends to use more facilities than those living in rural areas (ESRTC,2006).

**Labor Force**

The pattern of the population growth does not correspond directly with patterns of labor supply. The male activity rate for population aged 15 and over was 65.8% in 2006, the unemployment rate 10 %. The female participation in the labor market was much lower than that of male population, and the most significant opportunities for women employment were in education, health services, and textile and shoe industry. The contemporary distribution of labor forces in economic activities in the service sector 54%, agriculture 17.9% and industry 24.1%.

The development plans since 1970, and the rapid growth of the country economic sectors encouraged and attracted migrant labor initially from the Arab countries and to a lesser extent from the African and Asian countries (Ministry of planning,2006).

**The Libyan and non- Libyan workforces development**

1970-2013 in (000)

Workforce	1970	1975	1980	1985	1990	1995	2000	2010	2013
Libyans	383	454	532	617	880	1100	1180	1300	1430
Non-Libyans	50	223	280	562	139	156	273	364	67
<b>Total</b>	433	677	812	1179	1019	1256	1453	1664	1497

Minister of planning. The development of the national and non- national work force in Libya during the period 1970-2013.

**Economic Development**

The Libyan economy depends primarily upon revenues from the oil sector, which contribute about 95% of export earnings, 25% of GDP, and 60% of public sector wages. The weakness in world hydrocarbon prices in 2009 reduced Libyan government tax income and constrained economic growth. Substantial revenues from the energy sector coupled with a small population give Libya one of the highest per capita GDPs in Africa, but little of this income flows down to the lower orders of society. Libyan officials in the past five years have made progress on economic reforms as part of a broader campaign to reintegrate

the country into the international fold. This effort picked up steam after UN sanctions lifted in September 2003 and as Libya announced in December 2003 that it would abandon programs to build weapons of mass destruction. The process of lifting US unilateral sanctions began in the spring of 2004; all sanctions removed by June 2006, helping Libya attract greater foreign direct investment, especially in the energy sector. Libyan oil and gas licensing rounds continue to draw high international interest; the National Oil Company set a goal of nearly doubling oil production to 3 million barrels /day by 2012. Libya faces a long road ahead in liberalizing the socialist-oriented economy, but initial steps including applying for WTO membership, reducing some subsidies, and announcing plans for privatization are laying the groundwork for a transition to a more market-based economy. The non-oil manufacturing and construction sectors, which account for more than 20% of GDP, have expanded from processing mostly agricultural products to include the production of petrochemicals, iron, steel, and aluminum ( Ministry of planning,2008).

### **Per-Capita Income and Standard of Living**

Since the year 1970, Libya has attained the highest standard of living in all Africa. This is all the more remarkable when we consider that in 1951 Libya was officially the poorest country in the world. According to the World Bank, the per capita income was less than \$50 a year, while today all Libyans own their own homes, which considered one of the necessities of leading a good standard living. Thus, the increasing of oil production and prices have a greater impact in improving standard living although the increases of total population. For instance, Per capita income increased from US\$ 2123 in 1970 to its highest-level \$10451 in 1980 when oil prices reached \$40per barrel, \$8600 in 2000, and the per capita income increased to high level in 2008 registering US\$ 10997. In the field of electricity, power reaches 99% households, and accomplishing the Great Man-Made River project has solved the problem of water shortage, carrying 6 million cubic meters per day of fresh water provide from the desert aquifers to Coastline cities where water can be used,

With the purpose of achieve a kind of equalization between all citizens, disparity in the distribution of income minimized, leading to improving

the standard of living. Also there is direct and indirect subsidy of basic commodities, such as food stuffs, housing and satisfaction of renewable social needs in the form of providing education, health care, employment, and housing for every one (al Hawat, 2002).

**GDP, population and per- capita income. 1970-2013.**

<b>Years</b>	<b>GDP Thousand US\$</b>	<b>Population Thousands</b>	<b>Per- capita income (US\$)</b>
1970	4260	2006	2123
1975	20945	2683	7806
1980	33914	3245	10451
1985	26565	3688	7203
1990	25317	4848	5222
1995	35218	4799	7338
2000	58146	5328	10913
2005	48760	5646	8476
2010	64300	5847	10997
2013	46744	5663	8320

Ministry of economics, the growth of the Libyan economic indicators, 1970-2013.

### **Infrastructure and Resources**

The economic development plans that embarked since the country become an exporter of crude oil were intend to diversify the local economy and create other sources of income by activate the non- oil sectors. In addition, Libya's development policy wished to achieve high rates of human development through education, health, and offering social services for all citizens in order to ensure the success of its socio-economic strategy.

Studies on economic development in Libya indicate that allocations for these two sectors were 11 % of the total allocations from the development budget during the development plans 1973-1985, and 51.7% during the period 1986 to 2008. Considerable emphasis has been made in the country's development plans on improving education, for instance in the transformation

budget 1991-1995, the government has allocated a value of US\$ 2500 million represented 16% of total expenditure, increased to US\$ 3200 million in 2001 representing 12% of total expenditure. According to the Libyan statistics, education given the highest priority; in 2005, the number of students reached 1.868 million represents one third of the total population. While the total student enrollment in different stages of education in the academic year 1969/1970 was 336000 student represents only 17% of the total population. The student to- teacher ratio stands around 15 students per teacher being one of the highest ratios and one of the best performing in the world (Central bank of Libya, 2006)

Health services and health facilities generally financed by the government, in 1996-2001 was representing around 8% of the total expenditure by an increase of 2% than in the period 1991-1995. During the past four decades, the health of the society has been improving the Libyan individual's average life span was only 46 years during the sixties. In 2005, the average age is 70 years. In addition, the mortality rate among infants has gone down, which led to rendering Libya a distinguished model in the third world with regard to human development. This rate has gone down from 118/1000 in 1973 to only 22.4/1000 in 2005. This decrease included both the inhabitants of cities and rural areas, and this shows a great horizontal expansion in the distribution of health services among different areas (Ministry of health, 2006).

### **Industrial Development**

The greater achievement registered for the Libyan industries in the 1980's were reflection of the increased oil prices, which diversified the economy and gave a higher potential for industrial development. The first stage of industrialization involved the extraction of minerals and the processing of agriculture products. Libya has followed same of the developing countries example. The economic development plan since the early 1970's has carried the country into the stage of industrialization (Mbendi,2002).

### **Agricultural development**

Libya was traditionally an agricultural country; the discovery of petroleum in the late 1950s effected a profound change in the economy: The gross domestic product (GDP) increased from \$1.5 billion in 1965 to \$25.4 billion in

1985, and between 1965 and 1980, the economy grew at an annual average of 4.2 percent. Per capita income skyrocketed to among the highest in the world. Declining petroleum revenues in the 1980s forced cutbacks in development programs, and per capita income declined by at least 25 percent. The economy rebounded in the 1990s, and in 2000 Libya showed its first budget surplus in a decade.

The history of Libya's agricultural development has been closely related, although inversely, to the development of its oil industry. In 1958, before the era of oil wealth, agriculture supplied over 26 percent of GDP, and Libya actually exported food. In 1962 agriculture was only responsible for 9 percent of GDP, and by 1978, this figure had tumbled to a mere 2 percent. The advent of oil wealth provided many peasants with opportunities to engage in less exacting and more remunerative work in the urban areas, resulting in a huge rural migration to the cities.

Since the discovery of oil wealth, Libyan governments have paid more attention to agricultural development. The government has given inducements to absentee property owners to encourage them to put their lands to productive use and initiated high agricultural wage policies to stem the rural-to-urban flow of labor. These policies met with some success. Production levels began to rise slightly, and many foreign workers were attracted to the agricultural sector. Agricultural development became the cornerstone of the 1981-85 development plans. Agricultural credit provided by the National Agricultural Bank, which in 1981 made almost 10,000 loans to farmers at an average of nearly LD1, 500 each. The substantial amounts of funds made available by this bank may have been a major reason why so many Libyans--nearly 20 percent of the labor force in 1984 chose to remain in the agricultural sector (Gannous, s. elal 1999).

### **Tourism Sector**

Considering Libya's warm and pleasant climate in coastal areas, with the presence of a larger number of Greek and Roman ruins (particularly at Leptis Magna), would seem to indicate at least a modest potential for tourist development which might be a likely source of income. In the late 1970s, attempts has made to invest in the tourism sector, several tourist complexes



were planned, the number of tourists visiting Libya at that time was in the range of 300,000 a year. Because of the prohibitions against alcohol, the lack of nightlife, and the strained political climate, most tourists came from other Arabic countries (Metz, 1987).

As pointed out by in order to improve the country's image abroad and to improve the economic situation, in the 1988 after 20 years of self-chosen isolation Libya opened its borders. The main reason behind that interest was the unstable economic circumstances in the early 1990 as stated elsewhere. World Tourism Organization in 1995 together with Libya defined in a master plan aim in their tourists' development, which held back by a lack of tourist services, skills and capacity (Kohl, 2000).

Libya seeks to promote the tourism sector by attract more than 3 million tourist annually through 5 years plan (2005-2010) by an allocation of \$10 billion for new infrastructure. Libya's future tourists plan concentrates on different aspects of tourism, a fabulous landscape of an incredible variety is far more than desert and Tuareg, and more than two thousand kilometers of coast bathing in the Mediterranean Sea, almost untouched roman archaeological sites, and high mountain chains.

According to the World Travel & Tourism Council, in 2003, Libya's Travel and Tourism expected to generate more than US\$ 4 billion of economic activity. That impact includes 33847 jobs representing 3.1% of total employment; US\$787.4 million of gross domestic product (GDP) equivalent to 2.2 percent of total GDP (Central bank of Libya).

### **Conclusion**

The prime objective of this paper is to find out the impact of population growth on economic development of Libya, but in order to clear and vast the scope of the study this paper have added some important variables related to the population growth and effect economic growth. For this purpose, this paper used thirty-one years of annual data from 1970 to 2010. This paper empirically claims that population growth have positive impact on economic growth. Development policy and government efficiency through the economic sectors and management taken into account: agricultural, manufacturing, tourism and infrastructure sectors to clarify the impact of population growth

on economic development. Because most of the development countries blamed population, growth for their underdevelopment not considered their inherent problems for it.

Unemployment and human resource development are very much important for growth and development. It concluded that population growth in Libya is an important factor for development and economic growth.

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## النمو السكاني والتنمية الاقتصادية في ليبيا

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### المستخلص:

أوضحت نتائج البحث أن غالبية سكان ليبيا يعيشون في المدن وأن معدل النمو السكاني في المناطق الحضرية يتزايد وقد يصل إلى ما نسبته 50% في الخمسة وعشرين السنة القادمة. ومن أهم أسباب ذلك الهجرة العكسية من الريف إلى المدن لتوفر الوظائف خاصة بعد اكتشاف النفط وتطور الخدمات الصحية والتعليمية في المدن الكبيره. ومن خلال دراسة معمقة للعوامل ذات العلاقة بالنمو السكاني في ليبيا بدراسة وتحليل عدد من المتغيرات المتعلقة بالنمو السكاني والنمو الاقتصادي، بينت نتائج الدراسة أن النمو السكاني يكون له تأثير إيجابي على النمو الاقتصادي من خلال سياسات التنمية الاقتصادية والاجتماعية وكفاءة استغلال الموارد المتاحة. وقد تم دراسة وتحليل بعض أهم القطاعات الاقتصادية والخدمات في الاقتصاد الوطني لتوضيح أثر النمو السكاني على التنمية الاقتصادية، لأن معظم الدول النامية تضع قصور سياساتها الاقتصادية على النمو السكاني ولا تعمل على استغلال الموارد البشرية المتاحة لتحقيق التنمية، وخلصت الدراسة إلى أن النمو السكاني في ليبيا هو عامل مهم لتحقيق التنمية والنمو الاقتصادي.

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