

Population Changes Accelerate Global Economic Shift to Asia, Census Shows

By Timothy R. Homan and Catherine Dodge - Dec 29, 2010

A global economic power shift is being accelerated by population growth in Asia's emerging markets, while the U.S. will be buoyed by a relatively youthful populace, according to analyses of international figures.

Germany, Europe's biggest economy, is poised to see its population contract at a 0.2 percent rate in 2015 after expanding at a 0.3 percent in 1995, data from the [U.S. Census Bureau](#) yesterday showed. China, the world's most populous country, is projected to grow at a 0.4 percent rate and India will expand at a 1.2 percent rate in 2015.

Changes in population help determine a country's economic prospects. Slowing growth rates, and even contracting populations, in advanced economies had been offset by migrating workers in the past decade. That trend has fallen off in recent years as a result of the global recession.

"There will be a difficult adjustment period ahead as advanced economies, particularly the smaller ones, have to cede their dominant positions on the world economic stage to the dynamic emerging markets," said [Eswar Prasad](#), a professor of international trade policy at Cornell University.

"Emerging markets will have to grow into their role as major economic powers and shoulder their responsibilities to contribute to the collective global good," he said.

U.S. Count

The latest count of the U.S. population shows the nation's population grew 9.7 percent to 308,745,538 in the 2010 Census, the slowest pace of growth since 1940. The government estimated the growth rate in 2015 would be 1 percent.

The Census Bureau estimates that 194 of 227 countries are seeing growth accelerate, yesterday's figures showed. Germany, the world's fourth-largest economy, and Japan, ranked second by gross domestic product, are the only Group of Seven nations with contracting populations.

“One of the concerns when you have slow growth is the aging of the population,” said Peter Johnson, special assistant for international demographic and economic studies at the U.S. Census Bureau. “That to some extent can be mitigated by immigration, particularly by able-bodied people who can work and contribute to the support of the elderly.”

The U.S. has the lowest median age -- 36.6 years -- of the Group of Seven nations, according to United Nations' estimates for 2010. Youthfulness is one variable for future growth because younger people tend to have more children.

Aging China

The population in China, the world's third-largest economy, will become older than that of the U.S. by 2025, the U.N. estimates show. China's median age now is 34.2 years, and will rise to 38.9 in 2025 compared with 38.7 for the U.S., the U.N. data shows.

“For two decades, fertility in China has been below the level for the population to replace itself,” said Feng Wang, a senior fellow at the Brookings Institution in Washington. “Demographic changes as such are creating new imperatives for changing its model of economic growth, moving away from a heavily labor-intensive pattern and creating a comprehensive social safety net before it is too late.”

Slower population growth can be a drag on economic expansion. Higher fertility rates mean more potential workers and consumers -- who can both stoke economic growth with tax revenue and spending.

Chinese industrial companies' profits rose 49.4 percent in the 11 months through November from a year earlier, putting pressure on the central bank to add to this year's two interest-rate increases.

Profits in China

Net income climbed to 3.88 trillion yuan (\$585 billion), the statistics bureau said in a Dec. 27 statement on its website. That compared with a 7.8 percent gain in the same period in 2009 and an increase of 55 percent in January through August.

“In the decade to come India and China are going to be the center of international trade,” said Laishram Ladu Singh, professor and head of the Department of Mathematical Demography & Statistics at International at the [International Institute for Population Sciences](#) in Mumbai. “Unless there is a big U-turn in the outsourcing policies of these developed countries, the world economy is going to be concentrated in these two countries.”

While there is evidence of a so-called brain drain, in which educated residents seek employment in another country, Singh said that about 2 percent of India's annual \$1.3 trillion GDP comes by way of remittances from workers abroad.

Migration's Influence

China has the smallest share of net migrants -- the difference between the number of migrants entering and those leaving a country -- and the U.S. has the biggest, according to yesterday's figures.

Some demographers say China and India are decades away from becoming advanced economies.

"Both countries are still very, very poor," said Jane De Lung, president of the Princeton, New Jersey-based [Population Resource Center](#). "China is growing by leaps and bounds, but the majority of the Chinese still live in very poor and poverty-stricken areas. You don't have widespread economic growth outside the cities in either country."

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