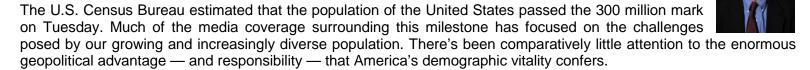


COMMENTARY

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300 Million Americans: What Does It Mean?

By Richard Jackson, Director, CSIS's Global Aging Initiative October 18, 2006



Americans like to think they are exceptional — and when it comes to demographics, they truly are. Elsewhere in the developed world, populations will soon peak and enter a gathering decline. Working-age populations are already shrinking in many developed countries, including Germany and Japan, and within a decade or two will be shrinking in almost every developed country, the only major exception being the United States. By 2050, if current trends continue, the UN projects that there will be 24 percent fewer working-age Germans than there are today and 38 percent fewer working-age Japanese. Overall, Germany and Japan are on track to lose over half of their current population by the end of the century. The Japanese government actually projects the date there will be only one Japanese left.

Along with the emerging growth gap between the United States and the rest of the developed world, there's an emerging generation gap. Populations in most developed countries will not only stagnate or decline, but age dramatically. By 2050, half of all Europeans will be over the age of 50. Meanwhile, the median age of the United Sates will be a comparatively youthful 39. To be sure, the U.S. population is aging too. The share of Americans who are elderly will begin to grow rapidly as the Baby Boom generation retires, rising from 12 percent today to 20 percent by mid-century. In Europe, however, the elder share of the population is projected to reach 30 percent — and in Japan, 39 percent.

The United States owes its youthful demographics in part to its relatively high fertility rate, in part to its relatively high level of immigration. The fertility rate in the United States, alone among the developed countries, now hovers near the so-called 2.1 replacement rate needed to maintain a stable population from one generation to the next. Our greater fertility is attributable to several factors. Perhaps most important, it is much easier for young Americans to launch careers and set up households than it is for young people in most developed countries. At the same time, the United States remains the premier global magnate for immigrants seeking to better their fortunes. While Americans are now engaged in a sometimes divisive debate over the future direction of immigration policy, our nation's ability to assimilate immigrants remains one of our great comparative advantages.

In the decades ahead, relatively faster growth in the U.S. population will translate into relatively faster economic growth. This is not optimism, but simple arithmetic. Japan and many European countries face long-term stagnation or even decline in their real GDPs — and hence the aggregate economic and fiscal resources available to pursue future-oriented agendas, from investing in the young to investing in national defense. Meanwhile, America's growing workforce will ensure a growing economy.

The good news is that the United States is better positioned than the other rich countries to manage the global challenges of the 21st century. The bad news is that we will have to bear a larger share of the security burden in a world that may be increasingly unstable. Many in America would like to see Europe and Japan assume a larger share of the global security burden. Demographics suggest that this is wishful thinking. If current trends continue, the UN projects that the population of Europe and Japan will decline by 137 million between now and 2050, while the population of the

United States will grow by another 115 million. The raw demographic numbers, moreover, will be compounded by the rising burden of welfare states that in most cases are much more generous than our own.

	12 Largest Countries Ranked by Population		
	12 Largest Countries Named by Fopulation		
	1950	2000	2050
1 2 3 4 5 6 7 8 9 10	China Soviet Union India United States Japan Indonesia Germany Brazil United Kingdom Italy France	China India United States Indonesia Brazil Russian Fed. Pakistan Bangladesh Japan Nigeria Mexico	India China United States Pakistan Indonesia Nigeria Brazil Bangladesh Congo Ethiopia Mexico
12	Bangladesh	Germany	Philippines
			Source: UN (2005)

Demography is not the only factor that determines geopolitical stature, but history teaches that it can sway the destiny of nations. In 1950, six of the world's twelve most populous countries were developed countries. Today, just three are developed countries. By 2050, only one developed country will remain on the list: the United States.

To be sure, America's growing population poses some real challenges, from urban sprawl to environmental degradation. But increasingly, the rest of the developed world looks at our demographics with envy. In the end, managing the challenges of demographic growth is preferable to managing the challenges of demographic decline.

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