

# Global Britain Briefing Note

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## Demographic Change 2000 - 2050

*“The European Union and the United States - the world’s two largest economic blocs, often in competition with each other - are projected to follow starkly contrasting demographic paths in the coming decades: while the population of the United States would increase by 114 million between 2000 and 2050, that of the European Union would decline by 37 million”*

*United Nations Population Division, 28th September 2001<sup>1</sup>*

### Implications for Policy

Demographic changes of the magnitude described in this paper suggest the following:-

*At the geo-strategic level:-*

- **The USA will become even more powerful** than it is today, economically, militarily, politically, culturally. (Chart 1)
- **Europe, and the EU, will decline**, economically, militarily, politically, culturally. (Chart 1)
- The Anglosphere will prosper.
- So may developing countries if they can graduate to “developed” status.

*At the geo-economic level:-*

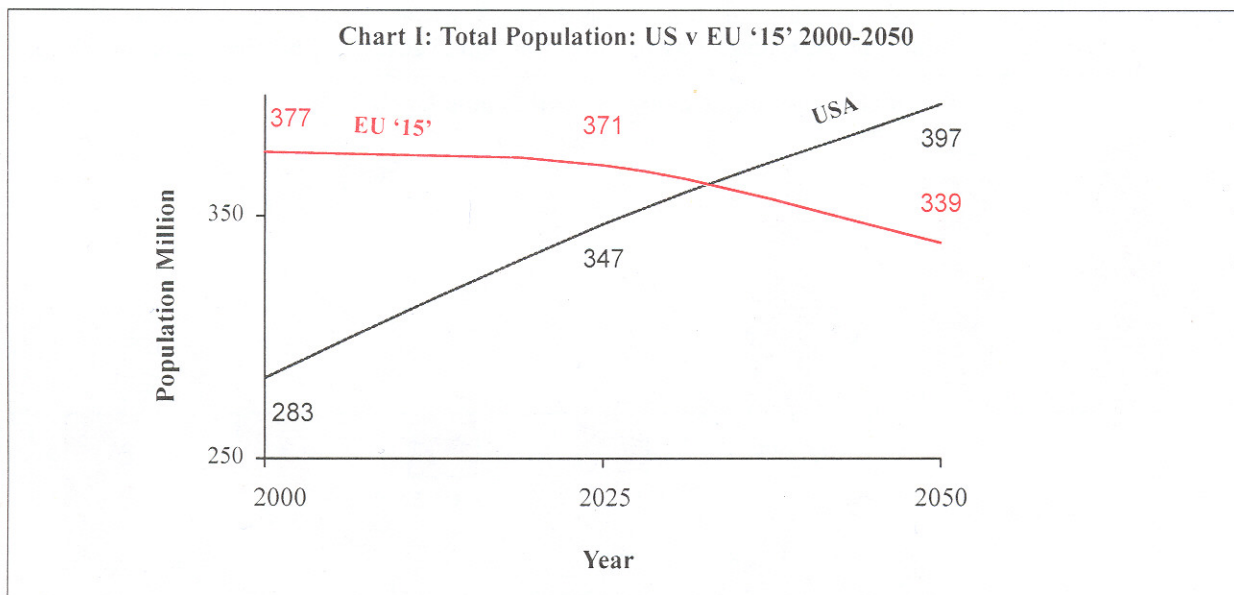
- Growth in GDP, market size and equity returns will occur outside Europe.<sup>2</sup>
- The EU “Single Market” will be a **shrinking market**, unattractive to foreign investors.

*At the EU level, even with “enlargement”:-*

- The tax base will **shrink**; tax rates and debt will have to increase.
- Shrinking and ageing populations mean **more**

**demand for healthcare and pensions** with fewer people to provide them.

- Most EU member-states will see **falling demand** for houses, schools, factories and shops with falling asset values and investment. This will affect the financial and equity markets on which pension provision depends.
- The problems of assimilating immigrants will become **more acute**.
- Sharply-diverging demographics **within** the EU will make EU-wide “one-size-fits-all” policies (monetary, tax, labour-market, agricultural, asylum, immigration, environmental, etc.) **even more inappropriate**.<sup>3</sup>
- The political rationale of “integration” into a **fading regional bloc, the EU** - especially in the internet age - will become **ever flimsier**.
- The economic rationale of “integration” into a **sharply-contracting market** for UK exporters, the Single Market, will become **ever more illogical**.
- The demography-induced fiscal and budgetary implications of joining Economic and Monetary Union will become **even more alarming**.



**Table 1: Total Population 2000 and 2050, in millions**

Country/Region	2000	2050	Incr/(Decrease)	%
NAFTA*	413	584	+171	+41%
USA	283	397	+114	+40%
Anglosphere <sup>1</sup>	400	533	+133	+33%
EU '15'	377	339	(37)	(10%)
EU '25' <sup>2</sup>	451	402	(49)	(11%)
Japan	127	109	(18)	(14%)
Russia	145	104	(41)	(28%)

\*USA, Mexico, Canada

<sup>1</sup>Anglosphere: USA, Canada, UK, Australia, New Zealand, Ireland

<sup>2</sup>EU '15' plus 10 "first wave" enlargement candidates

**Table 2: Working-Age Population (15-59 yrs) 2000 & 2050 in millions**

Country/Region	2000	2050	Incr/(Decrease)	%
NAFTA	255	321	+66	+26%
USA	176	217	+41	+23%
Anglosphere	248	288	+40	+16%
EU '15'	232	168	(64)	(28%)
EU '25'	280	198	(82)	(29%)
Japan	79	49	(30)	(38%)
Russia	92	51	(41)	(46%)

**Table 3: EU Before and After Initial Enlargement Working-Age Population (15-59 yrs) 2000 & 2050, in millions**

Country	2000	2050	Incr/(Decrease)	%
Spain	25.3	13.9	(11.4)	(45%)
Italy	35.5	19.9	(15.6)	(44%)
Austria	5.1	3.1	(2.0)	(40%)
Greece	6.5	4.2	(2.4)	(36%)
Germany	50.2	35.1	(15.2)	(30%)
Portugal	6.3	4.5	(1.8)	(28%)
Sweden	5.3	3.8	(1.5)	(28%)
Finland	3.2	2.4	(0.8)	(26%)
Belgium	6.2	4.8	(1.4)	(22%)
Denmark	3.3	2.7	(0.6)	(18%)
Netherlands	10.1	8.3	(1.7)	(17%)
France	36.0	31.7	(4.3)	(12%)
Luxembourg	0.3	0.4	+0.1	+33%
<b>Continental EU</b>	<b>193.3</b>	<b>134.8</b>	<b>(58.5)</b>	<b>(30%)</b>
Ireland	2.4	2.9	+0.5	+21%
UK	35.9	30.1	(5.8)	(16%)
<b>Offshore EU</b>	<b>38.3</b>	<b>33.0</b>	<b>(5.3)</b>	<b>(14%)</b>
<b>EU '15'</b>	<b>231.5</b>	<b>167.7</b>	<b>(63.8)</b>	<b>(28%)</b>
Ten Enlargement candidates	48.0	30.2	(17.8)	(37%)
<b>EU '25'</b>	<b>279.5</b>	<b>197.8</b>	<b>(81.7)</b>	<b>(29%)</b>

**Table 4: Selected Near and Middle East & North African Working-Age Populations (15-59 yrs) 2000 & 2050, millions**

Country	2000	2050	Increase	%
Iran	40	71	30	+75%
Egypt	40	67	28	+70%
Yemen	9	59	51	+595%
Turkey	41	57	16	+39%
Saudi Arabia	11	38	28	+259%
Iraq	12	33	21	+171%
Algeria	18	30	12	+66%
Morocco	18	30	12	+69%
Syria	9	22	13	+148%
Tunisia	6	8	2	+34%
<b>Total</b>	<b>204</b>	<b>415</b>	<b>212</b>	<b>+104%</b>

### Further Reading

For the general reader, Anthony Scholefield's pamphlet *The Death of Europe*<sup>3</sup> is an excellent discussion of the subject. The UN reports<sup>1</sup> referred to in this paper are also suitable for non-specialists. See also, in *eurofacts*, "Germany 'Faces Decades of Economic Stagnation'" (4th Jan 2002); "Disappearing Europe" (5th Oct 2001); "The Inevitable Structural Decline of the EU" (20th April 2001). In *The Times*, see "Breed or die out" by Michael Gove, (15th November 2001); "Will retirement become a thing of the past?" by Christine Buckley (18th January 2002) and in the *Financial Times*, by Martin Wolf, "The view from the limousine", (7th November 2001), and "Fighting for economic equality" (28th November 2001); and by Jonathan Guthrie, "Britain's population set for rise of 5m by 2050" (16th November 2001). In the *Spectator*, see "It's the People, Stupid" by Tim Congdon (26th January, 2002)

Amongst the extensive specialist literature, see, for example, David Coleman's paper<sup>10</sup> for The Royal Society, which itself contains a list of around eighty pertinent books and papers. See also Frank Laczko's paper<sup>11</sup> for The Royal Society.

In French, for the general reader, see *L'Europe va-t-elle disparaître?*<sup>12</sup> and consult the web-sites of the Institut National d'Etudes Demographiques at [www.ined.fr](http://www.ined.fr), and of the French national statistical office, INSEE, at [www.insee.fr](http://www.insee.fr).

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### References

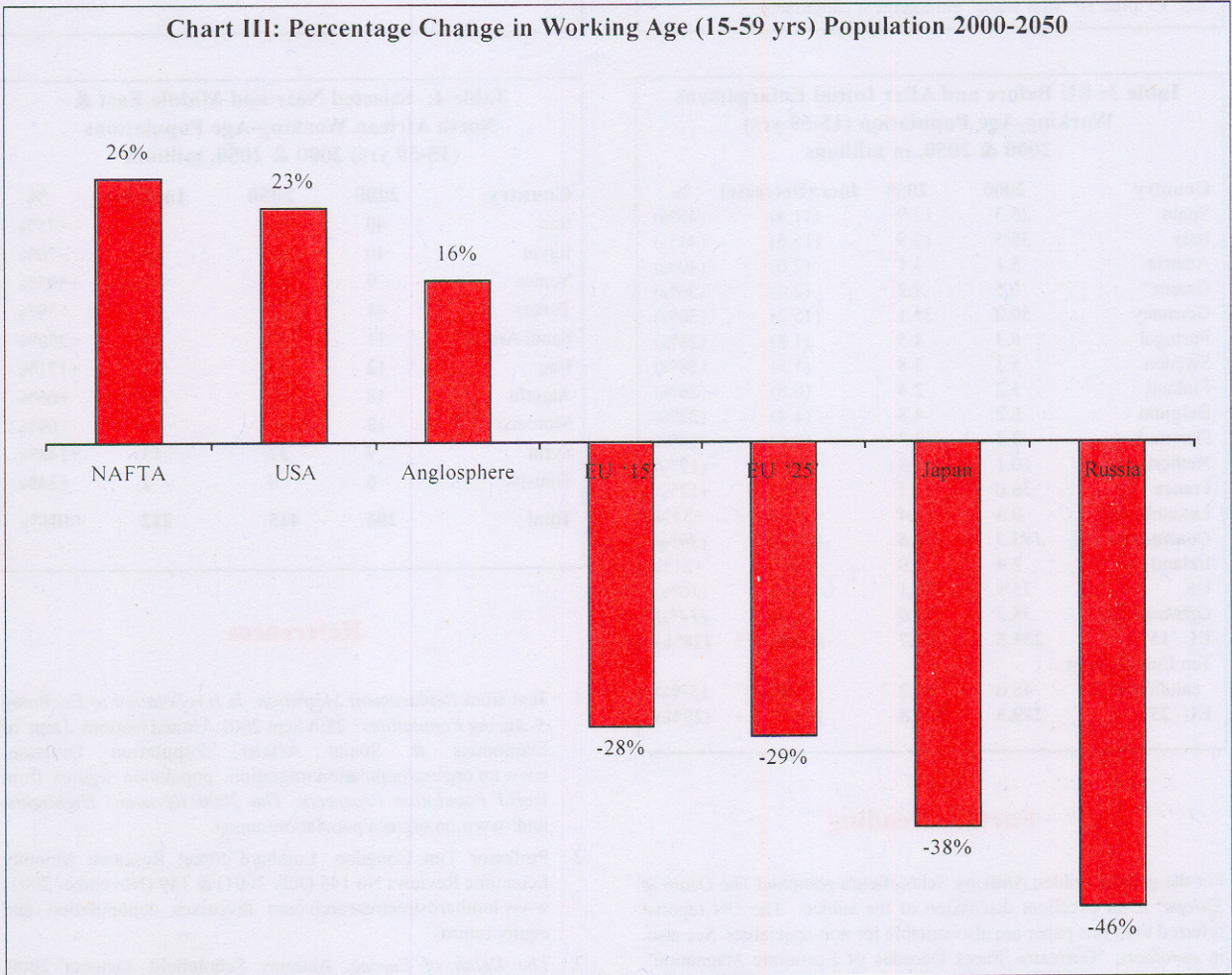
- 1 Text from *Replacement Migration: Is It a Solution to Declining & Ageing Populations?* 28th Sept 2001; United Nations Dept of Economics & Social Affairs, Population Division: [www.un.org/esa/population/migration](http://www.un.org/esa/population/migration); population figures from *World Population Prospects: The 2000 Revision: Highlights*, [ibid: www.un.org/esa/population/unpop](http://www.un.org/esa/population/unpop).
- 2 Professor Tim Congdon, Lombard Street Research Monthly Economic Reviews No 145 (July 2001) & 149 (November 2001) [www.lombardstreetresearch.com](http://www.lombardstreetresearch.com) discusses depopulation and equity returns.
- 3 *The Death of Europe*, Anthony Scholefield, October 2000, Futurus, Suite 414, 1 Olympic Way, Wembley HA9 0NP, UK
- 4 "The Euro's painful birth", *Financial Times* 21st December 2001, by Eric Loneragan, Global Economist, Cazenove & Co
- 5 See, for example, *The Rise & Fall of the Great Powers* by Paul Kennedy, Random House, 1987 & *The Pity of War* by Niall Ferguson, Penguin, 1998. Note also that the UK's rise to pre-eminence in the 19th Century co-incided with a tripling of the population of the British Isles between 1801 & 1911.
- 6 Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovak R., Czech R., Slovenia.
- 7 [www.census.gov/cgi-bin/ipc](http://www.census.gov/cgi-bin/ipc)
- 8 [www.gad.gov.uk/population](http://www.gad.gov.uk/population)
- 9 *Population Trends Winter 2001 No 106*, The Stationery Office/Office for National Statistics [www.statistics.gov.uk](http://www.statistics.gov.uk)
- 10 *Replacement migration, or why everyone is going to have to live in Korea: a fable for our times from the United Nations*, 12th February 2001, David Coleman, Dept of Social Policy & Social Work, University of Oxford ([david.coleman@socres.ox.ac.uk](mailto:david.coleman@socres.ox.ac.uk))
- 11 *New directions for migration policy in Europe*, 30th May 2001, Frank Laczko, International Organization for Migration, Geneva
- 12 *L'Europe va-t-elle disparaître?* in *Géopolitique*, the review of the Institut International de Géopolitique, June 2001, no 74, Presses Universitaires de France

## Exploding Populations on the EU's Eastern and Southern Flanks

Though population is projected to decline in Europe, it is projected to explode in the mainly Muslim countries lying to the east and south of the borders of the current European Union (Table 4). The combined working-age population of the ten countries listed, which is today smaller than that of EU "15", will not only double by 2050: it will then be **two-and-a-half times** that of EU "15".

Turkey, already in customs union with the EU, is officially a candidate for full membership. If she is admitted, the then-enlarged EU will have borders with Iran, Iraq and Syria, (as well as Armenia and Georgia). In 2050, the projected total population of Turkey will be 29 per cent of that of the EU "15" in 2050, and **40 per cent higher than that of the next biggest member-state, Germany.**

**Chart III: Percentage Change in Working Age (15-59 yrs) Population 2000-2050**



### Source of Data and Sensitivity to Assumptions

This paper uses the "medium variant" projections of the UN's *World Population Prospects: The 2000 Revision*.<sup>1</sup> Projections are based on UN assumptions about **fertility** or birth-rate (the average number of children per woman); **mortality** (the age at which people die); and **net immigration**.

The UN updates its projections regularly. For example, its 2000 projection for the EU "15" total population in 2050 is 9 per cent higher than in its earlier study *Replacement Migration: Is It a Solution to Declining and Ageing Populations?*<sup>2</sup> based on data from its *1998 Revision*. For the USA the 2000 projection of population in 2050 is 14 per cent higher than two years earlier.

US Census Bureau<sup>7</sup> projections for 2050 differ somewhat from those of the UN: for example by 2 per cent in respect of the USA, by 11% in respect of Germany, by 1 per cent in respect of the UK and by 5 per cent in respect

of Italy. But the overall picture suggested by successive UN revisions, by the US Census Bureau and other independent sources, is similar.

UN projections have been criticised, notably for using net immigration assumptions that are too low (and fertility assumptions which are too high).<sup>3</sup> For the UK, for example, the UN assumes average annual net immigration of 22,000. The (British) Government Actuary's Department ("GAD")<sup>8</sup> assumes annual net immigration between now and 2025 of a little over 135,000; its projection for UK population in 2025 of 65 million is 6 per cent higher than the UN's. Even the GAD-assumed net immigration level is well below current actual UK levels which are around 200,000 per year (about the same as the annual number of abortions).<sup>9</sup> As the (British) Office for National Statistics remarks, "[Im]migration...is currently a major component of population change, accounting for 71 per cent of the total"<sup>9</sup>

## World Population Change

World population was 6.1 billion in 2000. By 2050, the United Nations expects it to be 9.3 billion (medium variant). In 2050, as in 1950 and 2000, the three most populous countries in the world will be India (1.6 billion), China (1.5 billion) and the USA (0.4 billion).

In 2050, thirty-nine countries will have populations of 50 million or more, including the UK, which will then be the thirtieth most populous country in the world. Seventeen developing countries plus the USA and Japan will have populations of 100 million or more. Despite the devastating impact of the AIDS epidemic, the populations of the forty-five mainly African most-affected countries will be larger by mid-century than today.

The population of **developed countries**, currently 1.2

billion, is expected to **change little**. By 2050 the populations of thirty-nine countries are expected to be smaller than today, the five biggest decreases being in Russia, Ukraine, Japan, Italy and Germany.

Worldwide, the number of persons 60 years or over will more than triple. In the developed world over-60s will account for a third of the total population, up from about a fifth today.

International migration is expected to be high during the 21st Century. Because of low fertility amongst the native populations of developed countries, such migration has a significant impact on population growth in those countries, though, according to the UN, it cannot be a solution to declining and ageing populations.<sup>1</sup>

## Geo-Strategic Power Shifts

In the developed world growth in consumption, the largest component of GDP, is associated with growth in working-age population.<sup>4</sup> Over the long term, economic growth and strength is associated with political and military power and influence.<sup>5</sup> Consequently, population changes are pointers to relative and absolute geo-political shifts.

Chart II (based on Table 1) shows projections for the total populations of various nations and economic and cultural groupings. **NAFTA, the USA and the Anglosphere show vigorous growth**; the EU (even

after "enlargement" to the east and south), **Japan and Russia suffer population decline**.

Figures for total population obscure the effect of population ageing, with the proportion of old-age pensioners increasing and that of working-age populations decreasing. Chart III (based on Table 2) shows the numbers of people of working age. Modest decline in total EU population **masks substantial decline in working-age population**; while the already significant decline in the total populations of **Japan and Russia masks dramatic shrinkage in their working-age populations**.

## The European Union Before and After Initial Enlargement

The projected EU '15' over-60s population in 2050 is **53 per cent higher** than today. However, the projected working-age population of EU '15' in 2050 is **28 per cent lower overall than today** - a loss equivalent to the combined present working populations of nine existing EU members: Austria, Belgium, Denmark, Finland, Greece, Luxembourg, Portugal, Spain and Sweden. (Table 3)

But the percentage drop in overall EU working-age population masks widely-differing rates of national decline in working-age population, with Spain suffering worst (minus 45 per cent), Italy almost as badly (minus 44 per cent), about four times the percentage loss of

France (minus 12 per cent). The UK position is slightly worse than that of France. Only Ireland and Luxembourg see their working-age populations actually increasing.

Enlargement to include the ten nominated "first wave" countries<sup>6</sup> **would exacerbate the overall percentage decline** in working-age populations. The position of other potential European candidates for accession - for example Bulgaria, Roumania or Ukraine - is even worse.

In some of the current EU member-states population will begin to decline before 2010. Decline EU-wide will be gradual until 2015-2025 but then accelerate sharply.

