

Chapter 6

The Economies of East Asia

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ABSTRACT

In 2018, East Asia accounted for 31% of gross world product (GWP). A global forecasting model developed by Hooke and updated by Hooke, Alati, and Kaur for the first three chapters of this book suggests that the region's share will remain at about this level until 2050, with the effects of global labour productivity convergence more than offsetting East Asia's relatively slow work force growth. Thereafter, the share will decline to 18% by 2100 due mainly to more rapid productivity and work force growth in West Asia and Africa. China is expected to retain its position as the world's largest economy until about the middle of this century, at which time its GDP will be more than 2.5 times that of the United States. An important driver of growth in East Asia during the coming decades will be Indonesia, whose share of GWP is forecast to rise from 2.6% in 2018 to 3.8% by 2050.

OVERVIEW

In 1950, East Asia accounted for 32 percent of the world's population but only 7 percent of gross world product (GWP). By 2018, the region's share of world population had fallen slightly, to 30 percent; however, reflecting very strong growth of labour productivity, especially in Northeast Asia, its share of GWP had increased more than fourfold to 31 percent. It is projected by the United Nation's Population Division that East Asia's population will rise modestly in the coming decades, to 2.4 billion in 2050, but will then decline to less than 2 billion by 2100. The model developed by the authors, which is described briefly in the preceding chapter, suggests that East Asia's gross regional product (GRP) – the sum of the gross domestic products (GDPs) of all the countries in East Asia - will be 29 percent of GWP in 2050 but, reflecting its own declining population as well as strong growth of population, labour force participation rates and labour productivity in West Asia and Africa, will decline to 18 per cent by 2100 (Table 1).

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Table 1. Major Economic Indicators, 1950-2100

	1950	2000	2010	2018	2050	2100
Population (mn)						
East Asia	818	2,004	2,156	2,288	2,375	1,952
West Asia	505	1,501	1,795	1,998	2,879	2,753
America	424	1,115	1,233	1,365	1,161	1,148
Europe	547	720	731	741	704	626
Africa	222	791	1,013	1,243	2,424	4,171
Oceania	14	32	37	41	57	76
World	2,530	6,164	6,966	7,676	9,599	10,727
Total GDP (I\$ tn)						
East Asia	0.8	13.4	27.6	41.5	153	315
West Asia	0.8	9.3	15.6	23.2	159	444
America	3.6	23.2	28.0	33.0	84	185
Europe	5.3	23.6	24.7	29.2	55	101
Africa	0.3	3.6	5.3	6.8	60	673
Oceania	0.1	0.9	1.2	1.6	4	12
World	11	74	102	135	515	1,731
Per capita GDP (I\$)						
East Asia	984	6,671	12,794	18,150	64,285	161,333
West Asia	1,530	6,214	8,689	11,591	55,258	161,333
America	8,386	20,832	22,705	24,197	72,675	161,333
Europe	9,721	32,702	33,726	39,390	78,220	161,333
Africa	1,366	4,611	5,232	5,504	24,680	161,333
Oceania	8,450	29,141	32,963	38,380	63,816	161,333
World	4,297	12,016	14,697	17,630	53,612	161,333

Sources. World Bank's World Economic Indicators, IMF's World Economic Outlook, UN Population Division, CIA's World Factbook, authors' forecasting model.

Note. GDP is measured in purchasing power parity (PPP) terms, at 2018 prices.

THE MAJOR REGIONS OF EAST ASIA

In 2018, East Asia accounted for 36 percent of the world's work force. Labour productivity, at I\$ 33,607, was 85 percent of the global average.¹ The GRP of East Asia was I\$ 41.5 billion, accounting for 31 percent of GWP. With total population of 2,288 million, per capita GRP was I\$ 18,150, or 4 percent above the world average. Within East Asia (comprising Northeast Asia and Southeast Asia). Northeast Asia had the larger GRP (79 percent of the East Asia total) and larger population (72 percent of the total).

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