



National Economic Trends

Is the Population Boom a Boon?

According to the results of Census 2000, the resident population of the United States on April 1 was 281.4 million—a 13.2 percent increase over the number of residents counted in the 1990 Census. This population boom is the largest percentage increase since the 1970 Census and indicates a 1.25 percent average yearly rate of population growth for the 1990s. The Census 2000 enumeration differs surprisingly from the Census Bureau's rolling estimates, which had gauged the U.S. population at just over 275 million in July 2000—an increase of only about 10 percent for the decade. The July estimates also had indicated that population growth was slower at the end of the 1990s than it was at the beginning.

Based on the July estimates—which provide the latest available breakdown of population growth—foreign immigration has become an increasingly important component of U.S. population growth. The estimated share of the change in population due to net foreign immigration has risen throughout the decade, from 24.2 percent in 1991 to 34.9 percent in 1999. The increasing importance of foreign immigration in the population estimates is not due to a rising rate of foreign immigration (defined as the net number of foreign immigrants divided by the total population); in fact, the immigration rate was a bit lower at the end of the decade than it was at the beginning. Instead, the estimates indicate a falling rate of natural population growth. That is, the estimated birth rate has fallen while the estimated death rate has stayed roughly the same. For example, in 1991, the estimated birth rate per 1,000 population was 16.4 percent; but by 1999, it was only 14.4 percent. Further, the Census Bureau has projected that the birth rate will continue to fall between now and the year 2020, although not as rapidly as it fell during

the 1990s. The Bureau has also projected that the death rate has bottomed out and will trend upward over the next 20 years as the baby boom generation begins entering old age. As a consequence, population growth has been projected to fall to 0.8 percent per year by as early as 2005.

These demographic trends are important for a wide variety of economic issues that the United States will face in the future, such as the need to reform Medicare and Social Security to ensure their long-run solvency. The estimated median age in the United States has risen (from 32.8 in 1990 to 35.5 in 1999), leaving fewer employment-aged people to support each person receiving Medicare and Social Security benefits.

The Census 2000 numbers—and the higher rate of population growth they imply—suggest that these programs may not be in such bad shape. The Census 2000 enumeration can differ from the rolling estimates for a variety of reasons, yet it is likely that a breakdown of the Census 2000 numbers will concur that foreign immigration has played an important role in sustaining the population growth rate in the face of a falling birth rate. As detailed Census numbers become available throughout the year, we should have a better idea about why the enumeration differs so much from the rolling estimates, and whether the new population boom has provided the Social Security and Medicare programs with additional breathing room.

—Howard J. Wall