



DEMOGRAPHIC CHANGES ARE DETERMINING NEW TRENDS

Abdumalikova G. F.

Assistant of “Labor economics” of TSUE

g.abdumalikova@tsue.uz

Annotation:

Demographic changes are shaping new social, economic, and political trends globally. Key factors such as birth and mortality rates, population aging, urbanization, and migration significantly impact labor markets and workforce availability. While demographic shifts can create economic growth opportunities, they also pose challenges such as labor shortages, pension system pressures, and increased social security demands. The demographic transition model explains population growth patterns and their effects on economic development. Countries must implement strategic policies to address workforce imbalances, ensure sustainable economic growth, and adapt to changing demographic dynamics.

Keywords: Demographic changes, population growth, birth rate, mortality rate, urbanization, migration, aging population, labor market, workforce shortage, pension system, economic development, social security.

Today's demographic changes in the world are a complex social, economic, and political process, which are mainly reflected in the birth rate, mortality, natural increase, urbanization, and migration of the country's population. Demographic changes are understood as changes in the composition of the population, including age, sex, race, and ethnicity. These changes have a significant impact on the labor market and affect the supply and demand for labor. The aging of the population, immigration, and changes in family structures are examples of demographic changes that affect the labor market. While some changes may increase the supply of labor, other changes may cause a mismatch between the qualifications of the workforce and the existing jobs. In this chapter, we will consider various aspects of demographic changes and their impact on the labor market from a theoretical and conceptual point of view. Demographic changes represent natural and social changes



in the size and composition of the population of a country or society over time. These changes are based on factors such as birth rates, mortality rates, age distribution of the population, and migration.

Demographic changes imply changes in societal structures and subject economies to new economic conditions. The new report "Formation of Contemporary Trends," presented by the United Nations, identifies five global mega-trends that determine the economic, social, and environmental situation in the modern world and the future of humanity as a whole. These included climate change, demographic changes, urbanization, digital technologies, and inequalities.¹

Demographic trends, urbanization, and technological innovations are inevitable results of human progress and serve the development of society and the economy through actions aimed at maximizing their positive impacts and minimizing any negative ones, the authors of the report emphasize. In contrast, climate change, environmental pollution, and inequalities are not inherently positive, and global cooperation is needed to address them.² It is no coincidence that demographic changes are among these megatrends. The 20th century was characterized by an unprecedentedly high growth rate of the world's population, as well as the diversity of demographic trends across countries of the world. Since the middle of the last century, the world's population has grown more than threefold, and according to UN forecasts, the world's population may reach 9.7 billion in 2050, and 10.4 billion by 2100.³

Demographer Loretta (Loretta J. Mester) believes that the demographic factor is the decisive factor in the fundamental foundation of any economy. Demographic changes affect economic growth rates, structural productivity growth, living standards, savings levels, consumption, and investment. At the same time, the long-term unemployment rate and the equilibrium interest rate can influence housing market trends and the quantity of demand for financial assets. Differences in demographic trends in different countries also influence current operations and

¹ Executive Summary. Report of the UN Economist Network for the UN 75th Anniversary Shaping the Trends of Our Time, September 2020. <https://www.un.org/development/desa/publications/wp-content/uploads/sites/10/2020/10/20-124-UNEN-75Report-ExecSumm-EN-REVISED.pdf>

² Sh.Akramova. Demografik o'zgarishlar: muammo yoki imkoniyat? *Iqtisodiyot va ta'lim* / 2022-yil 6-son. https://doi.org/10.55439/ECED/vol23_iss6/a28.

³ United Nations Department of Economic and Social Affairs, Population Division (2022). World Population Prospects 2022: Summary of Results. UN DESA/POP/2022/TR/NO.

exchange rates. Therefore, understanding the global economy requires understanding the changing demographic situation and the challenges it poses to those pursuing socio-economic development trends, monetary and fiscal policy.⁴ Thus, demographic changes have a serious impact on social policy in the country. This necessitates the development and implementation of programs such as social support for the elderly, pension payments, medical care, and social services. In addition, changes in the structure of the population require a review of the pension system and an increase in healthcare financing.⁵

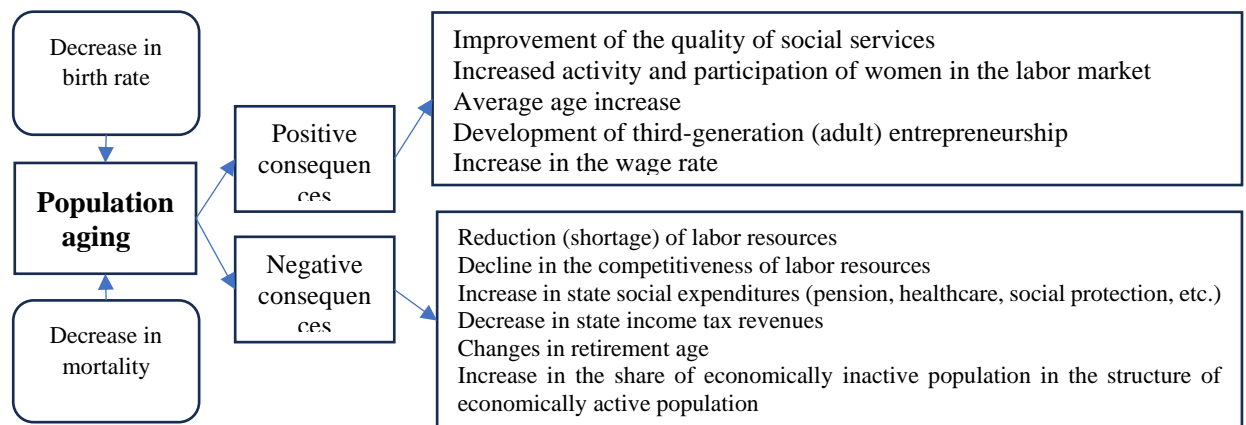


Figure 1.1.1. Socio-economic consequences of population aging

The shortage of labor resources does not allow the country's economy to develop under conditions of a labor shortage, which leads to an increase in the cost of labor for the economy and an imbalance in the development of the labor market. The second main factor of demographic changes is the birth rate. A decrease in infant mortality, an increase in the level of education, an increase in life expectancy and income are associated with a decrease in the total number of births.⁶

⁴ Loretta J. Mester. Demographics and Their Implications for the Economy and Policy. Cato Institute's 35th Annual Monetary Conference: The Future of Monetary Policy Washington, DC November 16, 2017

⁵ И.И. Вафиев, Т.Р. Салимгараев, А.В. Овчинников. Влияние демографических изменений на рынок труда и социальную политику в России. elibrary_65615700_59127786.

⁶ S. Amer Ahmed, Marcio Cruz, Bryce Quillin, and Philip Schellekens. Demographic Change and Development: A Global Typology. Policy Research Working Paper 7893.

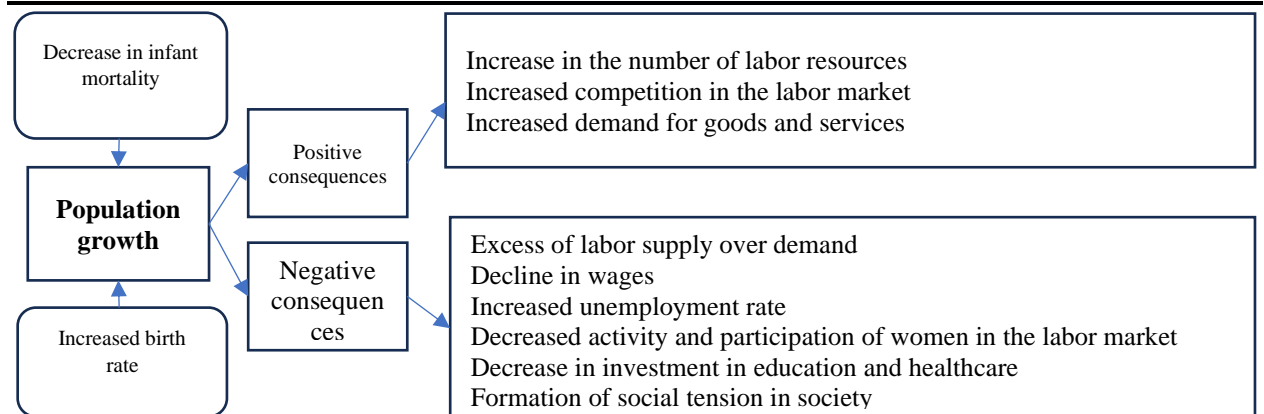


Figure 1.1.2. Socioeconomic consequences of the birth rate

The larger the population, the greater the consumer demand (other things being equal), which ultimately becomes the demand for labor. But both the supply of labor and the demand for labor are qualitatively different. On the one hand, employers need workers with certain production characteristics. These characteristics largely determine the value of workers, significantly affecting their behavior and, ultimately, the price of labor. Another important element of demographic change is urbanization. Urbanization reduces the birth rate because people in cities often have fewer children due to factors such as living costs, better education, and more career opportunities. As more people move from rural areas to cities, this contributes to economic growth and social change, which in turn helps reduce birth and death rates.

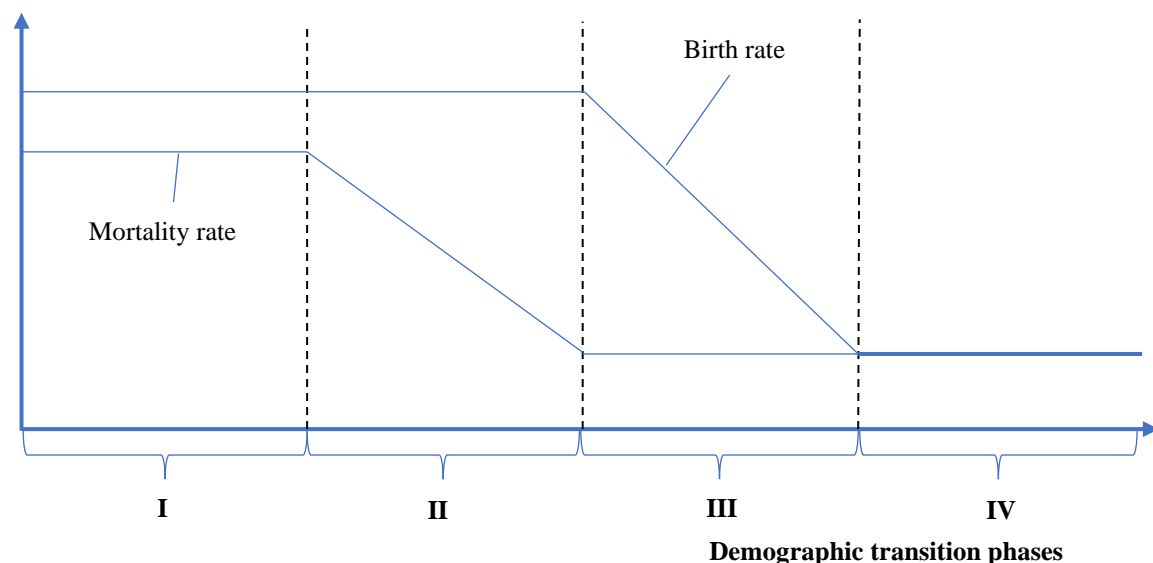


Figure 1.1.3. Demographic transition model



Demographic changes, such as a decrease in births, a decrease in mortality, forms of migration, and population aging, are important factors in how societies develop at the stages of the demographic transition model. As countries move from high birth and death rates to low birth and death rates, their population dynamics change, affecting economic, social, and political structures. Changes in age distribution, urbanization, and birth patterns are particularly important factors in shaping how countries navigate demographic transition stages.

The Demographic Transition Model (DPM) is a model that shows how the growth rate of the country's population changes over time with the economic development of the country. The demographic transition model was proposed in 1929 by the American demographer Warren Thompson, whose stages are as follows:

Stage 1. The birth and death rates are high, which leads to slow population growth. This stage was relevant to most countries of the world before the Industrial Revolution.

Stage 2. The mortality rate decreases, but the birth rate remains high, which leads to rapid population growth.

Stage 3. The birth rate begins to decline, so population growth slows down.

Stage 4. The birth rate reaches the same low level as the death rate, so population growth slows to zero.

In the near future, a "aging of the population," i.e., a doubling of the number of people of retirement age by 2050, and other gradual and long-term demographic changes are expected in the republic. The demographic process of "aging of the population" is mainly characterized by the fact that the current population of 30-35 years old reaches retirement age and the number of those replacing them is relatively small.

A team of Russian demographers, led by Denisenko, believe that demographic changes primarily affect the size and socio-demographic composition of the workforce and, through them, affect other characteristics of the labor market, including wages and productivity.⁷ The labor market is one of the constantly changing sectors, and the dynamics of change can sometimes be very high. Changes

⁷ М.Б. Денисенко, Н.В. Мкртчян. Демографические изменения и предложение рабочей силы в регионах. России. Научный дайджест № 5 (10), 2022.



in the labor market in the 21st century are determined by many factors. These factors include demographic, political, economic, cultural, social, or technological factors. These, of course, are not all possible factors influencing the labor market.

The labor market, in a broad sense, is considered as a system of social relations, social norms, and institutions that ensure the relationship between supply and demand for labor resources based on generally accepted human rights and free will. According to the definition of Doctor of Economic Sciences, Professor, Academician K.Kh. Abdurakhmanov, "Labor is a conscious, purposeful, and unforbidden activity of a person to produce (create) material or spiritual goods that can satisfy certain needs and are necessary for him."

A significant place in the study of the labor market from a demographic point of view is occupied by the fundamental works of A. Pigu, D. Norta, as well as incremental studies by N.D. Epstein, M.V. Karmanov, A.V. Vasilyeva. A number of factors influence the formation and development of the labor market, the main of which are divided into a group of demographic and socio-economic factors. Demographic factors play a decisive role in the formation of labor resources, their number, and the rate of filling the labor market with youth. The volume and composition of labor resources are determined by the dynamics of demographic processes and become important elements of state economic policy.

References:

1. Абдурахмонов Қ.Х. Меҳнат иқтисодиёти (назария ва амалиёт). Дарслик. – Т.: Ўз ФА «Фан», 2019 йил. - 543 б.
2. К.Х.Абдурахманов, Б.Х.Умурзаков. Современные вызовы и перспективы развития демографических процессов в Узбекистане. Научно-аналитический журнал «Наука и практика» РЭУ им. Г. В. Плеханова. Т. 10. № 4 (32). 2018. С. 9-17.
3. K.Kh. Abdurakhmanov. Impact of demographic processes on the labor market of Uzbekistan. International Journal of Recent Technology and Engineering Open Access Volume 8, Issue 3 Special Issue, Pages 572 – 576.
4. Убайдуллаева Р.А. Демографическое развитие Узбекистана в годы независимости. // Демографическое развитие Республики Узбекистана в



-
- годы независимости. Докл. респ. научно-практ. конф. – Т., 2011.
5. О.Б. Ата-Мирзаев. Ўзбекистон аҳолиси: тарих ва замонавийлик. Монография. - Т.: Изҳимой фикр, 2009. -- б. 21.
 6. Б.Умрзоқов Ижтимоий ҳаёт ва демографик таъйиқлар. <http://xs.uz/uz>. 19.12.2018 йил.
 7. Н.К. Зокирова, М.Я. Ходжаева. Цифровая трансформация рынка труда Узбекистана в контексте демографического дивиденда. - Тенденции развития мировой торговли в XXI веке, 2021 г.
 8. А.А.Қаюмов. Аҳоли географияси ва демография асослари. Ўқув қўлланма. Фан ва технология нашриёти. 2011 йил.
 9. Салиев А.С., Курбанов Ш.Б. Демографическое развитие сельской местности Республики Узбекистан // Социально-экономическая география. Вестник Ассоциации российских географов-обществоведов. 2015. № 3. С. 150 – 159.
 10. Максакова Л.П. Демографическая безопасность как фактор современной стратегии развития Узбекистана // Экономика и финансы (Узбекистан). 2020. №3 (135).
 11. Тожиева З.Н. Ўзбекистон аҳолиси: ўсиши ва жойланиши (Монография). – Т.: “Фан ва технология”, 2010.
 12. Мамадалиева Х.Х. Взаимосвязь экономических и демографических процессов в условиях глобализации / Экономика и финансы 2016, Ж.№6. С.82-89.