Forecasting India's century

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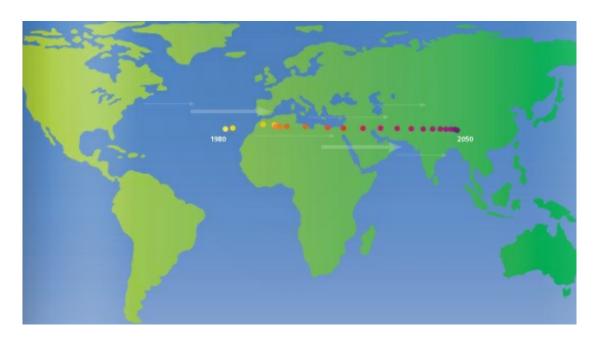
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A recent report draws on LSE research to predict the eastward shift of the global economy and an 85.97 trillion dollar economy for India by 2050.

Earlier this summer, the prediction that India will surpass China to become the world's largest economy by 2050 made headlines. According to the Knight Frank and Citi Private Bank's 'Wealth Report 2012', the Indian economy will grow to 85.97 trillion dollars in terms of purchasing power parity by 2050, while China's economy will grow to 80.02 trillion dollars. The United States, currently the world's largest economy, is predicted to have a GDP of 39.07 trillion dollars by 2050.

The report also argued that the cities that will matter in 2050 are "emerging market middleweights—fast-growing cities with populations between 200,000 and 10 million." Indian cities to keep an eye on include Surat and Nagpur.

Offering a list of the top 10 fastest growing economies – Nigeria, India, Iraq, Bangladesh, Vietnam, the Philippines, Mongolia, Indonesia, Sri Lanka and Egypt – the report concluded that the world's wealth is moving toward Asia, with India taking the lead in the South Asian region.



This conclusion draws on research by LSE Professor of Economics Danny Quah, who predicts that world's economic centre of gravity will lie exactly between India and China by 2050. In a Global Policy article, Professor Quah demonstrates that the economic centre of gravity – the average location of economic activity by GDP – is on the move thanks to the steady rise of emerging economies in Asia.

Quah's principle concern is the dynamic behaviour of the entire spatial distribution of economic activity. His calculations account for all the GDP produced on the plant and find that in 1980 the global economy's centre of gravity lay in the middle of the Atlantic Ocean; by 2008, that centre of gravity had shifted to a location east of Helsinki and Bucharest. After extrapolating growth in almost 700 locations, Quah predicts that the world's economic centre of gravity will relocate to a point between India and China by 2050. (To hear more about Quah's findings, watch his LSE Big Questions Lecture titled "East beats West? Is the East taking over the world?")

Quah's research offers valuable insights into changing income distributions and the future evolution of global inequality. It also raises important questions about the implications of changes in the global monetary system,

consequences of the relative decline of the world's established global powers, and the global redistribution of soft power. If Quah's predictions prove right, political influence is also likely to shift toward the East over the next 50 years.

For more information on this topic, see Danny Quah, "The Global Economy's Shifting Centre of Gravity", Global Policy, Vol. 2, Issue 1, January 2011, pp. 3-9.

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