

Macro Roundup Article

Headline: [Pettis On Chinese Demographics](#)

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Summary: It is also really a long-term problem whose effect will be overwhelmed by the near-term adjustment process. If Beijing succeeds in redistributing income to households in a non-disruptive way, a declining working population can drive more than enough growth in domestic demand. What is more, as direct and indirect wages rise, this will put pressure on China to invest in increasing worker productivity rather than invest in expanding economic activity and the building of railroads to nowhere. On the other hand, if Beijing doesn't redistribute income to households in a non-disruptive way, China will anyway suffer a brutally difficult transition once unsustainable debt levels force it to cut back on non-productive investment.

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