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## Chair's Corner: Looking Ahead

by Lisa S. Kuklinski-Ramirez

**A**s incoming chair, I'd like to start off with a big "thank you" to our outgoing Council members, Jim Toole, Mike Gabon, and Ronald Poon-Affat. These folks worked hard and made incredible contributions to the Section during their three-year terms. Welcome to our new members, Rejean Besner, Michael Enright, and Yiji Starr.

I feel very fortunate to start off my term with all of the valuable input from our survey. My only regret is that we did not hear from more of you! Thank you to everyone

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## Population Aging: Global Challenges and Opportunities for the 21<sup>st</sup> Century

by Robyn I. Stone

**S**enator and former First Lady Hillary Clinton wrote a book based on the premise that "it takes a village to raise a child." It also takes a village—an increasingly global village—to address the challenges and opportunities of an aging society. This concept will become more and more of a reality in the 21<sup>st</sup> century as the impact of population aging—the combination of low fertility rates and the longevity revolution—is felt across the globe.

The purpose of this paper is threefold. The first objective is to highlight the key trends and projections that describe the magnitude and scope of the aging world in the 21<sup>st</sup> century. The second is to identify some of the key issues that countries in the developed and developing world will have to face as a consequence of population

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aging. The third objective is to emphasize the triumph and opportunities of an aging world, providing a counterpoint to the prevailing notion that the aging of societies is a catastrophe, leading only to undue burden on future generations. It is important to embrace the aging of the world, to redefine aging in terms that are appropriate and useful for the 21<sup>st</sup> century and to recognize the variation and diversity of its impact.

By now we are all aware that population aging is an unprecedented historical phenomenon; in 2020, more than 700 million of the world's inhabitants—or one in 10 people—is expected to be 65 or older (1). One in five people in the developed countries and 8% of the population in the developing world are projected to be elderly (Figure 1).



But the timing, rapidity and effects of population aging are and will continue to be experienced in very different ways across the globe—particularly as these trends emerge in the developed and developing countries. In France, for example, it took 115 years (from 1865-1980) for the proportion of the elderly population to more than double from seven percent to 17%; it is projected that the same doubling in China will take 27 years (2000-2027), or four times the rapidity. In developed countries, population aging has evolved gradually as a result of improved living standards over a relatively long period of time after

the industrial revolution. In developing countries, this phenomenon has occurred much more rapidly, mostly accounted for by medical interventions based on the use of advanced technology and drugs (2).

The remarkable demographic transition underway will result in the old and the young representing an equal share of the world's population by mid-century (3). Globally the proportion of older adults is expected to double between 2000 and 2050, whereas

the proportion of children is projected to drop by a third. In certain developed countries and countries with economies in transition, the number of older persons already exceeds the number of children, and birth rates have fallen below replacement levels. In some developed countries, the number of older persons will be more than twice that of children by 2050.

Nearly two-thirds of the elderly will be in the developing world by 2020 (1); given the dramatic growth of the aged population in these countries over a relatively short and compressed period of time, the developing nations have not had the time or the resources to establish the infrastructure to address the needs of such a population.

Therefore, the first important message of this paper is the need for policy makers, planners and the public to understand that while aging is a global issue, the debates and discussions related to the "graying of the world" must not be monolithic. The issues of the future

of work, retirement, family relationships, quality of life, as a result of population aging, are not the same across the globe and must be addressed in stages.

The second key message of this paper is the importance of recognizing that the aging of the world is primarily a female issue. Women enjoy a near-universal advantage of longevity, even in developing countries, although the gender gap is somewhat lower than in the developed world (1). In most developed countries, older women account for more than 10% of the population (Figure 2). By 2025, it is estimated that many national proportions will exceed 15%; in Italy and Japan, one in six people will be an elderly female (4). The number of widows is on the rise worldwide; while the proportion of widowed or never married females in the developed countries are declining, the absolute numbers will increase in the future (5).

Furthermore, because women have a higher life expectancy than men at age 65, the proportion of disability-free years of life in old age for females is lower than for males (6). This means that across the globe, women will be living longer, alone, and with a higher proportion experiencing chronic illness and disabilities.

The feminization of later life (7), characterized by both the high proportion of women among the world's elderly and the large proportion of formal and informal caregivers who are also female, poses a unique and important challenge to policy makers and planners in the developed and developing countries.

The third message is a cautionary note. While the aging of the

world is an immutable phenomenon, the nature, magnitude and scope of these demographic changes remain uncertain. As we worshiped voodoo economics in the 1980s, we need to be careful not to become prey to voodoo demographics in the 21<sup>st</sup> century. Who could have predicted the AIDS epidemic that is sweeping through Africa and Asia, creating a dilemma for aging grandmothers left to care for the millions of children orphaned by this disease? What will be the impact of medical breakthroughs and technological advances that may create a true fountain of youth but with unintended iatrogenic consequences? How long will the “birth

America and 3.1% in Africa (Figure 3). In 2020, older adults will comprise 19.3% of the population of Europe, compared with 9.1% in South America and only a marginal increase in Africa (1).

The growth of the oldest old (75 or 80 years and over depending on the definition used) is expected to increase dramatically as well, although the variation across nations is significant. The world's population of oldest old is currently very concentrated; more than 43% of those aged 75 years or older lived in just four countries in 1996—China, India, Japan and the United States (6). In 2020, the 80+ population is expected to be a little over

an average life expectancy of 75 years in China and 51 years in Sierra Leone (8). The numerical growth and heterogeneity of the oldest old will be a challenge to policy makers and social planners because these are the people that are likely to be living at or near the poverty level at the same time that they are at highest risk for needing substantial health and long-term care services.

Another important trend is the change in the working age population. According to the United Nations 1998 medium variant forecast (10), the growth in the size of the population age 15 to 64 years will slow over the next half century, and older countries will experience a significantly shrinking workforce. Consequently, the number of workers per retiree will fall everywhere. In Japan for example, the ratio of the working-age population to the retiree-age population is projected to decline from 4.0 in 2000 to 2.2 in 2025 and 1.7 in 2050. Similar estimates for the United States are 5.3, 3.3, and 2.8. The change will be especially dramatic in several developing countries. In Mexico, for example the ratio will decline from 13.2 in 2000 to 3.3 in 2050; similarly, the ratio in Brazil will shrink from 12.9 to 3.6. In China, the ratio plunges from 10.0 in 2000 to 5.2 in 2025 and 2.7 in 2050.

### Aging Issues In The Developing World

Among the oldest countries in the world in 2000, Italy and Greece headed the list with 18.2% and 17.9% respectively of their populations aged 65 or over in 2000 (10) (Figure 5). In comparison, 12.6% of the population in the United States was age 65 years or older in 2000. By 2025, Japan will surpass Italy and Greece with 26.7% of its population age 65 or older compared with 26.1% and 24.4% respectively. By 2050, one-third of

*“By the year 2025, 26 countries will have a life expectancy at birth of above 80 years; the highest is expected in Iceland, Japan, and Sweden (82 years)....”*

dearth” prevail? Given these uncertainties, the designers of policies and programs to address the needs and preferences of an aging world must proceed cautiously, focusing on the shorter term (e.g., the next 10 to 25 years) and avoiding the temptation to extrapolate into the far future.

### The Status Of The Aging World

The elderly population (those 65 and older) is the fastest growing segment of the world population, expected to increase 88 percent by 2020 compared with a 45% increase in the working age population (8). As noted earlier, however, the magnitude of this phenomenon varies tremendously across regions. In the year 2000, 14.8% of the European population will be 65 and over, compared with 5.8% of the population in South

5% in Europe compared with 2% in South America and less than one percent in Africa (1).

The projected proportion of people aged 80 or older in 2020 varies tremendously with Japan leading the nations at 7.4% (9) (Figure 4). Among the European nations, Italy will have the largest proportion of oldest old (7.2%). Approximately 4.6% of Canadians are projected to be at least 80 years old; the comparable estimate for the U.S. is 3.9%.

Among the South American countries the proportion ranges from 4.2% in Uruguay to 1.6% in Brazil. Less than one percent of the Chinese population will be old old.

By the year 2025, 26 countries will have a life expectancy at birth of above 80 years; the highest is expected in Iceland, Japan and Sweden (82 years), contrasted with

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the populations of Japan, Italy, Greece, and Spain are projected to be at least 65 years old.

As the world moves more and more toward a global economy, it is important to understand that all is not equal

across the developed nations. A recent study comparing the economic status of the elderly and other age groups in Sweden,

Canada, the United States, and the United Kingdom, found significant intra- and intergroup differences (11). The United States, for example, reported the highest relative poverty rates and Sweden the lowest among the age groups up to age 65. After age 65, elders in the United Kingdom had higher poverty rates than in the United States. For the over-70 age group, Canada had a lower elderly poverty rate than Sweden. Among the four countries, the United States is the most frugal transferor of social expenditures via income transfers; Sweden is clearly the most generous and "off the charts" for the 60-and-over population. Furthermore, the ratio of transfers to market income has risen dramatically in Canada and Sweden from age 55-59 onward in recent years.

The irony of the success of population aging in the developed world is that, as the countries have grown older, the tendency toward early retirement has increased as well. Gruber & Wise (12) observed declines in labor force participation rates between 1960 and 1996 for



men aged 60-64 years in 11 developed countries, but the magnitude of this decline varies substantially. In the early 1960s, these rates were above 70% in all countries except Italy. By the mid 1990s, the rate

had fallen below 20% in Belgium, France, and the Netherlands; to 30% in Italy; to 35% in Germany; and to 40% in Spain. The U.S. rate experienced a relatively modest decline from 82% to 53%, with the lowest decline observed in Japan, from 83% to 75%.

To illustrate the magnitude of the retirement phenomenon even further, it is important to point out that at age 50, approximately 90% of men are in the labor force in all of the 11 industrialized countries. By age 65, fewer than 5% are working in Belgium, and in all but three countries, fewer than 20% are in the labor force. Evidence from several studies (12,13) indicates that old age pension policies discourage people from staying in the labor force. In many countries, the combined effect of pensions, disability benefits, and unemployment benefits impose an implicit tax on those who work past the minimum retirement age.

Researchers (12) cited an example where the effect of an older German male remaining in the workforce for an extra five years would reduce the present value of his benefits by almost 18%.

The major issue related to population aging for most of the industrialized, developed world is how to take advantage of the

triumph of population aging by encouraging the productivity of the elderly. It is difficult, if not untenable, to comprehend a world in the 21<sup>st</sup> century where so many people living well into their 80s and 90s are experiencing 30 to 40 years of retirement. Recent data point to decreases in the rate of disability among the elderly in the United States (14) and several other countries (8) and successes in both the prevention of and treatment for chronic diseases. These trends suggest the possibility that the elderly of tomorrow living in the developed world will have greater capacity than today's elderly cohort to contribute productively to society. Researchers assessing the impact of demographic changes on the economic situation in several emerging Asian countries (15) examined the relative effects of growing young dependent and elderly dependent populations on the economic growth in this region.

The study authors reported that a one percentage point increase in the growth of the under age 15 population is associated with a decrease in the GDP per capita growth of about 0.4 percentage points. In contrast, a positive (although statistically insignificant) coefficient emerged for the elderly population. The authors speculate that since the elderly continue to make important economic contributions by working part-time, caregiving, doing other volunteer work, and continuing to save, they are not a drag on the economy; rather, they contribute to economic growth in old age.

The longevity revolution in the industrialized world, coupled with low birth rates that have contributed to the mushrooming of the

elderly population, has triggered the need for a new paradigm of aging. The chronological benchmarks (i.e., 60 or 65 years) have lived out their usefulness, for both public and private sector policies. How can we talk about raising the retirement age another two years, when a large proportion of the elderly will be spending a third of their lives in that status? The major challenge and opportunity for the developed countries is to figure out how to redefine the institutions that we hold so dear—work, family, education, leisure—in the face of this demographic imperative.

We must experiment with new forms of work that incorporate opportunities for all social classes to creatively combine successful employment with ongoing education and leisure activities over a lifetime. We must reinvigorate and strengthen the intergenerational contracts that have been so important for families and societies over the centuries. This will be particularly important as the five-generation family becomes the norm, and as alternative family structures (e.g., single-headed households, stepparents and children from divorce and remarriage, same-sex marriages) provide new opportunities for establishing contracts across the generations.

We must also get beyond our relatively narrow, budget-driven policy debates about the future of health care and income security programs. Some have argued that they are red herrings; that the crises have been invented or at least exacerbated by politicians looking toward re-election. Whether real or invented, it is clear that these debates have engendered undue and unwarranted intergenerational conflict. To use the somewhat hackneyed expression, “We are all in this together!” The developed world can and should take advantage of population aging

to create a new and exciting 21<sup>st</sup> century.

### Aging Issues In The Developing World

The issues for the developing countries are “worlds apart” from their developed counterparts. The rapidity and compressed time frame

and about the same as that of Western Europe today (17).

The growth and pace of aging within the developing world varies tremendously (10). Asia and Latin America are aging most rapidly, and will reach 20–25% of older persons by 2050. Sub-Saharan Africa, which continues to struggle with the

*“Even though by the year 2020 many of the developing nations will have age structures approaching that of the developed world today, the resources and infrastructure needed to provide for rapidly aging societies will not be in place.”*

within which these changes are occurring makes the graying of the developing world a particularly challenging phenomenon. The average annual growth rate in the 65+ population between 1996 and 2020 for the developing world is projected to be 3.3% compared with only 1.5% in the developed countries (Figure 6).

The 80+ population is expected to triple in the developing nations during the next 25 years, compared with just a 70% increase in the developed world (16). By 2020, seven developing countries will be among the 10 countries with the largest elderly populations in the world: China (231 million), India (145 million), Brazil (30 million), Indonesia (29 million), Pakistan (18 million), Mexico (15 million), and Bangladesh (14 million) (2). Among the developing nations, China is certain to experience the most rapid aging because fertility rates have already declined dramatically, from 5.4 in 1970 to the current 2.0 level (2). Within less than four decades, China’s old age dependency ratio will be higher than North America’s

HIV/AIDS pandemic in association with economic and social hardship, will reach half that level. Areas affected by very high levels of mortality of young adults due to HIV/AIDS may, however, also experience a relative increase in the proportion of older persons.

Latin America and the Caribbean is the next region of the world to experience the significant effects of population aging. Uruguay, for example, currently has a higher percentage of people aged 60 or older than does its northern neighbors, Canada and the United States. Outside of Europe and North America, the Caribbean is the oldest region of the world, with 10% of its aggregate population aged 60 years and over (1).

Even though by the year 2020 many of the developing nations will have age structures approaching (and in some cases, exceeding) that of the developed world today, the resources and infrastructure needed to provide for rapidly aging societies will not be in place. By 2020, it is estimated that three-

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quarters of all deaths in developing countries will be aging-related and caused by non-communicable diseases such as diseases of the circulatory system, cancers, hypertension and diabetes (2). As life expectancy increases, the older population in this region will likely experience more chronic disease and disability, placing undue demand on health and long-term care systems that are minimal or nonexistent. In the majority of these countries, poverty, lack of social security schemes, continuing urbanization, and the growing participation of women in the workforce all contribute to the erosion of traditional forms of care for elderly people.

In 1992 the World Bank projected that GNP per capita in sub-Saharan Africa would remain at the present very low levels of US\$300 for the next 40 years, and would only reach US\$4000 in North Africa. The projections are almost as bleak for Latin America where the estimated figure is US\$6000 (18). Clearly, there are no real prospects of saving for old age in these countries, and even in nations with higher incomes, savings may not be secure over the long term or even remain in the country with increasing international capital transfers.

While the developed world struggles with the future of its social security, private pension and health care systems, these issues are not

relevant to most of the developing countries. As Julia Alvarez, spokesperson for the United Nation's International Year of the Elderly, noted: "Social Security income or a private pension is not an option in my country. People work until they drop!" This observation is born out by statistics revealing that the proportion of economically active elders in the developing world is significantly higher than those in the developed countries.

A recent World Health Organization report (19) of life in the 21st century emphasized the need for intergenerational relationships that are based on equity, solidarity, and social justice. However, as noted in another briefing paper by WHO's aging and health program (18), the intergenerational relationships in



industrialized nations are built on a level of adequate resources for both younger and older generations, and on economic transfers through public or

private sector initiatives. In the developing countries, there is likely to be a widening social and economic gap between the generations, with the younger generation lacking the material resources to provide any support to the older generation.

Although this discussion would lead one to believe that population aging will be a catastrophe for the developing world, I believe that the

triumph of this demographic phenomenon should be viewed as an opportunity for creative social planning. The first step is for policy makers to understand the importance and immediacy of these changes and the implications for societies across the developing world. It has been difficult to keep the concerns of an aging society on the priority list in the developed nations; it will be even more difficult to place these issues on the radar screen of decision-makers in the developing world, where the concerns of poverty, communicable diseases and basic economic development still prevail. On the other hand, it is essential that policy makers in these regions understand the connections between population aging and economic growth and that initiatives designed to address the changing demographics will have an impact on the overall economic well being of their respective countries.

In addition, it is important for the developing countries to learn from the failures as well as the successes of the developed world. To cite one example in the long-term care arena, most of the industrialized nations have encouraged the development of hospitals, nursing homes and other institutions to meet the needs of chronically disabled elderly. These institutions have required significant capital investments over the years, and while they may have taken advantage of economies of scale, they have not created environments conducive to optimal independence and quality of life for frail elders or their families. Furthermore, they are now the driving forces behind most of the health care budgets in these countries.

Ironically, because of the lack of infrastructure, the developing world has the opportunity to create alternative long-term care systems that use as their base the local communities in which people live. They can experiment with new and creative models of home care and community residences that take advantage of the indigenous cultures and that create nurturing environments at lower costs than would be required to invest in elaborate institutional structures.

This may include training healthy, non-disabled elders to become home care workers in their neighborhoods where they already have established ties. To do so, policy makers and planners in the developing world must resist the temptation to equate "bigger with

respect to successful interventions (e.g., exercise, nutritional counseling, environmental modifications).

### Some Concluding Thoughts

Population aging is one of the most exciting and challenging trends in the history of the world. We must embrace this triumph, recognizing that the world is, in fact, a global village, and that we all have a responsibility to take advantage of the opportunities emerging from these demographic changes. While developed and developing nations are at different stages of experiencing this phenomenon, several issues are relevant across the globe. The first is the need to develop a new paradigm of aging, which redefines what it means to be old and which

Summer of 2002, advocates changes in several areas to ensure that the enormous potential of aging in the 21<sup>st</sup> century is fulfilled (3). These include change in attitudes, in national and international policies, and in community, corporate and other organizational practices. The aim of the Strategy for Action is to ensure that people everywhere will be enabled to age with security and dignity, and continue to participate in their societies as citizens with full rights. The report recommends three priority directions: development for an aging world, advancing health and well being into old age, and ensuring enabling and supportive environments. The authors of the report also argue that mainstreaming aging into global agendas is essential. To achieve this goal, a concerted effort will be required to move toward a wide and equitable approach to policy integration that links aging to other frameworks for social and economic development.

Please look at the upcoming pages as they will have all the charts that I was referring to earlier.

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### References (see page 32)

*"It is imperative that policymakers and planners develop primary and secondary disability prevention programs that help mitigate the potential negative effects of extended longevity."*

better" and believe that an edifice is the best solution to long-term care system design. This may be difficult as investors and developers from the industrialized world who are looking for new, fertile markets barrage developing countries.

Finally, as the population of the developing world ages, issues of chronic illness and disability will become a major public health concern. It is imperative that policy makers and planners develop primary and secondary disability prevention programs that help mitigate the potential negative effects of extended longevity.

Here, again, there is much to learn from the developed world with

recognizes that all of our sacred institutions need to change with this demographic shift. The second is the need to establish new inter-generational contracts that recognize the "give and take" of wisdom, energy and resources across the age groups at the individual and societal levels. Finally, we need to move the discussion of population aging from "doom and gloom" to one which is realistic about the challenges but which also recognizes the range of possibilities for the next century and the new millennium.

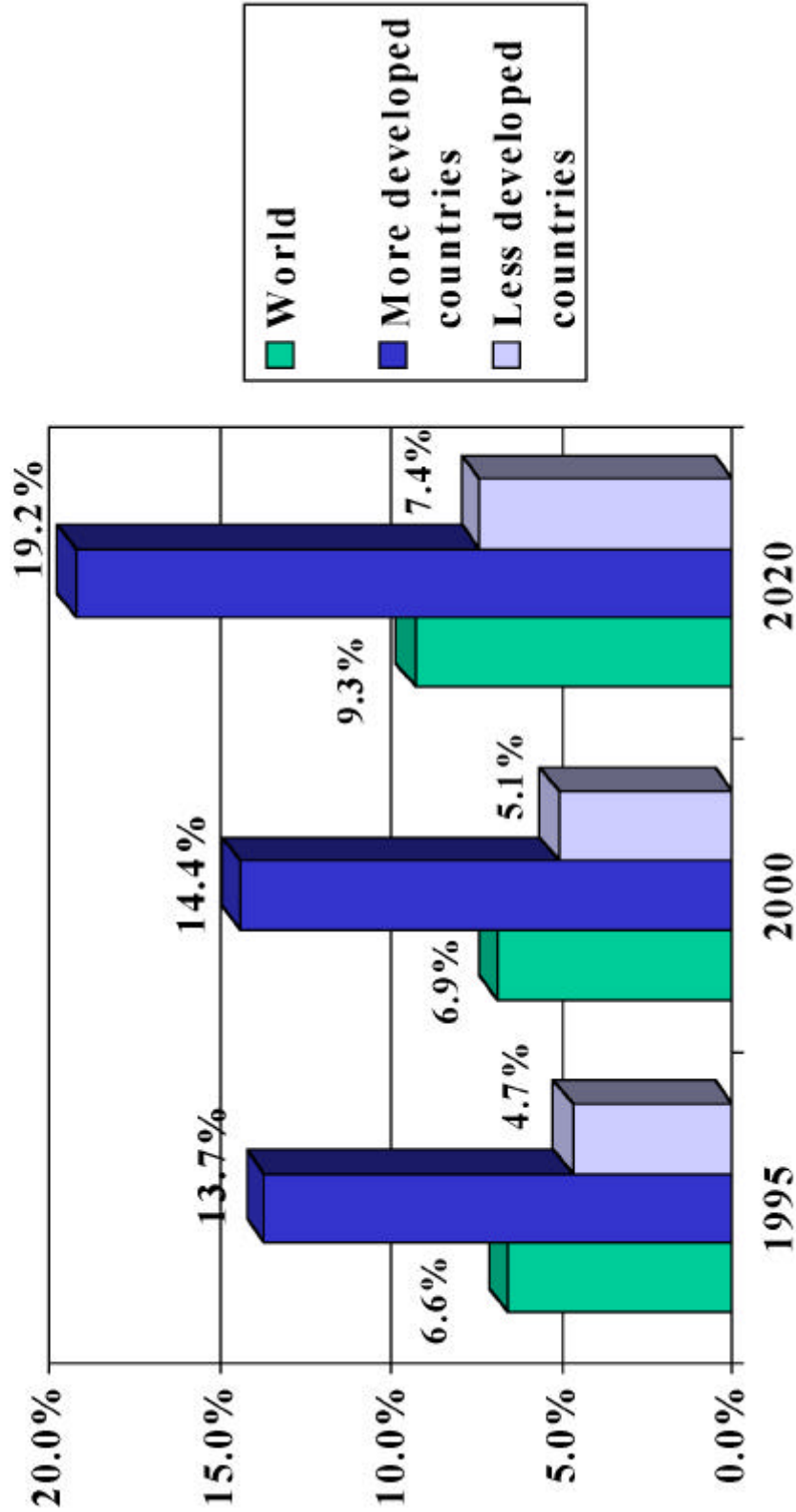
The International Strategy for Action on Aging, developed in preparation for the Second World Assembly on Aging to be held in the



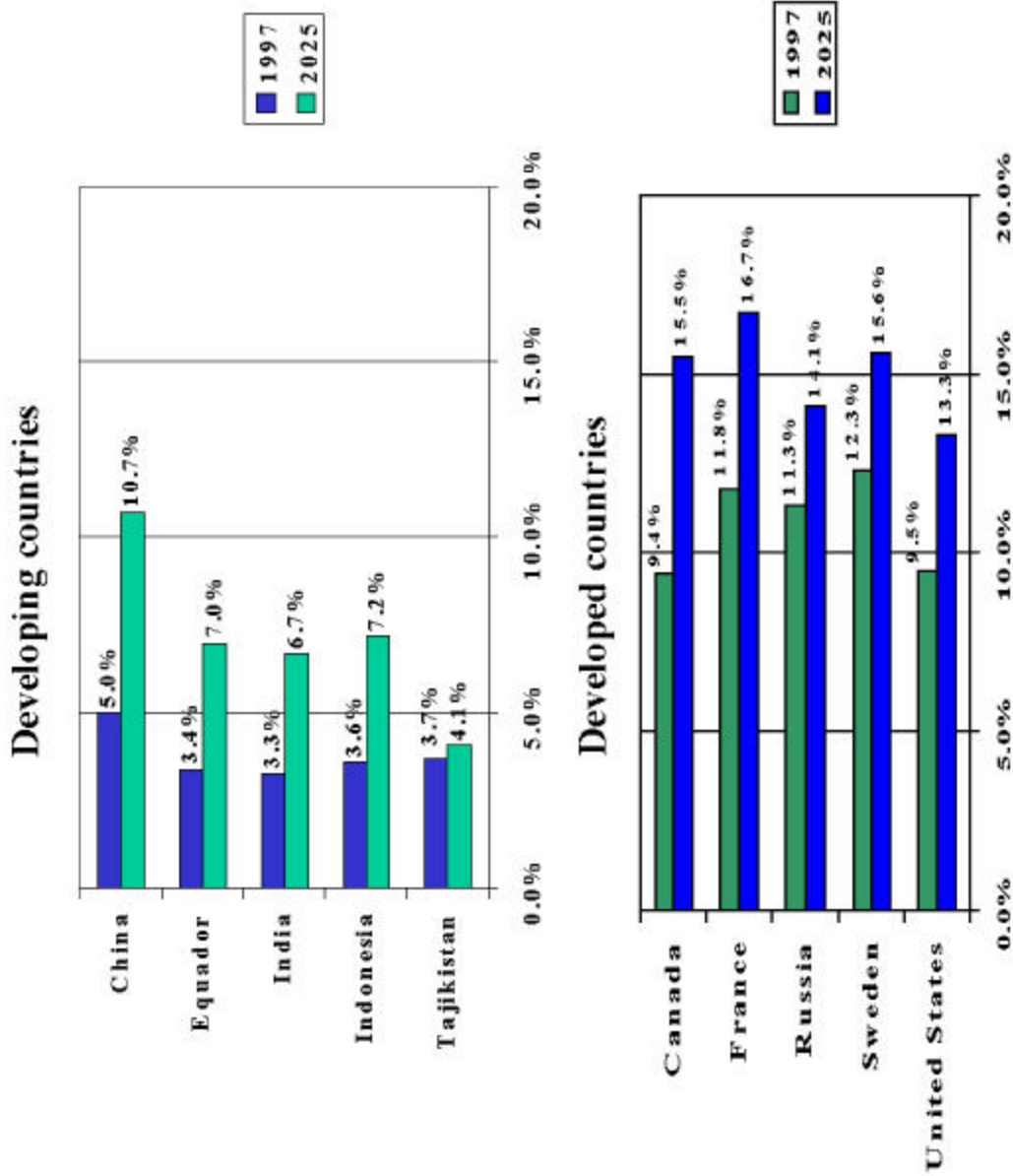
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Figure 1

# Percent of Population 65+



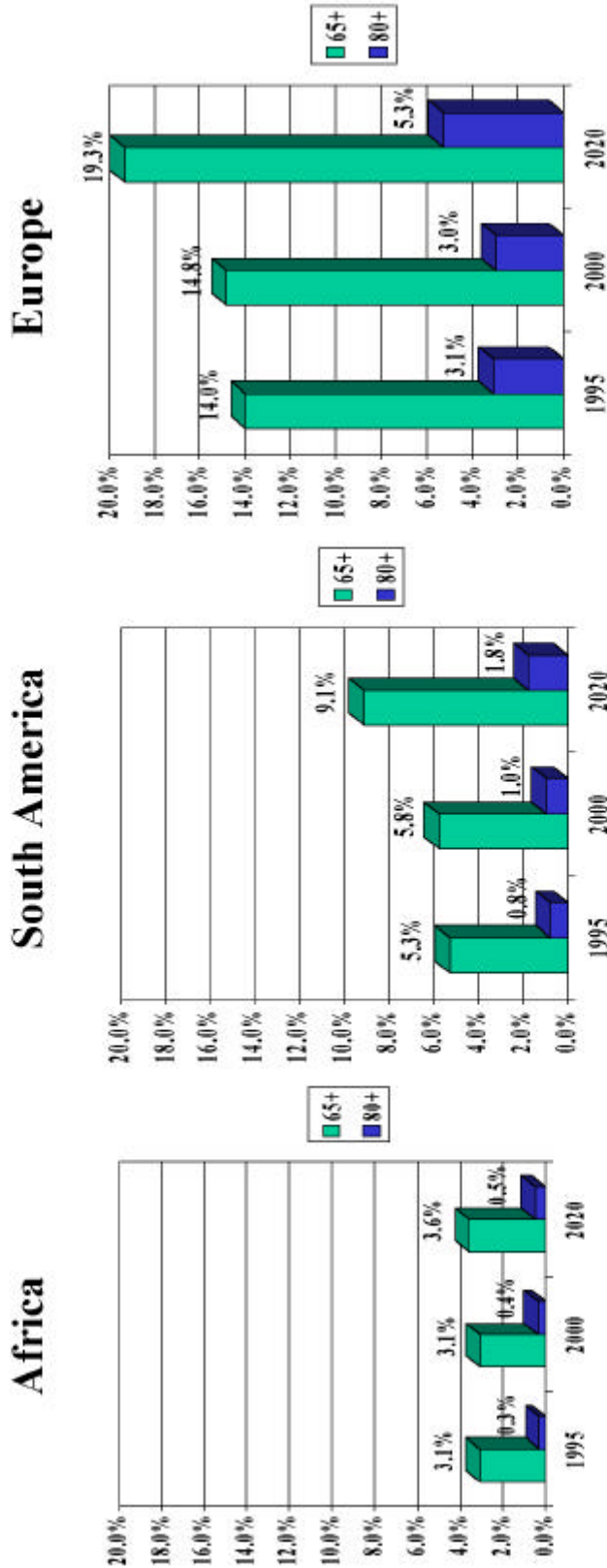
**Figure 2**  
**Older Women as a Percent of the Total**  
**Population: 1997 and 2025**



Source: Gist, Y.J., & Velkoff, V.A. (1997). *International Brief: Gender and Aging*. Washington, DC U.S. Bureau of the Census.

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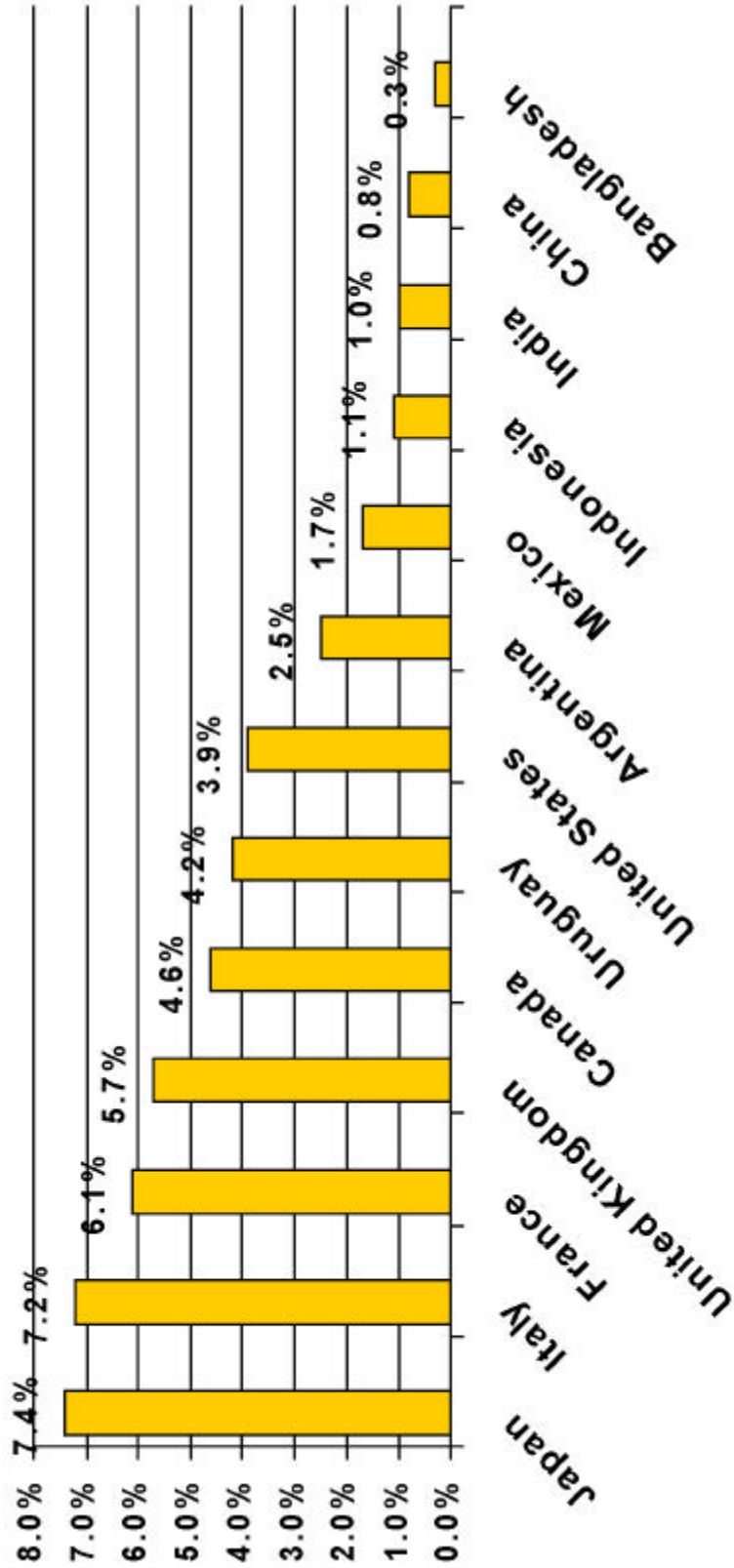
**Figure 3**  
**Percent of the Elderly, Selected**  
**Continents: 1995-2020**



Source: U.S. Bureau of the Census, International Data Base (1998).

Figure 4

# Percent of Population 80+: 2020



Source: Hobbs, F.B., & Damon, B.L. (1996). 65+ in the United States. Washington, DC: U.S. Bureau of Census.

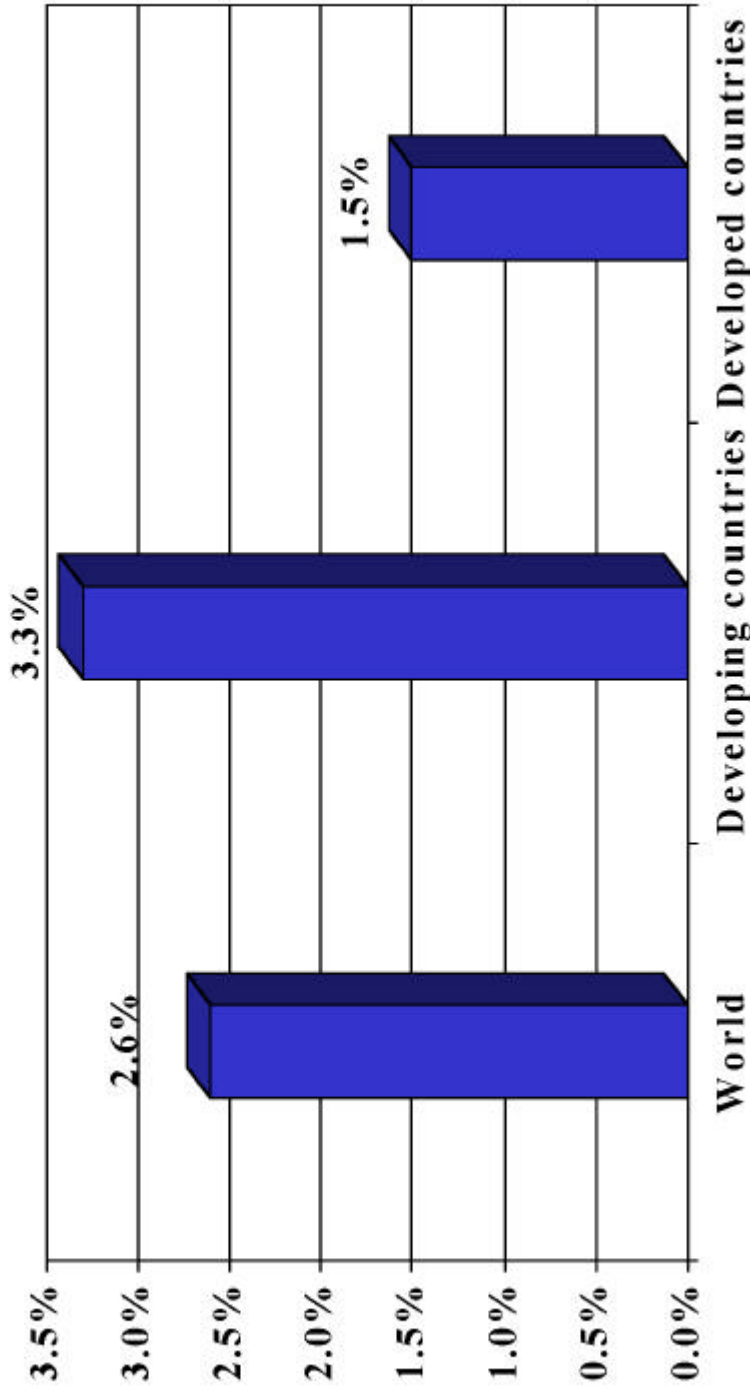
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## Figure 5 Ten Oldest Countries, 2025

Country	% 65+	
	2000	2025
1 Japan	17.1 %	26.7 %
2 Italy	18.2 %	26.1 %
3 Greece	17.9 %	24.4 %
4 Sweden	17.4 %	24.2 %
5 Finland	14.9 %	24.0 %
6 Spain	17.0 %	23.5 %
7 Germany	16.4 %	23.4 %
8 Belgium	16.7 %	23.0 %
9 Netherlands	13.8 %	23.0 %
10 Switzerland	14.7 %	23.0 %
<b>World</b>	<b>6.9 %</b>	<b>10.4 %</b>
		<b>16.4 %</b>

Data Source: UN 1998 Medium Variant Forecast

**Figure 6**  
**Average Annual Growth Rates for the 65+**  
**1996 to 2020**



Source: U.S. Bureau of the Census(1996). World population profile, 1996. Washington, DC.