Dr Richard Jackson, President of the Global Aging Institute, will speak at the Chatham House conference Ageing and Health: Policy and Economics in an Era of Longevity, 9-10 February 2015.

In this speaker commentary, Dr Jackson describes the challenges posed by global ageing, outlines possible policy responses, and highlights themes for consideration at the conference.

The world stands on the threshold of an unprecedented demographic transformation brought about by a dramatic decline in birthrates and an equally dramatic rise in life expectancy. By mid-century, 25 percent of the developed world’s population will be aged 65 or older—and that is just the average. In some faster-aging European countries the share could climb to 35 percent and in Japan it may approach 40 percent. The emerging world as a whole is still much younger, but it too is aging. By 2040, the populations of Brazil and Mexico will be nearly as old as that of the United States—and China’s will be older. Meanwhile, South Korea will be vying with Germany, Italy, and Japan for the title of oldest country on earth.

Unlike most long-term predictions, there is nothing hypothetical about global aging, as the demographic transformation is known. It is as close as social science comes to a certain forecast. Absent a Hollywood catastrophe—a colliding comet or an alien invasion—it will surely happen.

Most of the direct consequences of global aging are equally certain. Government budgets will come under intense pressure from rising expenditures for pensions and health care. Economic growth will slow as rates of savings and investment decline and workforces stagnate or contract. Businesses will have to cope with a deficit of young workers, while families will have to cope with a surplus of frail elders. The global balance of power will shift as the developed world contracts demographically and economically relative to the emerging world.

The good news is that we are by no means helpless in the face of global aging. With good policymaking, most of the burdens can be ameliorated and most of challenges overcome. We can reduce the fiscal pressure of aging by enacting timely pension and health-care reform. We can boost economic growth by encouraging higher savings and longer work lives. We can prepare for the emerging new geopolitical realities by forging new security alliances. We may even be able to slow the pace of global aging itself through pronatal and immigration policies.

While meeting the global aging challenge will require concerted action on many fronts, the single most important response may be to promote “productive aging.” Rather than worry about how they can afford to maintain the growing number of elderly in subsidized leisure, aging societies should instead worry about how to keep them economically engaged. Leveraging the productive potential of the elderly will require eliminating policies that push older workers into premature retirement. It will also require a massive research effort that unlocks the secrets of the aging process and results in a dramatic reduction in the incidence of chronic disease and disability among the elderly. Whether we consider the economic or the human benefits, nothing will do more to address the global aging challenge than to ensure that health spans rise along with life spans.

Richard Jackson
President, Global Aging Institute