

The Implications of an Aging World

Global aging is going to have very complex social and industrial implications for the societies that experience it. Some countries, like Italy and Japan, are already seeing the slow inversion of their population pyramids, with more people projected by 2050 to be in the oldest quartile of their populations than in the youngest. According to some estimates, by 2050 the median age of an Italian may rise to as high as 57, from about 42 today. Were that to happen, it could trigger a national or even transnational crisis.

When the demographic center of gravity rapidly shifts in a society, so do its social concerns, its sense of identity, its politics, and its agenda. In societies experiencing the stress of population aging, including (to a lesser degree) the United States, here's just some of what we can expect:

Immigration front-and-center: Immigration alone will not solve the problem of global aging, but it will likely be the first place national governments turn to try to realign their populations. Success will be measured by the ability to attract global talent (via immigration) and retain it (via naturalization).

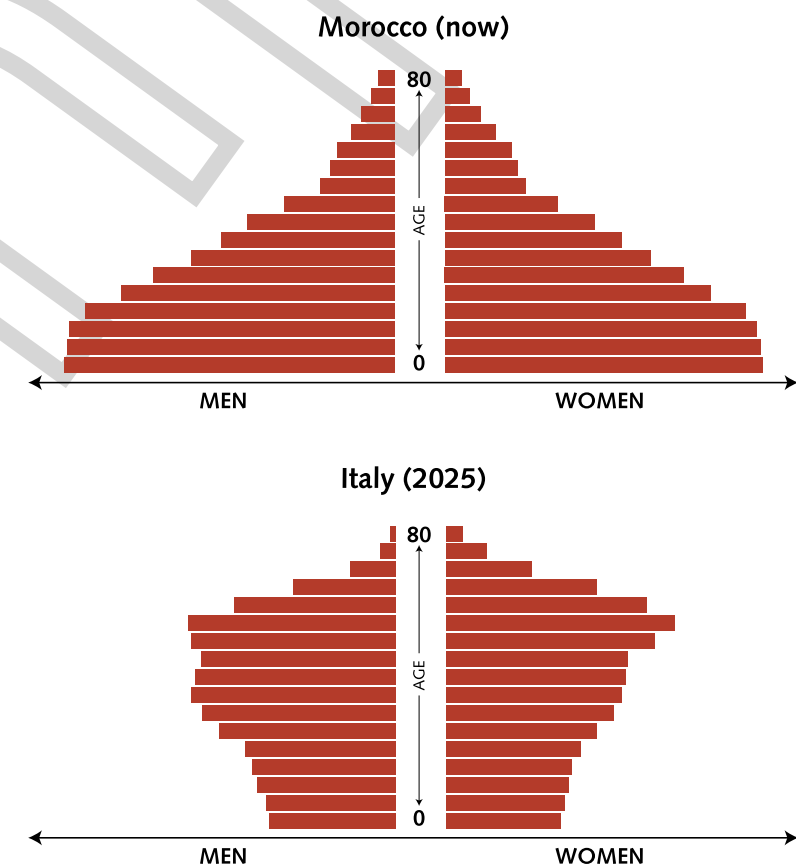
Of course, immigration is a complex social issue that can stress and even polarize domestic political, educational and other social systems. For example, many demographers expect an inevitable rise of "Eurabia"—a wave of immigration from the (largely Islamic) societies south of the Mediterranean to the European countries to the north of the Mediterranean. The former countries generally have growing populations but weak governance institutions, while the latter have strong governance institutions but are projected to need people to offset the aging of their populations. Unfortunately, the European Union member states have had a mixed record regarding immigration, and current immigration issues have already galvanized political movements on both the right and left opposed to further immigration. This leaves the EU with a daunting task: to ramp up immigration across the continent while simultaneously managing social integration of new arrivals and tamping down extreme domestic response. Failure in this regard could bring the entire EU project crashing down.

The United States, by contrast, has the three elements that have historically made for sustained immigration success: a broad cultural acceptance of and reliance on immigration, an "open doors" policy, and large extant immigrant communities that ease the naturalization process. It will likely fare much better vis-à-vis immigration, notwithstanding America's complex international standing at the moment. But the increase of immigration here will certainly have concrete domestic implications, as I'll discuss shortly.

[Ed. Our conversation with Michael Teitelbaum explores more of the issues surrounding global migration patterns. Page 29]

China will experience an even more complex set of issues vis-à-vis aging and immigration. Today, China is still a comparably young society. In 2004, the elderly—here defined as adults aged 60 and over—made up just 11 percent of the population. By 2040, however, the UN projects those elders will comprise 28 percent of the population, a larger share, proportionally, than the United States. Assuming current demographic trends continue, by 2004 there will be 397 million Chinese elders, which is more than the current total population of France, Germany, Italy, Japan, and the United Kingdom combined.

➕ PYRAMID AND ICE-CREAM CONE



Over the next 25 years, the population pyramids of societies such as Morocco (top) will look very different than those of societies such as Italy (bottom). In these pyramids, larger age "bands" at the bottom of charts indicate more younger people; larger age bands at the top indicate more older people.

And yet China has an equally pressing demographic problem to worry about: an overabundance of males who (statistically speaking) have virtually no chance of ever finding a mate, at least domestically. The one-child-per-family policy in China exacerbated existing gender preference for boys, leading to sex-selective abortion. In 1993 and 1994, more than 121 boys were born in China for every 100 baby girls; if this trend continues, by 2020 there will be 30 to 40 million marriage-age men who will be single all their lives.

The Chinese government is concerned that as this generation of Chinese young men ages, the gender imbalance will pose a major threat to the stability of the state and potentially the region, and may trigger a host of social crimes, including mercenary marriage, abduction of women, and prostitution. As a result, China's leaders in Beijing may find themselves in an interesting circumstance: seeking to increase inbound immigration of single young women, even as it increases outbound immigration of at least some young men.

The end of retirement as we know it: Across the aging world, traditional retirement and the pay-as-you-go social benefits program supporting it will inevitably have to be realigned so that healthier, productive people will remain in the workforce for a longer time than at present.

This does not necessarily mean forcing people back to work at the end of a pointed stick—plenty of older people, much healthier than their parents were at their age, will want to continue to work (especially in highly skilled service jobs where they can leverage their experience) and many employers will desperately want to retain them. Many elite older workers will experience a kind of free-agency "revolving retirement" or phased retirement of contract and part-time work that augments traditional retirement activities. However, we can also expect plenty of ongoing social friction as workers around the world find that the social contract between governments, companies, and citizens has been changed late in the game. In the face of these new realities, we'll likely experience a concurrent revival of unionization and collective bargaining.

Regardless of what happens, this period will certainly bring a reframing of our social notions of age, and what it means to be a person of a given age. We are just now beginning to see a decoupling of several different senses of how "old" a person is: we're used to simply measuring people by their biological age ("how many years you have lived"), but soon we will start to disentangle people's productive age ("how old you feel"), their effective age ("how old do you behave relative to others"), and their age-yet-to-live ("what percentage are you through your projected lifespan"). These more sensitive measures of age will help us better understand and allocate resources.

Renewed focus on innovation and automation: Finally, countries that are experiencing rapid aging will be focusing on creating productivity gains that do not come on the literal backs of their labor force. To meet those needs, we can expect to see a renewed emphasis in these societies on innovation and creative ideation (and the skills that underwrite it), as well as the technologies that will allow us to do more with less. +