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YOUTH—A SCARCE COMMODITY WITHIN AN AGEING WORLD

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The United Nations has recently identified Global Population Aging as one of the key challenges facing the world this century. The global challenge concerns a fundamental shift in the population structure of the world. Over this coming century, the age composition of nearly every country is expected to move from one of mainly young people to one in which the number of older adults will outnumber the young. It is expected that by 2050 the number of people over age sixty will reach two billion, when the percentage over sixty will have reached more than a fifth of the total global population (21%). The numbers of those aged eighty and above will show an even greater increase, rising from eighty-six million to an incredible 394 million by 2050.

By 2030, that is, within less than twenty-five years, half the population of Western Europe will be aged over fifty, with a life expectancy at fifty of some forty further years. That is, half Europe’s population will be aged between fifty and ninety. This is historically unprecedented; never before have human beings lived in societies that have so many more old than young people. At the same time a quarter of the population of the developed world will be over sixty-five, including 25% of the European Union, 19% of the United States, and 30% of Japan. In addi-

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2. Id. at 3, 53.
3. Id. at 4.
tion, one quarter of the population of Asia will be aged over sixty.⁶

Taking the world’s oldest countries at the turn of the twentieth century measured by the proportion of the population aged sixty-five and over in 2000, with the exception of Japan, the top twenty all are European.⁷

Globally, Italy has the highest proportion of persons aged 65 years and over, a consequence of its low fertility levels . . . Of the European Union countries, Italy at 18.2 per cent has the highest proportion of older people while Ireland at 11.2 per cent has the lowest. Australia, Canada, and the United States are at the lower end of this scale with between 12 and 13 per cent of their populations aged 65 and over. Interestingly, even the former Eastern European countries have higher percentages than Canada, Australia and the USA. However, these proportions represent very different numbers of older people. The largest elderly population in the developed world is in the USA, with 35 million people aged over 65 . . . followed by Japan with nearly 23 million . . . and Germany with around 13 million . . . .⁸

To reiterate, while the United States remains a relatively young developed world population, with currently only 12% of its population over sixty-five, it has the largest number of old people in the developed world.⁹

A society’s median age, that is, the age that divides the population into numerically equal parts of younger and older people, provides another measure. All the countries in the developed world have median ages over age thirty-two.¹⁰ Highest in Europe is Italy with 42.3 whilst Japan has 42.9.¹¹ The European Union’s medium age is forty.¹² The Asian countries of Singapore, Hong Kong, and Korea are now all over thirty-five.¹³ In comparison, the United States is a relatively young developed world nation, with a median age of thirty-five for men and thirty-eight for women.¹⁴ Median ages, however, will increase markedly in some

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⁷ Harper, supra note 4, at 4.
⁸ Id. at 3–4.
⁹ Id. at 4.
¹⁰ Id. at 9.
¹² See id. at 59–63.
¹³ See id.
¹⁴ See Harper, supra note 4, at 10 (showing that the median age for both sexes in the United States was thirty-six in 2000).
countries over the next quarter century. Italy, Brazil, China, Mexico, and Thailand, for example, will all experience more than a ten year increase in median ages.\textsuperscript{15} Italy is currently predicted to have the highest median age at fifty-two.\textsuperscript{16} Japan will reach fifty, with most other developed countries, and some Asian countries, attaining median ages over forty.\textsuperscript{17}

The public perception of “aging” is a European and North American issue. However, in terms of sheer numbers, Europe and the United States fall low on the list of old societies. Already two-thirds of the world’s older population lives in developing regions, and that population is estimated to reach one billion within twenty years and to approach two billion by 2050.\textsuperscript{18} In contrast, Europe will have less than 200 million old people, and the United States eighty-one million.\textsuperscript{19} Similarly, of the almost 400 million people aged over eighty who will be living across the globe by the middle of the century, only sixty-three million of these will live in Europe\textsuperscript{20} and only thirty million in the United States.\textsuperscript{21}

I. THE IMPACT OF FALLING FERTILITY

Fertility has fallen consistently over the past fifty years, and indeed dramatically over the past twenty years in developing countries.\textsuperscript{22} Once, the fear was of over-population. Now the predicted maximum world population is coming down, as across the world women of child bearing years are both delaying starting a family and reducing the number of children they bear.\textsuperscript{23}

The Total Fertility Rate (TFR) is the average number of children born to each woman of child bearing age. In Europe, this

\begin{itemize}
\item \textsuperscript{15} Harper, supra note 4, at 9.
\item \textsuperscript{16} Id.
\item \textsuperscript{17} Id.
\item \textsuperscript{18} Harper, supra note 4, at 30–31.
\item \textsuperscript{19} European Demographic Data Sheet, supra note 5 (predicting that by 2030 19.6% of the United States and 24.7% of the European Union will be over 65).
\item \textsuperscript{22} See U.N. World Population Prospects 2004, supra note 1, at 64.
\item \textsuperscript{23} See Harper, supra note 4, at 167–70; European Demographic Data Sheet, supra note 5.
\end{itemize}
fell from around three children per reproductive woman to below two in the second half of the twentieth century.\(^{24}\) In order to replace a population by births, we need just over two children to be born per woman. By the end of the 1970s Europe had stopped replacing its population through births.\(^{25}\) Europe is currently averaging around one and a half children per European reproductive woman, with the southern Mediterranean countries of Italy and Spain at 1.3, and Sweden and France just below two at 1.8 and 1.88 respectively.\(^{26}\) The United States has managed to retain its TFR at around replacement, currently standing at 2.1.\(^{27}\) This has been boosted by its young immigrant populations. What has been so surprising, however, is the dramatic fall in fertility in developing regions, especially in Asia. TFR in Korea is at 1.2 and Singapore now stands at 1.3, with a remarkable 0.9—that is, less than one child per reproductive woman—in Hong Kong.\(^{28}\)

It has long been argued that as societies and individuals within those societies became wealthier, so the number of children born would fall. This is because: increases in health care mean that each child born has a better chance of surviving (so women do not need to keep producing infants to ensure that at least one will survive childhood); children become more expensive due to the increased obligations which societies develop to educate and provide for them; such societies provide better opportunities for women to be educated, and thus learn about and have access to contraception; and job opportunities in wealthier societies enable women to go out into the work place and be financially independent.\(^{29}\)

However, the issue becomes more complex in advanced economic societies. Currently, within Europe, there seems to be a small rise in child bearing in those countries which make it easier for women to have children and remain in the work place, such as in Scandinavia, compared with a continued fall in childbearing in those countries in which it is more difficult for women to remain in the workplace while also having children, such as some southern European countries.\(^{30}\)

There is conflicting evidence as to the possibility of reversing downward fertility trends. In some Scandinavian countries, for

\(^{24}\) Harper, supra note 4, at 169.

\(^{25}\) Id. at 44.

\(^{26}\) European Demographic Data Sheet, supra note 5.

\(^{27}\) Id.


\(^{29}\) Harper, supra note 4, at 44–46.

\(^{30}\) Id. at 46.
example, so called “positive parenting policies”—enabling women to remain active in the work place and bring up their children—seem to have had an effect, with births increasing, though still remaining below replacement level.\(^{31}\) The French government has also now been able to raise the Total Fertility Rate through a series of policies, such as financial incentives, specifically aimed at encouraging women to have more children.\(^ {32}\) There are some demographers, however, who suggest that once a country’s total fertility rate has fallen below one and a half births per woman, it is difficult for it to recover. This is because so many couples are either childless or with only one child, that having no children or one child only becomes the norm, and neighbourhoods and communities start to adapt to this.

II. FALLING MORTALITY AND INCREASING LONGEVITY

It is not only falling fertility which is resulting in the aging of world populations—longevity is indeed increasing. Fifty years ago life expectancy at birth was around sixty-five years of life in Europe, and a mere forty years in many developing countries.\(^ {33}\) When state pensions were developed for all workers in Europe, and age sixty-five was selected as the state pension age in most countries, average life expectancy for male manual workers was only another four years at sixty-nine!\(^ {34}\) Today life expectancy at birth has reached the mid-to-late seventies across the developed world, and the mid-to-late sixties in most developing countries.\(^ {35}\) The United States has mid-range life expectancy in relation to other Organisation for Economic Co-operation and Development (OECD) countries at seventy-five for men and 80.8 for women.\(^ {36}\) This compares, for example, with eighty-eight for Japanese and French women.\(^ {37}\) Therefore, at age sixty men and women in the United States can expect to live a further fifteen to twenty years.

These two developments, falling fertility on the one hand and falling mortality—or increasing longevity—on the other, have led to the so-called maturing of European societies. Europe

\(^{31}\) See id.

\(^ {32}\) For changes in the Total Fertility Rate for France, see U.N. World Population Prospects 2004, supra note 1, at 68.

\(^ {33}\) See id. at 11.

\(^ {34}\) See HARPER, supra note 4, at 94–95.

\(^ {35}\) U.N. World Population Prospects 2004, supra note 1, at 10; HARPER, supra note 4, at 49.

\(^ {36}\) EUROPEAN DEMOGRAPHIC DATA SHEET, supra note 5; HARPER, supra note 4, at 51.

\(^ {37}\) Id.
became demographically mature at the millennium when the percentage of those over sixty exceeded those under fifteen.\textsuperscript{38} It is historically unprecedented for a society to have more old than young people. But it is a trend that is expected to flow across the globe. By 2015 the United States will be mature, and by 2040 there will be more older than younger people in Asia.\textsuperscript{39} South America will follow soon after.\textsuperscript{40}

What is also of particular significance is the speed at which this population aging is occurring. It took roughly one hundred fifty years for Europe to move from a young to an old region; Asia will become old in less than twenty-five years.\textsuperscript{41} While Europe had the time to develop the institutions needed to support older people, many countries in Asia and Latin America are still afflicted with poverty, famine, and lack of access to basic sanitation and fresh water.\textsuperscript{42} They are still grappling with high levels of infant and maternal mortality and acute infectious diseases. Now, at the same time, they are confronting the challenges of the need for long term care and economic security for a growing older population.\textsuperscript{43} Many of these countries have only scant public institutions and welfare regimes to cope with the current demographic profile of predominantly children and young adults. Now they are facing the urgent necessity of developing appropriate institutions and regimes for the one billion older adults who will be surviving over the next twenty-five years.\textsuperscript{44}

III. The Inverted Pyramid

Some people are tending to think of population aging as a transitory effect—a baby boom or age wave. When the baby boomers die off, or the age wave subsides, then it will all return to normal. Yet this is highly unlikely to be the case. What we appear to be seeing is a fundamental shift in the demographic structure of society. No longer will it be the norm to have large numbers of young and small numbers of old. Rather, we are
entering a world where age groups will be distributed more or less equally across society—an age-symmetric society.

We have all grown up with the image in our heads of the population pyramid—that is, a pyramid shape which has large numbers of young people at the bottom, tapering to very few old people at the top. This pyramid is currently being inverted. Think instead of a V-shaped, or upside down pyramid. This has more older people at the top than younger people at the bottom!

The conventional population pyramid is at present in the process of being reversed, so that for the first time in history, some countries—and Japan provides a key example here—will for a short while actually experience an inverted pyramid shape to their population pyramid—a Japanese V. Current predictions lead us eventually to a skyscraper divided equally into floors, each floor a decade of life, and each floor having roughly 10% of the population. In other words, 10% of the population aged below ten, 10% aged twenty to thirty, 10% aged thirty to forty, and so on, up to one hundred years and possibly longer given current medical and technological advances. This is the success of population aging. For it means that for the first time in history, we shall be able to experience three, four, and even five generations all alive and contributing at the same time—in families, in the work place, and in the community.

IV. IMPLICATIONS FOR INDIVIDUALS AND SOCIETIES

The common public concept of ‘aging’ has been one of an increased requirement to provide health and social service delivery to older people. Yet this change in our population structure will also have significant implications for the way we live, the way we work, public services and health care, private and public benefit systems, families, communities, patterns of saving and consumption, provision of housing and transport, our education systems, even, it has been argued, the geopolitical order of the new century. The “knock on” effects of such population restructuring will be significant.

45. Id. at 11.
46. Id. at 10–11.
49. Id.
There is a commonly accepted understanding of *generational succession*, for example. That is the passing of assets, power, and advice down through the generations. The continual turnover of generations—the replacement of old generations by new generations—has an important role to play in maintaining different social institutions.

The system works because older generations grow old and die and pass on their inheritance to their descendants. This works to a particular rhythm. Fundamental change in established patterns of generational succession may lead to radical disruption in these institutions and have adverse effects on intergenerational solidarity. What will happen if there are not three generations, but five all alive and active at the same time? What if individuals find themselves in their eighties before they inherit from their parents or even—if longevity continues—from their grandparents? There will be a need to rethink the way the generations operate in the light of increasingly common longer lives.

Yet the lengthening of living generations is important culturally. It links us to our past for a longer period of time. There is a certain sadness with the passing of the generations. In Britain, when the last British soldier who had played in the German/British Christmas Football match of the First World War died, there was a collective feeling of loss of something in our history.50

What is the impact on individuals as they realize the potential of life spans that may take them well into the ninth or even tenth decade? There is a clear increase in the age at which people go through life transitions, with all Western style aging societies displaying an increase of age at first marriage and at remarriage, at leaving the parental home, and at first childbirth.51 "While public and legal institutions may be lowering the age threshold into full legal adulthood, individuals themselves are choosing to delay many of those transitions which demonstrate a commitment to full adulthood—full economic independence from parents, formal adult union through marriage or committed long-term cohabitation, and parenting."52 As I have commented elsewhere, "[i]t can be argued, for example, that because early death through disease, war, famine, and, for women, reproduction, is no longer the common experience,

52. Id. at 7.
individuals feel more comfortable about establishing marital unions later in life and bearing children later.\textsuperscript{53}

V. The Myths of Demographic Burden

As governments and policy makers have awakened to the implications of population aging, so the "demographic burden hypothesis" has spread.\textsuperscript{54} In particular, it is a component of current political rhetoric that health services throughout the Western world are collapsing under the strain of demographic aging.\textsuperscript{55} "Policy makers in much of Europe and the United States for example have expressed deep concerns with regard to the increasing pressure on health and social care costs arising from the demographic aging of their populations."\textsuperscript{56} It is generally accepted that projected health care costs across the OECD countries, which currently spend 8.8\% of joint GDP on health care,\textsuperscript{57} are not sustainable. Highest are Germany with 11\%, Switzerland with 11.5\%, and the United States with 15\% of GDP.\textsuperscript{58}

Indeed, long-term United States forecasts predict that by the year 2030 almost 33\% of GDP will be accounted for by health care.\textsuperscript{59}

However, as Leeson has pointed out, although a number of cross-national studies have considered the determinants of health care costs, only one has found that the age structure of the population, that is the proportion of population aged sixty-five and over being taken as the age structure indicator, is an explanatory factor alongside the effects of income, lifestyle characteristics, and environmental factors.\textsuperscript{60}

Take the United States for example. Here, the costs on Medicare rose between 1970 and 1999 from $35 billion\textsuperscript{61} in 1970 to $213 billion by 1999.\textsuperscript{62} Medicare alone accounted for 2.4% of GDP in

\textsuperscript{53} Id.
\textsuperscript{54} Harper, supra note 4, at 19.
\textsuperscript{55} Id.
\textsuperscript{56} Id. at 20.
\textsuperscript{58} Id.
\textsuperscript{60} Harper, supra note 4, at 20.
\textsuperscript{61} Figure converted to 1999 dollar equivalents.
1999. The forecast increase in Medicare expenditure, to reach 3.9% of GDP by 2013, is not just due to rising numbers of older people, but to the expected increase in expenditure per enrollee.

VI. IMMIGRATION AND AGING WORKFORCES

It is clear that the emerging demographic imbalances arising from the differential movement of regions into maturity provide a key stimulus to the international flows of human and economic capital. Indeed, it is now recognised that one of the key drivers of international migration is the differential aging of societies, as high fertility countries, still with high numbers of young workers, send migrants to low fertility countries with growing labour shortages. The movement of capital out of more aging regions, to younger, faster growing transitional and developing economies could aid in their economic development, while the movement of young workers into the more demographically mature regions could compensate for their own fertility downfall. Kenneth Howse, Senior Research Fellow at the Oxford Institute of Ageing and Editor of *Ageing Horizons*, takes this point further and suggests that,

> If aging societies are able to export capital to areas that are in need of it and import people from areas that have a 'surplus', it may prove possible not just to turn the increasing integration of the world economy to their advantage, but to do so in a way that enhances welfare for everyone.

There is thus a growing acceptance that the international movement of economic and human capital, in the form of investment from aging developed nations to developing and transitional economies, with goods and services flowing back to the more developed world will provide important mechanisms to moderate the effects of population aging.

Of key importance, however, is the upcoming skills shortage over the next twenty years. The competition for skills is going to

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63. Id. at 8.
64. Id.
be acute across the world. For several decades now, the United States has increasingly relied on migration and migrant labour to compensate for its own skills shortage, as has Europe. However, the degree of replacement migration needed to fully compensate for lack of young workers is now agreed to be unattainable.\textsuperscript{68} The United States, for example, needs to admit an additional five million immigrants per year (four times current level) in order to achieve long term balance in the Social Security trust fund, while to maintain the current ratio of workers to dependents by 2020, the United States will need an additional ninety-five million more people of working age—more than entire working population of Mexico!\textsuperscript{69}

As we have earlier discussed, however, the current flows will be disrupted during this time, as the rapid aging of developing economies, in particular of some Asian economies, will require investment flows of both finance and skilled labor themselves. It is likely that the migration of both these forms of capital will flow in increasingly more diverse patterns, and that the developed world in particular cannot rely on continued flows of human capital to compensate for its own fertility fall.

In particular, developing and transitional economies will need to retain their skilled workers themselves. Furthermore, these countries, especially those in Asia, will also begin to compete with Europe and the United States as magnets for labor. In particular, the government of China is ahead of all other governments in that it has predicted the age structure of all its occupations, and it knows for every occupation in which year the labour shortage will hit.\textsuperscript{70} It is thus predicted that first China will attract skilled workers from throughout Asia, thus competing with the West for these workers, and then attract workers from Europe and even the United States.\textsuperscript{71} By 2030 it has been suggested the so-called “brain drain” will reverse from the United States to China.\textsuperscript{72}

If the United States and European countries can in the future no longer rely on a steady stream of skilled migrants, one alternative is to encourage and enable men and women to stay actively employed in the labor market for longer. One consequence of the bigger picture of population aging is that individu-
als will all have to work longer, maybe throughout their sixties and even into their early seventies. This is not only due to the difficulty of supporting oneself to up to forty years post employment, but also because the skills and expertise of older workers will be increasingly valued and needed as the youth labor shortage starts to be felt.

VII. THE REALITY OF POPULATION AGING

Population aging is a reality—and one that is unlikely to be reversed. It is affecting us all—our life courses, families, communities, and work places. The drivers behind this change—falling mortality or increasing longevity—and falling fertility—should both be seen as successes.

Increased longevity is a great success. For a society to have achieved a long and healthy lifespan, with a high probability that most individuals born will live to achieve the natural human life span in good health and limited frailty, this must surely be a major achievement of civilization. Indeed, to have this achieved throughout the world would surely be the achievement of civilization. For then we would have also conquered poverty, disease, famine and war throughout the world, these still being the major killers for most people.

But we should also grasp falling fertility as a success. At the individual level, millions of women in Africa, Asia, and Latin America, are relieved from the burden of multiple pregnancies, maternal deaths, and endless infant mortality. And for the world as a whole—falling fertility has already meant that a world heading for some twelve billion people at the end of the century now faces nine billion and falling.73

 Older people, at least in the West, should not fear the future. They should be valued and needed members of society. Governments and employers need to work together to ensure policies and practices to enable the recruitment, retention, and retraining of older men and women, whose skills, expertise, and experience is so valuable to our economies.

Today's young need not fear the future either. In a future world of scarce skilled labor, they are a valuable commodity—with a huge international labor market eager to attract such scarce skilled workers.

Aging societies need all their healthy, active members to contribute throughout their active lives so that resources can be shifted to care for frailer, disabled dependents of whatever age.

The key question of this next century is: Are we entering a world of old people, or a world where people simply live longer? The indications are that we are entering the latter, and with the right policies and frameworks, that world can be a successful one.