

Ageing Populations Strategy: 21st Century Social and Fiscal Challenge

Acton Institute

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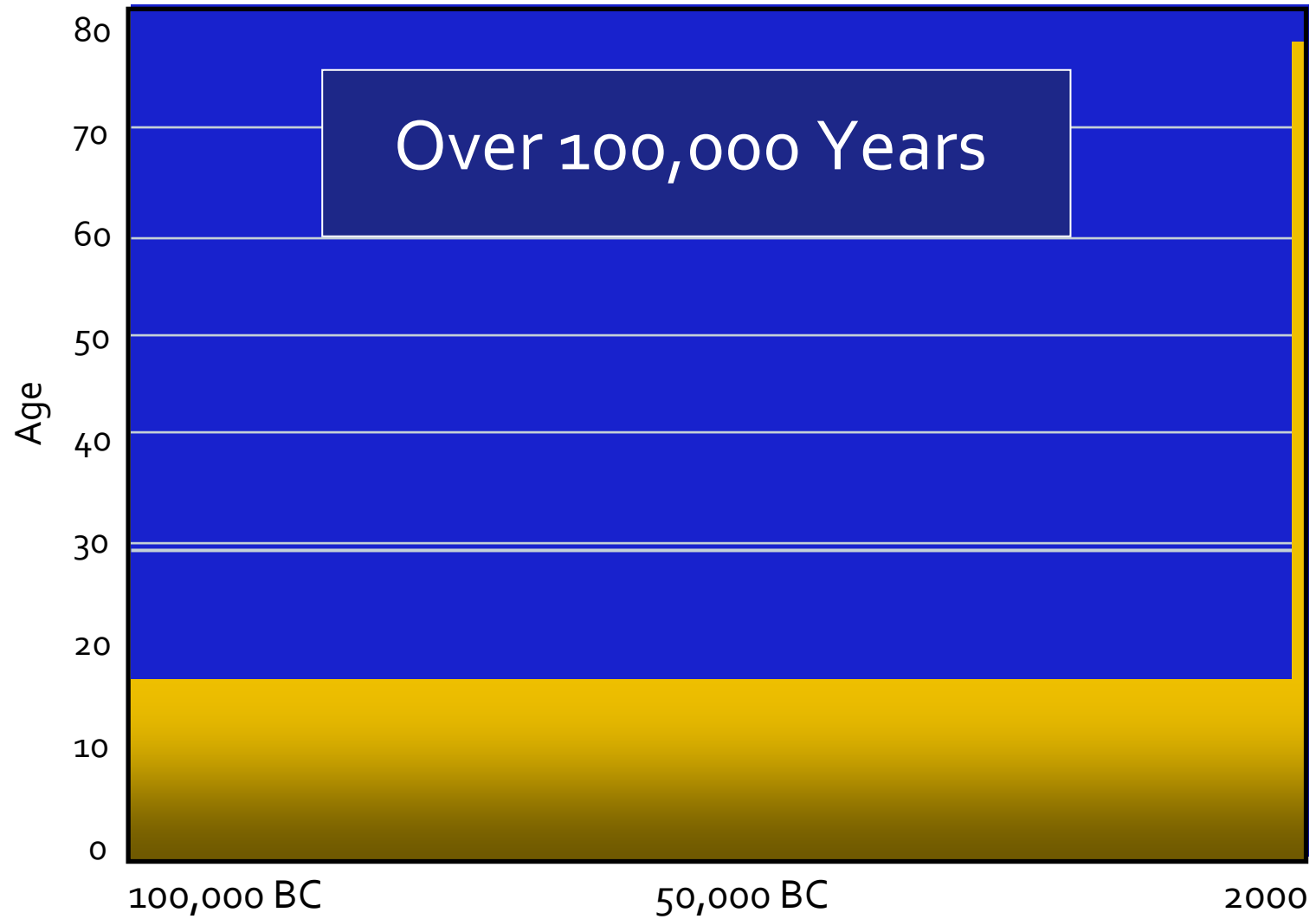
December 2, 2010



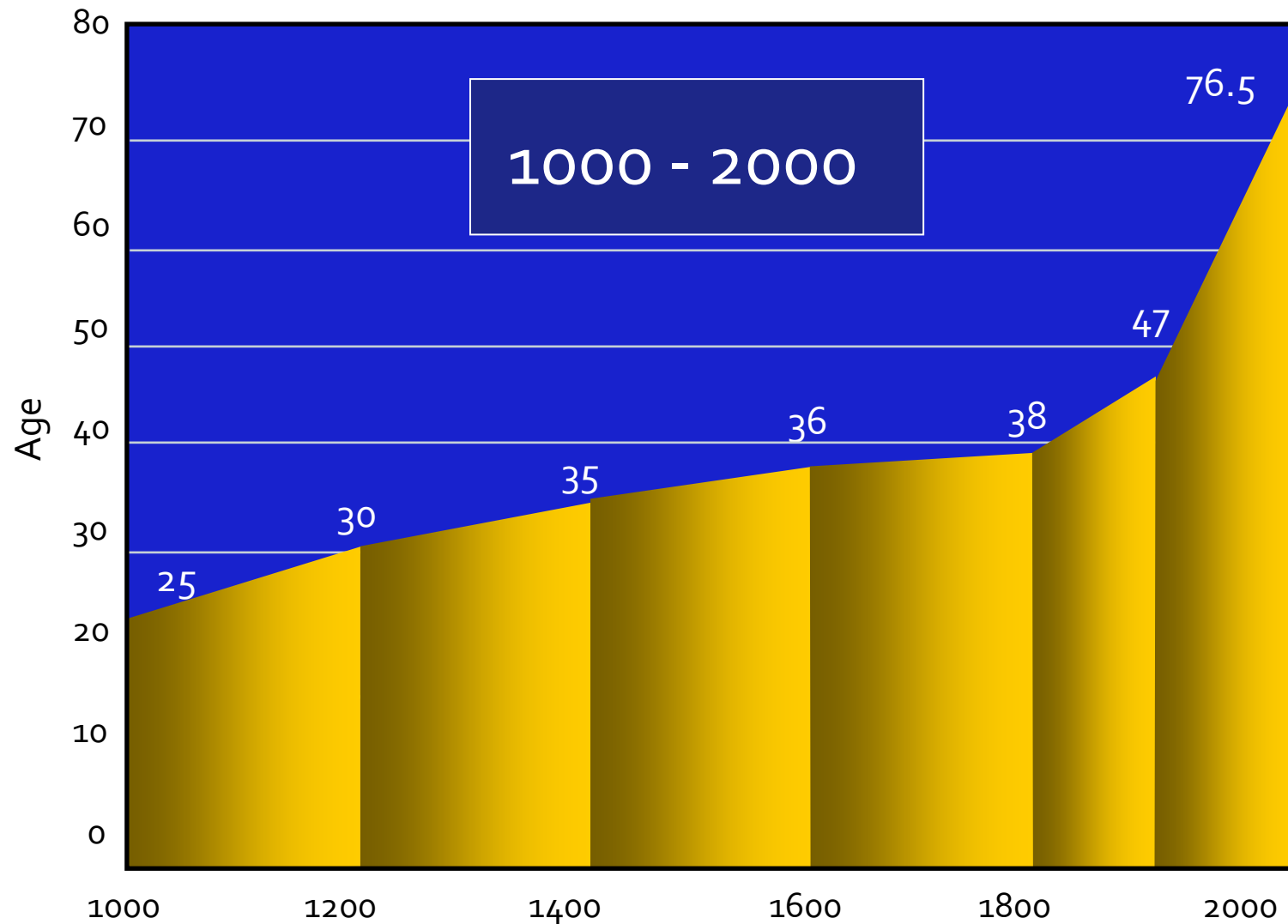
Longevity is Now Part of Our Social Fabric



This is Truly New!

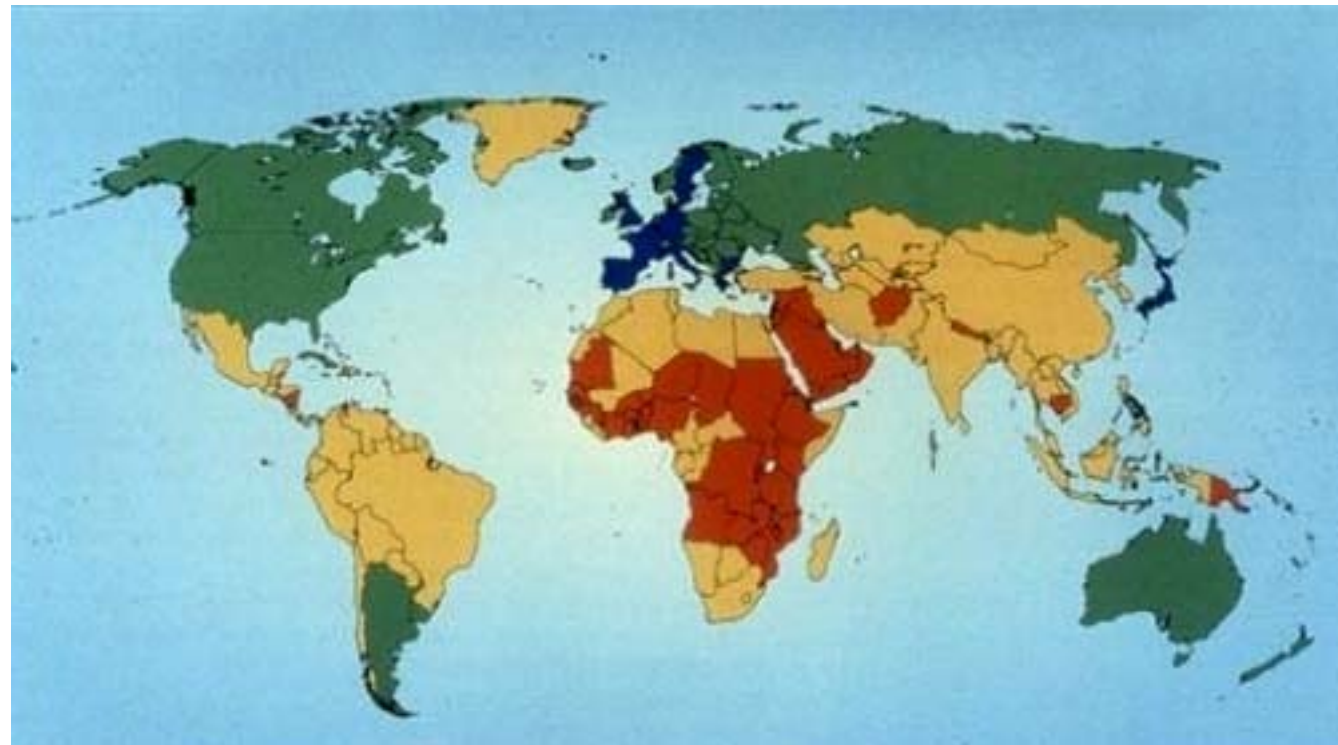


The Longevity Revolution Explodes



Source: Census Bureau, 2000

Percent of Population Age 60+: 2000



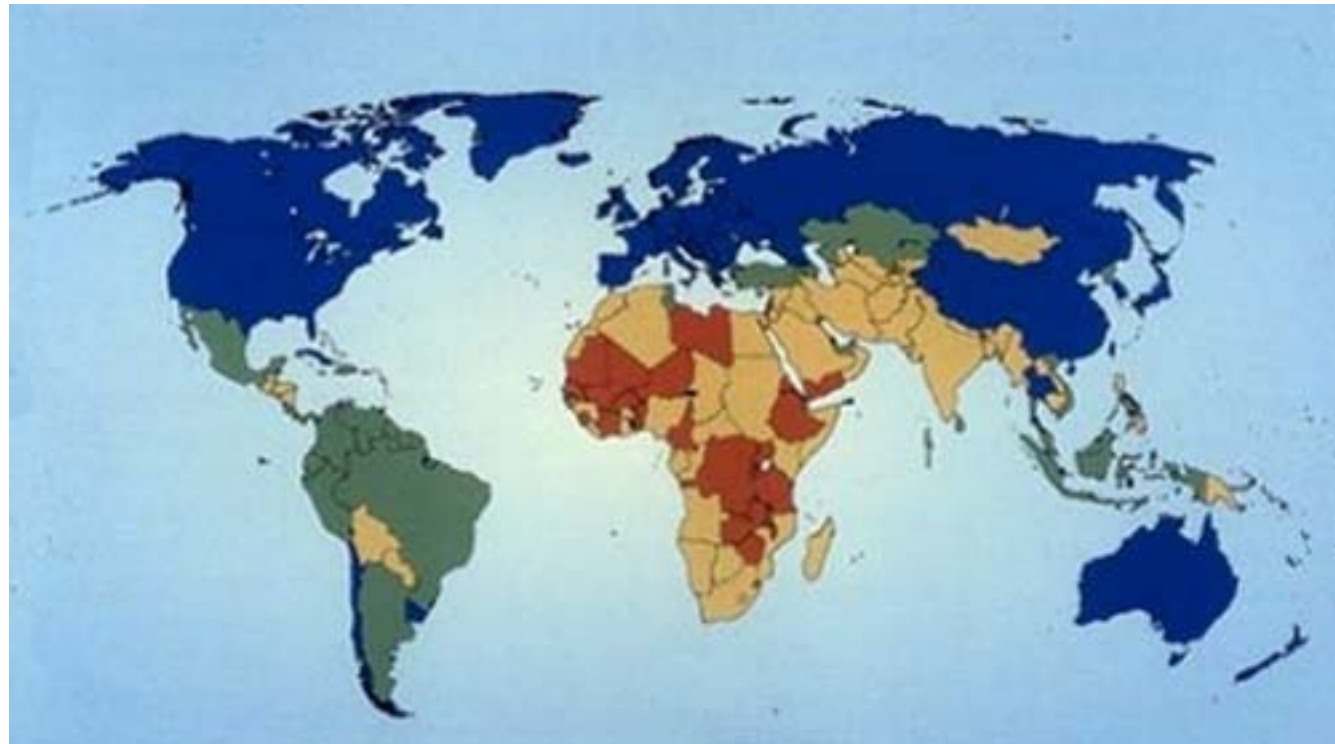
Under 5.0%

12.5% to 20%

5.0% to 12.4%

Above 20%

Percent of Population Age 60+: 2025



Under 5.0%
5.0% to 12.4%

12.5% to 20%
Above 20%

Demographic Realities: 21st Century Social Transformation for Our Children

"No other force is likely to shape the future of national economic health, public finances, and national policies as the irreversible rate at which the world's population is growing older."

– *Standard & Poor's "Global Aging 2010: An Irreversible Truth"*

"Today more than 35 million people worldwide have dementia. Those numbers will double every 20 years to 65.7 million in 2030 and 115.4 million in 2050....Total costs for people with dementia amount to more than 1% of global gross domestic product (GDP), or US\$604 billion, in 2010 and exploding...."

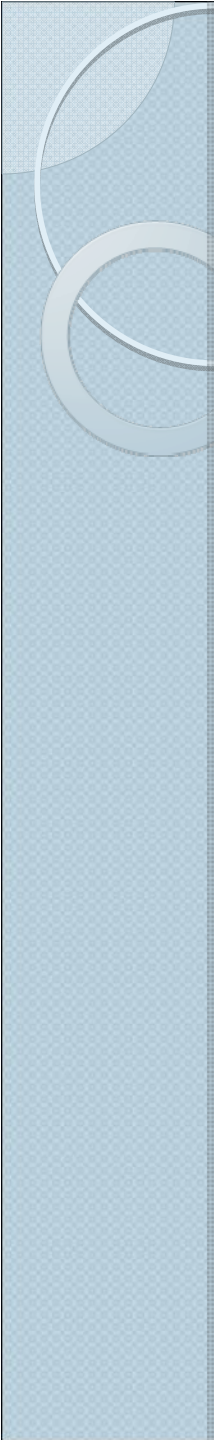
– *Alzheimer's Disease International*

"Aging will make it hard for governments to deal with mounting financial pressures. It may be time to rethink our policies towards work."

– *Jean-Philippe Cotis, Chief Economist, OECD*

"Twenty-first-century international security will depend less on how many people inhabit the world than on how the global population is composed and distributed....The strategic and economic policies of the twentieth century are obsolete, and it is time to find new ones."

– *Jack A. Goldstone, George Mason School of Public Policy, "The New Population Bomb"*



Status Quo Not an Option/ Short-Term Fixes Not a Solution

“The challenge before us now is to...place global aging firmly on the development agenda for this century. There is no time to lose.”

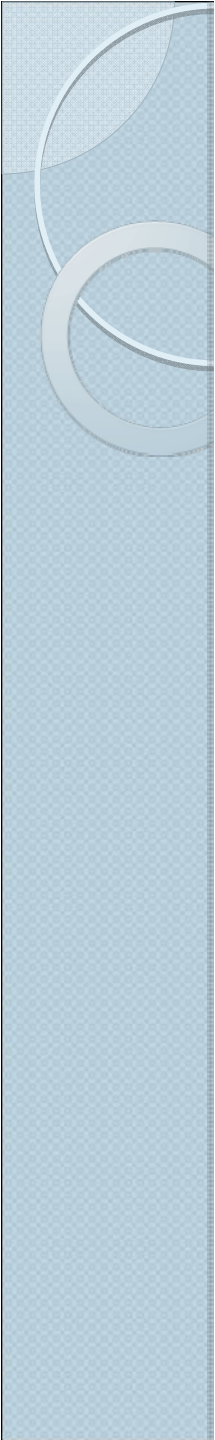
– *Kofi Annan, former UN Secretary-General*

“In less than one century, life expectancy increased by an average of 30 years in developed regions of the world, [which]...signifies both a remarkable achievement and a great challenge.... These unprecedented demographic developments require urgent action.”

– *Laura L. Carstensen, PhD, Director, Stanford Center on Longevity*

“Japan must tackle this issue head on. It needs a grand plan for an ageing population.”

– *The Economist*



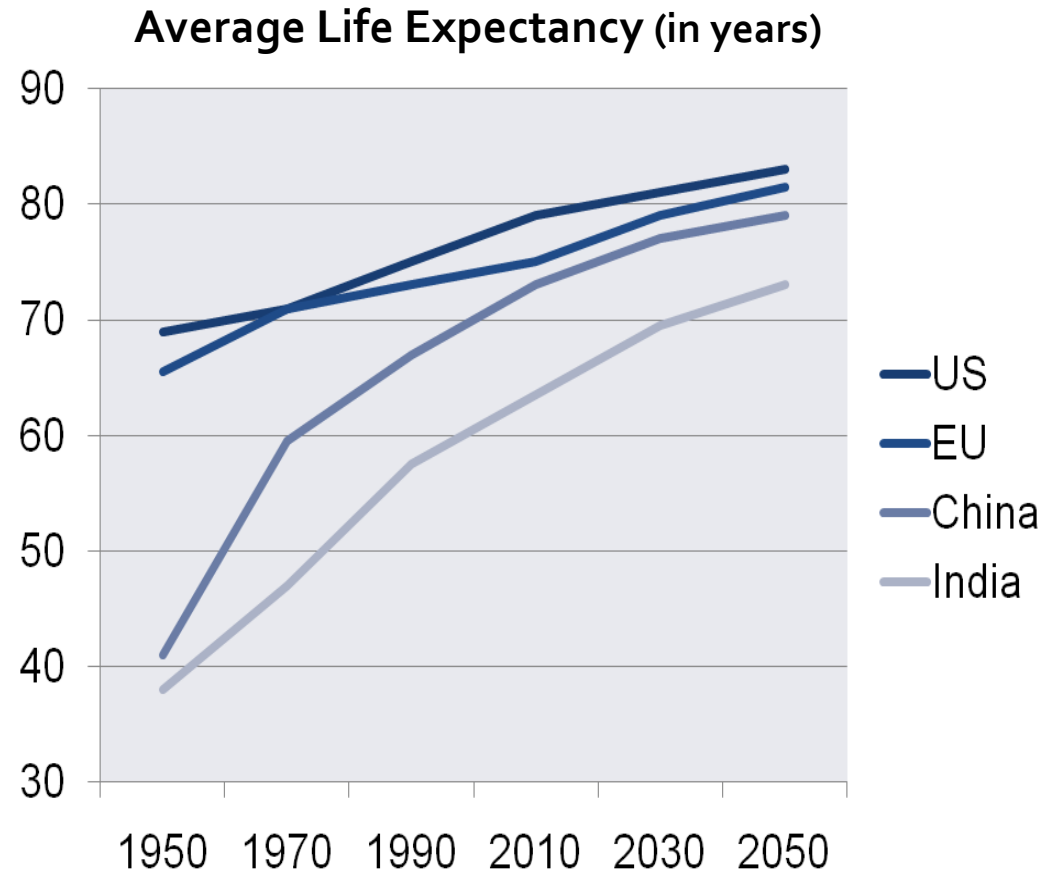
Global Ageing Populations: Impending Fiscal and Social Crisis

- A **massive social transformation** of a dimension equal to civilizations' great historical shifts
 - Living longer by decades
 - Profound shift of the under/over 60 proportion
- **Public policies require re-alignment**
 - Healthy ageing – keep citizens healthy longer
 - Apply learning throughout the life course
 - Work differently and longer/retire differently
 - Restructure financial security
- The alternative is an **unsustainable fiscal and economic crisis** with huge political consequences
- A moral and ethical imperative to turn longevity into a positive development: **A Worthy Cause for all Humanity**

An Imperative for all ages

Its About Living Longer – Globally

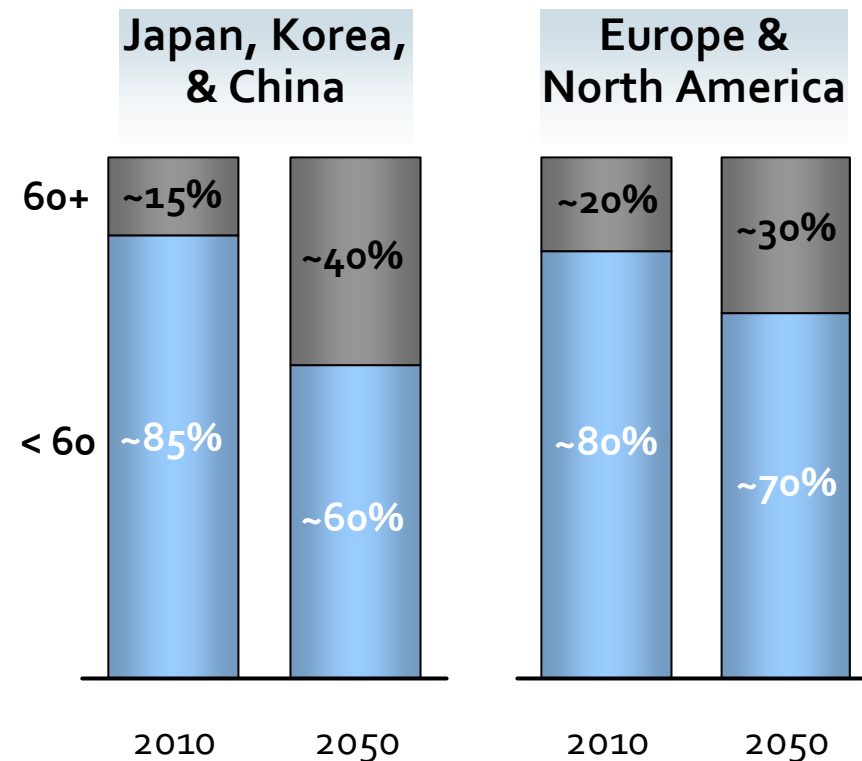
- **Global: 65+**
 - 1950 – 203M,
 - 2000 – 606M,
 - 2050 – 2B
- **Mexico, Brazil: 55+**
doubles by 2020
- **US: 20% 65+** by 2030
- **Europe: 33% 60+** by 2050
- **China: 25% elderly** by 2050

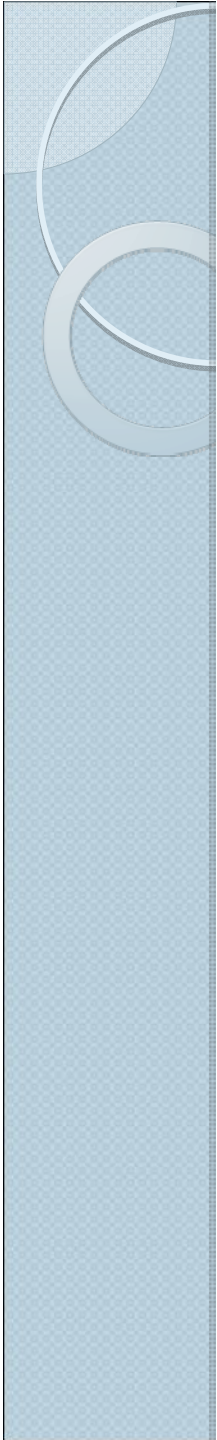


A Sharp Shift in the Traditional Working-Age Population

- Between 2000 and 2020, populations under 55 in the U.S. will grow less than 10%, while populations over 55 will grow around 65%
- Europe is expected to lose 24% and South Korea 36% of their prime working-age populations by 2050
- The worldwide old-age dependency ratio is estimated to surge from 19% in 2005 to 45% in 2050

Shifting Proportions: Under/Over 60 (PERCENT)







450M Baby Boomers Worldwide

- 77M Baby Boomers in the U.S.
 - Starting Jan. 2011, one Baby Boomer will turn 65 every 8 seconds until Dec. 2029
 - That's 10,000 boomers turning 65 every day
- Baby Boomers in Japan (born 1947-1949) make up 5.4% of the total population
 - People aged at least 65 make up 22.2% of the population
- Record-breaking 800,000+ people will turn 65 in the UK in 2011 – across Europe



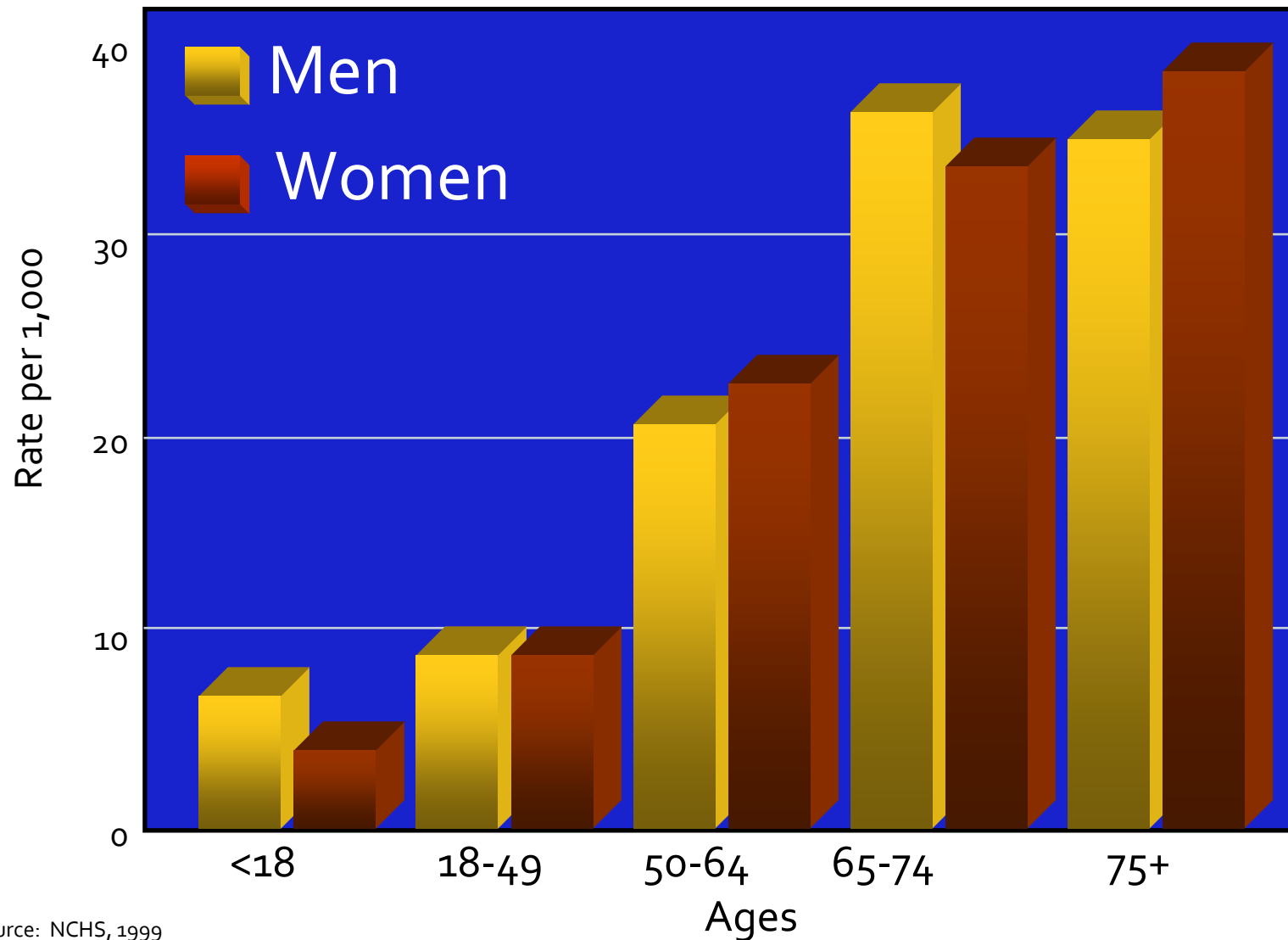
Cost of Ageing Becomes Unsustainable if Static Public Policy

“No other force is likely to shape the future of national economic health, public finances, and policymaking as the irreversible rate at which the world’s population is aging.”

– *Standard & Poor's "Global Aging 2010: An Irreversible Truth"*

- Average debt as a % of GDP grows to an untenable **7.5% or higher**.
- A typical advanced economy likely will increase its health-care costs by **4.8% of GDP** by 2050.
- Emerging market sovereigns likely will **grow their pensions at an average 2.2% of GDP**.
- The median cost of long-term care for the frail and elderly will **increase by another 1.3% of GDP** by 2050 for a typical advanced country.

Rate of Chronic Conditions: De-railing the 21st Century



Source: NCHS, 1999

Exploding NCD Costs as a Consequence of Ageing

“It is projected that in the next 10 years, China, India, and Britain will lose \$558 billion, \$237 billion, and \$33 billion, respectively, in national income as a result of...heart disease, strokes, and diabetes. In the United States, cardiovascular disease and diabetes together cost the country \$750 billion annually.”

– *New England Journal of Medicine*

- Today more than 35 million people worldwide have dementia, increasing to 115.4 million in 2050. The worldwide costs of dementia and Alzheimer’s disease will exceed **1% of global GDP** in 2010, or US\$604 billion. (Alzheimer’s Disease International)
- At least 171 million people worldwide have diabetes, and that number is expected to double by 2030. Worldwide, direct health care costs of diabetes range from **2.5% to 15% of annual health care budgets**. (WHO)
- Sarcopenia affects about 10% of Americans over 60, with higher rates as age advances, and accounted for a direct medical cost of **\$18.5 billion** in 2000, or 1.5% of the nation’s health care spending. (American Geriatrics Society)



Structural Social Changes To Answer The Transformational Tsunami

Redefine
"Middle Age"
(55-75)

Make healthy
ageing a public
good

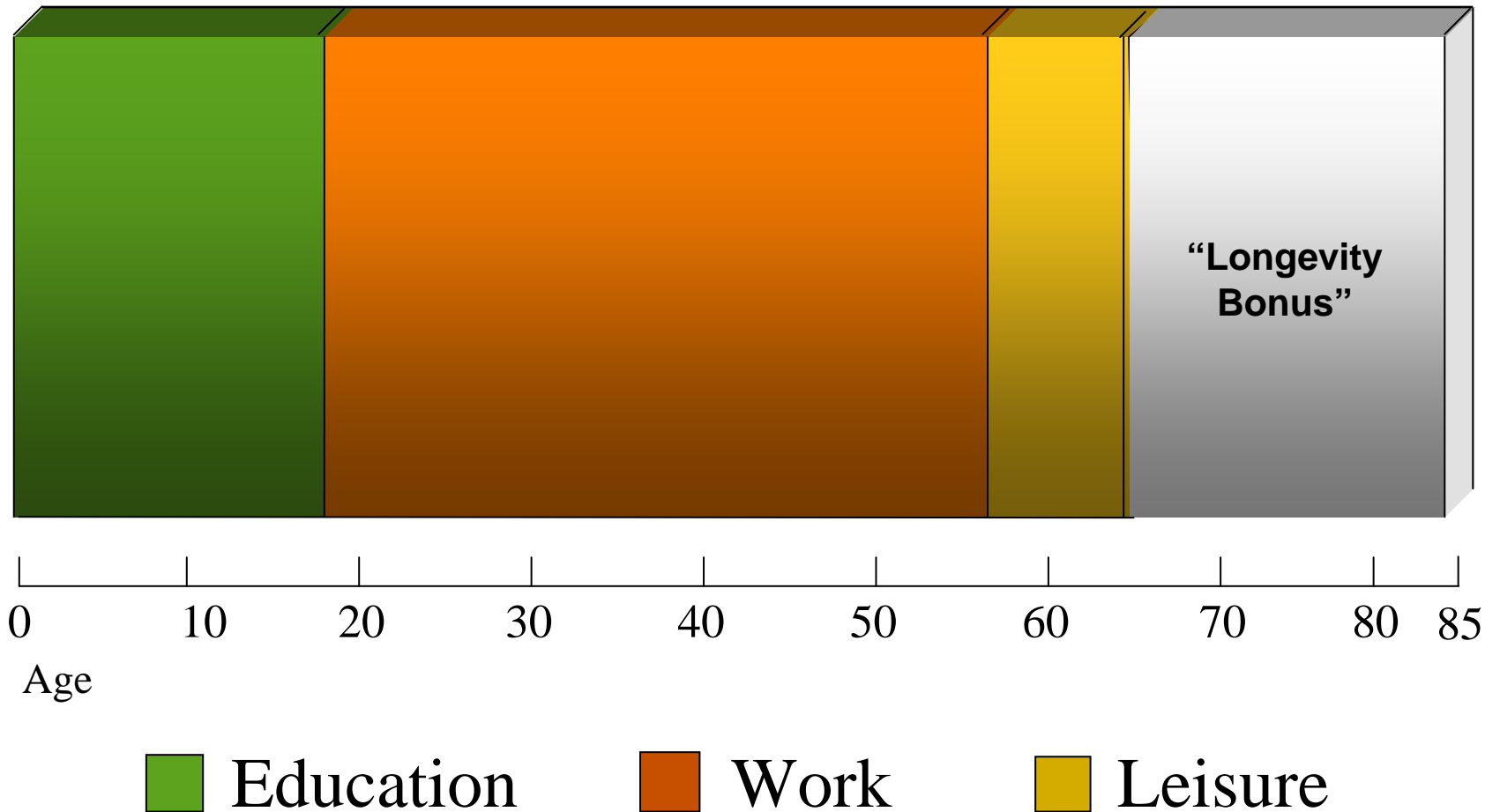
Devise new
approach to
working differently
and longer

Personal financial
values

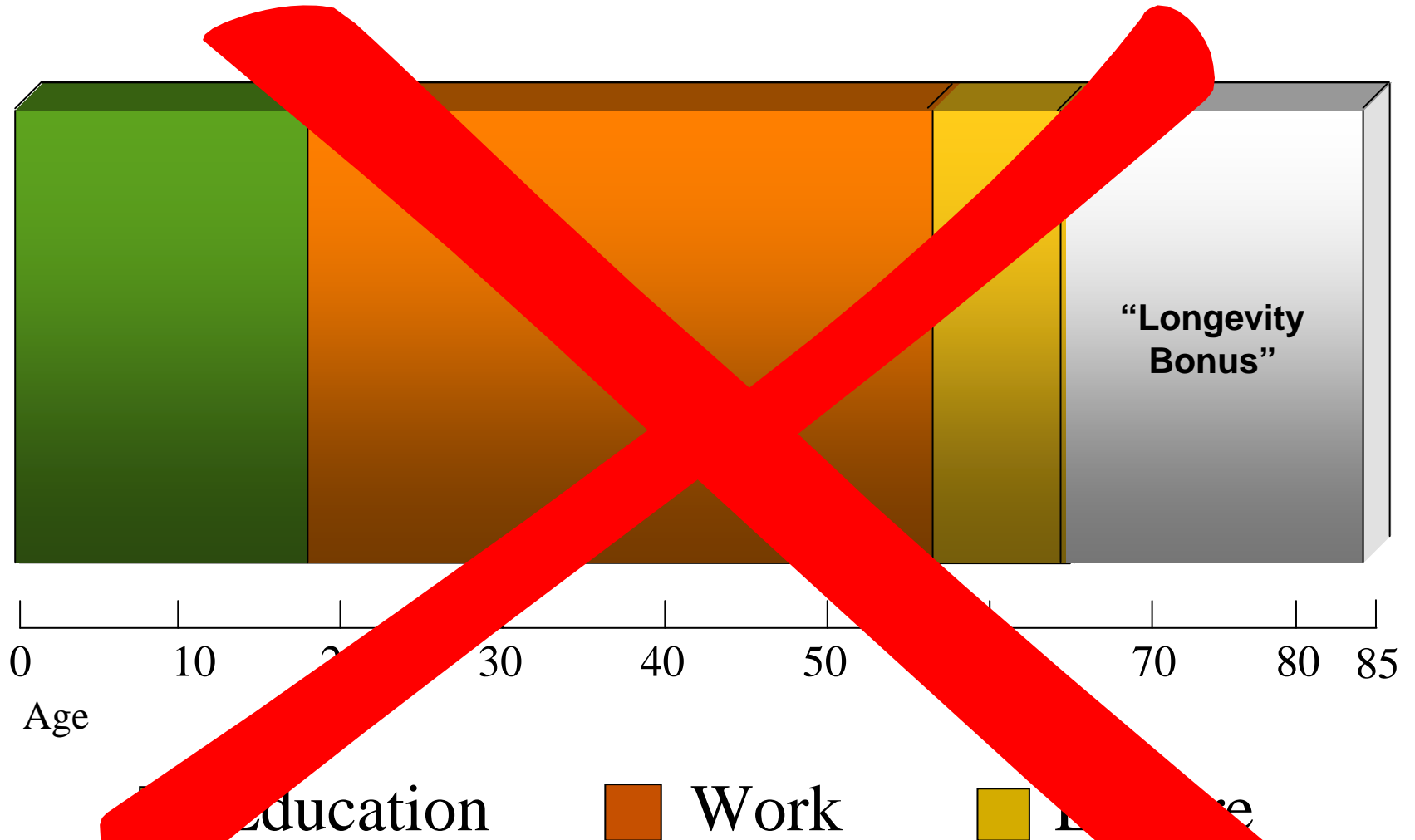
Develop life course
approach to
learning and
education

Adapt to utilize the
"Longevity
Benefit"

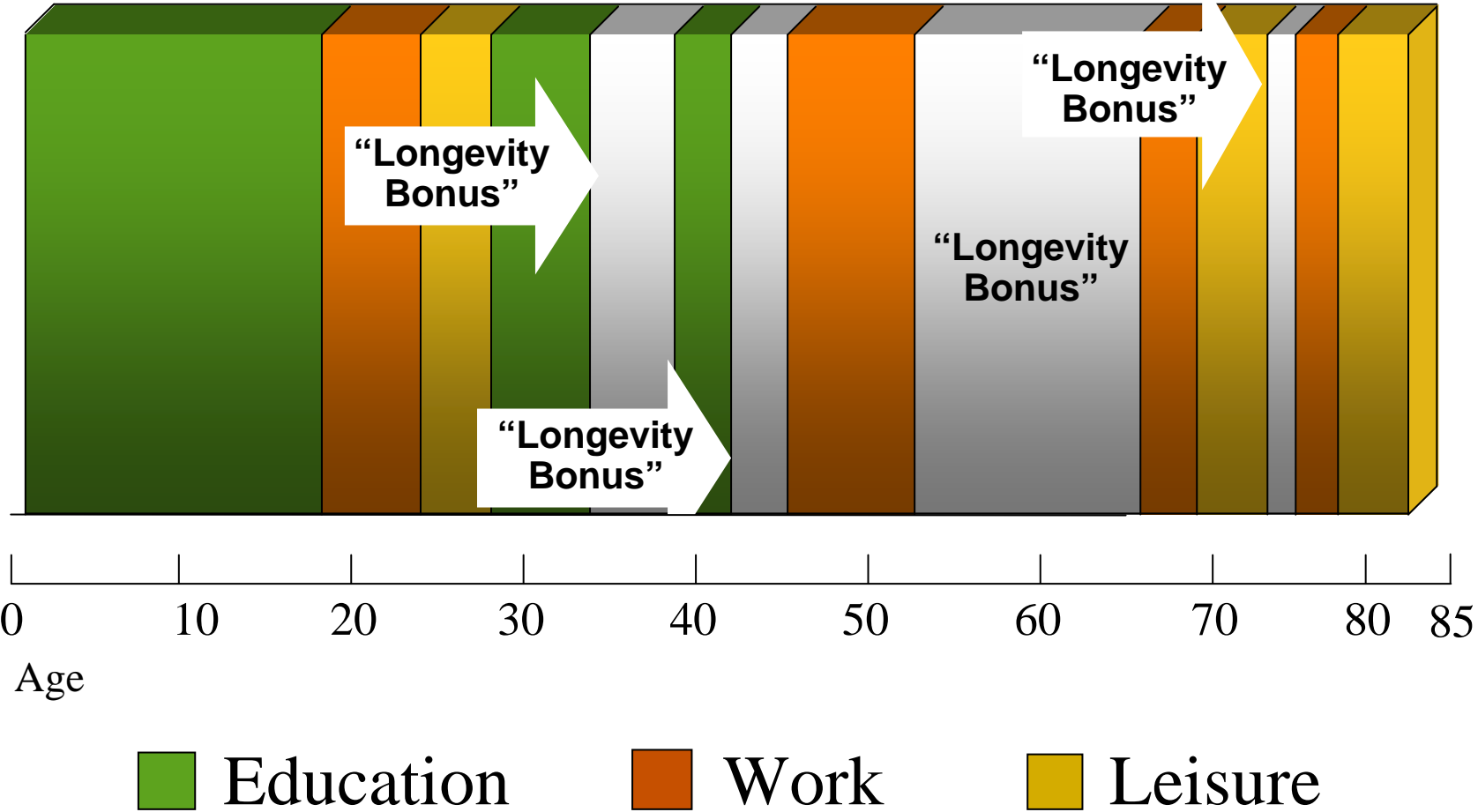
Traditional Linear Life Plan



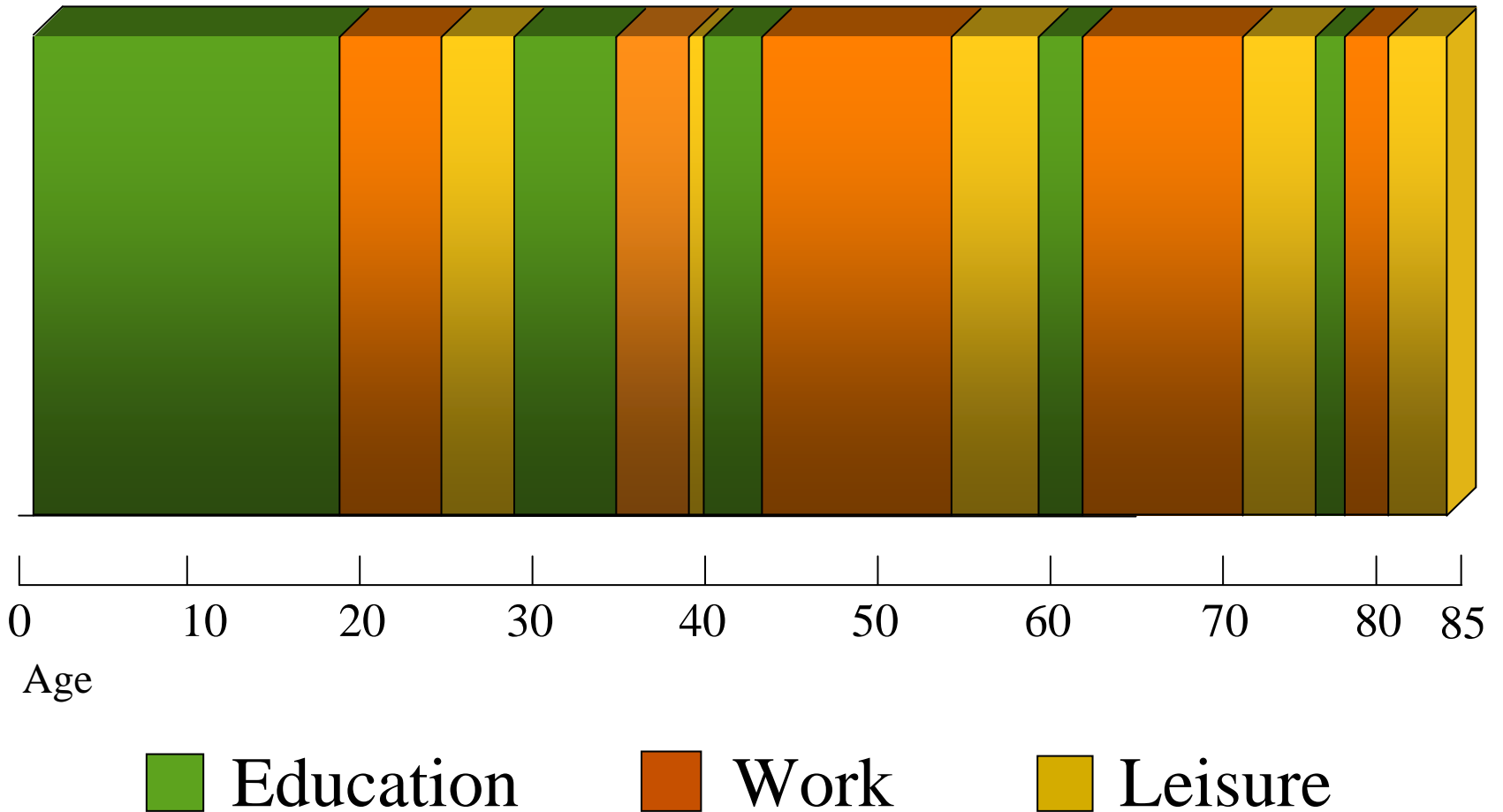
Not Aligned with 21st Century Longevity



Can We Think and Live Differently?



Changing the Paradigm: A New Integrated Life Course of Learning and Financial Security ...



21st Century Technology Can Enable Change if There is the Political Will

Drivers of Change

- Ageing demographics
- Fiscal/economic pressures due to populations shift
- AD, diabetes, CVD fuels NCD epidemic
- Global NCD Fund
- “Work” Re-alignment
- New Life-Course of Learning
- Civil Society Responsibilities

Call to Action for Social Change!

Health + Learning/ Work + Financial Security

Global Institutions

G-20, UN, APEC, OECD,
WHO; NGOs

Governments

National Ageing Plans

Culture & Society

Corporate and Individual
Adaptation