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GLOBAL PROJECTIONS OF POPULATIONAL AGEING

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ABSTRACT

This article forecasts quite dramatic increases in the general population of the globe, which will also be reflected in increasing ageing populations. This paper explores how globalization and its structural economic and social forces throws into flux the policies and practices of individual nation states to address social, economic and political issues for older people focusing on empirical data on pensions and health and social care. The paper will examine specific empirical areas of population projections in the Americas, Europe, Asia and Africa before we discuss some of the key challenges and consequences of global ageing for the study of ageing populations. It highlights how empirical research needs to move from being state centered in one of which acknowledges global forces and the impact of population ageing.

Keywords: Populational Ageing; Global Ageing; Future Trends

1. INTRODUCTION

The aim of this article is to analyse the expansion in the proportion of older people across the globe, and to highlight the main social and economic forces causing this drawing from extensive empirical evidence from OECD evidence. Indeed, there is little doubt that the rapid increase in population ageing across the globe is signalling some striking demographic changes (Gruber and Wise 2004). Amongst policy makers, there is concern about population aging and its consequences for nation states, for sovereign governments and for individuals (Estes, Biggs and Phillipson 2003). The United Nations estimates that by the year 2025, the global population of those over 60 years will double, from 542 million in 1995 to around 1.2 billion people (Krug, 2002:125). The global population age 65 or older were estimated at 461 million in 2004, an increase of 10.3 million just since 2003. Projections suggest that the annual net gain will continue to exceed 10 million over the next decade—more than 850,000 each month. In 1990, 26 nations had older populations of at least 2 million, and by 2000, older populations in 31 countries had reached the 2 million mark (Chen and Powell, 2011). UN projections to 2030 indicate that more than 60 countries will have at least 2 million people age 65 or older.

While today's proportions of older people typically are higher in more developed countries, the most rapid increases in older populations are actually occurring in the less developed world (Krug 2002). Between 2006 and 2030, the increasing number of older people in less developed countries is projected to escalate by 140% as compared to an increase of 51% in more developed countries (Powell 2011). A key feature of population aging is the progressive aging of the older population itself. Over time, older people survive to even more advanced ages. The forecast rise in the number of older people aged 75+ over the next 20 years will lead to an expansion of demand for health, housing accommodation and pensions for aging populations and is thus of crucial importance for governments, policy makers, planners, and researchers in all nation states. On a global level, the 85-and-over population is projected to increase 151% between 2005 and 2030, compared to a 104% increase in the population age 65 and over and a 21% increase of the population under age 65 (Bengston and Lowenstein 2004). The most striking increase will occur in Japan: by 2030, nearly 24% of all older Japanese are expected to be at least 85 years old. As life expectancy increases and people aged 85 and over increase in number, four-generation families may become more common (Powell 2011).

The age structure of the population has changed from one in which younger people predominated to a global society in which people in later life constituted a substantial proportion of the total population (Powell, 2005). Transformations in the age profile of a population are a response to political and economic structures. Older people in particular constitute a large section of populations in western society in particular, but the percentage of pensionable age is projected to remain at 18% until 2011 when it becomes 20% and rising to 24% in 2025 (Chen and Powell 2011).

At the same time, there is a stigmatization of such increasing population numbers by ageist stereotypes. In relation to public services that have to be paid for by 'younger' working people, the percentage of the population has been used to signify such 'burdensome' numbers from the State (Estes, Biggs and Phillipson 2003). Dependency rates, that are the number of dependants related to those of working age, have in fact altered little over the past 100 years. The reason there has been so little change during a period of so called rapid aging populations is that there has been a fall in the total fertility rate (the average number of children that would be born to each woman if the current age-specific birth rates persisted throughout her childbearing life).

In advanced capitalist or First World countries, declines in fertility that began in the early 1900s have resulted in current fertility levels below the population replacement rate of two live births per woman. Perhaps the most surprising demographic development of the past 20 years has been the pace of fertility decline in many less developed countries (Giddens 1993). In 2006, for example, the total fertility rate was at or below the replacement rate in 44 less developed countries (Cook and Powell, 2007). Most of the more developed nations have had decades to adjust to this change in age structure. For example, it took more than a century for France's population age 65 and over to increase from 7% to 14% of the total population. In contrast, many less developed or Third World countries are experiencing rapid increases in the number and percentage of older people, often within a single generation. The same demographic aging process that unfolded over more than a century in France will occur in two decades in Brazil (OECD 2007). In response to this compression of aging, institutions must adapt quickly to accommodate a new age structure. Some less developed nations will be forced to confront issues, such as social support and the allocation of resources across generations, without the accompanying economic growth that characterized the experience of aging societies in the West. In other words, some countries 'may grow old before they grow rich' (Cook and Powell 2010).

Globalization has also produced a distinctive stage in the social history of populations aging, with a growing tension between nation state-based solutions (and anxieties) about growing old and those formulated by global institutions (Powell 2011). Globalization, defined here as the process whereby nation-states are influenced (and sometimes undermined) by trans-national actors (Powell 2010), has become an influential force in shaping responses to population aging. Growing old has, itself, become relocated within a trans-national context, with international organisations (such as the World Bank and International Monetary Fund) and cross-border migrations, creating new conditions and environments for older people.

Ageing can no longer just be viewed as a 'national' problem, but one that affects trans-national agencies and communities. Local or national interpretations of ageing had some meaning in a world where states were in control of their own destiny (Estes, Biggs and Phillipson, 2003). They also carried force where social policies were being designed with the aim or aspiration of levelling inequalities, and where citizenship was still largely a national affair (and where there was some degree of confidence over what constituted 'national borders') (Chen and Powell 2011). The crisis affecting each of these areas, largely set in motion by different aspects of globalisation, is now posing acute challenges for understanding 'global aging' in the twenty-first century. If these examples illustrate the complexity and impact of global ageing – then it may be pertinent to highlight how populational aging is impacting more specifically across different continents across the globe. The following section looks at aging in four key areas across the globe: (i) Americas (ii) Asia (iii) Europe and (iv) Africa. These areas illustrate how population growth is impacting and creating social implications concerning health and disease as well as economic concerns relating to the labour market and pensions.

2. REGIONAL PERSPECTIVES

2.1 Aging Populations in the Americas

Since the turn of the last century, the life expectancy of people born in North America has increased by approximately 25 years and the proportion of persons 65 years or older has increased from 4% to over 13% (Estes and Associates 2001). By the year 2030, one in five individuals in the U.S. is expected to be 65 years or older and people age 85 and older make up the fastest growing segment of the population. In 2000, there were 34 million people aged 65 or older in the United States that represented 13% of the overall population (Estes and Associates 2001). By 2030 there will be 70 million over 65 in the United States, more than twice their number in 2000. 31 million people, or 12 percent of the total population, are aged 65 and older. In another 35 years, the elderly population should double again (Cook and Powell 2010). The aging population is not only growing rapidly, but it is also getting older:

> In 1990, fewer than one in ten elderly persons was age 85 or older. By 2045, the oldest old will be one in five. Increasing longevity and the steady movement of baby boomers into the [older] age group will drive this trend (Longino, 1994: 856).

The percentage of older old will vary considerably from country to country. In the United States, for example, the oldest old accounted for 14% of all older people in 2005. By 2030, this percentage is unlikely to change because the aging baby boom generation will continue to enter the ranks of the 65-and-over population (Bengston and Lowenstein 2004). This is obviously causing much concern among policymakers, but Longino (1994), for instance, believes that thanks to better health, changing living arrangements and improved assistive devices, the future may not be as negative as we think when we consider an aging population.

It will be different, however, not least because people currently divorced constitute a small proportion of the older population. This will soon change in many countries as younger populations with higher rates of divorce and separation, age. In the United States, for example, 9% of the 65-and-over population is divorced or separated compared to 17% of people age 55 to 64 and 18 percent of people age 45 to 54 (Manton and Gu 2001). This trend has gender-specific implications: in all probability unmarried women are less likely than unmarried men to have accumulated assets and pension wealth for use in older age, while older men are less likely to form and maintain supportive social networks.

Shoring up public pensions is hardly the only avenue nations in North and South America are exploring. In many countries, privately managed savings accounts have been strongly advocated (Estes and Associates 2001). Two decades ago, nearly every South American nation had pay-as-you-go systems similar to the US Social Security system. Some granted civil servants retiring in their 50s full salaries for life. Widening budget deficits changed that. In 1981, Chile replaced its public system with retirement accounts funded by worker contributions and managed by private firms.

The World Bank encouraged 11 other Latin nations to introduce similar features. For example, in Chile the government addressed its fiscal budget deficit by mobilizing a $49 billion of pension-fund assets that make it easier for companies and corporations to fund investments in the local currency with bond offerings, and most workers have some retirement benefits from this (OECD 2007). At the same time, the downside has been those people who cannot afford a private pension have been left with a low state pension which has intensified poverty (Estes and Associates 2001); an enduring feature of all nation states in America. For the future, there is no safety guarantee that private pension schemes are protected and pay out for people who invest their savings in such provision. In a de-regulated US pension system, the issue of corporate crime has highlighted the continuing problem of private pension provision. In one example, this was seen clearly with the energy corporation of Enron's embezzlement of billions of dollars of employees private pension schemes (Powell, 2005). This debate amounts to a significant global discourse about pension provision and retirement ages, but one which has largely excluded perspectives which might suggest an enlarged role for the state, and those which might question the stability and cost effectiveness of private schemes. The International Labour Organisation (ILO) concluded that investing in financial markets is an uncertain and volatile business: that under present pension plans people may save up to 30 per cent more than they need, which would reduce their spending during their working life; or they may save 30 per cent too little - which would severely cut their spending in retirement (Phillipson, 1998; Estes, Biggs and Phillipson, 2003).

Holtzman (1997), in a paper outlining a World Bank perspective on pension reform, has argued for reducing state pay-as-you-go (PAYG) schemes to a minimal role of basic pension provision. This position has influenced both national governments and transnational bodies, such as the International Labour Organisation (ILO), with the latter now conceding to the World Bank's position with their advocacy of a mean-tested first pension, the promotion of an extended role for individualized and capitalized private pensions, and the call for Organisation for Economic Co-operation and Development (OECD) member countries to raise the age of retirement.

There is also the impact of (Intergovernmental Organizations) IGOs on the pension's debate in South America. The function of such arguments is to create a climate of fear, of inevitability and scientific certainty that public pension provision will fail. In so far as this strategy succeeds, it creates a self-fulfilling prophecy. If people believe the 'experts' who say publicly sponsored PAYG systems cannot be sustained, they are more likely to act in ways that mean they are unsustainable in practice. Certainly, in Europe and elsewhere, the state pension is an extremely popular institution. To have it removed or curtailed creates massive opposition. Only by demoralising the population with the belief that it is demographically unsustainable has room for the private financiers been created and a mass pensions market formed.

Increasingly, the social infrastructure of welfare states is being targeted as a major area of opportunity for global investors. The World Bank has expressed the belief that the public sector is less efficient in managing new infrastructure activities and that the time has come for private actors to provide what were once assumed to be public services. This view has been strongly endorsed by a variety of multinational companies, especially in their work with the World Trade Organisation (WTO). The WTO enforces more than twenty separate international agreements, using international trade tribunals that adjudicate disputes. Such agreements include the General Agreement on Trade in Services (GATS), the first multilateral legally enforceable agreement covering banking, insurance, financial services and related areas (Estes, Biggs and Phillipson, 2003).

2.2 Aging in Asia

Asia has the fastest increase in the aging population in the world. Du and Tu (2000) suggest that China in particular has been identified as having four 'unique characteristics' of populational aging: firstly, the issue of 'unprecedented speed' with the proportion of aging population is growing faster than Japan, the country previously recognized as having the fastest rate, and much faster than nations in Western Europe; secondly, the 'early arrival of an aging population' before modernization has fully taken place has welfare implications. 'It is certain that China will face a severely aged population before it has sufficient time and resources to establish an adequate social security and service system for the elderly' (Du and Tu, 2000, 79); thirdly, Du and Tu suggest 'fluctuations in the total dependency ratio'. They claim the Chinese government estimates are that the country will reach a higher 'dependent burden' earlier in the twenty-first century than was previously forecast; and fourthly, Du and Tu refer to the 'strong influence of the government's fertility policy and its implementation on the aging processes. Here they explicitly refer to the Single Child, Family Policy (SCFP) in China, which means fewer children being born, but with more elderly people a conflict arises between the objectives to limit population increase and yet maintain a balanced age structure.

The combination of such factors means that the increased aging population is giving rise to serious concerns among Chinese policy makers. Kim and Lee (2007) claim the growing elderly population is beginning to exert pressure on the East Asian countries economies. Three decades ago, major industrialized countries have begun to grapple with the similar problem. With increasing drop in fertility rates, more East Asian economies such as Japan, Hong Kong, South Korea, Singapore and Taiwan are expected to turn into "super-aging societies" by 2025 (Kim and Lee 2007). However, the magnitude of the future impact depends on the (in) ability of individual economies to resolve the demographic change problems through increased privatisation, pension reforms, a migration on more productive countries and extension of retirement age. Like western countries, Asia will ultimately have to tackle issues related to pension reform and the provision of long term health care services (Cook and Powell, 2007).

For Japan, the basic statistical reality of its demographic profile is escalating. Already, 17 of every 100 of its people are over 65, and this ratio will near 30 in 15 years. From 2005 to 2012, Japan's workforce is projected to shrink by around 1% each year - a pace that will accelerate after that. Economists fear that, besides blowing an even bigger hole in Japan's underfunded pension system (Cook and Powell, 2007), the decline of workers and young families will make it harder for Japan to generate new wealth.

The future challenge of providing for the elderly is especially urgent in the world's two biggest nations - India and China. Only 11% of Indians have pensions, and they tend to be civil servants and the affluent. With a young population and relatively big families, many of the elderly population still count on their children for support. This is not the case in China. By 2030, there will be only two working-age people to support every retiree. Yet only 20% of workers have government- or company-funded pensions or medical coverage (Chen and Powell 2011). However, as a counterbalance to such a gloomy perspective, 'Chindia' (China and India have taken together) is currently accumulating vast wealth as a result of global change, wealth that could potentially be redirected to the support of their elderly populations.

2.3 The population structure of Europe

The population structure of Western European countries has changed since the turn of the 20th century. Whereas in 1901, just over 6% of the population were at or over current pension age (65 in the UK for men and women), this figure rose steadily to reach 18% in 2001 (Powell, 2011). At the same time, the population of younger people under age 16 fell from 35% to 20%. As European countries reach a relatively high level of population aging, the proportion of workers tends to decline. European countries, including France, Germany, Greece, Italy, Russia, and the Ukraine, already have seen an absolute decline in the size of their workforce. And in countries where tax increases are needed to pay for transfers to growing older populations, the tax burden may discourage future workforce participation. The impact on a Nation States gross domestic product will depend on increases in labor productivity and that State's ability to substitute capital for labor. Less developed countries can shift their economies from labor-intensive to capital-intensive sectors as population aging advances. Options for more European nation states may be more constrained. The 'rolling back' of pension promises has been just one symptom of a shift in European history: the 'graying of the baby-boom generation' (Phillipson 1998). The percentage of 60-year-olds and older are growing 1.9% a year. This is 60% faster than the overall global population. In 1950 there were 12 people aged 15 to 64 to support each one of retirement age.

Currently, the global average is nine. It will be only four-to-one by 2050 (Powell, 2005). By then numbers of older people will outnumber children for the first time. Some economists fear this will lead to bankrupt pensions and lower living standards. It is interesting that in Germany this fear is becoming a battleground for political electioneering. For example, Germany has the highest population in Europe and the third oldest population in the world, which presents both critical questions on public finances to provide pensions and healthcare and an opportunity for innovations in the marketplace. Currently, aging has started to figure prominently in political discussions amongst political parties as they vie for the elderly vote. The current Merkel administration (2007) has been criticized for increasing pensions while opponents talk about a "war of generations" requiring young people to pay for taxation for elder care (Powell 2011).

The trend has drawn further attention across Europe, where the working-age population will decline by 0.6% this in 2010. By 2025 the number of people aged 15 to 64 is projected to dwindle by 10.4% in Spain, 10.7% in Germany and 14.8% in Italy. But aging is just as dramatic in such emerging markets as China - which is expected to have 265 million 65-year-olds by 2020 - and Russia and Ukraine (Cook and Powell, 2007).

Using evidence from the UK, the percentage of people of working age, that is 16-64, will drop from 64% in 1994 to 58% in 2031 (Powell, 2005). As the number of workers per pensioner decreases, there will be pressure on pension provision. This is evident now, in such areas of pensions and long term care, the retreat of the state made evident in the erosion of State Earnings Related Pay are forcing people to devise their own strategies for economic survival in old age (Phillipson 1998). Private pensions are slowly being introduced in order to prevent the 'burden' of an aging population. These are ways in which the State continues to rely on apocalyptic projections such as 'demographic time bomb' about aging populations in order to justify cuts in public expenditure (Powell 2005). Hence, the population of the UK, like that of other European countries, is ageing rapidly. There are only enough young people to fill one in three of the new and replacement jobs that will need to be taken up over the next decade. Older people take much of the responsibility for our social and civic life and for the care of children, the sick and the very old in the community. Yet the gap between wealth and poverty, choice and the absence of choice for older people is stark and growing wider (Phillipson 1998). The UK government was at the time of writing seeking to promote a debate over what they envisage as a multi-billion pound deficit that will be found in care for the elderly in the future.

2.4 Population ageing in Africa

Economic security, health and disability, and living conditions in old age are policy concerns throughout the world, but the nature of the problem differs considerably from continent to continent and between and within countries – especially within Africa. In Africa older people make up a relatively small fraction of the total population, and traditionally their main source of support has been the household and family, supplemented in many cases by other informal mechanisms, such as kinship networks and mutual aid societies. In 2005, Nigeria ranked among the top 30 countries in the world on the basis of the size of its population age 60 and over. Nigeria had the largest older population in sub-Saharan Africa, with over 6 million people age 60 and over; South Africa had just over 3.4 million. Congo and South Africa are projected to have nearly 5 million older people in 2030. Burkina Faso, Cameroon, Cote D'Ivoire, Madagascar, Mozambique, Niger, Senegal, and Uganda are all projected to have their older populations grow to over one million people by 2030 (Building Blocks 2004). Very little careful empirical research has been undertaken on long-term trends in the welfare of older people, but there are a number of reasons to believe that traditional caring and social support mechanisms in Africa are under increasing strain (OECD 2007).

Located on the least developed and poorest continent, African economies are still heavily dependent on subsistence agriculture, and average income per capita is now lower than it was at the end of the 1960s. Consequently, the region contains a growing share of the world's poor. In addition, reductions in fertility and child mortality have meant that, despite the huge impact of the HIV/AIDS epidemic across much of the region, both the absolute size and the proportion of the population age 60 and over have grown and will continue to grow over the next 30 years (Estes, Biggs and Phillipson 2003).

In Africa, as in other traditional societies such as those in India or China, older people have traditionally been viewed in a positive light, as repositories of information and wisdom. And while African families are generally still intact, development and modernization are closely connected with social and economic changes that can weaken traditional social values and networks that provide care and support in later life. Africa has long carried a high burden of disease, including from malaria and tuberculosis; today it is home to more than 60% of all people living with HIV—some 25.8 million in 2005. The vast majority of those affected are still in their prime wage-earning years, at an age when, normally, they would be expected to be the main wage earners and principal sources of financial and material support for older people and children in their families. Many older people have had to deal with the loss of their own support while absorbing the additional responsibilities of caring for their orphaned grandchildren. Increasingly, then, it appears that African societies are being asked to cope with population aging with neither a comprehensive formal social security system, nor a well-functioning traditional care system in place (Building Blocks 2004).

The big issue is that the majority of the world's population of older people (61 per cent, or 355 million) lives in poorer African countries. This proportion will increase to nearly 70 percent by 2025. For many countries, however, population ageing has been accompanied by reductions in per capita income and declining living standards. Epstein (2001) notes that between 1950 and the late 1970s, life expectancy increased by least 10 per cent in every developing country in the world, or on average by about 15 years. However, at the beginning of the twenty- first century, life expectancy remains below fifty in more than ten developing countries, and since 1970 has actually fallen, or has barely risen in a number of African countries (Phillipson 1998). The AIDS epidemic is certainly a major factor here, but development loans requiring the privatization of health care have also had an impact. Epstein (2001) reports, for example, that by the mid- 1990s the African continent was transferring four times more in debt repayment than it spent on health or education. More generally, Help Age International (2000: 8) argues that:

> Older people's poverty is still not a core concern in the social, economic and ethical debates of our time. Their right to development is routinely denied, with ageing seen as a minority interest or case for special pleading. Poverty and social exclusion remain the main stumbling blocks to the realisation of the human rights of older people worldwide.'

3. THE SOCIAL AND ECONOMIC CHALLENGES OF GLOBAL AGING

Population aging strains social insurance and pension systems and challenges existing models of social support. It affects economic growth, trade, migration, disease patterns and prevalence, and fundamental assumptions about growing older. Older people's living arrangements reflect their need for family, community, or institutional support. Living arrangements also indicate sociocultural preferences—for example, some choose to live in nuclear households, while others prefer extended families (Estes, Biggs and Phillipson, 2003). The number, and often the percentage, of older people living alone is rising in most countries. In some European countries, more than 40% of women age 65 and older live alone (Walker and Naeghele 2000). Even in societies with strong traditions of older parents living with children, such as in Japan, traditional living arrangements are becoming less common. In the past, living alone in older age often was equated with social isolation or family abandonment. However, research in many cultural settings illustrates that older people, even those living alone, prefer to be in their own homes and local communities (Gilleard and Higgs, 2001). This preference is reinforced by greater longevity, expanded social benefits, increased home ownership, elder-friendly housing, and an emphasis in many nations on community care.

Global aging will have dramatic effects on local, regional, and global economies. Most significantly, financial expenditures, labor supply, and total savings will be affected. Changes in the age structures of societies also affect total levels of labor force participation in society, because the likelihood that an individual will be in the labor force varies systematically by age. Concurrently, global population aging is projected to lead to lower proportions of the population in the labor force in highly industrialized nations, threatening both productivity and the ability to support an aging population (Krug, 2002).

Coupled with rapid growth in the young adult population in Third World countries, the World Bank (1994) foresees growing 'threats' to international stability pitting different demographic-economic regions against one another. The United Nations (2002) views the relationship between aging populations and labor force participation with panic, recognizing important policy challenges, including the need to reverse recent trends toward decreasing labor force participation of workers in late middle and old age despite mandatory retirement in Western countries such as the UK (Powell, 2005). Social welfare provisions and private-sector pension policies influencing retirement income have a major impact on retirement timing. Hence, a major concern for organizations such as United Nations and World Bank centers on the number of such 'dependent' older people in all developing societies.

Some have argued that the rise of globalisation exerts unequal and highly stratified effects on the lives of older people (Estes and Associates 2001). In the developed world, the magnitude and absolute size of expenditure on programmes for older people has made these the first to be targeted with financial cuts. In Third World countries, older people (women especially) have been amongst those most affected by the privatization of health care, and the burden of debt repayments to the World Bank and the IMF (Estes and Associates 2001). Additionally, globalization as a process that stimulates population movement and migration may also produce changes that disrupt the lives of older people. And one must not forget either that they may comprise up to one-third of refugees in conflict and emergency situations - a figure which was estimated at over 53 million older people worldwide in 2000 (Estes and Associates 2001).

Nation states with extensive social programs targeted to the older population — principally health care and income support programs — find the costs of these programs escalating as the number of eligible recipients grows and the duration of eligibility lengthens due to global pressures (Bengston and Lowenstein 2003). Further, few countries have fully funded programs; most countries fund these programs on a pay-as-you-go basis or finance them using general revenue streams. Governments may be limited in how much they can reshape social insurance programs by raising the age of eligibility, increasing contribution rates, and reducing benefits. Consequently, shortfalls may need to be financed using general revenues.

Different countries age groups have different levels of pace of growth. It is possible for the elements of production—labor and capital—to flow across national boundaries and mitigate the impact of population ageing. Studies predict that, in the near term, surplus capital will flow from Europe and North America to emerging markets in Asia and Latin America, where the population is younger and supplies of capital relatively low. In another 20 years, when the baby boom generation in the West has mostly retired, capital likely will flow in the opposite direction (May and Powell, 2007). Traditionally, labor is viewed as less mobile than capital, although migration could offset partially the effects of population aging. Currently, 22 percent of physicians and 12 percent of nurses in the United States are foreign born, representing primarily African countries, the Caribbean, and Southeast Asia (OECD 2007). The foreign-born workforce also is growing in most OECD countries. Over the next 10 years, the European experience will be particularly instructive in terms of the interplay of aging and migration (OECD 2007). Some pressure groups are now suggesting, for instance, that a rich city like London, that benefits from Ghanaian nurses in the National Health Service, has an ethical obligation to Ghana itself, to provide funds to support that country’s health training system because the country is losing key personnel.

The life-cycle theory of consumption is that households accumulate wealth during the working years to maintain consumption in retirement (Gilleard and Higgs 2001). The total of a country's individual life-cycle saving profiles determine whether households in that country are net savers or nonsavers at any point in time. A country with a high proportion of workers will tend to be dominated by savers, placing downward pressure on the rate of return to capital in that economy. Nation states with older populations will be tapping their savings and driving rates of return higher because of the scarcity of capital (Gilleard and Higgs 2001).

Retirement resources typically include public and private pensions, financial assets, and property. The relative importance of these resources varies across countries. For example, a groundbreaking study revealed that only 3% of Spanish households with at least one member age 50 or older own stocks (shares), compared to 38 percent of Swedish households (Walker and Naeghele 2000). The largest component of household wealth in many countries is housing value. This value could fall if large numbers of older homeowners try to sell houses to smaller numbers of younger buyers. How successfully this transition is managed around the world could determine the rise and fall of nations and reshape the global economy in the era of the post-credit crunch. Two key vehicles of growth are increases in the labor force and productivity. If nation states cannot maintain the size of their labor forces by persuading the older workers to retire later then the challenge will be to maintain growth levels. That will be a particular challenge in Europe, where productivity growth has averaged just 1.3% since 1995. By 2024, growth in household financial wealth in the U.S., Europe, and Japan will slow from a combined 4.5% annual reduction now to 1.3%. That will translate into $31 trillion less wealth than if the average age were to remain the same (Cook and Powell, 2007).

Most of Europe's state-funded pension systems encourage early retirement. Now, 85.5% of adults in France retire from employment by age 60, and only 1.3% engage in employment beyond aged 65. In Italy, 62% of adults retire from full-time work by the age of 55. That compares with 47% of people who earn wages or salaries until they are 65 in the U.S. and 55% in Japan (Estes and Associates 2001).

Why the sudden attention to a demographic trend of global aging? In part, it is because the future is already dawning that global trends impact on state power. In South Korea and Japan, which have strong cultural aversions to immigration, small factories, construction companies, and health clinics are relying more on ‘temporary’ workers from the Philippines, Bangladesh, and Vietnam (OECD 2007). In China, state industries are struggling over how to lay off unneeded middle-age workers when there is no social safety net to support them.

What really has pushed aging to the top of the global agenda, though, are increasing fiscal gaps in part, due to the “global credit crunch” in the U.S., Europe, Japan, and elsewhere that could worsen as populations reach retirement age. While U.S. Social Security is projected to remain solvent until at least 2042, the picture is more acute in Europe. Unlike the U.S., where most citizens also have private savings plans, in much of Europe up to 90% of workers rely almost entirely on public pensions (Walker and Naeghele 2000). Austria guarantees 93% of pay at retirement, for example, and Spain offers 94.7%. Pensions and elder-care costs will increase from 14% of capitalist nations' gross domestic product to 18% by 2050 (Walker and Naeghele 2000).

As people live longer and have fewer children, family structures are also transformed (Bengston and Lowenstein 2004). This has important implications in terms of providing care to older people. Most of the older people today have children, and many have grandchildren and siblings. However, in countries with very low birth rates, future generations will have few if any siblings. As a result of this trend and the global trend toward having fewer children, people will have a less familial care and support as they age (Bengston and Lowenstein 2004). Unless there is a fundamental shift in the views of ‘Fortress Europe’, Japan and other countries towards immigrants, and an overcoming of entrenched racial or racist attitudes towards migrants, some parts of the globe will be ‘elderly heavy’ while others will be ‘elderly light’. Were migrants made more welcome in richer societies then one could envisage a space of carer flows, with more interactions and movements in either direction to the ‘heavy’ or ‘light’ end. Or, for example, one could have an elderly relocation in the same way as the Japanese elderly are relocating into Thailand into new forms of ‘transnational households’, in order to seek cheaper care systems for their retirement (Toyota, 2006).

As a consequence of the global dynamics of aging, the changing societies of the post millennium are being confronted with quite profound issues relating to illness and health care, access to housing and economic resources including the retirement experience and pension provision. If demographic trends continue to escalate by 2050 the number of older people globally will exceed the number of young for the first time since formal records began raising questions of the power of the nation state in the context of global aging, and raising further global questions of distribution of power and scarcity of resources to an (global) aging population.

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