

THE CRISIS OF THE 2020S

**How Global Aging Will Reshape
the Geopolitical Landscape
of the 21st Century**

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CSIS Global Aging initiative**

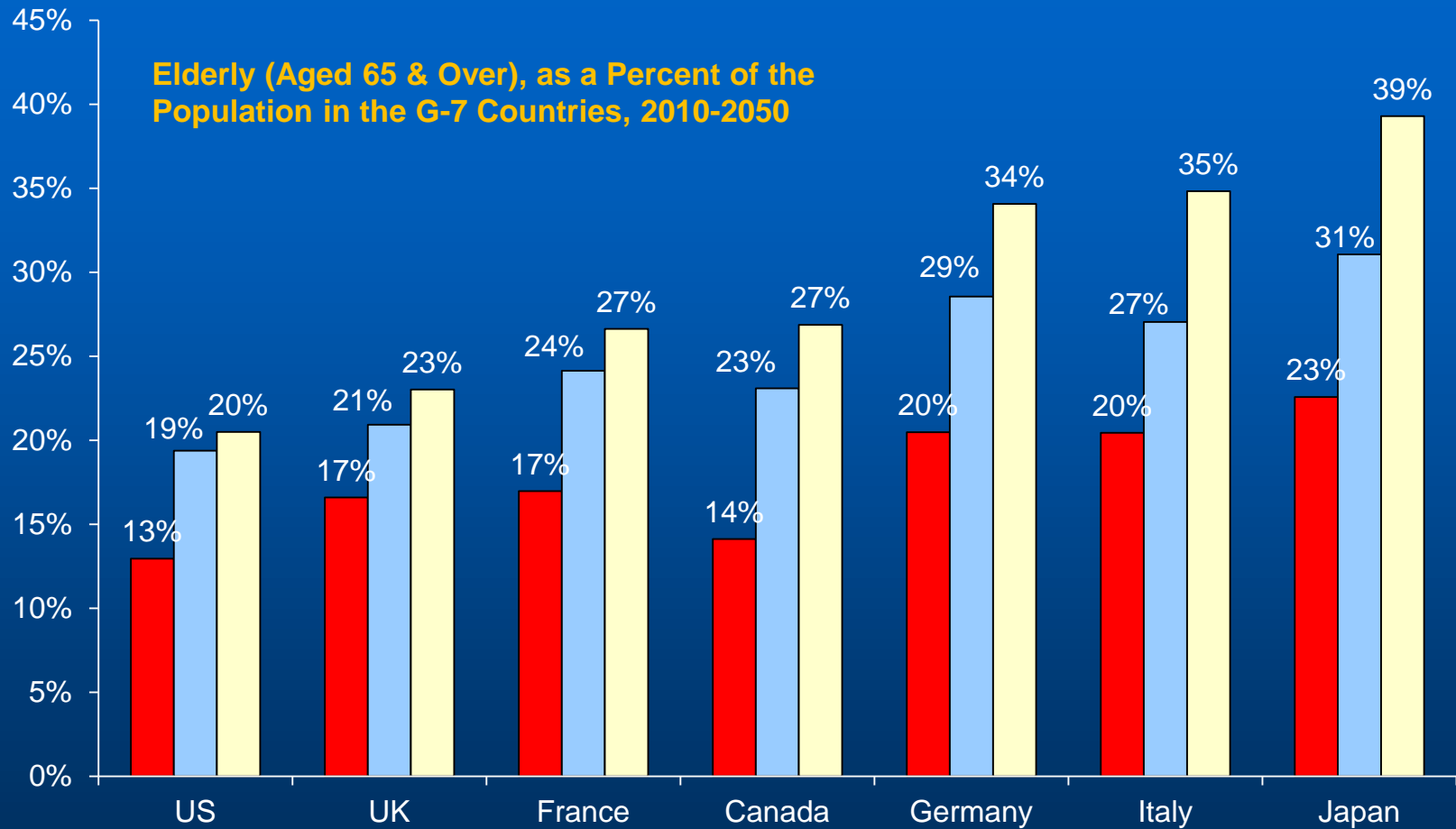
6th World Ageing & Generations Congress

**August 26, 2010
St. Gallen, Switzerland**

Part I

The Developed-World Age Wave

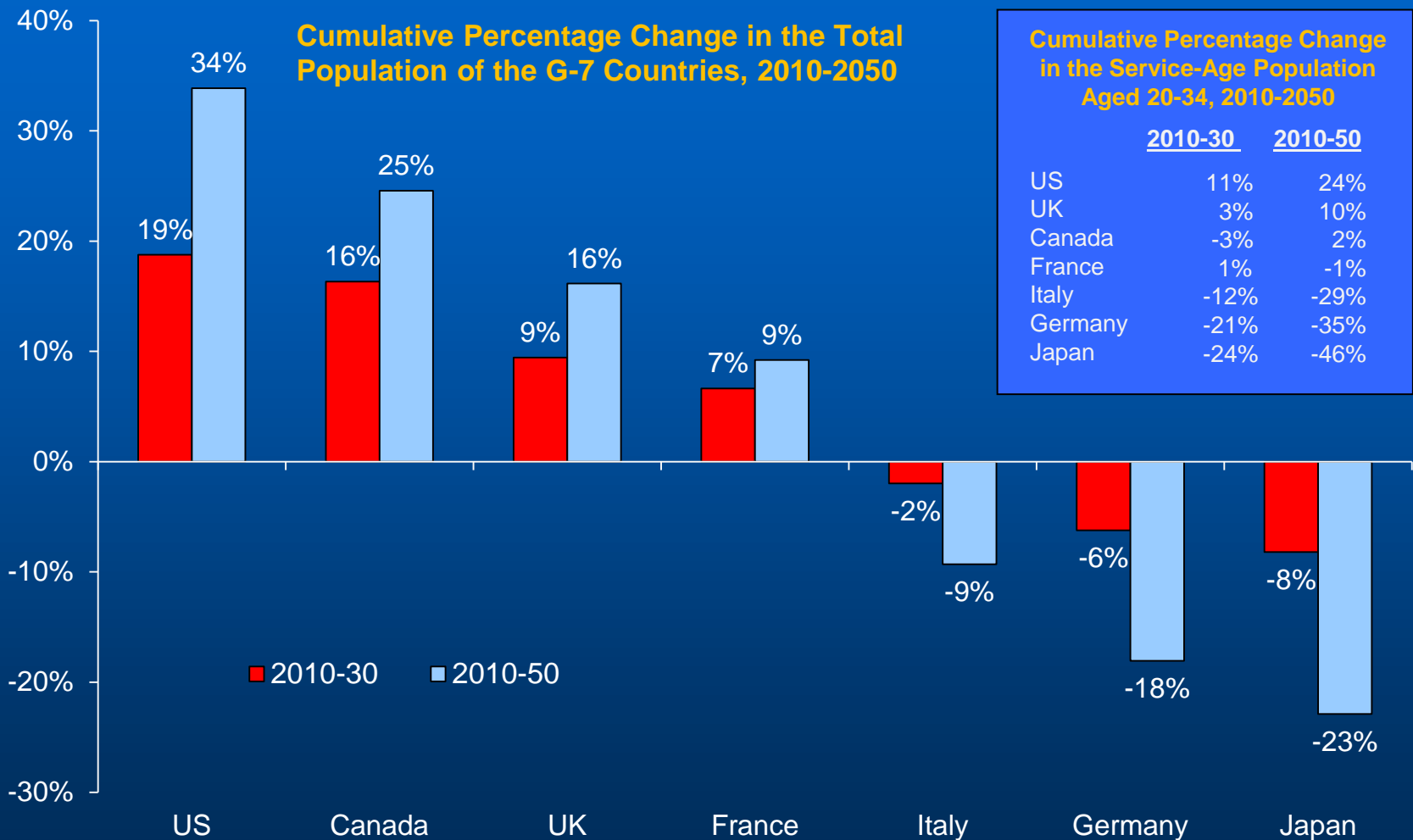
The developed countries are entering an unprecedented era of "hyperaging."



Source: UN (2009)

■ 2010 ■ 2030 ■ 2050

Along with aging populations, many developed countries will have stagnant or contracting ones.



Source: UN (2009)

Four constraints on geopolitical stature.

❑ MANPOWER SHORTAGES

stagnant or declining youth populations

❑ GROWING FISCAL BURDENS

rising retirement and health-care costs

❑ SLOWER ECONOMIC GROWTH

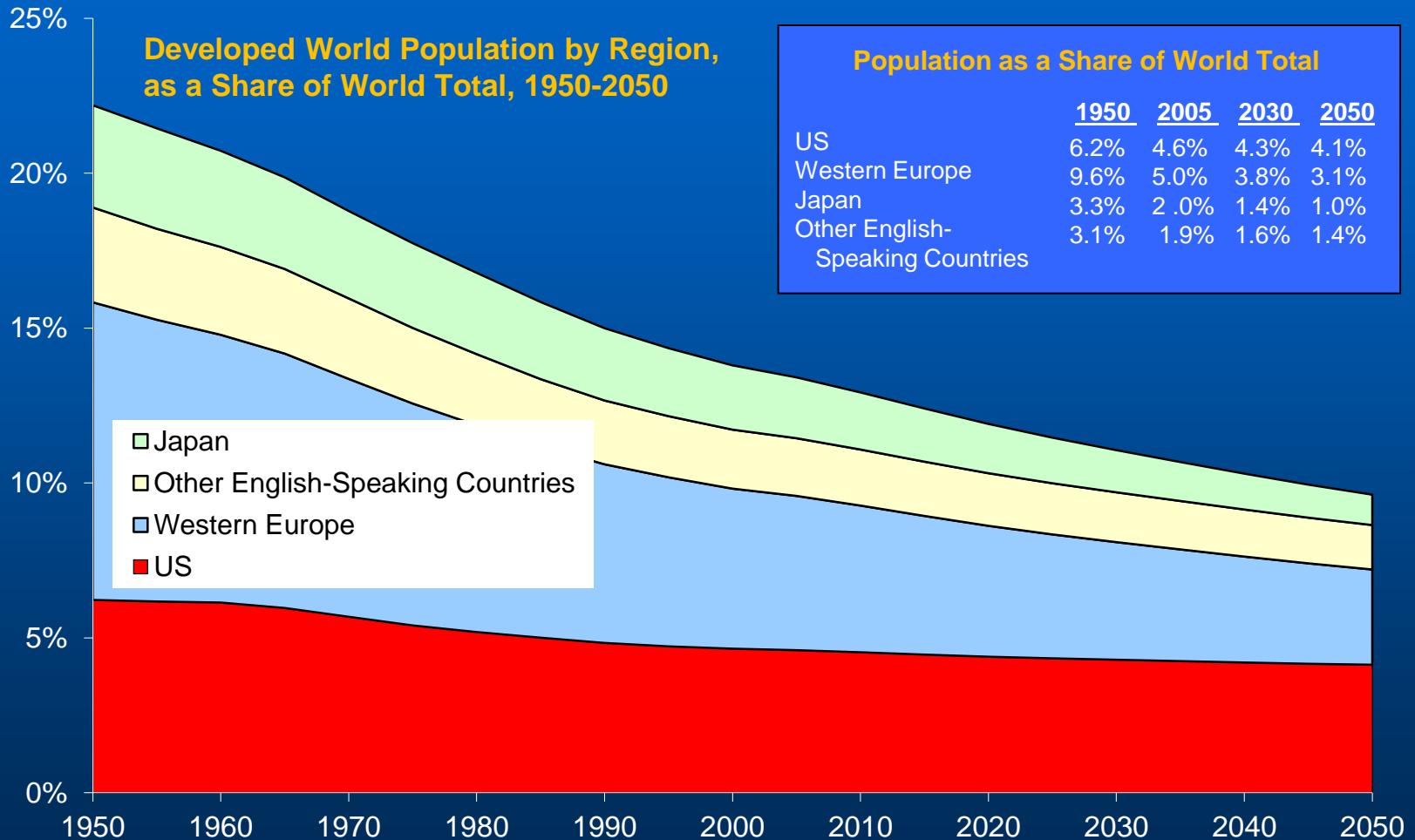
low- or zero-growth workforces & GDPs

❑ SHIFTS IN BUSINESS & SOCIAL MOOD

rising risk of protectionism, aging electorates,
and growing ethnic & religious diversity

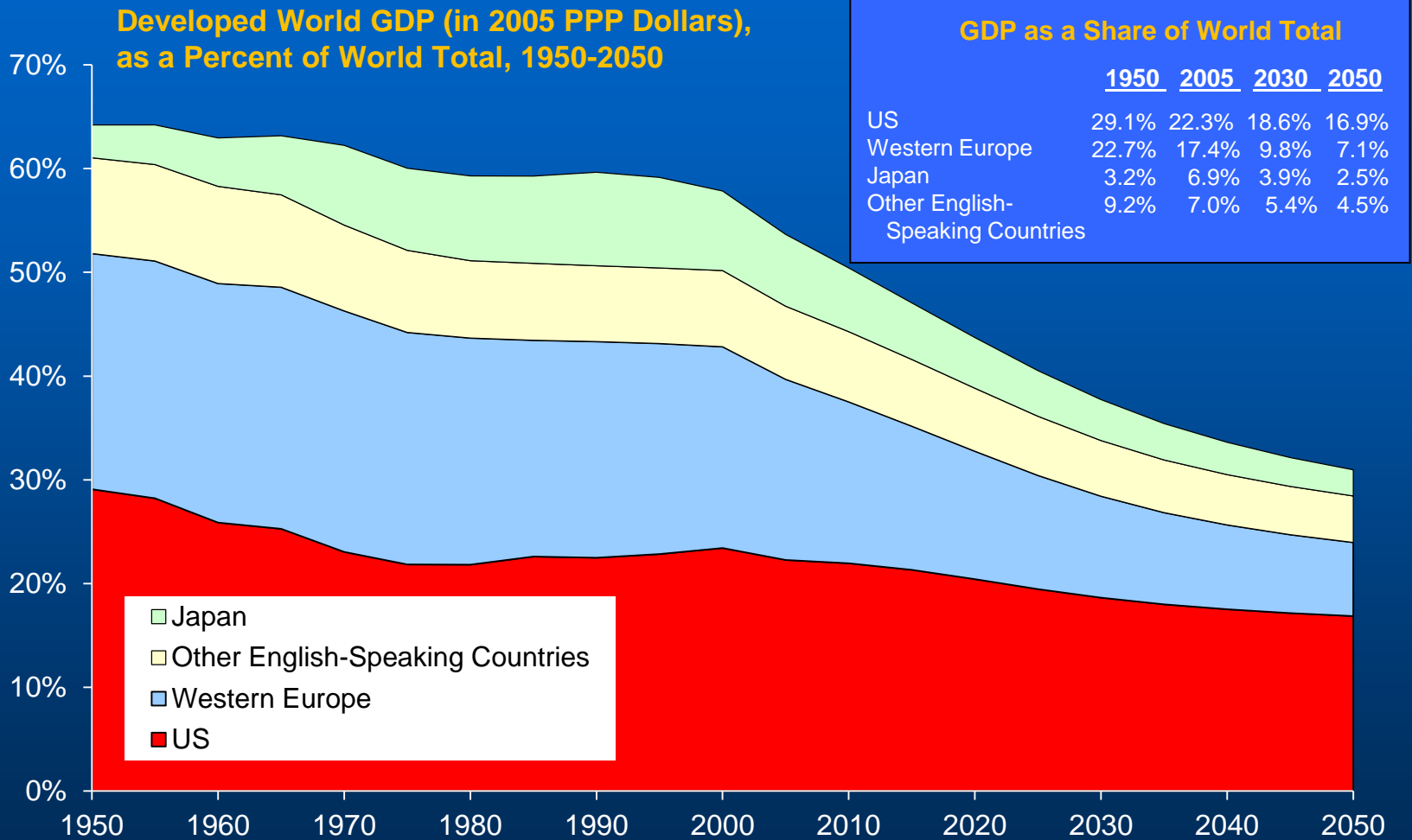


The developed world: A shrinking share of global population.



Source: *The Graying of the Great Powers* (CSIS, 2008)

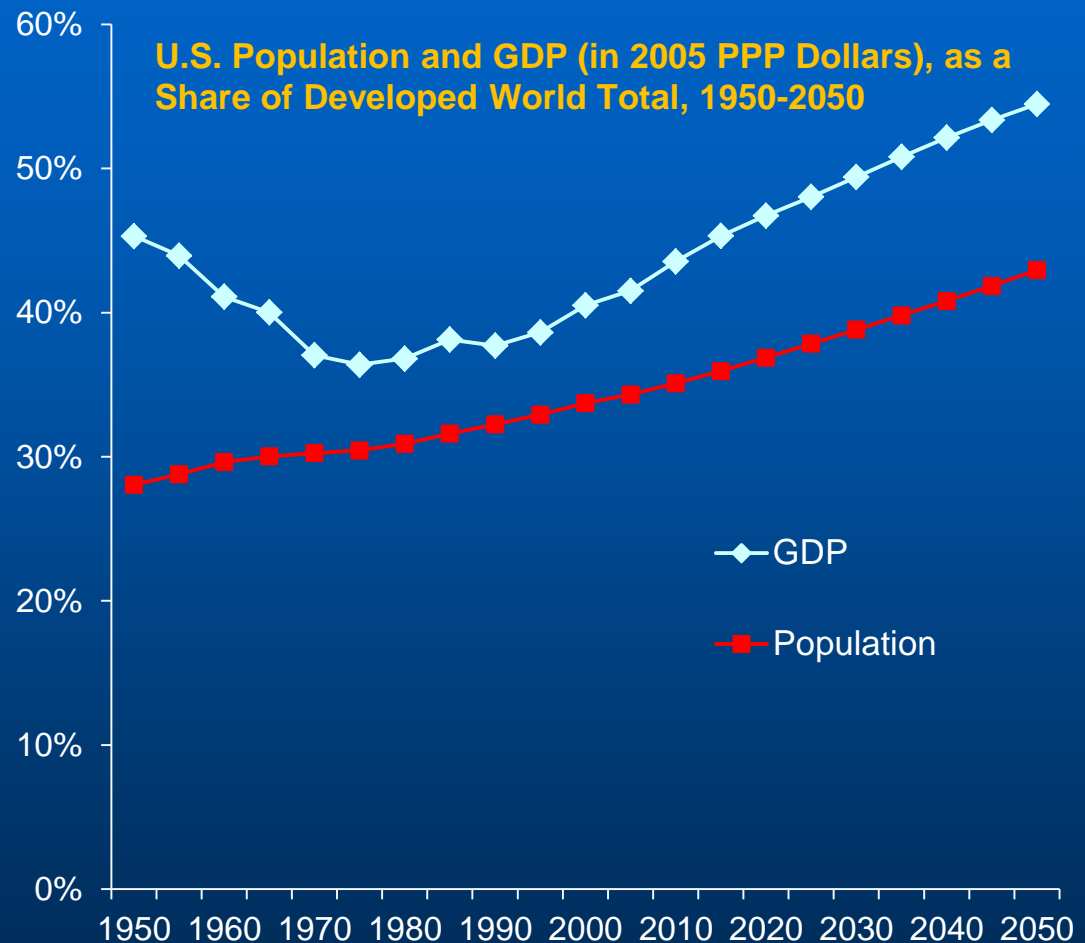
The developed world: A shrinking share of global GDP.



Source: *The Graying of the Great Powers* (CSIS, 2008)

The United States: A partial but important exception to “hyperaging.”

- ❑ The US will remain the youngest of the developed countries thanks to its relatively high fertility rate and substantial immigration.
- ❑ Its flexible labor markets and entrepreneurial culture will also help it confront the age wave.
- ❑ The US has some serious handicaps, including a low savings rate, high debt, and an extraordinarily expensive health-care system.
- ❑ Yet it alone may have the youth and the economic resources to play a major geopolitical role.



Source: *The Graying of the Great Powers* (CSIS, 2008)

Part II

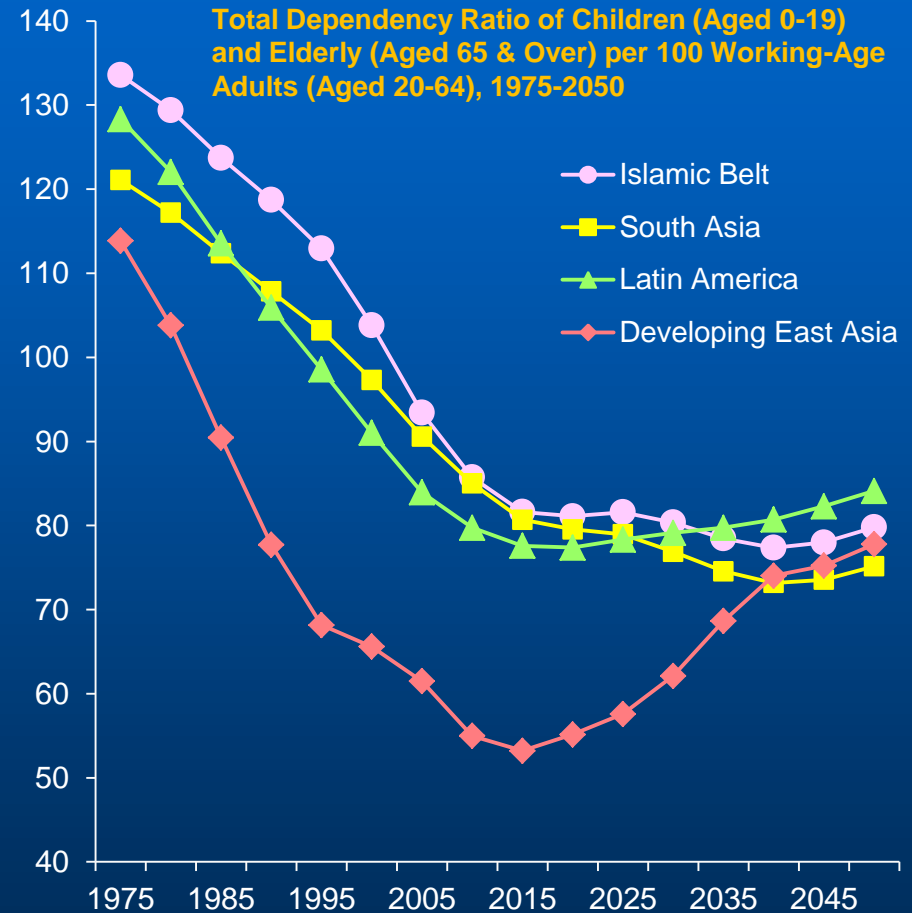
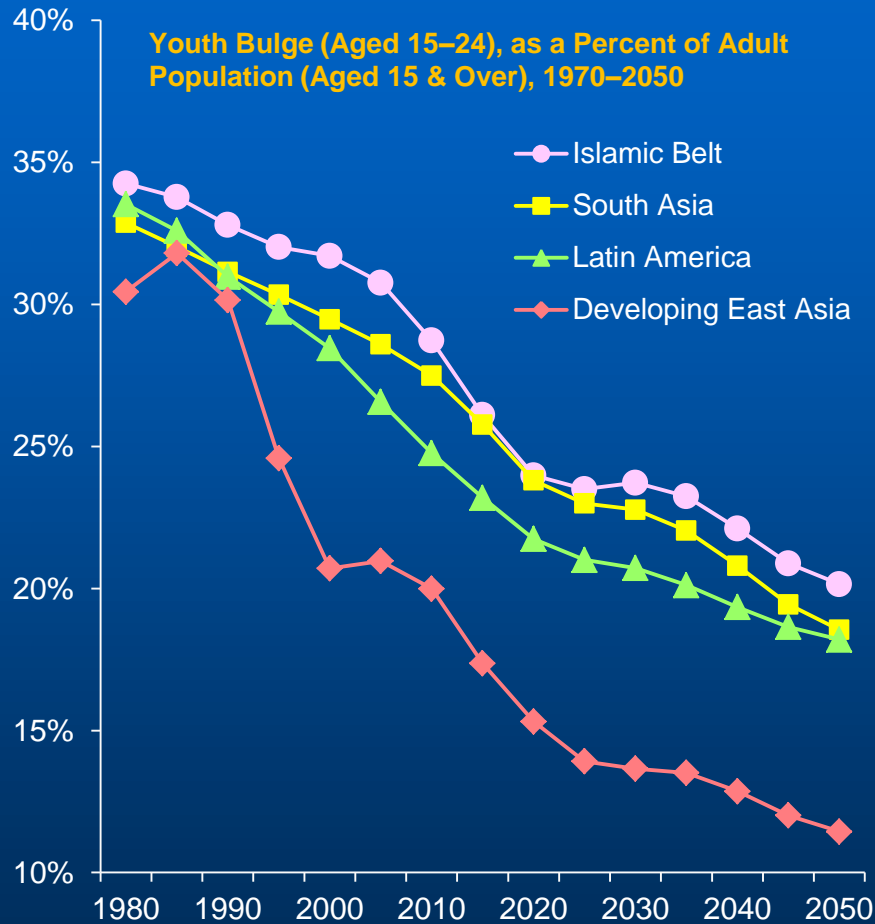
Demographic Trends in the Developing World

The developing world is still much younger, but it too is in the midst of the “demographic transition.”

Developing World: Demographic Indicators

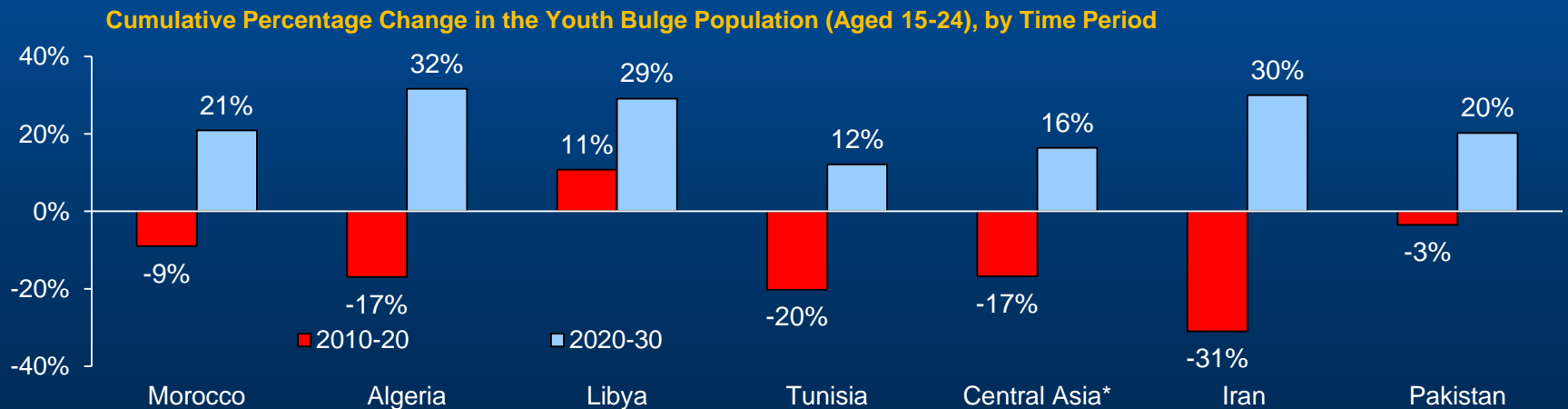
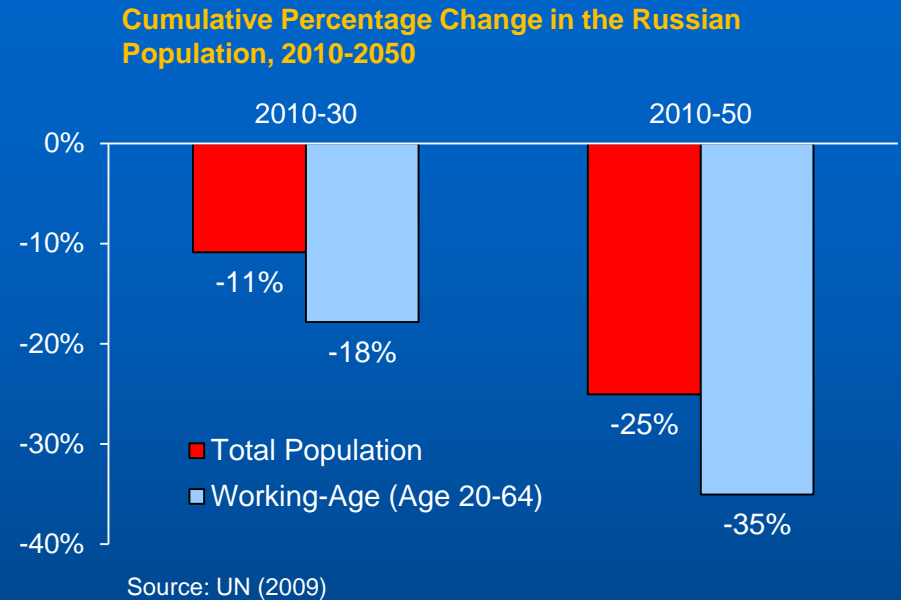
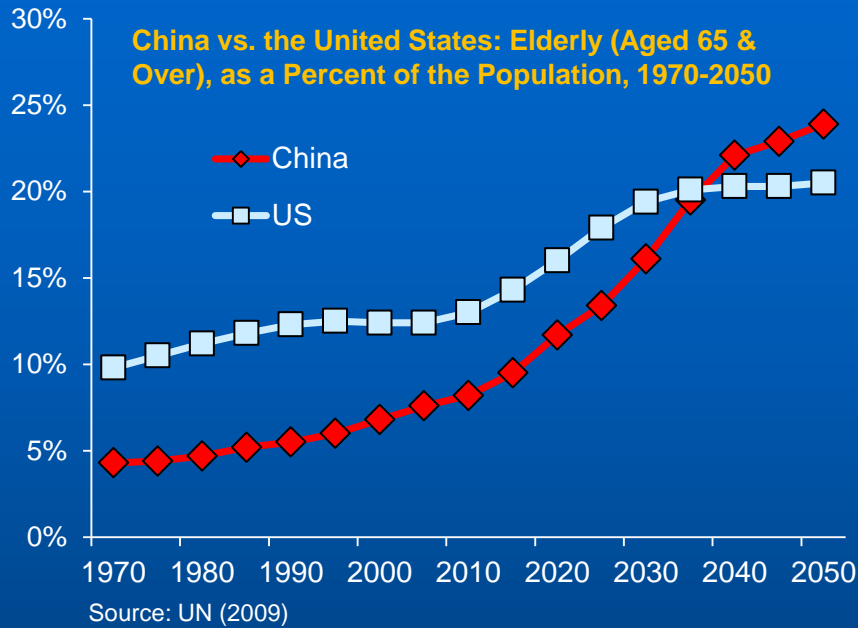
	Fertility Rate		Life Ex.		Elderly Share			Total Pop. Change	
	1975	2010	1975	2010	2010	2030	2050	2010-30	2010-50
TOTAL	5.1	2.9	57.3	66.9	6.3%	9.8%	13.5%	+27%	+52%
Sub-Saharan Africa	6.8	5.5	46.0	50.4	3.1%	3.6%	4.9%	+60%	+133%
Islamic Belt	6.2	3.4	51.9	67.9	4.6%	7.4%	11.6%	+38%	+74%
China & East Asia	4.8	1.7	63.2	73.1	8.5%	16.8%	25.2%	+6%	-1%
India & South Asia	5.4	3.0	51.6	65.8	5.3%	8.5%	12.6%	+31%	+58%
Latin America	5.0	2.6	63.0	73.3	6.8%	11.2%	16.0%	+27%	+49%
Eastern Europe	2.4	1.3	70.0	74.9	15.0%	21.9%	31.0%	-8%	-21%
Russian Sphere	2.1	1.3	69.3	66.4	13.3%	19.8%	26.9%	-14%	-31%

The case for hope: Declining “youth bulges” and “dependency burdens.”



Source: UN (2007)

The case for concern: The uneven pace of the demographic transition.

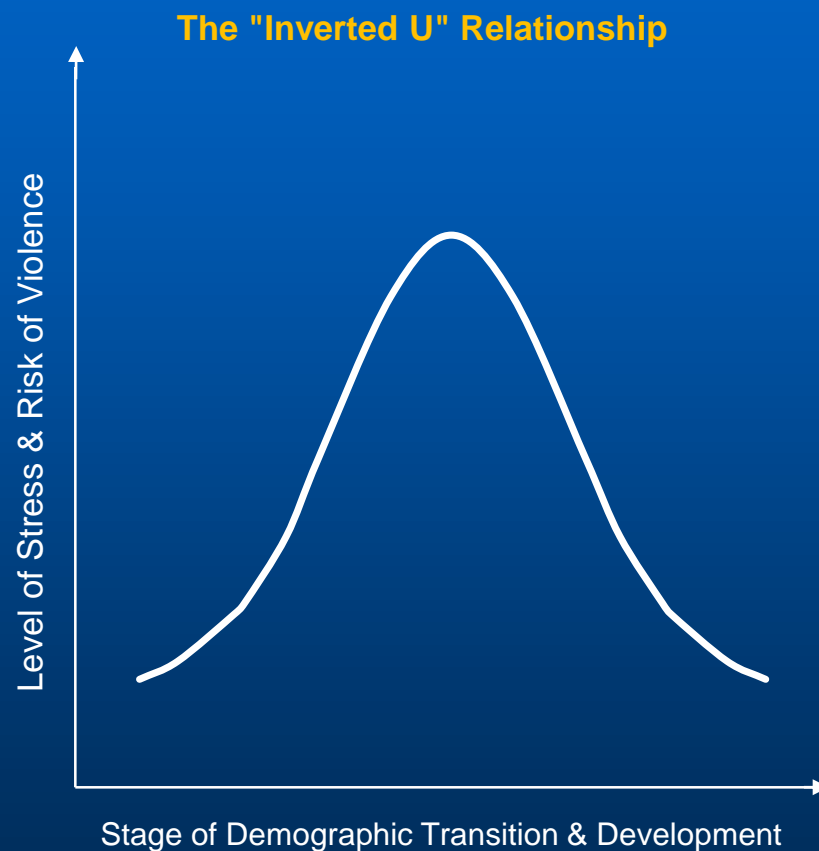


*Includes Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.
Source: UN (2007)

The case for concern: Journeys can be more dangerous than destinations.

- ❑ Societies undergo tremendous stress as they move from the traditional to the modern. When plotted against development, most of the stressors describe an inverted-U—meaning that they become most dangerous midway through the transition.

- ❑ These stressors include:
 - Contact with the global marketplace and culture
 - Urbanization
 - Environmental degradation
 - Growing income inequality
 - Growing ethnic competition
 - Religious extremism



Crisis of the 2020s?

A Confluence of Challenges

- ❑ **For the Developed World, a decade of “hyperaging” and population decline**
 - fastest rise in the old-age dependency burden
 - dramatic flattening of real GDP growth rate
 - chronic budget crises and manpower shortages

- ❑ **For the Islamic World, an echo-boom decade**

- ❑ **For Russia & Eastern Europe, an implosion decade**

- ❑ **For China, a decade of “premature aging”—coinciding with GDP parity with U.S.**