

Golden Aging

Is Active, Healthy and Prosperous Aging a Myth or a Realistic Goal?

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**SECOND INTERNATIONAL SEMINAR
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EUROPE AND CENTRAL ASIA STUDIES

GOLDEN AGING

Prospects for
Healthy, Active, and
Prosperous Aging
in Europe and
Central Asia



 WORLD BANK GROUP

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Golden Aging

Three messages

1. Demography is not destiny, and it is malleable; Exceptional times are behind us, world is moving towards a more balanced demographic structure.
2. Demography and the economy: aging older societies do not necessarily experience economic decline. Individuals, firms and markets are adapting. Institutions and policies should too.
3. Demography and inequality: potential concern that aging societies may become more polarized.

One conclusion:

Active, Healthy and Prosperous Aging is a Realistic Goal: focus on opportunities;

Message 1: Demography some key facts

Gerontophobia

From 'population bomb' to 'age quake' (or 'gray tsunami')

Average age of the world

45

Year	World Population (bn)	Rate of change	
1900	1.7		
1965	3.3	First doubling	After 65 years
2000	6.1	Second doubling	After 35 years
2100	10.9	Not yet doubling	After 100 years
2300	9.0	Stabilizing	After 400 years

20

1950 1954 1958 1962 1966 1970 1974 1978 1982 1986 1990 1994 1998 2002 2006 2010 2014 2018 2022 2026 2030 2034 2038 2042 2046 2050 2054 2058 2062 2066 2070 2074 2078 2082 2086 2090 2094 2098

Source: UN World Population Prospects

Message 1: A move to more balanced demographics

The last 80 years were exceptional

High population growth during 1900's period was exceptional

Now → more balanced demographics

Aging is a consequence of a (initially) welcomed drop in fertility

Fertility drop → resources (education) focused on *fewer* children

In Europe and Central Asia (ECA), *societies* are aging, but *individuals* are not

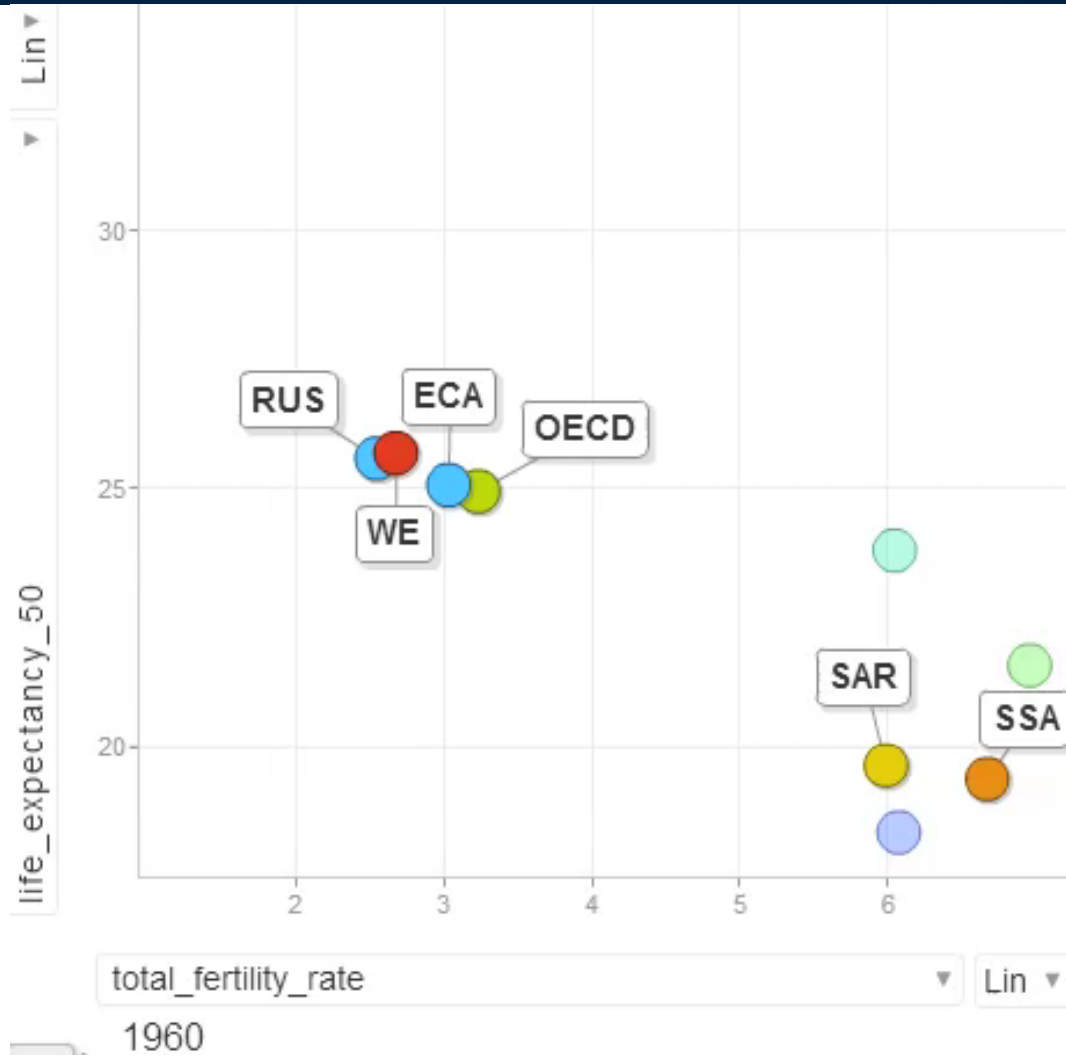
Individuals in ECA: not aging healthily and dying before reaching older age

Demography is malleable

Fertility re-increasing close to replacement level in (some) advanced countries (France and Sweden) but not in others (Austria and Germany)

Longevity rising achievable and helps with shrinking populations

Message 1 - ECA societies are aging but their individuals are not



Message 2: Aging and Growth

Living standards depend on:

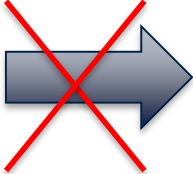
- Dependency rates

In per capita terms, output, produced by a shrinking workforce and shared with a growing group of dependents, will go down;

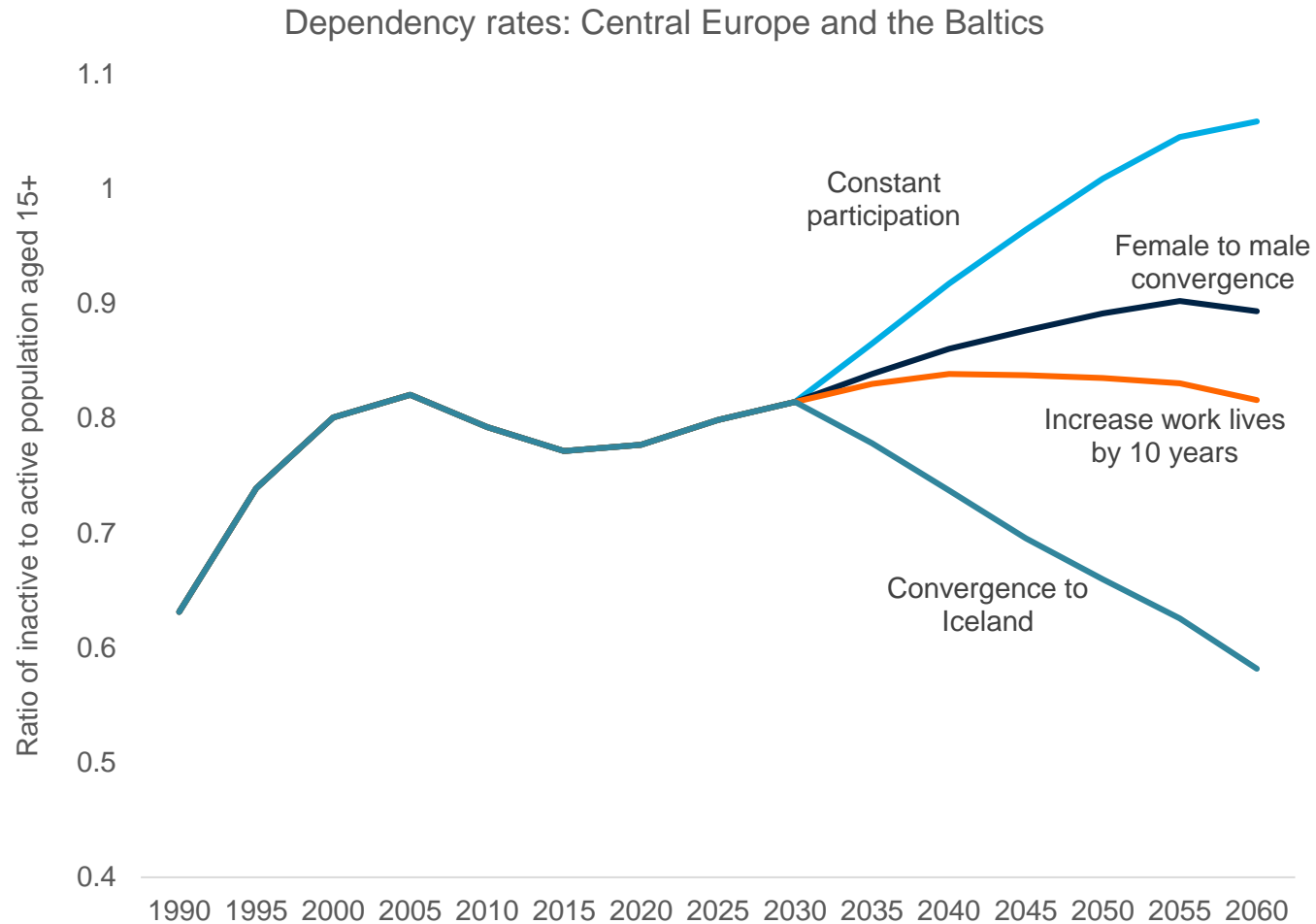
- Productivity

As workers become older they will become less productive, so also output per worker will go down.

But...

- Chronological age  Dependency rates and productivity

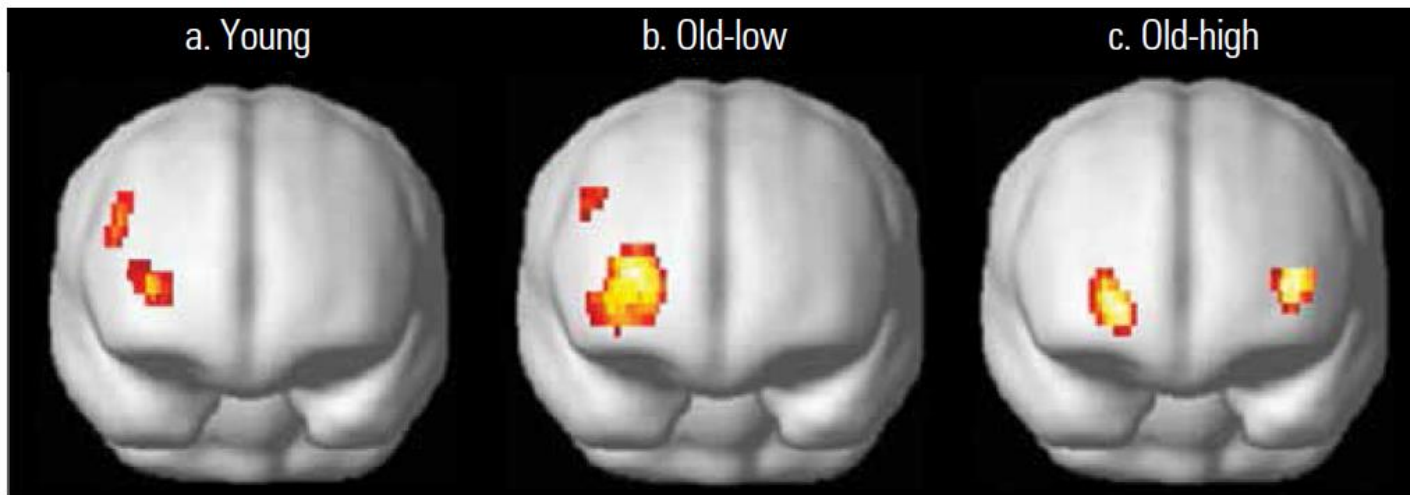
Message 2: The fallacy of the dependency rate



Source: UN World Population Prospects and ILO Stats

Message 2: The fallacy of the drop in productivity

Young people run faster, but Old ones know the shortcuts



Source: Used by permission of Oxford University Press, USA. S. M. Daselaar and R. Cabeza, figure 6, "Age-Related Changes in Hemispheric Organization," in *Cognitive Neuroscience of Aging: Linking Cognitive and Cerebral Aging*, ed. R. Cabeza, L. Nyberg, and D. C. Park (New York: Oxford University Press, 2004), 325–53.

Message 3: The concerns about aging societies

Aging might not be an opportunity for all

Fear of more unequal societies

Other concerns and policy challenges

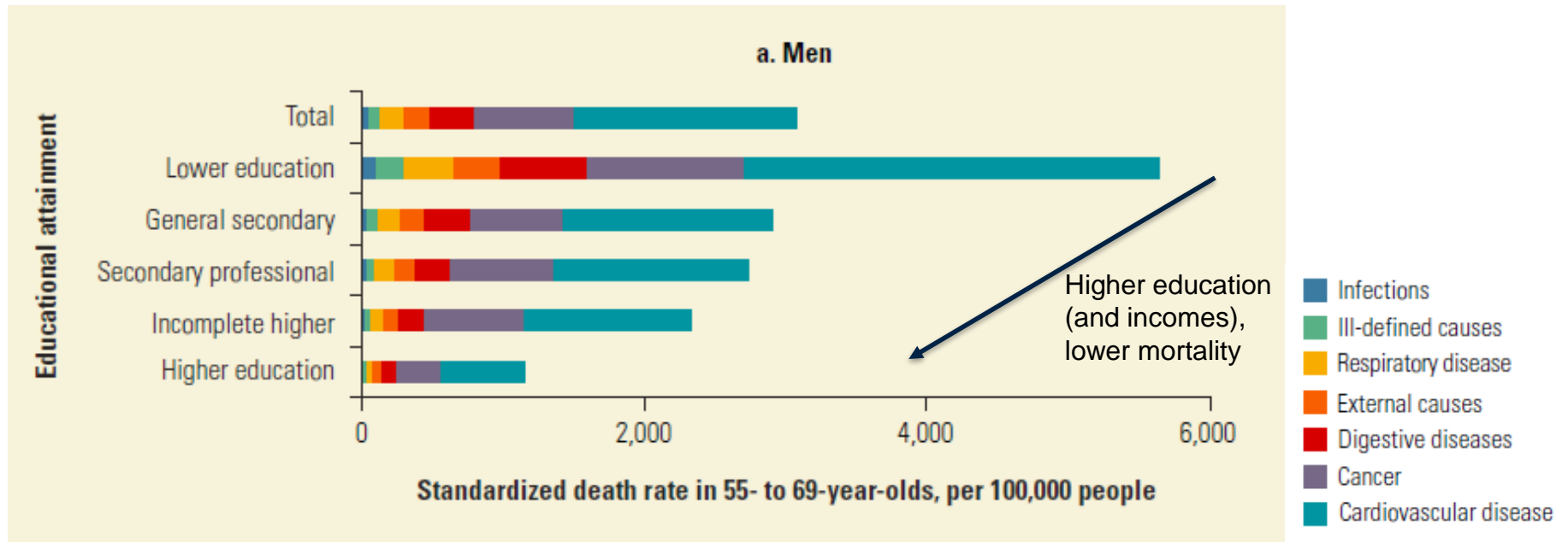
Less entrepreneurship

Lower mobility

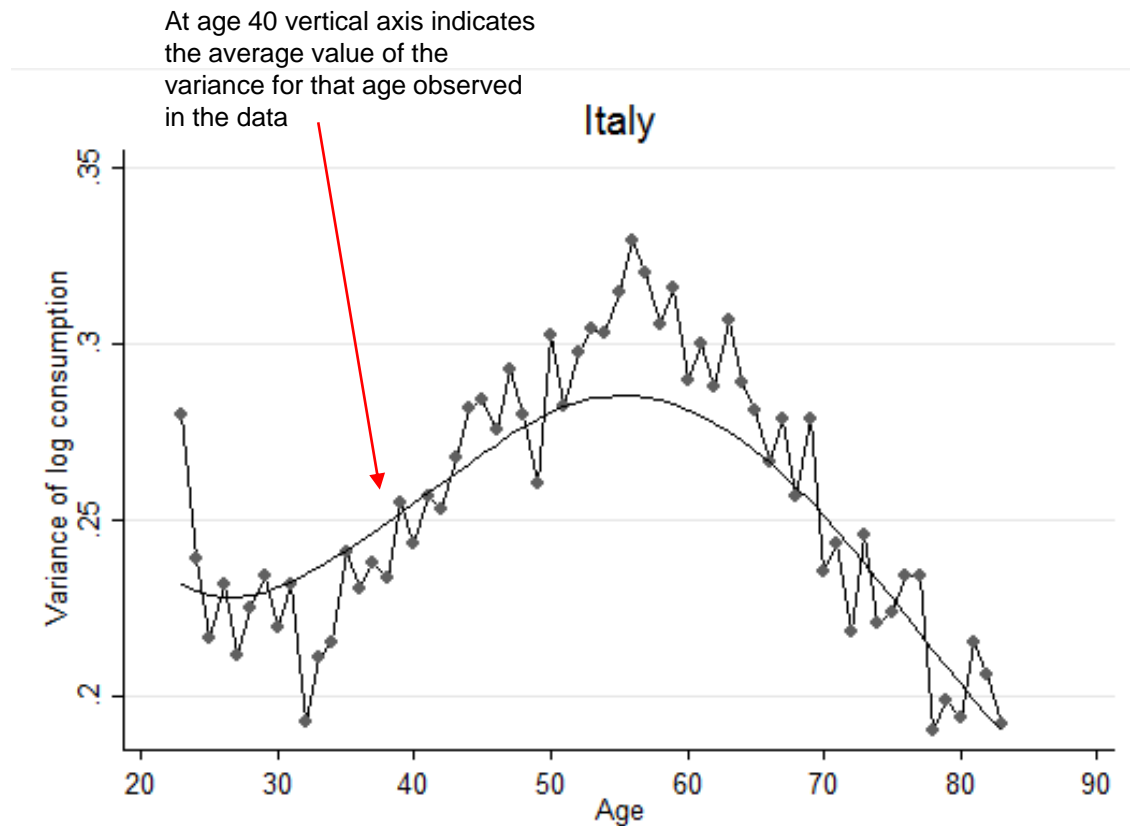
Fiscal challenges

Inequality in mortality

Mortality is much higher rates for the less educated: Russia, 2011



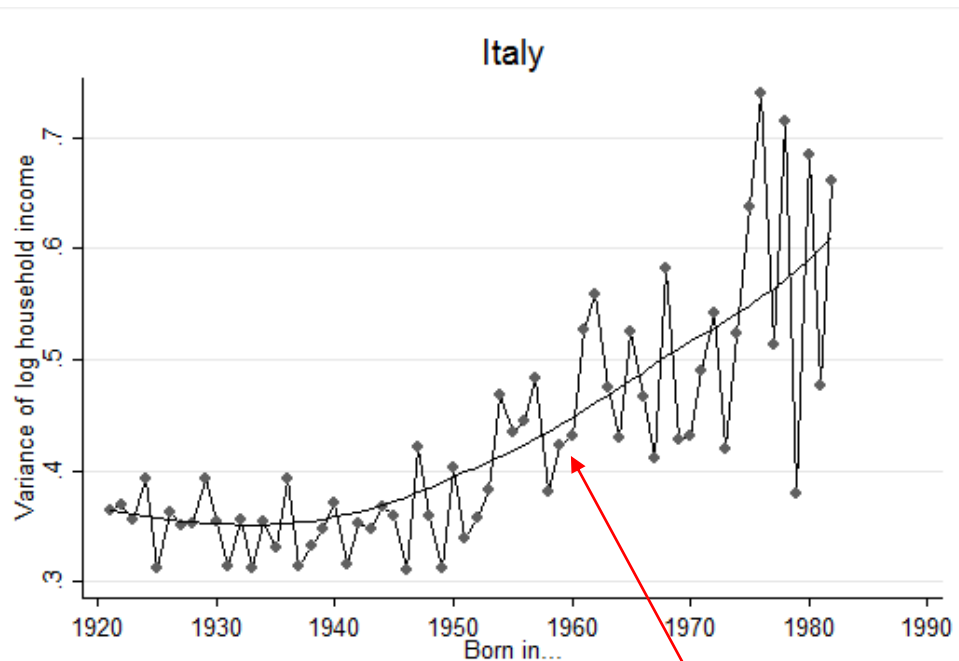
Inequality rises with age (controlling for cohort)



Gini at age...	Italy	Poland	Turkey
25-30	0.267	0.290	0.329
50-55	0.296	0.308	0.314



Younger cohorts experience higher inequality than older one



For cohort born in 1960,
vertical axis indicates
the average value of the
variance for that cohort

Cohort	Gini coefficient	Equivalent to...
1930-35	0.319	Japan
1945-50	0.329	France
1960-65	0.380	Venezuela
1980-84	0.486	Chile

Turning aging into an opportunity: A multi-faceted agenda

Malleable demographics

1. A re-increase in fertility rates: reconciling family and career goals
2. Healthy aging: behavioral change and focus on preventions
3. Net immigration rate: embrace immigration as part of the solution

Addressing the economic consequences of aging

4. Active aging: translate longer lives into longer work lives
5. Productivity: life-long learning and workplace interventions
6. Fiscal challenge: incentives (pension rules) matter
7. Inequality: reforms needs to be comprehensive (the whole life cycle)

Overcoming the political economy challenge

8. Giving young people a voice

Golden Aging: The severity of the challenge for each country



Note: The y-axis is a simple average of the z-scores of the eight indicators: 1) voting participation gap between old and young, 2) total fertility rate, 3) healthy life expectancy, 4) net immigration, 5) adult dependency ratio, 6) PISA (Program for International Student Assessment) scores in science, 7) gross debt as share of GDP, and 8) relative old-age poverty.

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Golden Aging – The report

Some useful links:

Overview: <http://www.worldbank.org/en/region/eca/publication/golden-aging>

Panel discussion: <http://live.worldbank.org/aging-societies-seizing-the-opportunities-in-europe-and-central-asia>

Blog: <http://www.brookings.edu/blogs/future-development/posts/2015/06/17-aging-inequality-bussolo>

Blog: <http://www.brookings.edu/blogs/future-development/posts/2015/09/01-employment-retirement-koettl>

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