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WORLD POPULATION MONITORING, FOCUSING ON THE CHANGING AGE STRUCTURES OF
POPULATIONS AND THEIR IMPLICATIONS FOR DEVELOPMENT
(E/CN.9/2007/3)

Report of the Secretary-General

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Mr. Chairman, distinguished Delegates, ladies and gentlemen,

I have the pleasure to introduce the report entitled “World population monitoring, focusing on the changing age structures of populations and their implications for development” (E/CN.9/2007/3).

Mr. Chairman,

During the twentieth century, the world population experienced an unprecedented transition from high mortality and high fertility to low levels of both. This transition has led to major changes in the age structures of populations that are expected to continue over the coming decades. These changes have conditioned and will continue to affect the options that Governments have in addressing a number of pressing development issues. The report provides an overview of the state of population age structures today and prospects for the future together with a comprehensive discussion of the major social and economic implications of the changes foreseen.

The population of the world is ageing. The impressive reduction of fertility that has occurred in the majority of countries of the world has led to a reduction in the share of children in their populations. Persons under 15 years of age constitute today 28 per cent of the world population but their share is expected to drop to 20 per cent in 2050.

Because the reduction of fertility started at different times in different countries, there is great diversity of population age structures today. The population of Africa, whose fertility began to decline only a decade or two ago, has the youngest age structure in the world and is expected to age only moderately over the coming decades if its fertility continues to decline. Asia and Latin America and the Caribbean have populations whose proportion of children is declining but in which the proportion of persons of working age (those aged 15 to 59 years) is still increasing. In developed countries, in contrast, both the proportion of children and that of working-age persons are decreasing and only the share of persons aged 60 or over is rising. That is, population ageing is most advanced in developed countries. Today, 21 per cent of the population in developed countries is already aged 60 years or over and by 2050 nearly a third of their population will be 60 or over.

One of the major implications of the transition to older age structures is that, in the middle of the transition, over a period that may last from 40 to 60 years, the ratio of adults of working age to young and old dependents increases, thus setting a favourable stage for economic growth. In fact, when estimates of labour income and consumption by age in conjunction with population data are used to estimate the ratio of effective producers per effective consumer, there is a period where this economic support ratio increases, producing conditions in which it is easier to increase production relative to consumption and thus yield what is called a “first demographic dividend”. Realization of this dividend is contingent on ensuring that more persons of working age, particularly the younger entrants into the labour market, find employment. If this happens, the period over which the support ratio increases offers the potential for increasing savings and accumulating human and physical capital, thus spurring economic growth and improving the well-being of people of all ages well into the future.

The report indicates that future increases in income per effective consumer associated with the first demographic dividend could amount to 8 per cent in Asia, 12 per cent in Latin America and the Caribbean and 28 per cent in Africa. Although these figures

represent potential gains that need a supportive economic environment to be realized, they indicate that a favourable age distribution can contribute to economic growth.

To accrue the potential benefits of increasing support ratios, it is important to improve the educational attainment of children and youth, and to generate sufficient decent jobs for the growing labour force. Achieving these objectives is challenging, particularly in developing countries, where the overall number of children and young people has reached an all time high and is expected to remain high, especially in the least developed countries.

Mr. Chairman,

Population ageing can bring other benefits. In populations where longevity is increasing, individuals of working age tend to accumulate wealth to provide for their consumption in old age. Consequently, as a population ages, average wealth per capita increases and can give rise to a second demographic dividend. The report argues that the potential benefits associated with the second dividend can be reinforced by policies that promote savings in anticipation of the longer retirement periods associated with increasing longevity. Models used to test the impact of the second dividend suggest that its effects can be long-lasting in that the accumulation of savings can increase investment and, consequently, both the capital stock and production, leading to higher income per capita. Importantly, the effect of the second dividend is larger when transfers from younger to older segments of the population are low and there is a greater incentive to accumulate assets to finance consumption in old age.

Mr. Chairman,

Concern about the consequences of population ageing is increasing among Governments in all world regions. Policy initiatives are touching virtually all spheres of life, from intra-familial relations to the provision of support targeted to the elderly to reduce levels of poverty, to the promotion of gender equality at all ages. Special attention has been

focused on the sustainability of pension systems. Most countries have unfunded public pension programmes that transfer funds from the working population to the elderly. In Western countries, the coverage of those programmes is virtually universal. Coverage is lower in the transition economies and varies greatly in developing countries. Levels of coverage rise with national income per capita, with coverage in low-income countries tending to be very low. Consequently, in most developing countries people continue to work until advanced ages and many older persons depend on intra-familial transfers. If the conditions of older persons are to improve in the future, initiatives to improve educational levels among the children of today, to increase employment levels among young and middle-age persons, and to foster savings for old age are urgently needed.

Also important is to address the changing health needs of ageing populations. As mortality declines, death is less commonly caused by infectious disease and more often the result of chronic or degenerative diseases. Developing countries are beginning to adapt to this shift in the burden of disease. Although increasing longevity seems to be associated with shorter periods of ill health, as a population ages the number of older persons requiring health care increases markedly. Both developed and developing countries need to devise innovative approaches to delay ill health and ensuring the sustainability of health service provision.

Mr. Chairman,

Clearly, changes in the age structure of populations, both current and future, pose important challenges to people, families, communities and societies. Yet these challenges, which are unavoidable, should be welcome. After all, as the first Director of the Population Division observed in 1954: “Pessimists may see only problems in population ageing, [but] it is actually a great triumph of civilization”. We should not be victims of our own success.

Thank you Mr. Chairman.