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Mr. Chairman, distinguished Delegates, Ladies and Gentlemen,

As Dickens famously put it: This is the best of times, this is the worst of times. Those of us who were born in the middle of the twentieth century have been witness to an extraordinary period in human history. Never before had the population of the world increased by so much so fast. Between 1950 and 1987, the population of the world doubled, from 2.5 billion to 5 billion persons. If human life on earth is to remain sustainable, earth's population will never double in size again.

Rapid population growth in the twentieth century was the result of major advances in human well being. For the first time in history, humanity had effective tools to combat the contagious diseases that had meant early death for millions of people over millenia. Improved nutrition and sanitation, widespread vaccination, the use of antibiotics, campaigns to control the vectors of disease all contributed to reduce mortality markedly, particularly in developing countries, and as more people survived, especially children, population growth accelerated.

But these changes set the stage for an even more remarkable transformation of the human population. As more children survived to become adults, parents realized they could have fewer children and invest more on each. Family planning became widespread, facilitated by the availability of modern methods. And fertility levels dropped in population after population. Thus, since 1960 the world's fertility has been cut in half, falling from 5 children per women to about 2.5 children today and we estimate that currently 43 per cent of the world population lives in countries where fertility is below-replacement level.

These trends, that represent major achievements for populations everywhere, shape the age structures of populations in characteristic ways. The initial reductions in mortality, which are concentrated mostly among children, lead to a younger population,

whereas the subsequent fertility decline triggers a long-term process of population ageing, which is further accelerated by continued reductions of mortality that increase survivorship to old age.

Because the changes described, which we demographers denominate “the demographic transition”, began at different times in different countries, there is still today great diversity in the age structures of the populations of the world. If we imagine the transition process as a long marathon, Europe is at the lead, with a population that is already very advanced in the ageing process, so much so that it has already a higher number of older persons than of children.

Europe is followed closely by Northern America and slightly further behind by Oceania. Asia and Latin America and the Caribbean lag further behind, finding themselves today at about the same stage that Europe had reached in 1950. And Africa trails even further behind, being roughly at the same stage today as the one Asia or Latin America had reached around 1970.

In the future, Europe is expected to maintain the lead, followed at a leisurely pace by Northern America and Oceania. Asia and Latin America and the Caribbean are expected to gain speed so as to reach by 2050 a stage approximating that of Europe today. Africa is expected to follow at a distance reaching by 2050 a stage similar to that of Asia today. In consequence, in 2050, older persons (those aged 60 or over) are expected to constitute 35 per cent of the population in Europe and just 10 per cent of that in Africa, while children under age 15 are expected to account for just 15 per cent of the population in Europe and 29 per cent of that in Africa.

Mr. Chairman,

What are the implications of these changes in age structure for social and economic development? Their implications are varied and profound. Varied because the process of population ageing affects: (a) individuals, who can expect to live longer; (b) families that become smaller; (c) inter-generational relations in terms of equity and solidarity, and (d) the balance of production and consumption. Furthermore, the implications vary according to the stage of the transition that each population has reached. In all cases, the transformation of the age structure leads to profound social and economic change stemming from the ways the lives and expectations of individuals and families are being transformed.

At the population level, mortality reductions go hand in hand with improved health, a factor that not only improves lives but also contributes to enhance the productivity of workers. At the same time, fertility reductions result in smaller families and allow parents to invest more on each child. Furthermore, during the period when the share of children in the population declines and that of adults of working age increases, the economy has the opportunity of raising output more rapidly than consumption and hence accumulating more capital to promote investment and improve living standards for

all. This “first demographic dividend” has proved especially beneficial in countries that have invested in improving human capital through education. Achieving universal primary education has been easier for countries where families have become smaller. Those having still very youthful populations are finding it harder to meet this crucial goal.

More generally, the demographic transition started earlier in the better-off countries where the levels of child dependency, that is, the number of children per person of working age, have been very low (as in developed countries) or have been dropping (as in most developing countries). Low-income countries, lagging behind in the demographic transition, still have high child dependency levels that reduce their ability to invest in productive activities while at the same time providing adequate health services and education to the young.

Crucially, to make the most of the “first demographic dividend”, countries undergoing the demographic transition need to ensure that there is sufficient employment for the growing labour force. Worryingly, levels of unemployment remain high among the young in most developing countries.

Challenges of a different nature are faced at the other end of the transition, when the population of working age ceases to grow and all growth is concentrated in the older population. To meet those challenges, adaptation needs to occur in a variety of areas. As previous speakers have noted, economic analysis indicates that ageing populations have the potential of increasing their average wealth by promoting the accumulation of savings and assets among working-age persons in preparation for retirement or reduced productivity in old age. Taking steps to maximize this “second demographic dividend” is critical to ensure that population ageing is not only sustainable but beneficial for society. When small families become the norm, parents are less likely to count on the economic support of their children in old age and are better able to save because fewer resources are devoted to child-rearing. Furthermore, as younger generations have fewer members than those preceding them, public transfer systems become hard pressed to provide support in old age to increasing numbers of older persons. Hence, both individuals and institutions need to adapt by relying less on transfers and more on savings or assets to support consumption in old age. Policy-makers have the responsibility of guiding this adaptation and the sooner it starts, the better.

In closing, Mr. Chairman, let me revert to the quote by Dickens. We live in the best of times because never before have so many people enjoyed such long and healthy lives. We live in the best of times because human society has proved that it can adapt to the increase in longevity and the rapid population growth it produced by reducing the size of families, thereby improving the chances that children have of being educated or receiving proper health care and increasing the opportunities for women to contribute to society by engaging in other than child-rearing activities. All these changes are propitious to economic growth in a context of supportive economic and social policies.

At the same time, we live in the “worst of times” because many populations are not prepared to provide decent livelihoods to their older members. Although today the population of developed countries is older, 64 per cent of older persons live already in developing countries and that proportion is rising. Whereas developed countries may be concerned about the viability of their pension systems in view of rising numbers of older persons and declining numbers of workers, developing countries generally do not provide pension coverage for the majority of older persons. Consequently, most older persons in low- and medium-income countries must rely on their own labour, their savings or in family transfers for support. Poverty is particularly common among older persons, especially if they are women living on their own or as heads of household. Under these circumstances, the rapidly increasing numbers of older persons in developing countries is daunting. For that reason, it is particularly timely that initiatives to improve the prospects of the older persons of the future be implemented now.

Mr. Chairman,

As you noted, population ageing and its consequences has been acknowledged as a major challenge for the international community, particularly as Member States gathered in Madrid in 2002 to consider how best to address its consequences. This week, the Commission has the possibility of commemorating the adoption of the Madrid International Plan of Action on Ageing by considering how Governments can make the process of population ageing work for the benefit of social and economic development for all. I wish you all success in your deliberations.

Thank you, Mr. Chairman.