

The Age of Aging

*How Demographics are
Changing the Global
Economy and Our World*

George Magnus



John Wiley & Sons (Asia) Pte. Ltd.

Contents

Dedication	xiii
Acknowledgments	xv
Preface	xvii
Chapter 1: Introducing a new age	1
Everyone is affected everywhere	3
The demographic debate laid bare	6
Differing prospects for richer and poorer nations	7
Demographics and other global trends	8
Endnotes	9
Chapter 2: Population issues from Jesus Christ to aging and climate change	11
Population take-off, Malthus, and Marx	13
Fertility debate gathers significance	15
Falling fertility, family structures, and modern times	18
Climate change, food, oil, and water join the fray	21
Food and oil supplies	25
Water shortages too?	28
What happened to the dominant species?	29
Endnotes	30
Chapter 3: The age of aging	33
Global population changes	34
Your world party guest list	37
Three stages of ages	38
Aging and dependency	42
What about the workers?	46
Dependency ratios for the old and the young are not comparable	48
The demographic dividend for poorer countries	54

Conclusions	55
Endnotes	56
Chapter 4: The economics of aging—what is to be done?	57
How the rich world is aging	58
Will labor shortages crimp growth?	59
Is it possible to boost the supply of workers?	61
Raising participation and immigration	63
Women to work	65
Can we strengthen brain as well as brawn?	67
Working longer to retirement	69
Youth trends sap economic strength	70
How much immigration?	73
Productivity is the holy economic grail	76
Will we be able to finance retirement?	80
Saving less with age, saving less anyway	82
Changing pension schemes	84
Retirement and savings in the United States	85
Endnotes	88
Chapter 5: Coming of age: United States, Japan, and Europe	91
Aging in advanced economies	93
Accounting for growth in Japan, western Europe, and America	95
Removing the sex and age barriers to work	99
Barriers to female employment	100
Barriers to older workers in employment	104
Later retirement is more than just a matter of law	106
A Singaporean model for all?	109
Who's for change?	109
Endnotes	111
Chapter 6: Will aging damage your wealth?	113
Will there be enough in the personal savings pot?	114
Savings patterns and trends in Japan	115
Savings in the United States	117
Savings in Europe	118
Less generous pensions	120

More self-reliance for retirement savings	123
Government spending and more public debt	124
Age-related spending: pensions	125
Age-related spending: healthcare	127
Age-related spending in OECD countries	128
America's healthcare and public spending explosion	130
Paying for aging	135
Fiscal versus fallen angels	137
Will aging societies inflate or deflate?	141
Will aging damage your wealth?	144
Less buoyant returns but new opportunities	146
Safe as houses?	148
Prime-age house buyers in decline: who will buy?	150
Wealthy and healthy?	152
Endnotes	153

Chapter 7: Waiting in the wings: aging in emerging and developing nations	157
Aging faster than rich countries	159
Demographic dividend and dependency	161
Asian strengths and weaknesses	164
Gender discrimination	165
China—Middle Kingdom, middle age	167
One-child policy	168
Running out of cheap labor	171
Economic consequences	173
Growing social policy agenda	175
India and its human capital	178
An Asian America?	179
Jobs and skills are what India needs	181
Russia—a failing petrostate?	185
Demographic decay	186
Fading fertility	188
Mounting mortality	189
Manpower, military, and immigration	191
Africa and the Middle East, banking on the dividend	193

Africa: a distorted dividend?	195
Reasons to be optimistic regardless?	196
Stronger institutions, too much HIV/AIDS	198
Middle East and North Africa—rage, religion, and reform	202
Basic population characteristics	202
Angry young men in an unstable region	205
The need for reform	209
Believing, not belonging	211
Don't hold your breath	213
Endnotes	214
Chapter 8: Where globalization and demographics meet	219
Globalization is the death of distance	220
Solving the globalization problem via institutions	222
The globalization “trilemma”	224
Negative sentiment	226
Globalization and well-being: the case of HIV/AIDS	229
For richer, for poorer: marriage by globalization	234
Conclusions	239
Endnotes	241
Chapter 9: Will immigration solve society problems?	243
Rising hostility toward immigration	244
How many immigrants and where are they?	249
How sustainable is higher immigrant fertility?	254
Economic arguments are awkward or weak	257
Short-run effects positive but may not last	259
Unskilled or semiskilled immigration issues	261
For some, a brain drain into retirement	262
Financial aspects of immigration are balanced	264
Competition for migrants may be rising	266
Conclusions	267
Endnotes	268

Chapter 10: Demographic issues in religion and international security	271
The secular-religious pendulum swings back	272
The Pyrrhic victory of secular capitalism	273
Will religion get us from here to maternity?	275
Religious belief in the ascendant?	279
Secular balance can be sustained	284
International security	286
Demographic change and new forms of conflict	287
Manpower shortages	290
Endnotes	294
Epilogue: The <i>Boomerangst</i> generation	295
The kiss of debt and other sources of angst	298
Insecurity, inequality, and changing family structures	302
Conclusion	305
Endnotes	307
Postscript: Population forecasting	309
Index	315