

Latin America: Ready for an Aging Revolution?

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Report advises Latin American countries to prepare for a 'greying revolution'; rapid aging no longer a rich country phenomenon.

Region's life expectancy jumped by 22 years in last half-century; population now dominated by working adults with fewer children.

Report recommends building stronger health systems, delaying retirement age, reforming pension systems and creating more jobs for women to expand the workforce.



March 28, 2011—Population aging is a global issue that affects a growing number of countries around the world, especially at a time when family support and other traditional safety nets have become far less certain in the aftermath of the global economic crisis.

In Latin America, for example, life expectancy has jumped by 22 years over the last 50 years and its population is now dominated by working-age adults with significantly fewer children. The region faces the prospect of rapid aging.

A new report from the World Bank's Human Development Network warns that governments and communities in the region cannot afford to be complacent about a 'greying revolution,' given that the next 50 years will be very different from its past half century.

According to [Population Aging: Is Latin America Ready?](#), economic growth in Latin America will be more challenging in countries with large numbers of elderly people and meeting health care, pension, and other needs will be especially difficult for low- and middle-income countries. Establishing appropriate policies and institutions to accommodate the region's powerful demographic shifts will be vital to safeguard Latin America's social and economic future, says the report.

"OECD countries have been getting used to the idea of rapid aging over previous decades as a result of smaller family sizes, better health, more money, and longer lives, all of which has been a huge social plus," says Daniel Cotlear, report co-author and a lead economist in the World Bank's Human Development Network.

"But we should all be worried that rapid aging is no longer a rich country phenomenon and that many poorer countries are now catching up, but largely without the money and advance planning to cope with the social and economic challenges of this profound social change," he says.

Changing Demographics

Cotlear says the demographic makeup of Latin America and the Caribbean (LAC) has changed dramatically since the 1950s. At that time, the region had a small population of about 160 million people, less than today's population of Brazil. Two-thirds of Latin Americans lived in the countryside.

Families were large and women had one of the highest fertility rates in the world, low levels of education, and few opportunities for work outside the household. Investments in health and education reached only a small fraction of the children, many of whom died before reaching their fifth birthday.

Today, the region's population has tripled, and most people lives in cities. Far fewer children die from illness thanks to health and education advances; and 50% fewer babies are born as a result of women taking advantage of education and significantly more opportunities to work outside the home.

As a result, demographic change in LAC during the 21st century will be dominated by rapid population aging. This trend can be seen in countries with high European immigration, which were the first to initiate demographic transition in the early 20th century and which also have some of the most extended social security systems.

The rest of the region will continue to benefit from a falling dependency ratio for a few more years, but will then also face rapid aging, says Cotlear. This process will not take a century as it did in Europe; it will take place over two or

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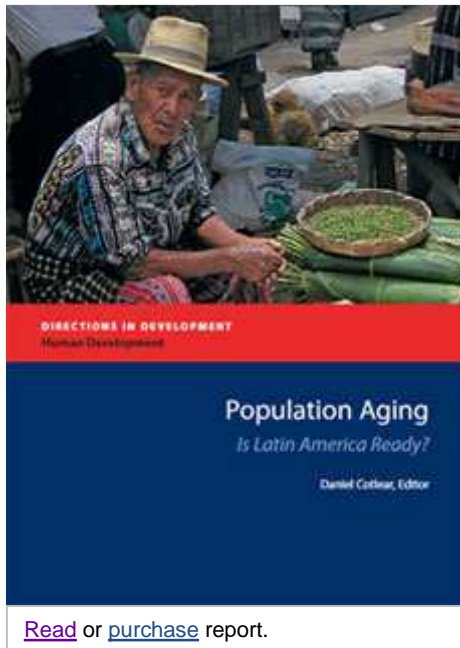
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three decades. Globally, one-fourth of countries that are aging most rapidly are in LAC.

'New Social Agenda' Needed

"This book describes the issues that compel us to craft a new social agenda for Latin America which now needs to incorporate the challenges of the growing aging population," says Alejandro Toledo, the former President of Peru, in a note written to the authors of the Bank report. "Governments and the private sector must learn to balance the demands posed by a rapidly growing population of seniors while continuing to invest in the education of our youth and the needs of the poor."

How can governments manage the inevitable aging of their smaller populations? Cotlear says pensions or poverty are not the only options: "We need to understand the economic life cycle, elderly work and incomes, family support, gender, and also the cost of health care in old age. In the long run, pension coverage needs to cover more people, especially those who work off the radar in the informal jobs market where government regulations and protections just don't apply."

The report advises countries and communities to develop a number of policies that support long, productive lives for their workers and keep the elderly healthy and mobile for as long as possible.

For example, health care systems that can provide the elderly with healthy living and appropriate primary health services will be essential. This is especially important since diabetes, obesity, heart disease, and other non-communicable diseases predominantly strike people in middle age and beyond and can be a source of financial hardship as people are forced to pay for their own treatment.

Instead of retiring in their early 60s, workers could wait until much later to leave the workforce as they do in Singapore and some European Union countries, advises the report. Governments can provide lifelong learning programs for people in their 50s and 60s and should consider enacting laws against age discrimination.

Attracting more women into the job market is another policy option; countries with fewer women employed outside the home may want to expand their workforce in the context of population aging. The report also recommends continued reform of pension systems, particularly for countries seeking to increase life savings among.

In Paris, France, this week World Bank Group President Robert Zoellick will discuss the global development implications of aging when he addresses the [Global Forum for Longevity](#) to better explore the social and economic dimensions of people living longer lives.

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