

*The Age of Aging: How Demographics are Changing  
the Global Economy and Our World*

by George Magnus  
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Magnus is an economist; his task in this book is to bridge the gap between academic research requiring specialized knowledge and news coverage. It is not about gerontology per se, but about the economic, social, and political consequences of population aging. He aims to frame the challenges and issues, and to increase awareness of what societies must think about and address, not to provide answers for policy makers. The world is his focus, including both developed and developing countries.

A brief introductory chapter emphasizes the changing demographics that will affect all countries with major differences between developed and developing nations. The former must figure out how to prosper with insufficient children and, therefore, insufficient workers tomorrow to support their aging population, while developing countries will have the opportunity to create employment before aging becomes manifest. The next chapter identifies issues arising from demographic change, including the threat of economic decline and rising social tension as a result of birth rates below replacement and, therefore, the sustainability of replacing the working-age population. Other issues relate to climate change, given carbon emissions, etc., food supply, and oil and water reserves. Magnus' next chapter details fertility rates, including the various conditions related to low fertility (faster economic growth, increased female literacy, and availability of birth control methods) which apply equally in Roman Catholic and Muslim countries, as well as changes in the availability of working-age individuals and dependency ratios of old and young. He points out that the total dependency ratio has changed little over the last 300 years, and is predicted to remain relatively stable. For Magnus, the financial cost to society of caring for older adults is significantly higher than caring for the young.

The fourth chapter begins a discussion of potential solutions to a stagnant or shrinking workforce with an increasing care demand from an older population. Potential solutions offered here remain as themes throughout the remainder of the book: increasing the age of retirement, increasing immigration, and raising productivity growth. While

Magnus does not see immigration increasing to the levels necessary to be a serious solution, he spends much time on the importance of increasing female participation in the labour force. Although increasing retirement age is offered as a real possibility, he is fairly negative regarding of the decreasing abilities of older workers, and argues for the need for higher educational standards, presumably life-long. Savings are viewed as necessary or retirees will be an even bigger drain on society. The current trend of dissaving in the US by younger adults is frowned upon. He goes on to discuss in more detail barriers to female employment, barriers to older worker employment, and the need to change both. For developed countries, the main aging burden resides in pension and health care costs. Chapter 6 is devoted to a discussion of savings and pensions in developed countries, notably Europe, the United States, and Japan. The author is convinced of the ever-increasing medical costs of an aging population, and therefore of a virtually inevitable increase in taxes.

In developing nations, with some exceptions, the working-age population does not start to decline until the 2030s, with the increase in those over 65 occurring in a much shorter time span than occurred in developed countries (Africa is an exception here, with a much slower aging population). Not until 2050 will developing countries have an age structure much like the developed world today. China, an exception, will have approximately 31 per cent of its population aged 60+ in 2050, larger than the percentage found in the US. Most developing countries will age before they have achieved the economic riches of the West. The uniqueness of Asian countries, particularly China, is highlighted, including historic gender discrimination and the one-child policy. A shortage of cheap labour in the future is noted in terms of consequences for economic growth, as is the current lack of affordable healthcare and the estimated need for care.

India, in contrast, has a much younger demographic profile and a burgeoning service-oriented economy, but must ensure sufficient job creation for its upcoming youth, expand access to education, and reform labour laws. Russia, on the other hand, is characterized by chronically low fertility (its population began declining in the 1970s) from an increase in infant mortality and deaths among working-age males. Russia is distinctive in its serious health crisis, resulting in one of the highest mortality rates in the world. Africa and the Middle East will contain much of the world's increase in population growth over the next 40 years. Africa, though, is highly affected by HIV/AIDS, political instability, and by high unemployment and crime rates. The Middle East is characterized by its oil riches and lack of alternative sources of wealth. The traditional role of women in these societies has prevented their entry into the labour force to the extent Magnus sees as desirable and even necessary for economic health.

The author moves on to the topic of globalization, noting that at the present time it refers primarily to markets, companies, and finances, but argues that all countries will be required to transition to globalization of both labour and capital. For this to take place, the state must be involved in more active, not less active, public policy. Globalized healthcare solutions are offered as an answer to many of the healthcare demands that will emerge with aging societies. Noting that both capital and labour currently flow from developing to developed nations, he argues that the flow of labour should remain in this direction but the flow of capital needs to be reversed. If such integrated cooperation does not occur, the worst could happen; increased terrorism, protectionism, and nationalism, and poverty in old age.

Finally, Magnus devotes a chapter to religion and international security, in the context of a growing, secular world. He argues that the relationship often assumed between fertility and religion is simply wrong, that religious families do not necessarily have more children. For example, in Iran the fertility rate is approximately that of the secular United States, and much lower than in India.

This book is not written for academic or research specialists; the educated layman will find it an easy read. The book is full of interesting information, unfamiliar to many readers. The inclusion of both developed and developing countries is a plus. Those not immersed in this topic will learn something from reading this book. It is, however, written by an economist who views the future as a continuation of the present. You will not find here any “thinking outside of the box.” There is no mistaking that Magnus views old people as an economic burden on society; no other viewpoint is seriously taken into account. The unpaid labour that older adults contribute, particularly to their children and grandchildren, but also their volunteer activities after retirement and their own spending on consumer goods, are not considered. Creative and innovative change that could take place within society, such as a radically different health care system than is found in the West today, is not discussed. A wide spectrum of factors that are potentially very important for the issues he raises are reviewed, but any factors outside of the standard ones that may influence aging are simply absent. The extent to which we need the current economic order in order to have successful societies is never questioned. Nevertheless, the book is an interesting read, especially for the layman newer to the area.