



Woodrow Wilson
International
Center
for Scholars

Environmental Change and Security Program

The Graying of the Great Powers: Demography and Geopolitics in the 21st Century (Book Discussion)

Tuesday, January 27, 2009

Woodrow Wilson International Center for Scholars

Edited Transcript—Richard Jackson

Well, I'm going to turn to the developing world and the context, obviously, in which the possibly -- the certainly aging and possibly weakening developed countries of a decade or two or three from now will be operating.

Of course the developed world, as Neil explained, is leading the way into this older future, but the developing world is also in the midst of what demographers call the demographic transition. The shift from high fertility and high mortality, the traditional norm, to low fertility and low mortality, the modern norm, a shift that seems to inevitably accompany economic and social development.

Worldwide -- let me back up again a second. Worldwide, since 1970, the fertility rate has fallen from 5.1. In the developing world, the fertility rate has fallen from 5.1 to 2.9. The population growth rate has dropped from 2.2 percent to 1.3 percent per year, and the median age has risen from 20 to 26. So, in the developing world as a whole, this trend is now well under way. This is obviously at a fundamental level a cause for hope and for optimism about the future, and for two reasons: First of all, there's the window of economic opportunity for economic growth and development that the demographic transition opens up. Think about it. What's the first thing that happens when fertility falls? You have fewer kids to take care of, right? So you free up adult time and especially the time of women for participation in the market economy. Over time, the share of the population in the working years rises, all other things being equal, that translates into higher per capita GDP. As more of the working age population moves into the higher saving middle years, you may get a boost to savings and investment and productivity growth. This dynamic is sometimes called the demographic dividend.

There's also the fading of what are often called youth bulges: the unusually large share of the population in the volatile young adult age bracket, sometimes measured as age 15 to 24,



environmental change & security program



sometimes as age 15 to 29. It is a large literature that establishes the correlation between extreme youth, violence, instability, and stayed failure. Youth bulges are fading in much of the developing world now.

Yet, at the same time, the closer we looked at the demographic dynamics that are now unfolding, we realize that these positive developments that in the long term may be pushing the world toward greater peace and prosperity, in the near term raise certain concerns. And so this optimism has to come along with a couple of caveats.

The first caveat is that the timing and pace of the demographic transition varies greatly by country and region. Fertility's fallen much further in some regions than others. In fact, in some regions, it's hardly fallen at all. Thirty-four percent of the developing world's population now lives in countries with below replacement fertility. That's up from five percent in 1970, but 46 percent still lives in countries where the fertility rate is higher than three. So you have a -- countries moving through the demographic transition at very different paces leading to a very wide range in population outcomes over the next few decades.

In parts of the developing world where fertility has not fallen, mainly Sub-Saharan Africa and a scattering of poorer Muslim majority countries, places like Somalia, Sudan, Yemen, Afghanistan, large youth bulges will persist well into the 2020s, and indeed well beyond that if fertility fails to fall in the future as the U.N. assumes that it will. Most of these countries amply demonstrated the correlation between extreme youth and violence in recent years. And if that correlation persists, these regions could remain prone to instability and stayed failure in the future.

At the same time, you have parts of the developing world that are moving through the demographic transition at a remarkable pace, in fact, much faster than the developed countries once did in their turn. China faces a massive age wave in the 2020s that will arrive while it's still in the midst of development and modernization. China has been peacefully rising while demographics, this period of demographic dividend, have been leaning with economic growth, but by the 2020s, its last large generation, the red-guard generation, will be retiring and the favorable demographics will be thrown into reverse. Old age dependency burdens will soar. Imagine tens of millions of today's midlife adults in China, many of them have joined this vast, ruthless, floating population, aging by the 2020s to tens of millions of indigent elders without pensions, without health care, without children or at least nearby





children to support them. These trends could -- the economic rise of China is often spoken of as inevitable. These trends could push China in the direction of social collapse, act as a kind of multiplier of all the stresses of development, or in reaction cause China to lurch even more towards neo-authoritarianism. Here's a chart that I like to show. I don't know how many of you are aware that by the mid 2030s at the latest, China will actually be an older country than the United States.

Meanwhile, Russia will be in the midst of the steepest and most projected protracted population decline of any country since the plague ridden middle ages. And if fertility's collapsed, even as a mid-widening health crisis, life expectancy is falling. The typical Russian male today can expect to live to 59, which is 16 years less than the typical American male. Indeed, less than Russian men could expect to live on average two generations ago at the end of World War II. Putin has called the impending demographic implosion of Russia the greatest challenge that the country faces. When a country's geopolitical aspirations are thwarted, it can reach liberal solutions and frankly, there's no country in the world today where the demographics are more fundamentally out of whack with the geopolitical aspirations than in Russia.

And then, finally, you have this curious and interesting phenomenon of backtracking transitions. When rapid population growth comes to a screeching halt, it -- in other words, when a boom is followed by a bust, it sets up an oscillating sequence of fading echo booms and echo busts into the future. A bust generation is now coming of age in much of the developing world, in Latin America, South Asia, and in much of the Muslim world. But by the 2020s, an echo boom will follow. Take a look at this chart which depicts the average ideal growth rate with a population aged 15 to 24. You can see it decelerating rapidly through about 2015 to 2020 and then suddenly picking up again. That's the echo boom of the 2020s.

This chart shows the cumulative percentage change in the youth bulge age group, the age group 15 to 24, in a number of Muslim majority countries: The first bar for the 2010s and the second bar for the 2030s. You can see this enormous swing, particularly -- most dramatically in Iran where the youth population will decline by 31 percent over the next 10 years, but then leap upward again by 30 percent over the following 10.

The first caveat is the unevenness of the transition. I may have to turn this over to my colleague in a moment if I don't get this cat out of my throat.





At the same time, and this is something else we discuss in the book, and that's that journeys can be more dangerous than destinations. It may be that older age structures together with development over time push countries towards greater prosperity and greater stability, but it doesn't necessarily do so in a linear fashion. And, in fact, there is some evidence that the risk of conflict rises at first with income before it then falls. So there's a hump shaped relationship between development and conflict. And this should hardly be surprising. I mean, development economists are quite familiar with the fact that development itself gives rise to a whole series of social and economic stresses, that we see being played out now in different regions of the developing world. I mean, everything from mass internal migration to urbanization to rising income and equality to growing ethnic tensions to environmental degradation. And most of these stressors themselves exhibit a hump shaped relationship with respect to development.

There's also some evidence that this relationship is strongest for some of the most serious types of security threats that we face today, particularly international terrorism. Most of the terrorists don't come from the poorest countries. They come from disaffected middle classes in middling countries, international terrorism, neo-authoritarian reaction, as in the China model or in the Russian model.

There's also the problem of demographic competition. I think we need to push this towards a conclusion probably. So, let me just say a word or two about this. When fertility falls and population growth slows within a region or within a state, it doesn't do so at the same rate necessarily for all ethnic and religious groups within a given society. So you have a differential demographic trend often between groups with a long history of competition, of tension. I mean, Muslims and Hindus in India, Christians and Muslims in Nigeria, within Islam between Shiites and Sunnis and so forth. So there's this whole issue of differential growth rates. Also, within religious traditions, differential fertility and growth rates by intensity of religious conviction. This is true within Judaism. It's true within various Christian denominations. I don't know how many of you know that the fertility rate in red zone Utah is -- what is it Neil? 50 percent higher than in blue zone Vermont. You have a huge fertility differential.

An interesting survey of, I think, a dozen or more Muslim countries asked the question, "Should *sharia* only be the law of the land?" And among those who answered yes, the fertility rate was twice as high as among those who answered no. So, you have a sort of a





fertility divide between more secular and more religious segments of the population, which could affect to the extent that the demographic transition is tied to development and modernization could actually affect the progression of the transition over time.

Gender imbalances in Eastern South Asia, which is itself in part an artifact in falling fertility, let me just vault over that. We can come back to that afterwards if you want to.

And finally, this issue of squandered demographic dividends: Yes, this period of demographic dividend can give a big boost to economic growth. Any number of studies have estimated that, in fact, the change in age structure in East Asia accounts for between a quarter and a third of the growth rate in per capita GDP, in other words: the living standard growth rate in China and the Tigers over the past three decades. Isn't this going to happen everywhere? Well, in fact, most of the developing world is well through the transition. Dependency ratios have been falling in Latin America since the mid 1970s. They've been falling in South Asia. They've been falling in the Muslim world. They've been falling everywhere except in sub-Saharan Africa. Yet, to date, it's really only East Asia that is fully leveraged the demographic dividend.

Let me just conclude with a couple of words about the 2020s and this confluence of demographic risks that we see. For the developed world, it will be a decade of hyper aging and population decline as Neil discussed, the United States being a partial but important exception. The 2020s is when the age dependency ratio rises the fastest in most countries. The underlying trends of falling fertility and rising longevity are given a big extra push by the retirement en masse of post war baby boom generations. It's the decade of the fastest growth in pension and health benefits spending. Many countries will face fiscal crises. It's also a decade which will see a dramatic flattening in the growth trend in real GDP. And let me just throw up a chart here that illustrates the point that Neil was making earlier about the growth and productivity, perhaps not rising fast enough to offset the decline in working age populations, ushering in in some of the faster aging parts in the developed world, this new, unprecedented era of secular stagnation.

Meanwhile, in the developing world you have this whole series of potential demographic storms that I just ticked off. The echo booms in the Islamic world, the population implosion in Russia and Eastern Europe, and in China, not just what in the book we call premature aging. Premature because it's happening at a much lower level of per capita income than it's happened anywhere else, but this premature aging coinciding with China's arrival as a





Woodrow Wilson
International
Center
for Scholars

Environmental Change and Security Program

middle income country, and its overtaking of the United States as the world's largest economy, at least measured in purchasing parity dollars. For those of you familiar with power transition theory, this could be a moment that is potentially rife with danger.



environmental change & security program