

# **The Future of Work in the Developing World**

## ***The Demographic Environment***

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# The Developing World's Demographic Transition

|                            | Life Expectancy |         |         |         | Total Fertility Rate |         |         |         |
|----------------------------|-----------------|---------|---------|---------|----------------------|---------|---------|---------|
|                            | 1950-55         | 1970-75 | 1990-95 | 2010-15 | 1950-55              | 1970-75 | 1990-95 | 2010-15 |
| <b>Emerging East Asia</b>  | 44              | 62      | 70      | 76      | 6.0                  | 4.8     | 2.0     | 1.5     |
| <b>Eastern Europe</b>      | 60              | 69      | 68      | 72      | 2.9                  | 2.2     | 1.6     | 1.6     |
| <b>Greater Middle East</b> | 42              | 55      | 64      | 70      | 6.6                  | 6.2     | 4.6     | 3.2     |
| <b>Latin America</b>       | 52              | 62      | 69      | 75      | 5.9                  | 5.0     | 3.0     | 2.2     |
| <b>South Asia</b>          | 40              | 52      | 61      | 69      | 5.9                  | 5.5     | 3.6     | 2.4     |
| <b>Sub-Saharan Africa</b>  | 37              | 45      | 50      | 58      | 6.6                  | 6.8     | 6.2     | 5.1     |

Source: UN Population Division (2015)

# The Promise of the “Demographic Dividend”

- ❑ During the early stages of the demographic transition, rapid population growth and large youth bulges lean against economic growth and social and political stability.
- ❑ As the demographic transition progresses, falling fertility opens up a window of opportunity for economic and social development.
- ❑ This “demographic dividend” has been a driving force behind the rise of East Asia, and is now improving the prospects for growth and stability throughout most of the emerging world.

## Median Age, 1975–2050

|                            | 1975 | 1990 | 2015 | 2030 | 2050 |
|----------------------------|------|------|------|------|------|
| <b>Emerging East Asia</b>  | 20   | 25   | 37   | 43   | 50   |
| <b>Eastern Europe</b>      | 31   | 34   | 40   | 44   | 43   |
| <b>Greater Middle East</b> | 18   | 19   | 25   | 29   | 33   |
| <b>Latin America</b>       | 19   | 22   | 29   | 35   | 41   |
| <b>South Asia</b>          | 19   | 21   | 27   | 32   | 38   |
| <b>Sub-Saharan Africa</b>  | 18   | 17   | 18   | 20   | 24   |

Source: UN Population Division (2015)

## Working-Age Population (Aged 20-64), as a Percent of the Total Population, 1975–2050

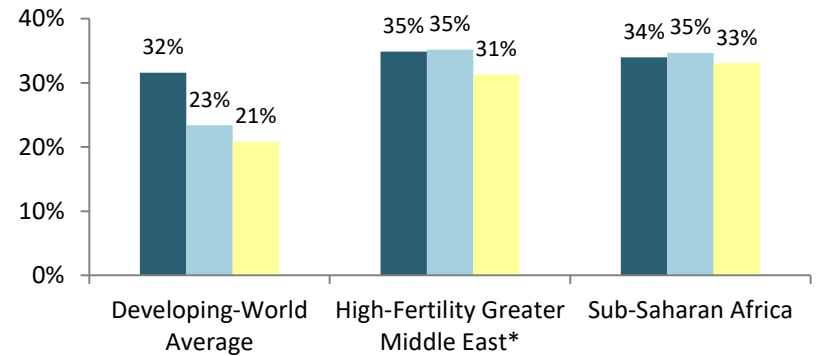
|                            | 1975 | 1990 | 2015 | 2030 | 2050 |
|----------------------------|------|------|------|------|------|
| <b>Emerging East Asia</b>  | 46%  | 55%  | 67%  | 62%  | 54%  |
| <b>Eastern Europe</b>      | 58%  | 59%  | 64%  | 58%  | 55%  |
| <b>Greater Middle East</b> | 43%  | 44%  | 54%  | 56%  | 57%  |
| <b>Latin America</b>       | 44%  | 49%  | 58%  | 59%  | 57%  |
| <b>South Asia</b>          | 45%  | 48%  | 57%  | 60%  | 60%  |
| <b>Sub-Saharan Africa</b>  | 42%  | 41%  | 43%  | 47%  | 52%  |

Source: UN Population Division (2015)

# Caveat One: Averages Can Be Deceiving

- ❑ In some regions, including most of sub-Saharan Africa and parts of the Greater Middle East, the demographic transition has stalled in its early stages.
- ❑ In other regions, the very speed of the transition is potentially destabilizing. China is aging prematurely, while Russia is on the cusp of a steep population decline.

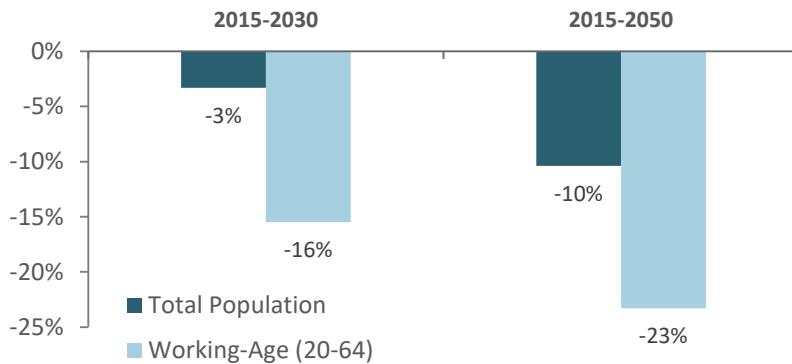
**Youth Bulge (15-24) as a Percent of the Adult Population (15 & Over), 1980, 2015, and 2030**



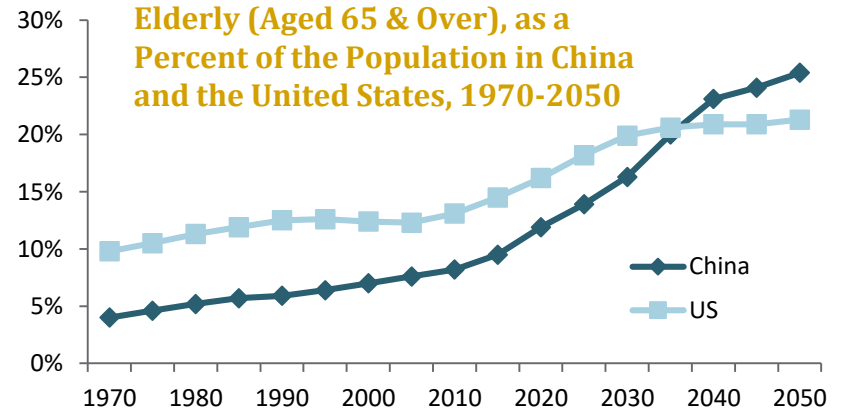
\*Includes Afghanistan, Iraq, Mauritania, Palestine, Sudan, Somalia, and Yemen

■ 1980 ■ 2015 ■ 2030

**Percentage Change in the Population of the Russian Federation, 2015-2050**



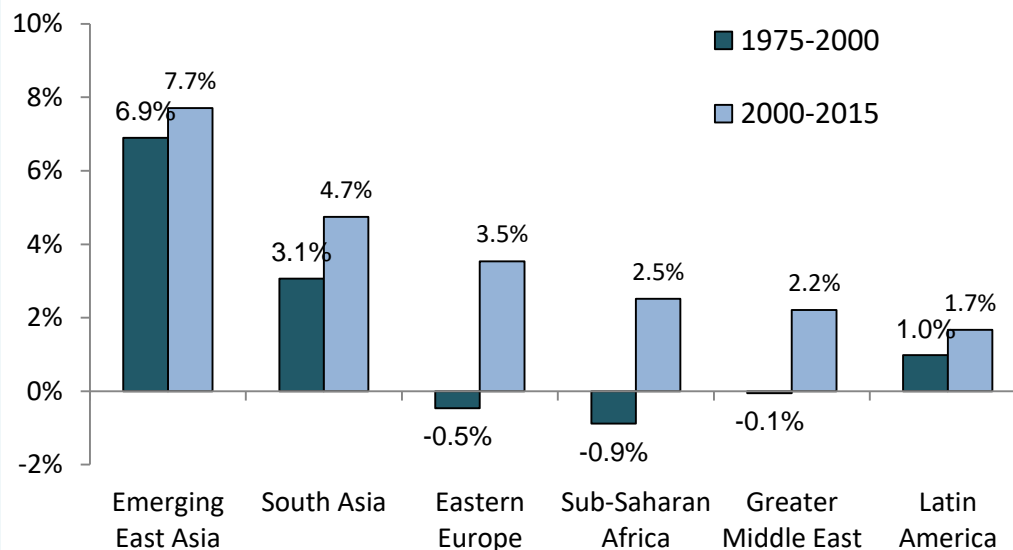
**Elderly (Aged 65 & Over), as a Percent of the Population in China and the United States, 1970-2050**



# Caveat Two: Missed Economic Opportunities

- ❑ The demographic dividend may open up a window of opportunity for development, but it does not guarantee economic success.
- ❑ Leveraging the dividend requires sound macro policies, good governance, and massive investments in infrastructure and, above all, human capital.
- ❑ Although economic growth has accelerated in many emerging markets over the past fifteen years, none are on track to replicate East Asia's economic performance.

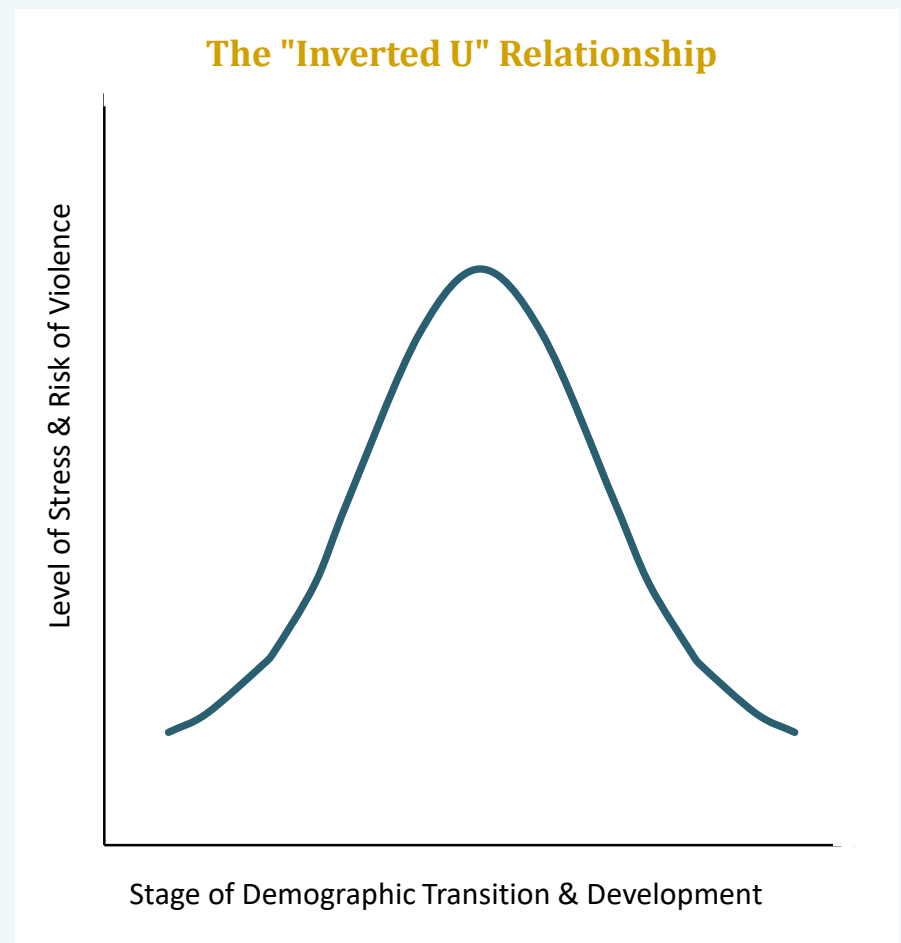
**Average Annual Growth Rate in Real GDP Per Capita in PPP Dollars, by Period, 1975-2015**



**Source:** World Development Indicators Database; Maddison Project Database; and UN Population Division (2015)

# Caveat Three: Journeys Can Be More Dangerous Than Destinations

- ❑ Societies undergo tremendous stresses as they move from the traditional to the modern. When plotted against development, most of these stresses describe an inverted-U, meaning that they become most dangerous midway through the demographic transition and the development process.
  
- ❑ These stresses include:
  - Contact with the global marketplace and culture
  - Urbanization
  - Environmental degradation
  - Growing income inequality
  - Growing ethnic competition
  - Religious extremism



Source: GAI illustration.

# Demographic Indicators: CASE STUDY COUNTRIES

|                                 | Life Expectancy |      | Total Fertility Rate |      | Youth Bulge (Age 15-24) |      | Median Age |      | Working-Age (Age 20-64) |      | Population Growth Rate |
|---------------------------------|-----------------|------|----------------------|------|-------------------------|------|------------|------|-------------------------|------|------------------------|
|                                 | 2015            | 2030 | 2015                 | 2030 | 2015                    | 2030 | 2015       | 2030 | 2015                    | 2030 | 2015-2030              |
| <b>Brazil</b>                   | 74              | 78   | 1.8                  | 1.7  | 21%                     | 16%  | 31         | 37   | 61%                     | 62%  | 0.6%                   |
| <b>India</b>                    | 67              | 72   | 2.5                  | 2.1  | 26%                     | 21%  | 27         | 31   | 56%                     | 60%  | 1.0%                   |
| <b>Kazakhstan</b>               | 69              | 71   | 2.6                  | 2.3  | 20%                     | 23%  | 29         | 32   | 60%                     | 56%  | 0.9%                   |
| <b>Nigeria</b>                  | 52              | 57   | 5.7                  | 4.7  | 34%                     | 34%  | 18         | 19   | 43%                     | 46%  | 2.5%                   |
| <b>Developing World Average</b> | 70              | 73   | 2.6                  | 2.4  | 23%                     | 21%  | 29         | 32   | 57%                     | 57%  | 1.1%                   |

Source: UN Population Division (2015)

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