

[Back to previous page](#)



document 1 of 1

LATIN AMERICA: Rapid ageing poses policy challenges

OxResearch Daily Brief Service. (Apr 05, 2012).



Find a copy



http://sfxhosted.exlibrisgroup.com/nps?url_ver=Z39.88-2004&rft_val_fmt=info:ofi/fmt:kev:mtx:book&genre=unknown&sid=ProQ:OxResearch&title=&title=LATIN+AMERICA%3A+Rapid+ageing+poses+policy+challenges&issn=&date=2012-04-05&volume=&issue=&spage=1&au=&isbn=&jtitle=&btittle=LATIN+AMERICA%3A+Rapid+ageing+poses+policy+challenges&rft_id=info:eric/&rft_id=info:doi/

Abstract

Ageing in Latin America.

Estimates released recently by the UN Economic Commission for Latin America and the Caribbean (ECLAC) suggest that, within the next 40 years, the number of Latin Americans aged 65 and over will more than treble to 180 million while the total population increases from 603 million at present to a projected 750 million.

Full Text

SUBJECT: Ageing in Latin America.

SIGNIFICANCE: Estimates released recently by the UN Economic Commission for Latin America and the Caribbean (ECLAC) suggest that, within the next 40 years, the number of Latin Americans aged 65 and over will more than treble to 180 million while the total population increases from 603 million at present to a projected 750 million.

ANALYSIS: Impacts.

Per capita income levels in Latin America are much lower than when ageing occurred in developed countries.

Forecasts suggest that growth of the working-age population will soon drop below that of the population as a

whole.

Women, with longer life expectancy, are particularly vulnerable to gaps in social services for older people.

Across Latin America and the Caribbean (LAC), the age structure of the population is changing rapidly as both fertility and mortality rates drop:

Birth rate. According to ECLAC, this dropped from 5.9 children per woman in 1950-55 to 3.0 in 1990-95 and 2.2 at present, close to the replacement level of 2.1.

Life expectancy. ECLAC estimates that average life expectancy in LAC currently reaches 74.7 years, up from 51.8 years in 1950-55 and, by the middle of this century, will reach 80 years. The increase was initially a result of a decline in infant mortality -- currently running at 18.9 per thousand live births down from 127.7 in 1950-55 -- and, subsequently, of a general decline in mortality.

Migration. According to study published by the World Bank last year, "Population Aging: Is Latin America Ready?", there was net negative migration out of most LAC countries between 2005 and 2010, with Chile, Costa Rica and Panama as the only exceptions.

LAC's population is still growing, even in most countries with birth rates close to replacement level, as young people born when fertility rates were higher reach reproductive age. However, as from around 2020, the number of under-15s is expected to start to drop while the adult population (aged 15-59), which is now growing at a declining rate, is projected to peak in around 2045. Growth of the population as a whole would subsequently drop to an estimated 0.3%, down from 1.3% at present and 2.8% in the 1950s, driven exclusively by growth of the number of people aged 60 and over.

Transition stages.

A decline in mortality and fertility rates initially triggers the so-called 'demographic dividend', a period during which the working-age population grows relative to the inactive population, before ageing and the resulting increase in the inactive population begin to erode this dividend (see BRAZIL: Demographic dividend will not last - May 23, 2011). ECLAC divides this process into four stages, all of which are apparent in LAC:

Moderate. This early stage of the dividend is characterised by falling but still high mortality and fertility rates and is seen, for example, in Bolivia (with a life expectancy of 67.2 years, the lowest in the region apart from Haiti, and a birth rate of 3.1) and Guatemala (where the birth rate, at 3.7, is the highest in the region).

Full. Most Central American countries as well as Ecuador, Peru and Venezuela are at this stage when a country reaps the full benefit of its demographic dividend.

Advanced. Most other South American countries and Mexico are already approaching or past the dividend's peak and close to the point at which the ratio of working-age adults to the inactive segment of the population begins to decline.

Very advanced. According to ECLAC, only Cuba and Barbados have already reached this stage. In Cuba, indeed, the population is reported to be falling and ageing faster than anywhere else in the region, due partly to migration but also to a birth rate that, at 1.5, is the lowest in LAC and a life expectancy of 79.1 years, the same as in Chile and exceeded only by Costa Rica.

Policy challenges.

The challenges posed for LAC governments by population ageing are particularly acute because the process is happening much more quickly than was the case in industrialised countries. Partly for this reason, it also coincides with other problems such as poverty, limited social security coverage and weak institutional

frameworks that are characteristic of earlier stages of development.

In the past, the relatively small number of older people in LAC and their generally lower level of education as compared to younger cohorts restricted their political voice. However, this is likely to change, adding a generational dimension to debate about equity in other spheres such as income and gender and between different regions within the same country and ethnic groups.

The policy challenges lie principally in three areas.

Pensions and their fiscal implications .

Many LAC countries have replaced pay-as-you-go pension systems, financed out of the fiscal revenues, with systems based on individual savings accounts (see LATIN AMERICA: Private pensions enjoy sustained growth - January 19, 2011). However, while this has increased fiscal sustainability, progress in extending coverage has been less satisfactory and, according to the World Bank study, this reaches less than 40% in twelve LAC countries including Mexico, Peru and Colombia (but over 70% in Brazil, Uruguay and Bolivia).

Labour market regulation.

As well as measures to increase pension coverage by encouraging formal employment and facilitating women's workforce participation, measures could be taken to keep older people in work as, for example, by expanding workplace training, which currently tends to focus on younger people, to older age groups.

Healthcare.

In order to cope with the demands of an ageing population, healthcare services, which currently focus on treatment, need to put greater emphasis on prevention. It has also been suggested that, like conditional cash transfers for poor people which are tied, for example, to children's school attendance, social benefits for older people could be tied to preventive medical checks or other similar requirements.

Older women.

Over the past 50 years, the gap between life expectancy for men and women in LAC has widened from 3.4 years to 6.2 years and, according to ECLAC, will remain at around this level before gradually beginning to close towards the middle of the century. This implies a number of specific problems:

According a study by the World Health Organization, LAC women can on average expect to live ten years with a lack of good health as compared to eight years for men (but, as regards care, have the advantage that only an estimated 12% of older women in LAC live alone as compared to 34% in Europe).

Pension coverage in LAC is generally lower for women than for men due to factors that include lower workforce participation, informality and periods off work for childbearing and other family-related reasons. According to the World Bank, men are 30% more likely than women to receive a public pension but with much wider differences in some countries.

CONCLUSION: More immediate tasks such as combating poverty and improving availability and quality of public services have so far distracted the attention of Latin American governments from the ageing of the region's population. However, a failure to address the implications of this demographic change would imply huge risks in terms of fiscal sustainability, future economic growth and social cohesion.

Copyright Oxford Analytica Ltd. 2012. No publication or distribution is permitted without the express consent of Oxford Analytica.

Details

Subject	Economic conditions; Politics; Social conditions & trends; Fiscal policy; Public health; Labor market; Pensions; Public policy; Population; Poverty; Reforms; Regions; Welfare; Social policy
Location	Latin America, Caribbean area
Company	United Nations, UN
Classification	9173: Latin America 1200: Social policy
Identifier / keyword	Latin America, Caribbean area, Economic conditions, Politics, Social conditions & trends, Fiscal policy, Public health, Labor market, Pensions, Public policy, Population, Poverty, Reforms, Regions, Welfare
Title	LATIN AMERICA: Rapid ageing poses policy challenges
Publication title	OxResearch Daily Brief Service
Pages	n/a
Publication year	2012
Publication date	Apr 05, 2012
Year	2012
Publisher	Oxford Analytica Ltd
Place of publication	Oxford
Country of publication	United Kingdom

Publication subject	Business And Economics
Source type	Reports
Language of publication	English
Document type	News
ProQuest document ID	964974207
Document URL	http://libproxy.nps.edu/login?url=http://search.proquest.com/docview/964974207?accountid=12702
Copyright	Copyright Oxford Analytica Ltd. 2012. No publication or distribution is permitted without the express consent of Oxford Analytica.
Last updated	2012-05-03
Database	ProQuest Central

Copyright © 2015 ProQuest LLC. All rights reserved. Terms and Conditions