

DEMOGRAPHIC TRENDS AND GLOBAL DEVELOPMENT

Challenges for OUR generation

I- Context

Everyone is a member of a population, and population factors have an impact on many facets of life- from where we live to the prices we pay for goods and services. Population conditions influence history. Likewise, historical events can significantly affect populations.

In 1974, the first United Nations Intergovernmental conference on population was held in Bucharest, Romania. Representatives from 136 nations met and acknowledged the scope and complexity of the world's population issues. Population began to be widely perceived as a major challenge. At the same time, economic progress was slow and poverty rampant in the developing world. Industrialized countries advocated programmes to control population growth. Many experts agreed on the formula "*development is the best contraceptive*"!

Nowadays, this formula seems to carry risks for future generations and for sustainable human development. Can development alter sustainable population growth?

In fact, by analyzing demographic trends in these recent years, we can observe a tremendous decrease in the population growth rate. The population growth rate will vary from 1.22% in the period 2000-2005 to 1.05% in period 2010-2015, below natural population replacement.

Since the 1974 Bucharest Conference, many countries have made efforts to improve their economies, provide for the health for their citizens, and increase their support for family planning services. As a result of these efforts, fertility rates have fallen significantly among developed/developing countries. Combined with aging populations, long-term perspectives in social and economic will certainly be affected. In this note, I would like to figure out what are the main challenges that will face our countries.

II - Factors impacting demographic trends

The situation of many countries is very critical. For example, 11 Arab countries have an annual growth rate below 2%, which is the minimum rate to replace a population. For example, Tunisia (1.0%), Lebanon (1.2%), Bahrain (1.3%) and Algeria (1.5%) are countries where the replacement of population is no longer possible or guaranteed! Decision makers need now to think this issue seriously.

The reasons for this global trend are the following:

- Shift in the timing of marriage to older ages: the median value of the singulate mean age at marriage for the world rose from 25.4 to 27.2 years among men and from 21.5 to 23.2 years among women. This ratio is not including the majority of adult who have never been married, and which are becoming numerous.
- Both men and women are spending longer periods of their life being single. In many countries, people refuse marriage because they lack financial resources, housing and jobs.
- A decline in fertility is observed. If we take 2.1 children per women to represent a level of fertility ensuring population replacement, more than 60 countries in the world (41 from developed countries) are not ensured of being replaced! In 2000, 44 percent of the world's population lived fertility rates at or below replacement level. The population of these nations is projected to increase by seven percent, from 2.7 to 2.9 billion people, in the next 50 years. In contrast, the nations with fertility rates above replacement level are expected to gain 3 billion people (an 88% increase) to reach 6.4 billion by 2050.
- According to medium projects of the United Nations, the world's population will be 9.3 billion in 2050. Between 2000 and 2050, less developed countries will account for almost 99 percent of the world population growth, with a population increase of 61 percent. Sub-Saharan countries will grow by 132 percent. In contrast, the European continent will lose 86 million people, a number slightly larger than the population of Germany.
- Divorce rates have increased severely in most developed and developing countries. By having one child per family, the structure of household became weak and the likelihood to divorce is higher.
- A tremendous increase has taken place in the use of family planning/contraceptive methods.

Aging: The world is aging at unprecedented rates due to decrease in both birth and death. In 2000, the median age was 26.5 and it is expected to climb to 36.2 by 2050. In more developed regions, the 2000 median age of 37.4 years is expected to grow to 46.4 years by 2050, in least development countries, median age will increase from 24.3 to 35 years. In 2000, Japan, Switzerland, Germany and Sweden had median ages of 40 or more. Spain is projected to have oldest median age 54 years by 2050.

In 2000, 420 million people were aged 65 and over. By 2050, the 65 + people will grow to nearly 1.5 billion people. Between 2000 and 2050, the ratio of elderly persons to working age persons (aged 15-64) will double in developed regions and triple in LDC.

HIV/AIDS and infectious diseases: The HIV/AIDS pandemic is affecting seriously the future of some developing and less developing countries. Twenty years after the world first became aware of AIDS, it became clear that the humanity was facing one of the most devastating epidemics in human history, one that threatens development in major regions of the world. Since the 1960s, most countries have made impressive strides in human development. However such achievements are being undermined as countries lost young productive people, economics stumble, households fall into deeper poverty, and the costs of the epidemic mount. Despite this devastation, however, it is clear that the epidemic is still in its first stages. In 2001, the epidemic claimed about 3 million lives.

Life expectancy is still falling since the epidemic began. More than 60 million people have been infected with the virus HIV/AIDS is now by far the leading cause of death in Sub-Saharan Africa (SSA), and the fourth biggest global killer. Approximately, 3.5 million new infections occurred in 2001, bringing 28.5 million the total number of people living with HIV/AIDS in SSA. Even if exceptionally effective prevention, treatment and care programs take hold immediately, the scale of the virus means that the Human and socio-economic toll will remain significant for many generations.

In Asia and the Pacific, the region as a whole is home to more people living with HIV/AIDS than any other besides SSA. An estimated 6.6 million people at the end of 2001, including the one million adults and children; who were newly infected with HIV. Less than 30,000 people are on antiretroviral treatment in the region. In China home of a fifth of the world's people, HIV is moving into new groups of the population and raising the specter of a much more wide spread epidemic.

The impact of AIDS on life expectancy, which signifies a major blow to a society's development, has spread beyond Africa. Haiti's life expectancy in 2000-2005 is nearly six years less than it would have been in the absence of AIDS.

The death rises sharply. In more than 45 most infected countries, it is projected that, between 2000 and 2020, 68 million people will die earlier than they would have in the absence of AIDS.

Between 2000 and 2020, 35 million of the one billion people infected with tuberculosis will die. Most active TB infections are in Southeast Asia (3 million), Sub-Saharan Africa (1.5 million) and Eastern Europe (250,000). About 350 million people have chronic hepatitis B infections; eight to 10 percent of Africans and Asians have chronic infections. High rates are also found in the Middle East and Indian subcontinent (5 percent) compared with about one percent in Europe and North America.

Youth and Children: The proportion of children (aged 0-14) is expected to decline from 30 in 2000 to 21 percent in 2050.

Employment, income and poverty: Many developing countries have a high level of unemployment. Unemployment is the first reason for delaying marriage. For example, the Middle East and North Africa region have some of the highest rates of unemployment in

the world (12-27%). In order to sustain these levels, millions of job will have to be created over the next decade. Unemployment creates frustration and hopelessness. This will create frustration among young people and lead to inconsistent acts.

III - MDGs and demographic trends

Governments from 189 countries attended the 2000 United Nations Millennium Summit, where leaders adopted the Millennium declaration and made commitment to combat poverty, hunger, diseases, illiteracy, environmental degradation and discrimination against women. They also committed to creating a new global partnership for development that would include actions by developed countries to reduce debt and increase aid; trade and technology transfer to developing countries.

The MDG millennium declaration provides concrete goals and quantifiable targets designed to help countries track their progress. Each country is encouraged to set its strategies and develop its national plans to meet the MDG according to its own economic and social circumstances.

The eight goals agreed during the Millennium Summit in September 2000 are very ambitious but they are not taking into account the demographic trends.

Goal 2 Universal Primary Education:

Achieving universal primary education can be reached due to the declining number of children per family/women. In most of the cases, having a maximum of one child per women decreases charges to raise him. We can then consider that education will be provided for all children, in most of the countries.

The problem I see here is what is to be done with all schools' capacity built in developed/developing countries and for which we will not have pupils!

In Algeria for example, in the primary schools, the capacity starts exceeding the number of pupil. In the near future, national authorities might be obliged to close schools to lower public expenditures. In France, in some villages, authorities are closing schools since there are no pupils. Sometimes, they need to bring children from different villages to obtain one class.

Goal 3 : Gender Equality

Promoting gender equality and women empowerment, by eliminating disparities, in primary and secondary education. This goal is linked to the above explanation.

Goal 4: Child mortality. This objective will mainly be reached due to investment in health care and demography trends. I will say also since people are not married, we will not have children. Even though we have children, the actual trend is one child per woman, which means, you are able to more protect him and feed him well. In conclusion,

mortality rate is declining in the two facets, first one, there are no children because of decrease of marriage, the second facet, you can easily protect one child that ten children.

Goal 5: Maternal health

Maternal health is a consequence of marriages or unions between male and female. Since people are not marrying and pregnant rates decline, target population decreases. Thus, we certainly will be able to improve maternal health.

IV- Impacts and changes

Impacts on economy and business

There will be a workforce shortage due to the lack of young people. Two scenarios are possible.

The first one is that, future enterprises may be relocated in populated countries, such as China and India or other developing countries to use their local workforce. That is the current situation. Notwithstanding, we need to increase investment in infrastructures (ports, roads, electricity...). These investments are time and budget consuming. Who might support these costs?

The most catastrophic scenario is for countries infected by AIDS, Malaria etc, foreign direct investment (FDI) will not flow. Thus, increasing poverty and exclusion.

Global development recommends that developed countries should support these costs and improve their Assistance and ODA to these countries, since it is vital for the global economy.

The second scenario is to bring the workforce in the developed countries. In this context, some studies forecasted that there is a need for 20.3 million migrants to Europe and 14.3 million to the United States between 2000 and 2015. In this case, what are the consequences on poor countries which are stolen their human resources and left poorer with no hope for the future.

World business: With the change in the age structure, consumption patterns of the population will also change. The needs of older people are very different from the needs of middle aged and younger people. Older people have less need for borrowing money and consuming. In this regard, what is the future of our banking systems, our businesses etc.

Impact on poverty:

Current trends may lead to an improvement of live standards in most of the developed and developing countries for two or three more decades. Since people are not married,

they affect all their revenue for their well-being. People are not poor, but they only have what is needed for their own expenses.

However, we cannot reasonably think that, with less workforce, environment degradation and 9.3 billion people to feed, things will improve. For example, in China, we have a population growth rate of 0.9%! In some decades, we will not have sufficient workforce to feed all the aging people, so massive investment in technology is needed.

In fifty years, poverty will be the number one problem.

Impact on social security:

This shift in the age of distribution of the population will put great pressure on social security systems in developed and developing countries, as the number of workers payroll tax fund each retiree drop sharply.

The combination of lower birth rates and longer life spans will swell the ranks of people aged 60 and over from 19.4 (2000) to 23.7 (2015)!

Such a pronounced demographic change poses many challenges for countries well-being. A key concern is how a government can support its retirement age population when the number of workers whose payroll taxes fund each retiree steadily declines. The shift to an older population in developed and developing countries stems in part from the decline in the total fertility rate, defined as the average number of children born to each woman. In Arab region for example, the fertility rate has dropped markedly in recent decades.

Fertility rates are even lower in other developed countries. In Japan, the fertility rate has dripped from 2.7 children per woman in 1950 to 1.4 today, while in Germany the rate has fallen from 2.2 to 1.3.

A second factor behind the demographic transformation is increased longevity. Better healthcare and lifestyles mean that people live much longer than they did fifty years ago.

In the decades ahead, lower fertility rates and longer life expectancy will substantially alter the age profile of the world.

As older people claim a larger share of the population, the percentage of people who are working-age will decline. The loss in share old population has major economic consequences. As the number of workers declines relative to the number of retirees, national output per person will fall. More central to our immediate concerns, is the effect of changing population shares on an economy's ability to support its retirees. Since workers fund retirees through the payment of the social security payroll tax, a decline in their relative numbers will make it increasingly difficult to generate the revenue necessary to provide old-age benefits.

To understand the extent of the problem, consider the changes foreseen in the ration of workers to retirees.

The original intent behind most public retirement program was to alleviate poverty among the elderly. The social security operates by collecting payroll taxes and immediately transferring the proceeds to retirees. This system was compared to a “Contract between generations”, in which those able to work care for those who no longer can.

The system can carry a liability indefinitely as long as demographics remain relatively unchanged. However, when large-scale demographic changes like those predicted for the world, the system may no longer be able to sustain itself. In other words, when too many people retire, supported by too few workers, the mechanism setup can run into hard difficulties.

Another problem may occur, dealing with the highest costs of global aging and the increase of health care charges.

If we analyze trends in Arabic countries, the situation is profoundly difficult. Due to high unemployment rates, people start very late working and contributing in social pension fund. The problem here is that these people, keeping in mind that the first job is due at 30 to 35 years. Comparing this with the life expectancy at birth, 67.68¹, we can easily reach a conclusion that the majority of men at work in the Arabic world may not reach the retirement age!

Impacts on health

Introducing health in the analysis brings more evidence of threats.

The toll HIV/AIDS on household can be severe. In many cases, the presence of AIDS means that the household will dissolve, as parents die and children are sent to relatives for care an upbringing. But much happens to a family before this dissolution occurs; HIV/AIDS strips the family of assets and incomes-earners, further impoverishing those already poor.

Aging population needs to obtain health care, which is budget consuming. Can countries assure this in fifty years, with a huge shortage in their budget?

Impact on security

Many countries will try to develop strategic weapons (nuclear, biological, etc) since many countries will lack sufficient troops for conventional wars. Future wars would be catastrophic.

¹ Source HDR 2004

On another side, I noticed that in developing countries, two phenomena appeared these last years; terrorism and suicide, both are the two facets of the same coin! For example, in some developing countries, you can have the following situation: Men without job and hope, without family, without a single income generating activity, are given three choices: To emigrate, to suicide or to follow terrorists.

For suicide, no figures are available however we can notice these last years a tremendous increase in the number of people attempting to their lives. Even though, suicide is strictly forbidden in religions, people are going forward. Many developing countries ignore suicide and don't give it consideration. However this is an indicator of the state of an economy and the future of a country.

Declining demographic trends may also create a reaction in some developed countries, regarding xenophobia and discrimination. People living within developed countries may fear emigrations and develop a negative reaction that leads to rejection of migrants, forgetting that without emigration, their retirements are no longer guaranteed.

Impact on culture

The 2004 HDR raised a critical issue, which is Cultural liberty in a diverse world. Cultural liberty is a vital part of human development. However, in 50 years, we might not have a diverse world with cultural liberty; we will have a unified world with less cultural liberty.

Demographic trends will certainly affect our civilization as follow:

- Parent/children: we have a break of the ancestral relationship between elders and younger people. The family structure will tend to disappear creating a gap between generation and maybe a lost of values and traditions.
- Even though the world's population will be 9.3 billion in 2050, less developed countries will account for almost 99 percent of the world population growth. So what about cultural diversity and how can we preserve the diverse societies we have.
- Currently, we see the birth of a new culture, the "e-generation", eating Mc Do foods, cellular, Internet chat, reading the same books, hearing the same songs etc. The new generation is building itself through TV and without any guidelines. What about diversity here, since the future generations have the same cultural origin, accentuated by the disconnection between those who are elder and the new generation?
- Do values of human rights, freedom and equity continue prevailing since countries, which have the leadership at this moment, may face other challenges such as elderly persons?

- The new entities like EU, NAFTA, ASEAN, Arab league, African union, which have been created these last years might generate new ethnic groups, eliminating gradually actual countries.
- Where does the diversity stand compared to HIV AIDS pandemic that might threaten the future of some countries?

Impact on agriculture and food

To feed 9.3 billion people by 2050 with a shortage in workforce, it is vital to rely on technologies and botanic researches (transgenic food...). However, we need to consider available lands for agriculture. The use of agriculture lands to build cities and guarantee cities' expansion are reducing severely possibilities to increase food production.

Impact on environment and urban areas

Throughout history, most people have lived in rural areas, close to the resources that supported them. Projections made by United Nations predicted that by 2007 a majority of the world's population will be inhabitants of cities and towns, as time goes on, urban dwellers will increasingly outnumber rural residents. At the same time, the scale of urban agglomerations is also increasing dramatically, and urban growth is becoming more and more concentrated in less developed countries. These changes have profound implications for governments and for social, economic and environmental conditions, in part because they are occurring so quickly and in the context of rapid, although diminishing, overall population growth.

The average rate of increase in the urban population is projected to decline from 2.7 percent per year in 1950-2000 to 1.8 percent in 2000-2030. In the meantime, rural population growth will decline to virtually nothing, from 1.2 percent per year in 1950-2000 to 0.1 percent in 2000-2030. Thus, cities and towns will absorb more than 90 percent (2 billion) of overall growth (2.2 billion) in coming decades, and by 2030 the urban population is likely to constitute 60 percent of the total.

Urban areas present special environmental challenges, due partly to the concentration of human numbers and partly to their role as centers of industrial production. Extensive resources must be devoted to provision of the food, water, energy and raw materials required to sustain city life. As urban agglomerations grow, the search for additional resources extends; transportation systems are needed to gain access to the necessary inputs. In order to expand agricultural production, the use of chemical fertilizers and pesticides increases, and marginally productive lands may be forced into use.

Pollution might be chronic in future years and environment degradation will increase.

V- Key policies and priorities for UN/UNDP

The limited experience to date shows that declining fertility trends to drop below the replacement rate and to stay there. This fact has become an issue in a number of developed countries and is likely to become an issue in quite a few others. The present population of Ukraine, for example, could be cut by one-third by the middle of the next century if current rates continue. Countries such as France have instituted pro-growth policies with limited success, although fertility could have fallen even, further without these policies.

These demographic trends combined with economic globalization, coupled with broadening security interests, are requiring policymakers and the international community to reassess policy agendas. Demographic shifts accentuate increasing gaps of living standards between developing and developed nations. Life expectancy, fertility and infectious disease, three factors that have largely stabilized in the developed world-will drive long-term demographic scenarios. Additionally, a growing proportion of the world's population will be living in poverty in largely unstable countries, raising concerns about political sustainability of the disparate consumption rates between developed and developing nations. Further, a growing global population and the in

In social security and retirement:

Demographic trends are clearly taxing the social security systems all over the world, but improvements in the countries' economics can mitigate the strain. If the global economy performs better than anticipated, then the challenge of covering social security payments will be made easier.

- Increase payroll taxes by raising rates or increasing the upper limit of an individual's income that is subject to the payroll
- Increase the retirement age.
- Use other tax revenues to pay social security.
- Building more Convalescent and Old people's homes. Current capacities are insufficient.
- Reform planning programmes. For example, the one child per couple policy in China cannot be sustainable because it creates an unbalanced growth.
- UNFPA has succeeded in meeting Cairo's objectives, however it is important to promote new policies more pro-population growth.
- Privilege people from 30 to 40 in recruitment. These people need to work to marry. Marriage in many development countries is strongly linked to

employment. Men can easily marry when they have revenue especially in developing countries and Arab world.

Support for the ageing:

Better health, social and financial support services for ageing population and policy choices that support intergenerational equity will:

- Promote the role of families and other informal support providers.
- Enable older people to remain healthy, independent and productive for longer.
- Promote the participation of elders in local institutions for self help, mutual assistance and outreach the others in their communities and thereby strengthen civil society.
- Encourage the re-evaluation of cultural traditions to preserve beneficial practices and eliminate harmful ones.
- Facilitate the reorientation of health services to concentrate on prevention rather than medication and surgery to address conditions related to ageing and focus attention on the impacts of the other social programmes on different age groups.
- Invest in the full range of basic social services (in health, education, sanitation, nutrition), in order to improve the quality of life and future potentials for all segments of the population.