Population Aging in Latin America and the Caribbean: A New Era

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Ageing in Development Panel by the Canadian Development Economics Study Group (CDESG)
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Entering a new era

OLD WORLD

Child abundant societies

NEW WORLD

Senior abundant societies
Brazil’s Population by 4 Age Groups

The graph illustrates the population trend of Brazil by four age groups from 1950 to 2100. The age groups are represented as follows:

- **Blue line**: 0 to 19 years
- **Green line**: 20 to 39 years
- **Yellow line**: 40 to 59 years
- **Red line**: 60+ years

The y-axis represents the millions of people, while the x-axis represents the years from 1950 to 2100.
Entering a new era

**OLD WORLD**

Youthful Economies

**NEW WORLD**

Aged Economies

**Definition:** An AGED ECONOMY is one in which consumption by older persons exceeds consumption by children and youth.
1980: No Aged Economies in the World

2010: 23 Aged Economies
Entering a new era

**OLD WORLD**

Declining demographic pressures on health care systems

**NEW WORLD**

Increasing demographic pressures on health care systems
Demographic pressures on health systems at lowest level in decades.
Entering a new era

**OLD WORLD**

Stable or declining demographic pressures on government budgets

**NEW WORLD**

Increasing demographic pressures on government budgets
Budget Projections for 10 Latin American Countries

- Public Spending on Education, Health, and Pensions as Share of GDP =

  \[
  \text{Age-specific benefits} \times \text{Population by age} \\
  \sum_{x} \left\{ b(x,t) \times \frac{P(x,t)}{P(20-64,t)} \right\}
  \]

- Age-specific benefits
  - Taken from NTA dataset.
  - Standardized across countries using GDP/worker.
  - Assumed to move toward OECD levels as GDP/worker approached OECD levels.
As countries become wealthier, growing use of health care services among older persons.

Source: Author’s calculation based on NTA database.
More fiscal pressure from health care than pensions in Latin America and in European Union.

Increase in public spending on health care and pensions between 2005 and 2050.

- **Latin America:**
  - Pensions: 4.9
  - Health Care: 3.4

- **European Union:**
  - Pensions: 5.5
  - Health Care: 3.2

Source: Latin America: Miller, Mason, & Holz (2011)
Continuing work in our region ...

**National Transfer Accounts by Socio-economic Status.**

To measure the proximate determinants of inequality.
Thanks!

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