# The Grey Tsunami - How to Reap a Healthy Longevity Dividend

**Peter Diamond** - Institute Professor Emeritus at the Massachusetts Institute of Technology and 2010 Nobel laureate in economics.

In January the World Economic Forum at Davos released a major report, “ Global Population Ageing: Peril or Promise? ” , forecasting an economic and social firestorm - a world growing older at a rapid pace. By 2050 two billion people will be over 60 years of age – one in five compared to one in 10 today. I welcome the WHO decision to dedicate this year ’ s World Health Day to “ Ageing and health, ” with the theme "Good health adds life to years." Whilst the ageing trend started in the developed world, it is now accelerating faster in developing countries where income levels are much lower. Developing countries will grow old before they grow rich – putting the health of millions at risk.

To talk only of an ‘ ageing problem ’ is a grotesque mistake. Longer lives are a triumph. What are needed are solutions that make better use of longer life – reaping the longevity dividend by recognising older people as a resource, not a burden. For instance, the International Labour Organization recently brought together business leaders and workers from the retail sector to look at the impact of ageing on a traditionally young labour supply. The result is that retailers are preparing for adjustments to take advantage of a talented older workforce.

Fostering good health in older age is central to a considered global response to population ageing. Investing in health now will lessen the disease burden, help prevent isolation and has economic benefits for society by maintaining the independence and productivity of older people.

There is no doubt population ageing will result in an increased demand for acute and primary health care, adding to the financial strain of coping with long-term and social care. In the developing world, help with meeting this need is available through the social pension, a policy advocated by the winner of the 2012 Hilton Humanitarian Prize, HelpAge International. Government-funded, regular cash income paid to all older people as their right is both a powerful and cost-effective way of empowering older people and reducing poverty. In many developing countries, up to 40 per cent of the population live in households containing older persons, and these households are often poorer than average. Thus, targeting older people is an effective way to reach poor families, reducing not only their own poverty, but also the overall household.

At present, only 1 in 5 older people worldwide receive a pension. Yet, if the age at which the pension is first paid is chosen to reflect fiscal as well as social realities, the cost of providing coverage to more people is surprisingly small. A universal social pension would cost less than 3 per cent of GDP in most of the countries in Sub Saharan Africa.

The gains from such expenditure are large. Social pensions in OECD countries reduce elderly poverty by between 30 and 60 per cent. In developing countries older people ’ s pensions and agricultural incomes secure the livelihoods and health of whole family networks, are invested into children ’ s education and economic independence, and improve access to credit. This is seen in Brazil, where social pensions contributed to a 32 per cent reduction in income inequality and to improvements in children ’ s nutritional status and schooling. And South Africa ’ s social pension has improved girls ’ nutritional status, with height gains of 3-4 centimetres, and is associated with an 8 per cent increase in school enrolment among the poorest 20 per cent.

Now imagine growing old without a pension, while living with a chronic illness. The main health challenges for older people are heart disease, stroke, visual impairment, hearing loss and dementia. As our world ages, the impact of these conditions is two to three times greater for older people in low- and middle-income countries than for people in high-income countries.

Yet, the health systems in these countries are not designed to meet the chronic care needs that arise from a complex mix of diseases. High blood pressure and consequently, heart disease and stroke, are the biggest causes of years of life lost. Yet, somewhere between only 4 and 14% of older people in low- and middle-income countries are receiving effective treatment. Economic independence would help to ensure that this improves. Health and insurance systems must also adapt to ensure quality care, in and beyond the hospital, but economic independence has to support this change.

Older people must be able to afford and live in good health because they hold up our society. In the developing world, they have a critical role in raising grandchildren, especially where parents have migrated or died from AIDS; their social pension is a form of family support. In Southern Africa alone 60 per cent of orphans are cared for by older people. The great majority of these households live on or under the poverty line, with no defence to a sudden threat such as a chronic health crisis for the older caregiver. The stabilising potential of a regular income for these households is immense.

This coverage gap is rightly seen as a central challenge, but one which can be solved. Social pensions are economically and administratively feasible even in poor countries. Relatively small amounts of money invested in older people also are investments in children, livelihoods and economies, thus sowing the seeds for the longevity dividend. We must learn now that what makes sense economically is also morally the right thing to do.

This article appeared in NewStatesman