

## Keeping Smart about the Older Generation

**T**HE WORLD is on the threshold of a stunning demographic transformation caused by falling fertility and rising life expectancy. Global aging promises to affect every dimension of economic, social, and political life—from the shape of the family to the shape of the world order. Perhaps most fatefully, it could throw into question the ability of many countries to provide a decent standard of living for the old without imposing a crushing burden on the young.

This issue of *F&D* explores the consequences on society of aging populations. The world's population will reach 7 billion this year and is projected to exceed 9 billion in 2050. But in our [lead article](#), Ronald Lee and Andrew Mason say that hidden behind these headline numbers are important changes in the age distribution of the population. In the rich industrial nations as well as some middle- and lower-income countries, populations will age as the proportion of elderly people rises dramatically.

Population aging will certainly challenge public and private budgets in many ways, but through a combination of reduced consumption, postponed retirement, increased asset holdings, and greater investment in human capital, it should be possible to meet this challenge without catastrophic consequences.

We look at which countries are best and worst prepared to meet the needs of the growing wave of retirees. [Neil Howe and Richard Jackson publish a fascinating ranking.](#)

We also have articles on a broad range of current topics, including [Middle East unemployment](#), the [economic repercussions of the earthquake and devastating tsunami in Japan](#), and [banking in offshore financial centers](#) such as the Cayman Islands. [Carmen Reinhart and Jacob Kirkegaard look at how governments are finding ways to manipulate markets to hold down the cost of financing huge public debts](#), and in [Straight Talk](#), the IMF's Min Zhu argues that emerging markets must adapt to the new global reality by building on their economic success and address some of their long-term challenges.

In our regular [People in Economics](#) column, Prakash Loungani speaks to Nobel Prize winner George Akerlof, and we also discuss the aftermath of the global crisis and what it has taught us with three other laureates—Michael Spence, Joseph Stiglitz, and Robert Solow—in our [“Rethinking Economics in a Changed World.”](#) On the F&D website we have video interviews with all four of the Nobel winners—well worth taking a look. And we now have a new Facebook page where you can join the discussion at [www.facebook.com/FinanceandDevelopment](http://www.facebook.com/FinanceandDevelopment).

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