



# Demographic drivers

*Demographic factors such as aging, rapid urbanization, and the rise of a truly global citizen create ripples of change in 2020.*

### **Going grey: The aging population and demographic divide**

Declining fertility rates, coupled with remarkable improvements in health care and longevity, drive the aging of the world's population. Aging doesn't affect nations uniformly, however, with some facing a "demographic divide" between their young and aging populations much earlier than others. The decline of the working-age population and growth of the elderly, dependent segment has far-reaching implications on workforce dynamics, government services, health care costs, and economic growth. Greater female participation in the workplace, however, helps to mitigate the economic impacts of global aging. Nations with predominantly young populations—such as India, where one-third of the population is under the age of 15—see a significant boost in their economies and labor markets.

In 2020, 20 percent of the developed world's population is aged 65 or above.

### **Megacities**

Rapid urbanization and expanding city limits lead to the continued emergence of "megacities," major urban agglomerations that become largely autonomous hubs for customers, talent, investment, wealth creation, and growth. Despite their importance, however, there are still significant limits to their ability to address universal problems such as climate change or to pursue other national or global goals. But even this may change: As mayors around the world tackle difficult societal problems, what succeeds in one megacity can quickly become a global standard. Given the scale, this kind of domino effect can affect massive numbers of people.

In 2020, half of Asia's population lives in urban areas.

## The age of empowered women

In 2020, women have made significant improvements in their social and economic positions, largely due to better access to education and employment. Shifting dynamics in women's attitudes toward family life and childbearing (with more choosing to postpone marriage and children) cause a change in the conventional trajectory of life events and career decisions. Growth areas in industry and employment become the primary driver in career choices, rather than traditional conceptions of "gender skills."

The global share of women in national parliaments rose from 15.1 percent in 2003 to 21.8 percent in 2014.

Markets with aging populations see men moving into traditionally female-dominated caring professions, while countries with growing technology and engineering industries such as China and India see a faster elimination of the gender imbalance in the STEM sectors.

As a consequence of declining birth rates and increased opportunities for women, maternal health globally improves considerably. We see fewer orphans, declining malnutrition, greater academic enrollment and performance, and other positive contributions to social stability.

## Slum growth continues unabated

In 2020, more than 1.4 billion people live in slums—more than one in seven people worldwide. The megacities of the developing world are home to many of its most rapidly growing slums and much of its urban poverty. Since developing nations' slums grow faster than their cities, they are overcrowded, polluted, and dangerous, and often lack basic services such as clean water and sanitation. Slums have been called self-reinforcing "poverty traps." Curtailing their growth and providing them with infrastructure and basic amenities become critical.

In 2010, 33 percent of the urban population in developing regions lived in slums. In Sub-Saharan Africa, 199.5 million people, or 61.7 percent of the total population, lived in slums; Southern Asia had 190.7 million slum dwellers, or 35 percent of the total population.

## Rise of the global citizen

Globalization, improved education, and a shortage of local talent drive migration across the globe. Knowledge workers, aided by relaxed immigration policies and international competition for skilled talent, are no longer bound by national identity or citizenship. Growth in Asian economies such as India and China causes a decline in emigration from these nations, reversing previous trends. As these "global citizens" continue to spread, we see a different kind of migration, driven by refugees escaping natural disasters and resource scarcity in their home countries.

By 2020, 7 million students study outside their home countries.

## East outgrows West

The world is in the midst of a massive, long-term shift in wealth, economic power, and population growth from West to East. As Asian areas outgrow their western counterparts, new political, social, and consumer constituencies start flexing their power on the world stage. In 2020, Asia is home to nearly two-thirds of the world's middle-class consumers and 40 percent of their spending. Fueling this growth is the rise of Asian industry, which increasingly challenges—and in many cases supplants—the technological advantages the West has long enjoyed.

China's banking system is expected to eclipse that of the United States by 2020.

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