Five keys to prepare for the business of aging

Economic and demographic forecasts reveal the unsustainability of health-care systems in industrialized countries.

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In Japan, the government has earmarked billions of dollars to develop human-like robots to care for elderly people in their homes – from spoon-feeding robotic arms that help people eat, to remote-monitoring gadgets that alert social services in the event of a medical emergency, to therapeutic robotic pets that stimulate emotional responses in their housebound owners. According to the BBC, developers believe such robots will compensate for labor shortages in a society marked by declining birth rates and a loosening of family ties, and where nearly a quarter of the population is already aged 65 or older.

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A 2012 report published by the European Commission predicts that people over 65 will constitute nearly a third of the European population by 2060, putting additional strain on social systems designed at a time when life expectancy was much lower and the workforce much larger. By 2060 there may only be two working-age people for every person over 65.

The economic crisis has highlighted these structural weaknesses. The sovereign debt crisis, in particular, makes it harder for states to honor their social commitments, like pensions and health care.

In many countries, there is an ever-widening gap between states' expected income and their so-called "unfunded liabilities." In Europe, this disparity between future income and future cost is predicted to multiply government debt between three and seven times. These governments would need to have four times their current GDP in the bank, plus the interest earned, just to cover costs, according to the U.S. National Center for Policy Analysis.

These pressures threaten the sustainability of the European-style welfare state, particularly when it comes to health and caring for elderly people.

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