**CHALLENGES OF “GREYING POPULATION”**

**Introduction**

Ageing is not unique to the modern times, but it was only in the past hundred years that it has become commonplace. It is estimated that in the prehistoric era old age was extremely rare, and even up to the seventeenth century, probably only about l per cent of the population was over 65. By the nineteenth century, this proportion had risen to approximately 4 per cent (Stuart-Hamilton, 2012).

Increased life expectancy appears to be a wonderful thing. However, it is not the universal benefit that it might at first seem to be. Thus, the economy experiences a shortage of workforce due to the phenomenon of a graying population. Older adults often suffer from poverty. A lot of elderly people spend the ‘extra time’ suffering from one or more physical disabilities and hence the discomfort.

So, population aging is expected to affect the performance of financial markets in developed and emerging economies at a time when ever more countries are relying on funded provisions for old-age income support. Health issues of elderly people are of a great concern too.

The topic under consideration is important because the aging of population has many important socioeconomic and health consequences.  It presents challenges for economic development (labor force shrinking and aging, possible decline of social security systems) as well as for public health (possible ineffectiveness of the health care system).

Many countries are experiencing a rapid ageing of their populations. There are two megatrends causing these demographic changes: rising longevity and low or declining fertility rate. After all, people are living longer now through improvements in health, diet and preventative care; women are having fewer children than previous generations.

Adapting to this trend poses economic, social and political challenges and increases the dependency of older citizens on those of working age. In fact, a smaller fraction of the population is working and hence paying direct taxes. Such taxation forms the backbone of funding for welfare support schemes such as state pensions and (in most countries) national health care. Older people are pensioners and also the main beneficiaries of national health care. Thus, a “grey shift” will create an increase in demand for services that are principally funded by a workforce diminishing in size. A simple method of expressing this is the old age dependency ratio, which is the number of people of pensionable age divided by the number of people of working age. How this problem is to be dealt with is currently a key preoccupation of most governments.

This essay will discuss the global challenges of an ageing population, with the focus on Britain and Germany. Analyzing the problems of the job market gaps, the impact of an aging population on the pension inequality, and the pressure on healthcare services, the paper will suggest responses to these issues.

**Gap in the Job Market**

The last decade has witnessed significant changes in the structure of unemployment in the global labour market. This is corroborated by the fact that the global workforce is rapidly aging and the share of people aged 50 and over in the structure of the labour market is increasing (Radović-Marković, 2013). Thus, a gap in the job market is one of the main challenges of an ageing population that Britain is facing nowadays (21st Century Challenges, 2017).

It means that that public services and businesses are lacking workforce. This goes to the heart of the ageing population problem given the main concern is that there are fewer people in Britain working to fuel the taxation revenue needed to enable services such as health, education and social welfare, retirement savings and the broader economy.

So, an ageing population poses significant challenges for the British economy and welfare. An ageing population means the government needs to spend more on pensions and health care. At that, it will receive a lower income tax. As the British working population gets older, government, industry, economics and individuals feel the pressure.

With a longer lifespan, people are spending a greater amount of time in retirement – much of it financed either directly through the age pension or indirectly through taxation whose amount is decreasing with lesser working people. To address this problem the government should raise the age of retirement to increase the number of working people in the future by delaying their retirement, while at the same time to decrease the number of retired. In such a way the government will receive more taxes, while each working person will have to support less retired people. This will insure the increase of the standards of living.

**Pension Inequality**

Another concern caused by the aging population is that it could exacerbate pension inequality. In Germany, for instance, pension levels in the federal retirement system in Germany correlate directly to the amount of income earned throughout one's career. Taking this into consideration, demographic change and ageing is mainly seen negatively due to the lack of proportionality in the private and federal pension systems among other problems (Von Weizsäcker, 1995).

It means that those people who could earn more money while working in a private sector could have larger amounts of money deducted from their incomes. Thus, they could pay more into federal retirement funds, and so they had an opportunity to receive higher pension payments as they retired. On the other hand, those people who earned less, had lesser amounts of money deducted from their incomes, and so they had to finance their lives with much lower, federal pension payments as seniors. Knowing that, earners with a lower wage have to save money for retirement by themselves. The problem is that most people in such a situation have no money to save at the end of each month. So, their only choice becomes a state retirement system.

So, with increased reliance on private sector savings, there is a division between those with a good private sector pension, and those who rely on a diminishing state pension. Countries that focus on the personal initiative of their citizen and bet on private (commercial) rather than federal retirement funds, increase the risk of poverty among the elderly population, with future pension levels sinking drastically. And demographic developments only make the situation worse.

The more the level of state pension falls in the future, the more young people will be forced to provide for their own retirement by taking out private pensions that do not benefit from employer contributions. In doing so, they will be obliged to rely on a pension industry that is focused on profits as well as on financial markets, whose unpredictable returns could possibly be low for many years. To solve the problem of pension inequality, to maintain relatively adequate pension levels for the elderly, the governments should design their retirement systems toward social equality, or toward a taxpayer funded pension for all, to offer their citizens greater security against old age poverty. In particular, the governments should increase numbers of so-called mini-jobs and temporary work contracts to make the cycles of employment and unemployment quickly replace each other, while the self-employed should pay into the federal retirement fund.

**Pressure on Healthcare Services**

One more problem of a greying population is that the elderly are a strain on the healthcare services. Thus, in Britain the percentage of the total population who are over 60 with serious health problems is predicted to rise from 22% at present to nearly 29% in 2033 and 31% in 2058 (Zografos, 2013).

It means that there is expected to be a higher proportion of people who will require medical attention and care because elderly people are more vulnerable to illness and as a result require hospitalization.

So, medical service pressures are going to intensify with the increasing number of elderly people with their age-related health problems and aggravating chronic health conditions. The future of health services is likely to fail to meet the relentlessly growing demand for treatment caused by the ageing population.

Health is important to the well being of all people. Healthy people enjoy greater freedom and opportunities to maximise their wellbeing and to participate in society. Healthy people are more able to participate in sport and family activities. During people’s working life, good health is an important factor in labour force participation and productivity. To relieve the pressures on medical services because of a greying population, the British health services should undertake a serious transformation of the way it operates to keep itself sustainable. That would require hospital consultants to visit patients in their general practice surgery and the sickest patients being given much more time to discuss their health than the usual 10-minute appointment with a family doctor. The main priority should be to increase the number of local services such as district nurses, beds in community hospitals and mental health support to ensure that all the patients are able to get as much of their care as needed, including diagnostic tests and an expanded range of treatments.

**Conclusion**

The phenomenon of a greying population causes a number of challenges, including the lack of workforce, the strain on healthcare services, and the inequality in pensions.

Thus, there is a great fear that next generations will struggle to face an increasing number of retired people and pension deductions. If the age of retirement remains unchanged, and the life span increases, there will be comparatively more people in need for pension benefits and fewer workers and income taxes payers. It will be likely to require high tax rates on the available, shrinking workforce. That is why raising the age of retirement sounds a reasonable idea to tackle the issue.

Concerning the inequality of pensions with a growing number of elderly people, those who rely on state pension payments have witnessed a great fall in income, resulting in a boost in financial inequality in a society. Pensioners, whose state pension is added to a private one, are better off and can avoid the shortage effects of being poor. For that reason, there is a rising income inequality between those who are over 60. So, a reform aimed at increasing a number of mini-jobs and temporary work contracts along with obliging the self-employed to pay into the federal retirement fund seems a good answer to the problem.

And finally, in the face of a graying population, escalating chronic diseases, expected lack of many types of healthcare professionals, and increasing health care costs, new schemes of healthcare delivery should be developed.

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