POPULATION AGEING,

The Problem of Inequality in the World System, and the Global Financial System*

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Population ageing is one of the most important processes now and in the future.

Population ageing:
- Determines the future societies’ characteristics
- Exacerbates the problems of pension provision and social security
- Influences unequal positions and opportunities for countries within the World System
The number of pensioners per 100 working age adults in developed countries, 1985-2050
While the number of working people is decreasing, the number of pensioners is steadily increasing.

- **1985**: 
  - Working people: 4
  - Pensioners: 2

- **2010**: 
  - Working people: 6
  - Pensioners: 3

- **2025**: In the developed countries, 
  - Working people: 8
  - Pensioners: 4

- **2050**: 
  - Working people: 10
  - Pensioners: 6

- Decline in living standards 
- Increasing tension between generations
Older people make the major part of voters

Democracy may transform into gerontocracy

Older people are more conservative

+ conflict between the “old” Global North and the “young” Global South

Reduced focus on innovation

Other threats. Are we moving to gerontocracy?
Population ageing will spread in all countries

- Population ageing is the process that involves or will involve all countries sooner or later.

- The developing countries are currently ageing at a much faster pace than the developed ones used to in previous decades.
Dynamics of the expected lifetime at birth (years) in the developed and developing countries, 1950–2016, the UN medium forecast to 2050
Population ageing, demographic dividend and economic growth

• The increasing global ageing makes the differences in the demographic structure even more important factor affecting inequality within the World System.

• While the West has apparently depleted its demographic dividend, many developing countries have been only accumulating it. They will get the most important advantage.

• It will favor the growing convergence between the developed and developing countries, whose growth rates will increase at least in the next two decades.
Working age population percentage in total population

- Low income countries
- Middle income countries
- High income countries
The ways to solve the problems

Population ageing

Problems
- Scarcity of labour resources
- Pension support of older population

Ways to mitigate the problems
- Increasing the retirement age
- Active rehabilitation of the disabled people
- Increasing the number of immigrants
- Labour-saving technologies
The ways to solve the problems

• In this presentation we want to point out that the development of the financial system reveals another path to the solution of the pension system problems.

• We argue that to a certain extent the developed and developing countries' problems have a common solution.
The problems of pension funds

Amounts of money concentrated in pension and other funds are enormous.

Pension funds face acute problems in fulfilling their obligations.

- Low rates of interest and volatility of share markets
- Increasing number of beneficiaries
- Decreasing number of working-age population

Trillions dollars
Young adult population (15-29) of more and less developed regions, mlns, 1950-2015

- Less developed regions
- More developed regions
Is it a dual task?

**First World**: Problems of security of pension funds’ accumulations

**Third World**: Problems with providing young people with education and jobs

**Active involvement of pension and other social funds to boost the developing countries’ economies (to provide youth with job and education)**

**Active integration of the peripheral economies into the World System**

**Diffusion of capitals and technologies from the World System core**
The participation of pension and insurance funds in financial operations leads to the globalization of the social sphere.

The countries poor in capital, but with large cohorts of young population, are involved more and more in a process of supporting the elderly population in the West through the unification of the world financial system, its standardization, and the search for the ways to make it more fair and socially oriented.
The issue of the institutional support of the financial globalization becomes more and more important.

The increasing coordination between governments and unified international legislation should better regulate financial activities and movements.

The benefits of global financial system should be distributed more fairly (today the developed countries generally get more benefits from this system and constantly use it to solve their national issues).
The world needs a new system of financial-economic regulation at the global scale

- The *global financial system should not be used to get the developing countries under control* or as a means to bring the Third World countries' economies to collapse, or as a means of unwarranted sanctions and suppression of societies and regimes which the West considers uneasy.

- It should allow the *developing countries to more actively use the social funds accumulated by the West and prevent certain governments from expropriating the invested funds.*
Thank you for attention!